Federal Tourism Strategy For Atlantic Canada

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FEDERAL TOURISM STRATEGY

FOR ATLANTIC CANADA

ISTC-TOURISM CANADA
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FEDERAL TOURISM STRATEGY

FOR ATLANTIC CANADA

TABLE OF CONTENTS

INDEX OF TABLES

FEDERAL TOURISM STRATEGY

FOR ATLANTIC CANADA

EXECUTIVE SUMMARY

FEDERAL TOURISM STRATEGY

FOR ATLANTIC CANADA

EXECUTIVE SUMMARY

Atlantic Canada is comprised of the four eastern provinces of Newfoundland, Nova Scotia, Prince Edward Island and New Brunswick.

Tourism is a major industry in the Atlantic Canada region, a significant contributor to provincial gross domestic product and an important generator of employment. While there have been tourism industry development programs dating from the first generation of federal/provincial tourism development subsidiary agreements (TDSAs) in the 1970s and the second generation TDSAs in the 1980s, potential exists for increased growth within the tourism industry in the Atlantic Canada region. This growth can be achieved through the improvement and expansion of under-utilized industry components and through improvement in the matching of supply to market demand.

This strategy presents a situation report on the economic impact of tourism, tourism market demand and tourism products within Atlantic Canada. This strategy flows from the federal tourism policy, which will direct federal tourism programs into the 1990s. It has been developed by Industry, Science & Technology Canada (ISTC)-Tourism in consultation with ISTC regional offices in the Atlantic region.

Economic Impact

The tourism industry in Atlantic Canada is a significant contributor to the economy in the region. Tourism as a percentage of gross provincial product ranged from 4.4%* in Newfoundland to 7.4% in Prince Edward Island in 1988. Total revenues of $1.8 billion derive from tourism expenditures, including accommodation, transportation, food and beverage, recreation and entertainment. Throughout the region the tourism industry provides direct employment for more than 64,100 persons. Total government revenues for the tourism industry, at the municipal, provincial and federal levels, annually exceed $610 million.

* all data reported for 1988 except where indicated otherwise.

Atlantic Canada Tourism Market Demand

The most important indicator of tourism demand in Atlantic Canada is the growth in numbers of arrivals of international visitors to the region and their expenditures. The international market has grown relative to the Canadian domestic market in terms of arrivals and proportion of expenditures. In 1980, the international market represented 14% of visits and 13% of expenditures; by 1988, the visits had grown to 20% and the expenditures had increased to 19%.

COMPARISON OF DOMESTIC AND INTERNATIONAL MARKETS

IN ATLANTIC CANADA, 1980, 1986, 1988

Market	Estimated Visits (000s) (One Night or More)					
	1980	%	1986	%	1988	%
Canada	6,155	86	5,756	82	6,071	80
United States	940	13	1,165	17	1,377	18
Overseas	85	1	104	1	135	2
Total	7,180	100	7,025	100	7,583	100

Market	Estimated Expenditures (000s) (One Night or More)					
	1980	%	1986	%	1988	%
Canada	847	87	861	77	1,270	81
United States	103	11	218	19	238	15
Overseas	22	2	40	4	69	4
Total	972	100	1,119	100	1,577	100

Source: Touriscope: International Travel; Travel Between Canada and Other Countries, Table 19, Trip Characteristics of Residents of Countries Other Than the United States Entering Canada and Staying One or More Nights by Province Visited, Statistics Canada, Catalogue 66-201, 1980, 1982, 1984, 1986, 1988.
Canadians Travelling in Canada, Statistics Canada, Catalogue 87-504.
(Data for 1986 and 1988 for the United States is from unpublished tables.)

The **United States market** is the largest international travel market for Atlantic Canada, representing 91% of the total international visits to the region. Between 1980 and 1988, the number of American visits grew 46% to more than 1.4 million visits annually. The travelling purpose of almost 75% of United States visitors is pleasure travel. In 1988, the average length of stay in the region was 3.3 nights with average spending per visit-night of $53.00, for total American expenditures of $238 million. The market segment with the most potential for American visitors is the touring segment, which has a potential total market of 27 million Americans.

Overseas markets represent 9% of the total international visits to Atlantic Canada, with 59% growth in numbers between 1980 and 1988 to 135,000 visits. Overseas visitors as a group spend more than three times the average number of nights spent by American visitors in Atlantic Canada at 10.2 nights per visit, and they spend only slightly less money per visit-night at $50.00. The Japanese spend significantly more on travel at a rate of $105.10 per visit-night. Pleasure visitors in 1988, accounted 26% of overseas visitors, with an additional 14% reporting combined purposes of pleasure and visiting friends and relatives (VFR). Business is the purpose of approximately 16% of trips and VFR for 35% of trips.

Great Britain represents approximately 27% of overseas visitors to Atlantic Canada. Market segmentation studies of pleasure travellers from Great Britain indicate that one of the two prime segments which shows potential for growth to Atlantic Canada is the culture and comfort segment, with a market of 323,000. This market segment seeks a mix of cultural and historic attractions and first class accommodations. The second prime segment is the culture and nature segment, a market of 242,000. This group seeks elements of nature, wildlife, national parks and outstanding scenery in addition to the cultural aspects of the region.

The **West German market** represents approximately 10% of overseas visitors to Atlantic Canada. There are also two key groups in the market segmentation studies for Germany with potential for development within Atlantic Canada, namely the cultural touring segment, a market of 899,000, and outdoor sports segments, a market of 428,000.

The **French market** represents approximately 5% of overseas visitors to Atlantic Canada. One primary market segment from France shows potential for the product in Atlantic Canada, the culture and comfort segment, constituting a market of 609,000. This market segment seeks history, friendly local people, clean safe surroundings and first-class hotels.

The **Japanese market** represents approximately 8% of overseas visitors to Atlantic Canada, up significantly from 2% in 1980. Visitors from Asia increased 314% between 1980 and 1988. The primary market segment from Japan to Atlantic Canada which can be developed is the culture and nature segment, a market of 2,346,000.

Atlantic Canada's Tourism Product

The tourism industry of the Atlantic region is composed of services such as accommodation, food services, transportation and travel generators. Travel generators are made up of attractions such as historic sites, parks, museums, theme and amusement parks and festivals and events. The types of travel experiences sought by international visitors have been translated into product lines such as touring, city experience, outdoor sport and adventure and resorts, each of which is analyzed in this document.

Tourism Industry Services

While **accommodation** properties in cities throughout the region are well represented by well-known chain hotels, rural areas are generally served by small family-owned motels. Eighty-four percent of all the establishments in Atlantic Canada have 25 rooms or less while 8% have 50 or more rooms. This factor affects motor coach tour development. On the other hand, the developing "country inn" product adds to the appeal of the region as these facilities are perceived as offering comfort, quality and good food.

Food services are adequately provided, with local and regional culinary specialties often available. The tourism industry associations and government departments have been working together to develop job standards and design certification programs for employees and managers within the tourism service sectors.

Transportation services within and to the region are all generally adequate. Halifax serves as the primary gateway for air service with direct services from Boston, New York, Portland, Amsterdam, Glasgow, Dusseldorf and London. Ferry service is provided within the region and from the United States. The region's road system is the weakest link with inadequate four lane highways.

Tourism Product Lines

The **touring** product contains all those elements of the traditional holiday by car or motorcoach through which the tourist wishes to experience the cultures of the region, observe the scenic beauty, and visit historical attractions, parks, events and festivals. The heritage and culture of Atlantic Canada is one of the strongest features of the region. Native peoples, the Acadian, and descendents of English, Scottish, Irish and Loyalist settlers are found in Atlantic Canada. The seven National Parks and 20 National Historic Parks and Sites, two of which are UNESCO World Heritage Sites, are significant travel generators, pulling approximately 7 and 8 million visitors annually. Festivals and events such as the annual Buskers Festival in Halifax and the Charlottetown Festival also enhance the image of the region for tourists. There is significant potential to further develop many of the components of the **touring** product in Atlantic Canada, such as touring corridors and theme tours in order to consider it as internationally competitive.

The **city experience** product in Atlantic Canada does not fit within the perception of international visitors who visualize places such as New York or Paris when they think of travelling to a foreign city destination. The urban areas in Atlantic Canada provide services and attractions for tourists as stopovers and as part of the touring product. Halifax is an exception. This city features a range of historic events, attractions and quality services. Its distinguishing feature is its role as the major international gateway into the region and its potential to become a destination for get-away packages.

The **outdoor sport/adventure** product is a single destination trip to a natural area to engage in activities such as hiking, rafting, canoeing, hunting, fishing or skiing. The adventure segment seeks a wilderness experience in a unique, remote or exotic location. Atlantic Canada has some of the components of this product line, such as hunting lodges and fresh and salt water fishing, which are internationally competitive. There is potential for further development of this product line.

The **resorts** product in Atlantic Canada, does not satisfy the definition of resort sought by international tourists, seeking the sun and sand destinations popularly found in the Caribbean, Hawaii and South Pacific.

Government Involvement In Tourism Industry Development in Atlantic Canada

From 1969 to 1989, there have been a series of federal/provincial tourism subsidiary agreements which offered $198 million for development of the plant, the product and the marketing of tourism in Atlantic Canada. This amount does not take into consideration other federal funds available through the Industrial Regional Development Program (IRDP) and, more recently, the Atlantic Canada Opportunities Agency (ACOA) Action Program, now delivering regional development programming within the region.

Federal Tourism Priorities in Atlantic Canada

ISTC has been mandated to support and promote international competitiveness and the excellence of Canadian industry. ISTC-Tourism's activities in support of the tourism industry fall within three areas:

1. **Advocacy** or positioning tourism industry considerations in the planning and policies of other federal departments and agencies which have impact upon tourism

2. **Business Services** including those activities aimed at contributing to the strategic planning and decision-making of both the private sector and government, information gathering, analysis and dissemination are central activities. ISTC collects data, research, intelligence and other types of information relating to tourism markets, products and issues and focuses on

getting the information to partners in a timely manner and usable format with the objective of facilitating decision-making.

3. **International marketing** by ISTC is that set of activities aimed at increasing awareness of Canada in its primary markets, at developing new opportunities in selected markets with growth potential for the Canadian tourism industry and at coordinating the marketing efforts of other partners.

Trend research conclusively indicates stagnant growth in the domestic market and continued growth in certain United States' markets with the greatest overall potential residing in Canada's overseas markets. The governing premise of the federal tourism policy is that international demand will drive federal activity in tourism and that, in the interests of securing the net economic benefit to Canada, new revenue to Canada is the objective. Maximizing that revenue is the basis of the high-yield strategy which will govern federal international marketing plans. It is clear that development of international calibre products will serve the Canadian domestic market as well.

ISTC will focus on the following selected activities to contribute to the international competitiveness of the Atlantic Canada tourism industry.

Industry Planning and Decision-Making

Strengthening the Atlantic tourism industry's planning and decision-making by collecting, packaging and delivering information based on client needs such as:

- up-to-date commercial intelligence and analysis on market trends and demands, competitor data, industry performance, and best business practices; and

- research and studies on existing and new products and markets, such as studies on: existing package tours, the potential for motorcoach tours, the means of extending seasons, existing attractions and the correlation of study results with projected tour development.

The Right Products

Identification of investment opportunities and brokering financing for capital projects to develop and/or upgrade tourism products by:

- working in close collaboration with other government departments, such at the Department of Communications, Transport Canada, Public Works and Environment Canada, to ensure effective product development and integration;

- encouraging the development of key cultural/heritage attractions in cities and along regional or themed touring routes in Atlantic Canada targeted to high growth and high spending markets. Examples of such products are the Halifax city product, the Charlottetown Heritage Project, East Coast Beach

Development in New Brunswick, improvements in Fundy National Park and the expansion of historic village attractions in New Brunswick, L'Anse aux Meadows National Historic Park and Grenfell Mission in St. Anthony, Newfoundland;

- encouraging the development of adventure and native products and rural resorts;

- maximizing the tourism potential of federally-owned property and facilities including National and Historical Parks and National Museums (such as, Louisbourg, Gros Morne, Cavendish) by stimulating the development of tourism infrastructure and services in surrounding areas; and

- encouraging the development of tourism facilities in such a way as to ensure development is compatible with sustainable development.

Market Development

Developing new markets and attracting new customers by:

- working with the tourism industry, the Atlantic Canada Opportunities Agency and the provinces of Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island to enlarge package tour product offerings to high-yield market segments such as senior, upscale, long-haul, and week-end travellers;

- concentrating on promoting available multi-provincial products in existing and new United States' markets;

- introducing in Japan new multi-provincial products aimed at increasing the length of stay of Japanese visitors in Atlantic Canada;

- introducing Canada-U.S. products to capture more of the significant numbers of Japanese and European visitors to the U.S;

- developing fly/drive and motor home touring packages for the British, West German and Netherlands markets;

- developing cultural and city/rural packages for markets in the United Kingdom and France;

- developing tour products for markets in the United States, British, West German, French and the Netherlands featuring sports, city and combined city-outdoor products; and

- increasing efforts towards trade development in order to build trade alliances and ensuring that appropriate products are available prior to a major investment in promotion to consumers.

Transportation

Ensuring that we can bring customers directly from markets identified by research to tourism products by:

- promoting a regulatory framework for transportation which allows full play of market forces;
- conducting analysis on the condition and capacity of major tourist routes and transportation services in Atlantic Canada;
- applying transportation intelligence for the improvement of air access and capacity which are vital to the increase of international visitation;
- enhancing and developing Halifax's position as an international gateway to Atlantic Canada; and
- promoting increased efficient air and other transportation services and access to Atlantic Canada from additional United States' markets.

Technology

Facilitating the development and use of technology by the tourism industry by:

- providing information on the impact of technology on the tourism industry and its potential applications;
- assisting the balanced development and management of national and regional information systems; and
- improving access to information on Atlantic tourism by the international marketplace via a comprehensive reservation system network.

Human Resource Development

Providing the support that industry requires for its development of the human resource component of the tourism sector by:

- developing an orientation for quality service in the Atlantic Canada tourism industry;
- promoting standards for human resources development and management;
- advocating the development of training programs to match industry standards;
- promoting training to entrepreneurs as an essential business activity;

- establishing the tourism sector as a competitive employer;
- supporting the enhancement of skills, knowledge and experience to deliver established levels of service;
- supporting increased career opportunities and professionalism; and
- promoting fact finding and assessment of the means of upgrading human resource management and planning in Atlantic Canada.

Industry Development

Acting with industry and industry associations to assist in the identification of the needs of the Atlantic tourism sector and the priorities for action to meet those requirements by:

- collaborating with industry associations to help them strengthen their role as strong and credible lobbies to enhance international competitiveness; and
- supporting the tourism industry in the resolution of multi-provincial issues such as those in the areas of human resources, technology and financing which are vital to developing quality products and manpower which ultimately will provide tourists with good value for price.

CHAPTER 1

ECONOMIC IMPACT

OF TOURISM IN ATLANTIC CANADA

ECONOMIC IMPACT OF TOURISM IN ATLANTIC CANADA

1.1 Economic Indicators in Atlantic Canada

Economic data provided by the Conference Board of Canada forecasts modest growth in population levels, provincial gross domestic products (GDPs) and labour forces in Atlantic Canada in 1990 with an increase in the unemployment rate over 1989 projections. Forecasts to 1994, project small but steady growth in provincial GDPs and labour forces and a decline in unemployment rates. The figures given in Table 1.1 take into account the fact that Canada officially entered a recession in November, 1990.

TABLE 1.1

ATLANTIC CANADA ECONOMIC INDICATORS

Indicators	Year	Atlantic Canada	Nfld.	P.E.I.	N.S.	N.B.
Population 000s	1990	2,319	573	131	891	724
	1992	2,345	583	132	900	730
	1994	2,364	592	132	907	733
Gross Domestic Product[1] $billion	1990	31,339	6,798	1,669	12,655	10,217
	1992	32,628	7,244	1,710	13,063	10,611
	1994	34,131	7,583	1,774	13,646	11,128
Labour Force 000s	1990	1,060	241	65	423	331
	1992	1,084	248	66	433	337
	1994	1,110	254	68	443	345
Unemployment Rate[2]	1990	13.3%	17.1%	14.6%	10.6%	12.0%
	1992	12.5	16.6	14.5	10.6	11.6
	1994	12.0	16.3	13.8	10.1	11.0

1. GDP data is in constant 1986 dollars.

2. Atlantic Canada combined unemployment rates were calculated using a weighted average of individual provincial populations.

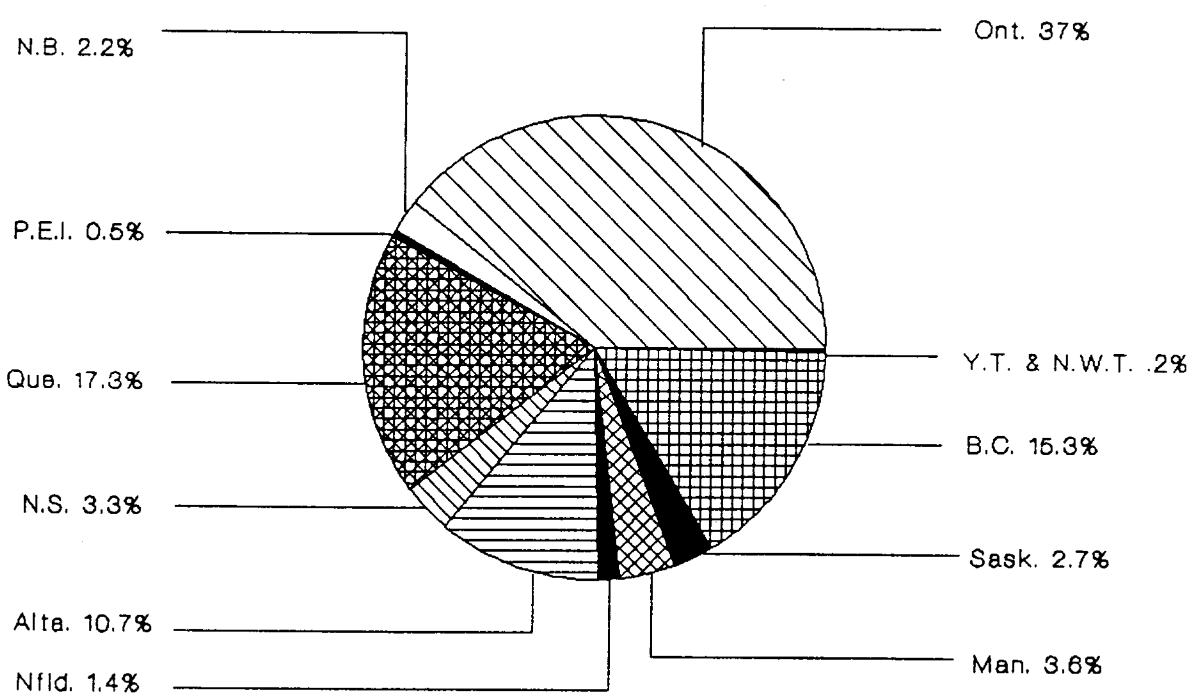
Source: Conference Board of Canada, Provincial Forecast, October 19, 1990.

1.2 Tourism Industry Impact in the Atlantic Region

Total tourism receipts in Canada include expenditures by both foreign tourists and Canadians travelling within their own country. In 1988 Atlantic Canada's share accounted for 7.4% of total receipts ranging from 0.5% in Prince Edward Island to 3.3% in Nova Scotia. Atlantic Canada's 7% share has remained constant since 1980.

TABLE 1.2

TOURISM RECEIPTS BY PROVINCE/TERRITORIES, 1988



SOURCE: Canadian Tourism Facts, prepared by the Research Directorate, Tourism Canada, January 1990, page 10.

NOTE: Provincial Tourism receipts do not add up to Canada's total due to the exclusion of expenditure items that are not allocated among the provinces - i.e. international transportation fares and crew spending of Canadians on trips with non-stated destinations.

1.2.1 Tourism Industry Impact by Province

Travel industry economic impacts, estimated by ISTC-Tourism for 1988, are outlined in Table 1.3.

TABLE 1.3

ATLANTIC CANADA TOURISM INDUSTRY IMPACT BY PROVINCE, 1988

Impact	Nfld.	N.S.	P.E.I.	N.B.
Tourism % of GPP	4.4%	5.6%	7.4%	4.7%
Rank (Nationally)	5th	2nd	1st	4th
Total Revenues ($ millions)				
Accommodation	$ 51	$ 127	$ 29	$ 72
Transportation	148	372	35	220
Food/beverage	70	116	38	129
Recreation/Entertainment	20	40	10	35
Miscellaneous	49	92	16	77
Total ($1.8 billion)	338	797	128	533
Employment[1]				
Direct	8,100	21,100	2,900	15,300
Total in Province	10,600	28,900	4,000	20,600
Total Canada	15,200	38,000	5,800	27,000
Income ($ millions)				
Direct	$235	$ 564	$ 83	$ 384
Total per Province	355	912	136	605
Total Canada	574	1,354	221	917
Government Revenues ($ millions)				
Provincial/Municipal	$ 40	$ 94	$ 14	$ 65
Federal	68	188	24	117
Total Revenues	108	282	38	182
Investment ($ millions)				
Total Canada	$ 61	$ 143	$ 23	$117

1. Direct - Number employed directly in provincial tourism industry.
Total in Province - Number employed in province, directly and indirectly, as a result of the tourism industry.
Total Canada - Total employed in all of Canada, directly and indirectly, as a result of tourism in individual provinces.

Source: Canada Tourism Facts, Prepared by the Research Directorate, Tourism Canada, January, 1990, pages 16-19.

CHAPTER 2

ATLANTIC CANADA'S TOURISM MARKET DEMAND

ATLANTIC CANADA'S TOURISM MARKET DEMAND

2.1 Introduction

A principal component of ISTC-Tourism's mission is the development and expansion of the international tourism market to Canada.

The growth in value and impact of international markets is the most important factor for tourism demand in Atlantic Canada. In 1980, visits by Canadians represented 86% of all visits of one or more nights to Atlantic Canada. American visits represented 13% and overseas visitors represented 1% (See Table 2.1). By 1988, domestic visits declined to 80% while American visits represented 18% and overseas visits 2%.

Expenditures for trips of one night or more in 1980 were $972 million, 87% of which was provided by the domestic market, 11% by the American market and 2% by the overseas market. By 1988, expenditures had risen to $1.6 billion; 81% from the domestic market, 15% from the American market and 4% from the overseas market.

The Canadian market is declining in proportion of overnight visits and expenditures, while the international market is growing. In 1980, the international market represented 14% of visits and 13% of expenditures. By 1988, the visits had grown to 20% and the expenditures to 19%. The rate of increase in visits by overseas visitors has exceeded that of United States visitors by 12% over the last 8 years, while the rate of increase in expenditures by overseas visitors has exceeded that of American travellers by 82%.

This chapter reviews the United States and overseas markets by travel volumes, revenues and other selected trip characteristics in the 1980s in order to highlight travel patterns and trends. It then outlines the five primary Canadian markets: United States, Britain, West Germany, France and Japan and their market segmentation by travel product to suggest potential opportunities available to Atlantic Canada.

2.1.1 Types of Travel Products

Canadian tourism products are represented by four distinct experiences which serve as focal points for what this country offers travellers. Understanding the needs and dynamics of these four major product types allows the industry to fashion new products which respond to the needs of international travellers. The pleasure travel studies contracted by ISTC-Tourism in the last four years have examined the travel experiences sought by international travellers and simplified market segmentation by grouping together travellers who share the same experiences. The segmentation (shown in Tables 2.6 to 2.9) differs from study to study and some times crosses from one segment into the other. Below is a brief description of each of the four travel experiences into which Canada's tourism products are grouped and the market segments which would be interested in these travel experiences.

1. **Touring** is the basic sightseeing experience involving travel to and through areas of scenic beauty and cultural interest. This product is of interest to the **Outdoors and Culture** segment in which travellers have a great interest in outdoor activities and unique cultural groups and the **Cultural Touring** segment which has a strong interest in safety, cleanliness, cities and cultural activities combined with good weather and outdoor scenery.

2. **Outdoor and Adventure** tourism experiences involve travel to a specific place to engage in an active, participatory experience. Outdoor experiences can involve sports such as golfing, fishing or hunting. The adventure experience tends to be focused on wilderness areas and involves activities such as hiking, white water canoeing, or kayaking, but it can also appeal to an interest in sports, scenery, wildlife or native culture. The **Outdoor Sports** market segment is distinguished by a keen interest in outdoor activities and some interest in unique cultural groups. The **Culture and Nature** segment is primarily interested in local culture with a secondary interest in the outdoors.

3. **City Experience** involves travel by those interested in urban attractions and high-quality facilities but not in active sports or natural settings. The **Culture and Comfort** market segment in which travellers are distinguished by a taste for cultural activities coupled with comfortable facilities in a clean, safe environment would find the city experience attractive.

4. The **Resorts** product line involves travel by those interested in destinations which offer sun, sand and water, a variety of recreational activities, entertainment and high-quality facilities. The **Developed Resorts** market segment would be attracted to the resorts product line as would the **Rural Beach** market segment, made up of travellers who mainly desire a warm, clean beach. Generally, Canada does not offer the type of product sought by this group, but for the sake of comparison, these segments are included in the analysis of market shares given on the following pages.

Readers should note that a Visit to Friends and Relatives (VFR) is a trip for which the primary purpose is to visit and spend time with friends or relatives. Visiting friends and relatives is reported as a reason for travel in data collected by Statistics Canada and is, therefore, considered a part of the pleasure travel market for the purposes of this document. While travel by VFRs is discretionary, it is not a market segment targeted by ISTC-Tourism.

TABLE 2.1

COMPARISON OF DOMESTIC AND INTERNATIONAL MARKETS

IN ATLANTIC CANADA, 1980, 1986, 1988

Market	Estimated Visits (000s) (One Night or More)					
	1980	%	1986	%	1988	%
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Canadians Travelling in Canada, Statistics Canada, Catalogue 87-504.
(Data for 1986 and 1988 for the United States is from unpublished tables.)

2.2 United States Market

2.2.1 United States Visitors to Atlantic Canada

The American market is the largest international travel market for Atlantic Canada, representing 91% of the total international visits to the region and an estimated 1,377,000 American visitors in 1988 compared to 135,000 overseas visitors. The number of American visits has grown 46% since 1980.

Almost two thirds of American tourists in 1988 visited in the third quarter, July to September, with 20% in the second and 12% in the fourth quarter.

Nearly 74% of the Americans were "pleasure" visitors. The next largest group of American visitors, 16% of the total, travel for the purpose of visiting friends and relatives. The significant proportion of the pleasure travel market suggests high levels of expenditures on tourist services such as accommodation, food services and attractions.

The major geographic market segments which are nearest to Atlantic Canada and provide a large number of visitors are: New England (Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut), Mid-Atlantic (New York, New Jersey, Pennsylvania), East/North Central (Wisconsin, Michigan, Illinois, Indiana, Ohio).

The U.S. Travel Market Study (1986) contracted by ISTC-Tourism revealed that the average length of stay for Americans touring Canada was 8 nights. The number of American visitors to Atlantic Canada, while significant at 1.4 million in 1988, indicates a lower average length of stay of 3.3 nights (for all types of travel). The level of average spending per night was $53 with spending per visit of $173. This indicates that more work should be done to extend the length of stay of United States visitors. For instance, a gain of 1 additional night per visit would result in 1 million new visit-nights representing over $50 million in additional revenue.

2.2.2 U.S. Pleasure Travel Market Research

The U.S. Travel Market Study published by ISTC-Tourism in 1986 revealed several aspects of the American travel to Canada which can be used in defining this market more specifically for application within the Atlantic Canada region.

Canada's Major Selling Feature

American visitors rated the cultural differences (being foreign, having a different way of life, etc.), between Canada and the United States as Canada's most pronounced comparative advantage.

TABLE 2.2

UNITED STATES VISITORS TO ATLANTIC CANADA

GENERAL OVERVIEW

Trip Characteristics	1980	1988
Number of Visits to Region	940,000	1,377,000
Spending	$102,000,000	$238,000,000
Average Spending per Visit	$109.00	$173.00
Number of Visit-nights	3,861,000	4,492,500
Average Number of Nights	4.1	3.3
Average Spending per Visit-night	$27.00	$53.00
Quarter of Entry	%	% *
January-March	5	5
April-June	17	20
July-September	69	63
October-December	9	12
Purpose of Visit	%	%
Business	10	9
VFR	12	16
Pleasure	71	74
Other	7	1

* based on province of entry data rather than province visits data

Source: Touriscope: International Travel: Travel Between Canada and Other Countries, Statistics Canada, Catalogue 66-201 1980, 1982, 1984, 1986, 1988.
Canadians Travelling in Canada, Statistics Canada, Catalogue 87-504.
(Data for 1986 and 1988 for the United States is from unpublished tables.)

The Importance of the Touring Vacation

The touring vacation, a touring trip by car, bus or train through areas of scenic beauty, cultural or general interest, was the most popular type of vacation for Americans travelling to Canada. While touring, U.S. residents sought foreign experiences, visits to interesting cities, points of historical interest, and well-known landmarks. Of those who undertook a touring vacation,

* 76% felt visiting historical attractions as very or somewhat important (21% of these travellers were on a package tour)

* 53% felt attending ethnic festivals and events as very or somewhat important (24% of these people were on a package tour)

* 38% felt attending concerts and theatre as very or somewhat important (27% were on a package tour)

The Importance of the City Vacation

The city vacation, a trip to a city for activities such as shopping, visiting museums, enjoying entertainment, dining, attending plays or concerts, or just strolling around and enjoying the city, was also a popular type of vacation taken by Americans. Of those taking a city vacation,

* 60% felt visiting historical attractions as very or somewhat important (13% were on a package tour)

* 47% felt visiting ethnic festivals and events as very or somewhat important (10% were on a package tour)

* 49% felt attending concerts or theatre as very or somewhat important (10% were on a package tour)

The Importance of the Outdoors Vacation

The outdoors trip is typically taken by a younger American family with children travelling by car, truck or recreational vehicle. Areas of scenic beauty which are natural, but not too wild, and which offer a sense of seclusion and privacy and lots to do and see are desirable destinations. Relative to touring, outdoor trips contribute considerable less to the Canadian economy. Campgrounds are the primary form of accommodation. Of those who undertook an outdoors vacation,

* 85% were interested in destinations with beautiful scenery

* 71% were interested in lots to do and see

* 68% felt they wanted seclusion but not in too wild an area

TABLE 2.3

THE STRUCTURE OF THE U.S. PLEASURE TRAVEL MARKET

Type of Vacation	Millions of Trips in 1985	% Share by Trip Type	Average Length of Stay in Nights
Touring	34	7	8.0
Close-to-home leisure	97	21	2.7
Outdoors	55	12	3.4
Resort	32	6	5.0
City	39	8	3.3
Theme park/special event	15	4	3.9
Cruise	3	1	6.3
VFR	193	41	4.4
TOTAL	468	100%	4.1

Source: U.S. Travel Market Study: Canadian Potential: Highlights Report, ISTC-Tourism, January, 1986, page 10.
(Note that types of travel in the sources cited differ in number and definition.)

The touring vacation by Americans within Canada as a whole, accounts for only 7% of total trip types but the average length of stay in nights for that segment is the highest at 8.0 nights. This suggests that the American touring segment is definitely a major market to develop and expand to Atlantic Canada. Refer to Table 2.3 for the details of the structure of the U.S. pleasure travel market.

The potential for matching the product of Atlantic Canada with the American market demand can be summarized in brief by examining the market segmentation data in Table 2.4.

TABLE 2.4

MARKET SEGMENTATION OF PLEASURE TRAVELLERS FROM THE UNITED STATES

SEGMENT	TOURING
Market	27.4 million
% of long-haul travel	19.2%
Canada's market share	6.8%
Average length of stay in Canada	8.0 nights
Products/Experiences Sought	- a trip by car, bus or train through areas of scenic beauty, cultural or general interest - doing something different - different cultures, way of life - visiting small towns/villages - national parks - beautiful scenery - museums/art galleries - big cities
Implications for Atlantic Canada	As most of the products sought are available in Atlantic Canada, this is the best American market segment for the region, with the largest potential for growth. Atlantic Canada is the destination of under 10% of existing American touring trips.
	HIGH POTENTIAL

TABLE 2.4 (CON'T)

CITY	OUTDOORS
23.5 million	24.8 million
6.4%	7.2%
2.8%	5.4%
3.3 nights	3.4 nights
- a trip to a city to shop, visit museums, dine, attend plays or concerts, or just stroll around and enjoy the city - sporting events	- a trip to a natural area - camping - fishing/hunting - hiking/backpacking - rafting/boating - wildlife/wilderness - national parks - mountain climbing
Few of the cities of the region match the product or experience sought by this segment.	Atlantic Canada has some product already catering to this segment, but it is not seen as a large-growth segment for expansion.
LOW POTENTIAL	MEDIUM POTENTIAL

2.3 Overseas Markets

2.3.1 Overseas Visitors to Atlantic Canada

The overseas market represents approximately 2% of total visits and 10% of total international visits to Atlantic Canada with 135,000 overseas visitors in 1988 compared to an estimated 1,377,000 American visitors. The number of overseas visits has grown 59% since 1980.

During the 1980s, the length of stay in Atlantic Canada by the overseas market was high at over 10 nights per visit. The average spending per visit was also high with growth from $261 per visit in 1980 to $510.20 in 1988, an increase of 95% over 8 years. Europe led the way in overseas visitors with 62.4% in 1988, but this represents a decrease since 1980. As for individual countries, the United Kingdom provided 27% of all overseas visitors in 1988, with 10% from West Germany and 5% from France. The market share of visitors from Asia, on the other hand, has increased from 6.6% to 17.2% of total overseas visitors in 1988. Japan has provided an increasing percentage of visitors from 2.4% in 1980 to 8.0% in 1988.

Over one half of all overseas tourists visit Atlantic Canada in the third quarter (July through September), with the second quarter (April through June) and fourth quarter (October through December) remaining stable since 1980 at 25% and 15% respectively.

Comparisons with the American visitor data shows that the overseas visitors spend more than three times the average number of nights at 10.2 nights in Atlantic Canada compared with Americans who spent 3.3 nights in 1988. They spend about the same amount per visit night. But some segments of the overseas market, such as the Japanese spend much more than the average amount of $50.00 per visit night. Therefore, increased travel by these segments should be encouraged.

The overseas pleasure segment in 1988 comprised 26% of visitors and has grown at the expense of VFR declines. There has been a drop in VFR travel to Atlantic Canada, down from 42.5% in 1980 to 34.5% in 1988. However, 14% of overseas visitors reported combined VFR and Pleasure. The accommodation sector may not benefit proportionately from overseas visitors but food services, attractions and tours offering day-tripping and excursions benefit from this market.

This assessment suggests that additional product development be introduced to provide opportunities for overseas visitors to spend money, such as additional or improved package tours within the region, designed to meet their needs and interests.

2.3.2 Overseas Pleasure Travel Research

Market segmentation studies have been undertaken by ISTC-Tourism in the four priority overseas markets to Canada, namely Britain, West Germany, France and Japan. These pleasure travel studies have resulted in detailed information on the long-haul markets of each country. Long-haul markets are those with the propensity to travel to countries as far or further than Canada compared to those who prefer nearby foreign destinations. These market segments have been summarized on Tables 2.6 to 2.9, with each including a preliminary assessment of its degree of potential when compared to Atlantic Canada's product lines.

TABLE 2.5

OVERSEAS VISITORS TO ATLANTIC CANADA

Trip Characteristics	1980	1982	1984	1986	1988
Number of Visits to Region	85,000	79,000	74,000	104,000	135,000
Spending $000,000 *	$22.2	$23.7	$23.2	$40.2	$69.1
Av. spending per visit	$261.20	$300.00	$313.50	$385.80	$510.20
No. of visit-nights	840,000	735,000	752,000	1,106,000	1,383,000
Av. no. of nights	9.9	9.3	10.2	10.6	10.2
Av. spending per visit-night	$26.40	$32.20	$30.90	$36.30	$50.00
Area of Residence					
EUROPE	**68.9%**	**68.7%**	**62.8%**	**68.1%**	**62.4%**
France	7.1	8.7	5.7	6.5	5.2
West Germany	6.8	12.5	8.5	10.5	10.3
United Kingdom	36.7	31.2	29.3	31.9	27.4
Other Europe	18.3	16.3	19.3	19.1	19.4
ASIA	**6.6%**	**9.5%**	**13.8%**	**12.4%**	**17.2%**
Japan	2.4	3.4	8.8	5.5	8.0
Other Asia	4.2	6.1	5.0	6.9	9.2
AUSTRALIA	**3.0%**	**4.8%**	**4.1%**	**3.8%**	**4.4%**
OTHER	**21.5%**	**17.0%**	**19.3%**	**15.7%**	**16.0%**
Quarter of Entry					
January-March	10.2%	10.4%	7.8%	8.5%	7.8%
April-June	25.6	29.5	27.4	27.2	24.7
July-September	51.8	48.0	51.7	50.0	52.6
October-December	12.4	12.1	13.1	14.3	14.8
Purpose of Visit					
Business	14.2%	16.7%	15.5%	16.5%	15.8%
Visiting friends/ relatives	42.5	38.0	37.3	40.6	34.5
Other pleasure	20.7	22.2	25.9	23.9	26.0
Visiting & pleasure	13.0	15.6	12.2	13.0	14.4
Other/combined purposes	9.6	7.5	9.1	6.0	9.3

Source: Touriscope: International Travel: Travel Between Canada and Other Countries, Table 19, Trip Characteristics of Residents of Countries Other Than the United States Entering Canada and Staying One or More Nights by Province Visited, Statistics Canada, Catalogue 66-201, Annual, 1980, 1982, 1984, 1986, 1988.

* excludes international transportation fares

TABLE 2.6

MARKET SEGMENTATION OF PLEASURE TRAVELLERS FROM BRITAIN

Culture and Comfort *	Sports & Entertainment	Culture and Nature
Market: 846,000 19% of U.K.'s long-haul travel [Canada's share 18%]	**Market:** 611,000 21% of U.K.'s long-haul travel [Canada's share 13%]	**Market:** 1,081,000 16% of U.K.'s long-haul travel [Canada's share 23%]
Product - historic sites/cities - museums/galleries - national parks/wildlife - unique cultural groups - first-class hotels and restaurants - short cruises - manageable size to see - local crafts	**Product** - water sports - skiing - golf and tennis - fishing/hunting - big, modern cities - sporting events - nightlife/gambling - amusement parks	**Product** - nature/wildlife - mountain areas - unique cultural groups - local festivals/crafts - national parks - historic cities/sites - budget accommodation - interesting small villages and towns - museums and galleries
Philosophy Package travel	**Philosophy** Guarded Package Guarded Independent	**Philosophy** Enthusiastic
Benefit Social safety	**Benefit** Social safety Adventure	**Benefit** Independent
Profile More likely than average to be: - female (62%) - older (54 or over) - less educated - take guided tours - take VFR trips	**Profile** - male (65%) - younger (under 35) - single - travel in summer, VFR	**Profile** - upscale - older (over 55) - female - travel in summer - take longer trips
Implications Although this group is interested in other Canadian destinations, there is a good match with existing product in Atlantic Canada. With the promotion of existing cultural attractions and the development of suitable package tours this would seem to be a segment of significant future potential for Atlantic Canada.	**Implications** There is long term potential to develop sports related packages which will appeal to this group, particularly regarding golf and tennis and hunting and fishing. But Atlantic Canada lacks the spectator sports, amusements and large cities of interest to this group.	**Implications** Highly motivated travellers who are willing to go off beaten track. Atlantic Canada has good mix of products and experiences sought, especially rural based sightseeing and independent touring. Potential for fly/drive products.
HIGH POTENTIAL	LOW POTENTIAL	HIGH POTENTIAL

Source: <u>Market Assessment: British Pleasure Travellers</u>, Tourism Canada, (Unpublished Draft) May, 1990.
* For complete definitions, see the source given above.

TABLE 2.6 (CON'T)

Outdoor Sports and Native Cultures

Market: 846,000
9% of U.K.'s long-haul travel
[Canada's share 18%]

Product
- outdoor activities
- snow skiing
- wilderness and nature
- unique cultural groups
- campgrounds and trailer parks
- mountain areas
- wildlife

Philosophy
Independent

Benefit
Adventure

Profile
- male (59%)
- younger (under 35)
- upscale

Implications
This group has an above average interest in Newfoundland and Labrador. Atlantic Canada has an excellent offering of products sought by this segment but the market share is small and only 7% regard Canada as a country they would most like to visit.

MEDIUM POTENTIAL

TABLE 2.7

MARKET SEGMENTATION OF PLEASURE TRAVELLERS FROM WEST GERMANY

Sports & Entertainment	Developed Resort	Cultural Touring
Market; 1,000,000 24% of W. Germany's long-haul travel [Canada's share 9%]	**Market:** 514,000 12% of W. Germany's long-haul travel [Canada's share 2%]	**Market:** 899,000 21% of W. Germany's long-haul travel [Canada's share 12%]
PRODUCT - skiing - fishing/hunting - golf/tennis - sporting events - nightlife/ entertainment - casinos - first-class hotels	**PRODUCT** - seaside/good beaches - water sports - golf/tennis - high-quality facilities - first-class hotels - nightlife/entertainment - casinos - reliable weather	**PRODUCT** - modern cities - small towns/villages - local festivals - historic sites/cities - live theatre - warm welcome for tourists - sightseeing - amusement/theme parks - museums/galleries - excursions/shopping - safety and cleanliness - resort areas
Philosophy Reluctant traveller	**Philosophy** Affirmed package	**Philosophy** Guarded independent Affirmed package
Benefit Physical activity Social safety	**Benefit** Escape	**Benefit** Status Social safety
Profiles More likely than average to be: - male (66%) - married - middle income	**Profiles** - younger (under 35) - single (47%) - upscale	**Profiles** - female (57%) - older (45 and over) - divorced/separated/ widowed
Implications While fishing product would satisfy this segment, Atlantic Canada is weak on urban entertainment such as casinos, gambling, nightlife and spectator sports.	**Implications** Atlantic Canada cannot compete with destinations such as Southern Europe, North Africa and South Africa where this segment now travels.	**Implications** Most of experiences sought could be satisfied by Atlantic Canada. Should examine German tour products offered now to determine scope for introducing Atlantic Canada destination tours. Potential exists for mixed city and countryside sightseeing tours.
LOW POTENTIAL	NO POTENTIAL	HIGH POTENTIAL

Source: Market Assessment: German Pleasure Travellers, Tourism Canada, March, 1989.

TABLE 2.7 (CON'T)

Culture and Nature	Rural Beach	Outdoor Sports
Market: 514,000 12% of W. Germany's long-haul travel [Canada's share 4%]	Market: 856,000 20% of W. Germany's long-haul travel [Canada's share 5%]	Market: 428,000 10% of W. Germany's long-haul travel [Canada's share 16%]
PRODUCT - historic sites/cities - museums/galleries - different cultures - sightseeing in smaller towns/ villages - outstanding scenery - wide open spaces - wildlife/nature	PRODUCT - reliable weather - warm, sunny - seaside/good beaches in areas that have not been fully developed - warm welcome for tourists - hygiene/cleanliness	PRODUCT - campgrounds/trailer parks - fishing/hunting - wildlife - wilderness/nature - mountainous areas - national parks - outstanding scenery - outdoor activities
Philosophy Enthusiastic Independent	**Philosophy** Guarded independent Affirmed Package	**Philosophy** Enthusiastic Independent
Benefit Adventure Status	**Benefit** Escape	**Benefit** Adventure Physical activity
Profiles - female (51%) - younger (18 to 34) - single - upscale	**Profiles** - younger (under 45) - upscale	**Profiles** - male (68%) - younger (under 35) - single
Implications Part of this market might respond to cultural touring or to fly/drive sightseeing related to regional/cultural diversity and wildlife and scenery; otherwise share too small for tailored development.	**Implications** Canada's overall image very low in experience sought. Atlantic Canada does not offer for any length of time the warm weather and the beaches sought by this group.	**Implications** This group has a good awareness of Newfoundland and Labrador. Most of experiences sought could be satisfied by Atlantic Canada, particularly campgrounds and parks. Should examine German tour products offered now to determine scope for introducing Atlantic Canada destination tours, particularly off-season travel and fly/drive vacations.
LOW POTENTIAL	**NO POTENTIAL**	**HIGH POTENTIAL**

TABLE 2.8

MARKET SEGMENTATION OF PLEASURE TRAVELLERS FROM FRANCE

Sports & Entertainment	Culture and Comfort	Outdoors & Culture
Market: 638,000 22% of France's long-haul travel [Canada's share 12%]	**Market:** 609,000 21% of France's long-haul travel [Canada's share 15%]	**Market:** 609,000 21% of France's long-haul travel [Canada's share 10%]
Product - water sports - skiing - fishing/hunting - camping/trailer parks - golf/tennis - resort areas - sporting events - nightlife - casinos - big, modern cities	**Product** - historic sites - museums/galleries - historic old cities - local crafts - manageable size to see - first-class hotels - clean safe surroundings - sightseeing excursions - friendly local people - historic cities	**Product** - wilderness/wildlife - outdoor activities - wide open spaces - outstanding scenery - different cultures - unique cultural groups such as Mennonites and Natives.
Philosophy Guarded Traveller	**Philosophy** Affirmed package	**Philosophy** Enthusiastic Independent Semi-reluctant
Benefit Physical activity	**Benefit** Social safety Luxury	**Benefit** Adventure
Profiles More likely than average to be: - male (60%) - younger (under 35) - single - travel in spring/summer for longer trips	**Profiles** - females (66%) - older (45 and over) - low fluency in English (51%) - take package tours	**Profiles** - male (54%) - younger (18 to 34) - fluent in English (84%) - travel independently for long trips in winter/spring
Implications Atlantic Canada has some products sought in outdoors segment but has a low volume of entertainment elements compared to the U.S. cities which are the main attraction for this segment.	**Implications** With the promoting of existing cultural attractions through suitable package tours, this could be a market for Atlantic Canada. Atlantic Canada lacks the quality comforts and cultural attractions of major cities and the availability of service in French.	**Implications** Atlantic Canada's image is good for the key items of wildlife, outdoor activities and cultural/regional groups. Rural sightseeing and fly/drive trips aimed at outdoor products could be developed.
LOW POTENTIAL	MEDIUM POTENTIAL	MEDIUM POTENTIAL

Source: Market Assessment: French Pleasure Travellers, Tourism Canada, March, 1989.

TABLE 2.8 (CON'T)

Rural Beach	**Developed Resort**
Market: 522,000 18% of France's long-haul travel [Canada's share 5%]	Market: 406,000 14% of France's long-haul travel [Canada's share 5%]
Product - good beaches/seaside - warm, sunny climate - reliable weather - budget accommodation - exotic destination - inexpensive travel in destination	**Product** - first-class hotels - quality dining - good beaches/seaside - big modern cities - resort areas - golf/tennis - casinos/nightlife - good shopping - warm, sunny climate - cleanliness/safety
Philosophy Enthusiastic Independent	**Philosophy** Affirmed package
Benefit Adventure	**Benefit** Luxury Social safety
Profiles - females (60%) - younger (under 35) - take fall/winter trips, travel independently	**Profiles** - female (60%) - older (over 34) - upscale - take packages
Implications Atlantic Canada has few of the products sought. This group is seeking winter breaks in destinations such as Africa, Asia and the West Indies.	**Implications** The current market share is low for this segment. This group is not aware of or attracted to Canadian resort areas. Atlantic Canada does not have the product mix sought of reliable weather, restaurants or shopping.
NO POTENTIAL	NO POTENTIAL

Source: Market Assessment: French Pleasure Travellers, Tourism Canada, March, 1989.

TABLE 2.9

MARKET SEGMENTATION OF PLEASURE TRAVELLERS FROM JAPAN

Culture and Comfort	Sports & Entertainment	Developed Resort
Market: 2,652,000 26% of Japan's long-haul travel [Canada's share 12%]	**Market:** 2,958,000 29% of Japan's long-haul travel [Canada's share 8%]	**Market:** 2,244,000 22% of Japan's long-haul travel [Canada's share 8%]
Product - historical sites - museums/galleries - historic old cities - archaeological sites/buildings - sightseeing excursions - manageable size to see - first-class hotels - local crafts - hygiene and cleanliness	**Product** - water sports - skiing - fishing/hunting - nightlife/entertainment - gambling - golf/tennis - high quality restaurants	**Product** - good beaches/seaside - resort areas - golf/tennis - warm, sunny climate - reliable weather - water sports - fast food restaurants - amusement/theme parks - shopping
Philosophy Affirmed package	**Philosophy** Reluctant	**Philosophy** No particular segment
Benefit Being & seeing	**Benefit** Physical activity	**Benefit** No particular segment
Profiles More likely than average to be: - female (72%) - older (55 or older) - take package tours	**Profiles** - male (57%) - younger (under 35) - take longer trips but not package tours	**Profiles** - female - younger (under 35) - single (44%) - take short trip packages - lower income
Implications While Atlantic Canada has some of the products sought, the region is a hard sell compared to Asia, Europe, Hawaii. However, this segment does take packages & may be reached through messages directed to Culture & Nature segment.	**Implications** Some outdoor product in Atlantic Canada but the low level of entertainment product and the profile of this segment suggests this is not a good market for the region compared to competitive destinations like Asia, Europe, Hawaii.	**Implications** Atlantic Canada's product mix does not match the demand for this segment. Hawaii/Guam/Samoa are preferred locations.
MEDIUM POTENTIAL	LOW POTENTIAL	LOW POTENTIAL

Source: Pleasure Travel Markets to North America: Japan, Tourism Canada, November, 1989.

TABLE 2.9 (CON'T)

Cultural and Nature

Market: 2,346,000
23% of Japan's long-haul travel [Canada's share 11%]

Product
- historic sites
- different culture
- small towns/villages
- wilderness/nature
- native cultural groups
- wildlife and birds
- hiking/climbing
- budget accommodation and travel

Philosophy
Budget Independent

Benefit
Adventure getaway

Profiles
- over 45
- married
- upscale
- take longer trips

Implications
A good match with Atlantic Canada with the extra advantage of Prince Edward Island, a very popular destination with the Japanese.

HIGH POTENTIAL

CHAPTER 3

ATLANTIC CANADA'S TOURISM PRODUCT

ATLANTIC CANADA'S TOURISM PRODUCT

3.1 Introduction

The Atlantic region tourism product is composed of services such as accommodation, food services, transportation and travel generators such as attractions, historic sites, parks, museums, theme and amusement parks, and festivals and events. This chapter outlines tourism industry services, product lines and government programs which have been directed towards tourism industry development in Atlantic Canada.

3.2 Tourism Industry Infrastructure and Support Services

3.2.1 Accommodation

Accommodation occupancy rates in Atlantic Canada fluctuate seasonally, with rates varying from approximately 75% during the summer peak season to 40-60% in the shoulder periods. Upscale facilities, particularly those which are urban-based, report occupancy up to 90% at peak season. While the quality of accommodation in primary urban locations has been upgraded significantly through new developments and major renovations, smaller-sized establishments, such as motels, resorts, cottages and cabins located in rural areas, although generally adequate in number, are lower in standard. This situation is frequently attributed to such factors as the marginal viability of accommodation, limited seasonal operating period, product obsolescence, inadequate maintenance practices or lack of management business skills.

Owing to the ongoing problem of low off-season occupancy, increasing the number of facilities in rural travel corridors does not appear to be a practical solution to improving the overall level of quality standards and performance. In order to provide a significant opportunity for maximization of development and marketing activities specifically directed to international markets, continued support for upgrading rural accommodation services is desirable, particularly for those businesses adjacent to major attractions. Programming activities during off-peak periods which could further stimulate vacation travel packages need to be identified.

The range and size of establishments in Atlantic Canada do not provide the optimum mix to meet the needs and expectations of international tourists. In size, for instance, 84% of all the establishments have 25 rooms or less while 8% have 50 or more rooms (see Table 3.1). This factor affects motor coach tour development.

TABLE 3.1

INVENTORY OF ACCOMMODATION ESTABLISHMENTS IN ATLANTIC CANADA

Units	Nfld.	N.B.	P.E.I.	N.S.	Total	% of Establishments
1 - 12	110	282	790	315	1,497	73%
13 - 25	41	70	52	74	237	11%
26 - 50	21	65	19	59	164	8%
51 - 75	7	26	6	19	58	3%
76 - 100	4	18	3	11	36	2%
101 - 200	8	13	3	12	36	2%
201+	2	2	1	9	14	1%
Total Establishments	193	476	874	499	2,042	100%
% of Establ. by Province	10%	23%	43%	24%	100%	
No. of Rooms	4,364	10,710	5,246	11,271	31,591	
Av. Rooms/ Establ.	22.6	22.5	6.0	22.6	15.5	

Sources: Nova Scotia: The Doers and Dreamers Complete Guide to the Festival Province of Canada, Nova Scotia Department of Tourism and Culture, 1989.
1989 Visitors Guide: Prince Edward Island, Department of Tourism and Parks, 1989.
New Brunswick: Accommodation and Campground Guide, Tourism New Brunswick, 1989.
Newfoundland and Labrador: 1988, Government of Newfoundland and Labrador, 1988.

Specific product research has not yet been undertaken which would provide more qualitative detail on the accommodation base in Atlantic Canada. The introduction of an Atlantic Canada Accommodation Grading System could provide encouragement to owners to upgrade their properties and more effectively promote improved awareness of their product. This initiative originated under the second-generation Tourism Development Subsidiary Agreements (TDSAs) in the Atlantic region and could be accelerated in accordance with the federal tourism policy.

One segment of the Atlantic accommodation base which merits attention is the "country inn" product. These facilities are perceived as offering comfort, quality, cuisine, ambience and value for money. The cultural/heritage value of many country inn establishments makes them an attractive attribute of the touring product. Research currently under way will serve to position the country inns sector, its level of international competitiveness, consumer/trade perceptions and future initiatives required to strengthen product and market opportunities.

3.2.2 Food Services

Food and beverage services in major cities throughout Atlantic Canada are generally of good quality, but such services in rural areas tend to be inconsistent in both quality and supply. This situation stems from limited demand in off-season periods. To some extent, the situation is improving as country inns, bed and breakfast and hospitality homes extend and improve their dining services to the travelling public. One other highlight in some rural areas, greatly enjoyed by international visitors, is group suppers, such as church lobster suppers in Prince Edward Island.

Cuisine plays an important role in the overall tourism experience. This is reflected in the demand for regional foods. The tourism industry in Atlantic Canada has responded through an increase in urban-based heritage properties offering upscale dining services and menus with local or regional culinary specialties. Initiatives should be continued to develop and market regional menus. In urban centres, rapidly expanding food franchising offers the tourist a variety of alternatives of consistent quality and standard.

Programs in all areas of employee and management training will be a major priority with provincial and federal governments and industry associations. Work to develop job standards and to design a certification program for positions in the accommodation and food service sectors is currently under way under the CEIC-Canada Job Strategy.

3.2.3 Transportation

The principal transportation networks in Atlantic Canada are air, ferry and road services. Passenger rail travel within the region is limited, with the noted exception of the North Shore-Labrador rail line on which packaged tours are available and selling well to international tourists.

3.2.3.1 Air Service

International air service to Atlantic Canada has improved in recent years. In 1989, there was a 30% increase in flights and a 22% increase in seats over the previous year. The same year, new carriers entered the system and affiliates of the two major airlines expanded their route patterns and increased frequencies to several points.

Halifax and St. John's serve as the two primary international gateways to Atlantic Canada. In 1989, there were just over 50,000 passengers flying directly from the United States to Atlantic Canada. Approximately 80% of those passengers flew via Halifax. From the Boston market, there are direct flights to Yarmouth, Halifax, Saint John, Sydney and Charlottetown. There are also direct flights from New York City, and Portland, Maine to Halifax. North American air service is outlined in Table 3.2.

International flights from Europe to Atlantic Canada are gradually improving as well. Air Canada, Canadian Airlines International (CAIL) and, as of 1989, Royal Dutch Airlines (KLM) offer service from London, Glasgow, Dusseldorf and Amsterdam. British and European air service to Atlantic Canada is outlined in Table 3.3.

The region could benefit from increased service and access, especially from additional markets in the United States. With the addition of KLM service to Halifax, potential exists for successful marketing of Atlantic Canada in the Netherlands.

Air service to the region from the rest of Canada is good, with frequent daily services from both Air Canada and CAIL. Considering Toronto and Montreal as main connectors within the domestic Canadian system, there are over 40 direct flights into several destinations in Atlantic Canada daily. Intra-regional air service is competitive with three commuter airlines, Air Nova, Air Alliance and Air Atlantic, offering frequent service to 16 different communities within Atlantic Canada. There are also regular flights to both St. John's and Halifax from St. Pierre and Miquelon.

3.2.3.2 Ferry Service

Due to its location on the eastern seaboard, the Atlantic region is characterized by its coastal scenery, beaches, maritime heritage and ferry service.

TABLE 3.2

DIRECT SUMMER AIR SERVICE FROM THE UNITED STATES TO ATLANTIC CANADA

Carrier	Aircraft Type	Passenger Capacity	# Flights Weekly
To Halifax from Boston			
Air Canada	DC9	139	21
Air Nova Inc. (division of Air Canada)	Dash 8	36/56	14
Air Atlantic Ltd. (division of CAIL)	Dash 8	32	14
To Halifax from New York (including Newark)			
Air Canada	DC9	139	4
To Halifax from Portland			
Air Atlantic Ltd.	Dash 8	36/56	2
To Charlottetown from Boston			
Air Nova Inc.	Dash 8	36/56	7
Air Atlantic Ltd.	Dash 8	36/56	6
To Saint John from Boston			
Air Atlantic Ltd.	Dash 8	36/56	21
To Sydney from Boston			
Air Atlantic Ltd.	Dash 8	36/56	7
To Yarmouth from Boston			
Air Nova Inc.	Dash 8	36/56	14

Source: Official Airline Guide: North American Edition, April, October 1990.

TABLE 3.3

DIRECT SUMMER AIR SERVICE FROM EUROPE TO ATLANTIC CANADA

Origin	Carrier	Aircraft Type	Passenger Capacity	# Flights Weekly
To Halifax				
Amsterdam	KLM	747	496	2
Glasgow	Air Canada	767	178-224	3
	Air Canada	L1011	256-400	1
London	Air Canada	767	178-224	9
	Air Canada	L1011	256-400	1
Dusseldorf	Air Canada	767	178-224	3
To St. John's				
London	Air Canada	767	178-224	5
	Air Canada	L1011	256-400	1

Source: Official Airline Guide: Worldwide Edition, April 1990.

There are two companies offering ferry service between the United States and Halifax and Yarmouth, Nova Scotia with a combined capacity of 2,500 passengers and 500 vehicles daily during the summer season.

The "M.S. Scotia Prince", operated by an American company, the Prince of Fundy Cruises Ltd., sails daily between Portland, Maine and Yarmouth. This 11-hour crossing operates from early May through October. This vessel carries 1,500 passengers with vehicle capacity of approximately 250. In addition to the transportation service, the company offers 10 different vacation tour packages which include the ferry trip (transportation of auto and passenger berths), hotel accommodations in the provinces of Nova Scotia and Prince Edward Island, and selected itineraries in these provinces from 3 days/2 nights to 8 days/7 nights.

The "M.V. Bluenose", operated by a Canadian company, Marine Atlantic, sails between Bar Harbor, Maine and Yarmouth, a 6-hour trip. The summer schedule, mid-June to mid-September offers daily service with sailings three times weekly during the balance of the year. This vessel carries 1,000 passengers and has a vehicle capacity of approximately 250. Marine Atlantic offers discounts of 25% to groups, seniors and motor coaches. In addition, it presently offers a series of auto tour packages to the Maritimes.

Of the ferry passengers entering Nova Scotia, the pattern over the last several years has been relatively stationary. Approximately 90% of foreign passengers are American, less than 1% are foreign and the balance Canadian.

Within Atlantic Canada, Marine Atlantic offers 5 ferry routes as follows:

Borden, P.E.I.	- Cape Tormentine, N.B.
Saint John, N.B.	- Digby, N.S.
North Sydney, N.S.	- Port aux Basques, Nfld.
North Sydney, N.S.	- Argentia, Nfld.
Lewisport, Nfld.	- Goose Bay, Labrador

Marine Atlantic is introducing an upgraded service for the 1990 season between North Sydney and Argentia, the $130 million vessel, "M.V. Smallwood", with a capacity for 1,200 passengers and 350 vehicles. The "Smallwood" will be larger and faster than the existing service and will particularly improve the ease and comfort for regular passengers and for the motorcoach tour companies travelling to Newfoundland. Its introduction will also enhance the "circle tour" possibilities as the "Smallwood" will be a sister ship to the "M.V. Caribou" running on the Port aux Basques to Sydney route.

There is one other inter-provincial service offered by a private sector company, Northumberland Ferries Ltd., between Wood Islands, P.E.I. and Caribou, N.S.

3.2.3.3 Road System

There are four primary highway routes into Atlantic Canada, all through New Brunswick. From the United States, Highway no. 1 enters through Saint Stephen and Highway no. 95 enters through Woodstock. In Canada, Highway no. 11 enters at Campbelltown and Highway no. 2, the Trans-Canada Highway, enters through Edmundston.

The road system within the region is primarily two-lane highways, with limited four-lane and divided highways. While further upgrading and expansion of the road system would be desirable, it is unrealistic to expect it to happen due to tourism industry interests and efforts alone. Further research is required to assess the condition and capacity of major tourist routes, and to examine the impact of federal/provincial transportation agreements.

3.2.3.4 Intermodality

Intermodality refers to the linking of transportation modes, such as fly/drive and cruise/motorcoach, whether for scheduled or charter services. This aspect has not received much attention in tourism plans to date but is worth considering in future tourism programming as more travellers opt for independent travel without using their own automobiles. Creative packaging in the future should examine intermodal transportation more fully.

Some elements for improvement in intermodality include location, supply and scheduling. In terms of location, it is possible to fly to most airports in the region and pick up a rental car at the airport, but should one take a train or inter-city bus into Halifax or any other city in the region, it would be necessary to take a taxi some distance to a car rental office.

The supply of some modes of transportation is inadequate to meet peak or potential demand. During the peak periods between June and September throughout the region the demand for rental vehicles such as cars, camper vans or recreational vehicles exceeds the supply. Therefore, developing and promoting fly/drive packages should accurately reflect the ready availability of vehicles at the destination, or be developed in close partnership with a car rental agency which will guarantee sufficient supply over and above that in demand from regular customers. One of the constraints against expanding the supply of rental vehicles in Atlantic Canada is seasonality. Most car rental companies do not carry the summer inventory through the rest of the year. The stock of motorcoaches within Atlantic Canada available for booking by groups which fly in is limited. Seasonality is not as large a constraint in the motorcoach sub-sector but capital investment is a major consideration.

Scheduling is not coordinated among the different commercial modes of transportation, so that people travelling by inter-city bus, for instance, may have lengthy waits at ferry terminals such as Sydney or Port aux Basques.

TABLE 3.4

NON-RESIDENT TRAVELLERS ENTERING ATLANTIC CANADA BY MOTORCOACH
(One or More Nights)

Province	1984	1985	1986	1988
Nova Scotia	12,936	17,845	22,645	22,203
New Brunswick	16,531	21,068	19,144	26,134

Source: International Travel: National and Provincial Counts, Catalogue 66-001, Statistics Canada, October-December 1988, Tables 6A and 7A.

TABLE 3.5

AMERICAN MOTORCOACH TOURS TO ATLANTIC CANADA

Province/Year	Trip Index	Average # of Nights	Average # of Days
New Brunswick			
1985	1.00*	2.45	3.18
1986	.87	2.37	2.92
1987	1.03	2.36	3.01
Newfoundland			
1985	1.00	11.26	14.24
1986	.96	9.13	10.65
1987	1.42	7.49	8.79
Nova Scotia			
1985	1.00	5.83	7.47
1986	1.09	5.44	6.10
1987	1.27	5.16	5.96
Prince Edward Island			
1985	1.00	3.09	3.42
1986	.98	2.57	2.47
1987	1.22	2.52	2.50

* 1985 = 1.00

Source: SEA Tourism/Travel Research, National Tour Association (NTA), special request provided to Market Development, ISTC-Tourism, December, 1988.

3.2.3.5 Motorcoach Tours in Atlantic Canada

Bus tours provide one of the measurable modes of travel to Atlantic Canada. The motorcoach tour business from the United States is an important element of the pleasure travel market to the region. Growth has been steady in the number of motorcoach entries into Nova Scotia and New Brunswick from the United States. This is a reflection of the 46% increase in visitors to Atlantic Canada between 1980 and 1988. (Refer to Table 3.4). From 1984 to 1988, Nova Scotia enjoyed a 72% increase in direct entries by motorcoach while in the same period New Brunswick increased by 58%.

Data on the average length of stay for each province by American motorcoach tours is contained in Table 3.5. From 1985 to 1987, the number of tour trips increased but the average number of nights decreased. In Newfoundland, the average number of nights declined from 11.26 nights in 1985 to 7.49 nights in 1987 while in New Brunswick the decline over the same period was from 2.45 nights to 2.36 nights. This decline must be arrested and reversed in order to maximize motorcoach tour revenue to Atlantic Canada.

Less is known about international use of tours. Observation suggests much of the Japanese visitation to Prince Edward Island is through group packaged tours. There is one tour operator in Newfoundland who has a general sales agent-type relationship with a travel agency in Scotland and a travel club in England. Foreign Independant Travel (FIT) packages from Britain to a Newfoundland whale watching tour, and to adventure travel operations on the island and to Labrador arrived in 1987. With direct flights to St. John's by Air Canada from London (see Table 3.3), and existing flights into Halifax, there is potential for increased packaged tour business from European markets to Atlantic Canada, in both touring and exotic package product lines. Product research on existing packaged tours to Atlantic Canada is required in order to assess types and volume tour business and future potential for motorcoach tours.

3.2.4 Horizontal Issues

There are six main horizontal issues affecting the tourism industry in Canada. These are:

- the improvement in transportation services
- stimulating technological innovation and diffusion
- extending seasons
- upgrading human resource management and planning

- promoting consistent service standards
- matching investment capital and tourism development opportunities

The degree to which these are issues within Atlantic Canada and the degree to which provincial variations exist need to be more thoroughly researched and assessed.

3.2.4.1 **Financing**

In the Atlantic provinces, tourism industry financing issues are influenced by risk factors, such as seasonality, which undermine capital investment and products in rural or remote locations. The tourism industry is forced to compete for financing with other industries which are perceived to be more viable. Tourism operators hold insufficient equity in their operations. There are real or perceived management problems in tourism operations, including lack of financial planning or controls, lack of awareness of financial markets and the availability of government programs and services. Financial institutions and equity markets have a limited knowledge of the tourism industry. This results in a cautious and generally negative outlook on tourism investment. Financial services outside the major centres are lacking and there is difficulty in obtaining adequate insurance.

3.2.4.2 **Seasonality**

Seasonality affects some parts of the region more than others. There has been little development of resort products which could attract clientele on a year-round basis. Traditionally, tourism operations have been characterized by high operating and capital costs. Supplies, equipment and maintaining adequate inventories are expensive due to the high cost of transportation to the Atlantic region. These factors contribute towards marginal performance and less efficient tourism operations.

The larger cities are less affected by the traditional peak season variations than rural destinations due to the draw of inside attractions such as museums, theatre, shopping and special events as well as the scheduling of conferences and conventions throughout the year. Potential exists to increase the volume of international visitors during the summer season to meet existing capacity. Therefore, the need for initiatives to increase business in the shoulder season is less pressing than in other regions of the country.

3.2.4.3 **Human Resources**

The tourism industry has a negative image of providing non-professional, unskilled and low-paying employment. This image is prevalent throughout Atlantic Canada. But there are some promising aspects to the human resources issue. There are several colleges throughout the Atlantic provinces offering tourism and hospitality courses. Mount Saint Vincent University has a degree program in tourism. Progress has been made in human resources management and service standards in Newfoundland. Employer and management training programs should continue to be a high priority with provincial and federal governments in partnership with tourism industry associations.

3.2.4.4 **Transportation**

The Atlantic provinces would benefit from improved trans-border commercial air services. Direct air services from the United States to Atlantic Canada are limited. Most passengers are routed through Halifax or Montreal and a significant number of the balance arrive via Saint John from Boston. The only trans-border jet services to the region are operated by Air Canada to Boston and Newark. A new United States Air Bilateral Agreement is required. There have been no major amendments to air agreements with the United States since 1973. During the last year as well, Canadian air carriers withdrew services from a number of communities in Atlantic Canada, although some services are scheduled for reinstatement.

3.2.5 **Newfoundland's Position in Atlantic Canada**

In Newfoundland, there are constraints to development of the tourism industry which do not exist in the other three Atlantic Provinces. Even with the support which has been provided by the provincial and federal governments, the tourism industry is not totally viable and self-supporting. Newfoundland remains more isolated than the other three Maritime provinces. The tourism infrastructure in Newfoundland requires further development. The majority of accommodation and food service operations are small-scale family businesses in keeping with the rural, small business nature of the economy of Newfoundland and Labrador. Because the industry in Newfoundland is in an early stage of development, selective initiatives are required in the areas of packaging, modernization, demand generation, upgrading and expansion.

3.3 Tourism Product Lines and Components

3.3.1 The Touring Product

The touring vacation is a trip by car, bus or train through areas of scenic beauty, cultural or general interest. The tourist expects to experience a different culture and to visit well-known landmarks. The important elements of a touring trip are historic sites, national parks, scenery and wildlife, cities, and cultural attractions such as museums and art galleries. Total international demand for the touring product, in Canada as a whole, is 46% while the international consumption of the touring product within Canada is 23%.[1] The Maritimes are identified as having potential to be internationally competitive once gaps are filled in the quantity and quality of attractions and services, and product/market integration through new and innovative packaging is achieved.

Atlantic Canada has a strong touring product based on its scenic beauty, different cultures stemming from Acadian, Scottish, English, Irish, Loyalist and Native origins, national parks, nature and wildlife, cultural and historical attractions and numerous events and festivals.

3.3.1.1 Heritage and Culture

American and overseas visitors expect to experience a different culture and way of life when they travel to Canada. The heritage of Atlantic Canada is embodied in the 20 National Historic Parks and Sites, as well as numerous provincial and local museums, art galleries and historic sites within Atlantic Canada. The culture is reflected in the style of the region's small cities, towns and rural areas, the lifestyle of the residents and the warmth and hospitality of the local people. The predominance of the Atlantic Ocean and its impact on coastline communities and the fabric of traditions inherited from Native peoples, the Acadian, English, Scottish, Irish and Loyalist settlers add to Atlantic Canada's cultural heritage, and is one of the region's strongest features as a tourism destination.

Native culture has an appeal to some international market segments. Native tourism products already in place within Atlantic Canada, owned and operated by Natives, are not numerous. One product in Rexton, New Brunswick offers wilderness expeditions, hunting, fishing and canoeing with Indian cultural events and ceremonies and aimed primarily at the German market. An Inuit lodge at

[1] Challenges in Tourism Product Development, Tourism Canada, Revised May 1988, page 16.

Voisey Bay in Labrador offers activities such as hiking, canoeing, bird and whale watching, rock hunting, nature photography.[2] There are presently four native operations at the preliminary stages, one in each province, which may increase Native product within the region capable of attracting and serving the international markets.

TABLE 3.6

ETHNIC ORIGIN IN ATLANTIC CANADA

ETHNIC GROUP	Nova Scotia	New Brunswick	Prince Edward Island	Newfoundland
British	72.5%	53.5%	77.0%	92.2%
French	8.5	36.4	12.2	2.7
German	3.9	0.9	0.7	0.3
Native	0.9	0.8	0.5	0.8

Source: 1981 Census of Canada, Statistics Canada

3.3.1.2 Small Towns and Villages

The Atlantic region does not have a strong "city experience" product, but the urban areas in Atlantic Canada are very attractive to foreigners seeking travel experiences in towns and villages. The achievements of Heritage Canada's Main Street Program in communities such as St. John's, Corner Brook, Yarmouth, Halifax, Charlottetown, Shediac, Saint John and Fredericton have contributed to showcasing their heritage and attractiveness for visitors. A regional heritage tourism strategy could maintain the momentum to upgrading and improving this element in the touring product line.

[2] Native Product Paper, ISTC-Tourism, unpublished, December, 1988.

3.3.1.3 **Parks/Historic Sites**

Canada's image abroad is dominated by its national parks. The seven National Parks and 20 National Historic Parks and Sites are the major and best developed tourist attractions in Atlantic Canada. In addition, of ten UNESCO World Heritage Sites in Canada, two are located within Atlantic Canada; L'Anse aux Meadows National Historic Park and Gros Morne National Park, both located on the west coast of Newfoundland.

One additional site which may eventually achieve UNESCO World Heritage Site designation is the Basque Whaling site at Red Bay, Labrador. An archaeological site for the past decade, tourists have been finding their way to this remote location because of features in periodicals such as National Geographic.

Each province has one or more major travel generators among its national parks and national historic parks. Signal Hill in St. John's has averaged 962,000 annual visits between 1983 and 1988. Fundy National Park in New Brunswick has averaged 824,000 annual visits in the same period; Cape Breton Highlands National Park has had 850,000 and Prince Edward Island National Park, 1,616,000. Fortress Louisbourg National Historic Park has averaged 202,000 annual visits in the same period; it is the only attraction in Atlantic Canada rated three stars by the Michelin Green Guide to Canada. See Appendix 1 for a list of National Parks and National Historic Parks in Atlantic Canada and attendance figures from 1983 to 1988.

The number of visits to national parks increased between 1983 and 1988 by 7% but visits to national historic parks and sites have declined by 20%. From 1980 to 1988, the number of American visits and overseas visits to Atlantic Canada increased from 13% to 18%. At present, the number of international visitors to national parks and national historic parks and sites is not available.

While the national parks and historic sites provide the key attractions on the main touring routes in Atlantic Canada, they are only accessible to tourists on a seasonal basis. Nevertheless, the tourist facilities and services adjacent to these attractions could be developed, expanded or upgraded.

There are also numerous provincial and municipal parks across the region offering services such as campgrounds which cater to the needs of those international visitors travelling by car or recreational vehicle. There are 100 provincial parks in Nova Scotia, 77 in Newfoundland, 59 in New Brunswick and 44 in Prince Edward Island.[3] Few of the provincial parks, however, provide interpretation

[3] A Profile of Canada's Attractions, unpublished, ISTC-Tourism, November, 1987, page 14.

centres and other services. Research is needed to assess how provincial parks can serve international visitors and can be better integrated into the touring product.

3.3.1.4 Other Attractions

There are numerous other attractions within the region such as community museums and museums devoted to historic industries, such as the fisheries, ship building and logging. There are art galleries, provincial historic sites, and a small number of excellent public sector theme parks such as Kings Landing Historic Settlement, the Acadian Historic Village in New Brunswick, and the Upper Clements Theme Park in Nova Scotia.

Some private sector attractions such as Woodleigh Replicas and Rainbow Valley in Prince Edward Island and "Les Trois Pigeons", an Acadian craft centre, in Nova Scotia attract international visitors. Local tours and excursions in Atlantic Canada also draw and serve international visitors. Examples include Briar Island Whale Cruises in Nova Scotia, Wildland nature tours and Western Brook boat tours in Newfoundland.

More research is required to collect and analyze data on all the attractions within Atlantic Canada, and to correlate such findings with projected tour product development, expansion and improvement.

3.3.1.5 Festivals and Events

There is a small number of large scale periodic events such as the Gathering of the Clans and the Charlottetown Festival which are used in tourism marketing efforts to enhance the image of the region. However, Atlantic Canada is characterized by hundreds of local festivals and events which, while not travel generators in themselves, augment the enjoyment of visitors travelling within the region. Development, expansion, improvement and marketing of festivals and events, therefore, play an important role under the "touring" umbrella.

While most of the elements outlined as part of the touring product are not capable of competing internationally on their own merits, collectively they offer excellent potential for developing this product line.

3.3.2 The City Product

The city product includes a full range of accommodation, quality restaurants, nightlife, theatre, concerts, spectator sporting events, historic sites, museums, galleries, zoos and shopping. Cities can be destinations in and of themselves, or part of a tour or a stopover to break a long trip. The total international demand for the city product in Canada as a whole is 16% while the international consumption of the city product within Canada is 13%.

Cities in Atlantic Canada do not fit the world class perception of international visitors who visualize destinations such as New York, London or Paris when they think of travelling to a foreign city. The urban areas in the region do provide services and some attractions for tourist groups on stopovers or as part of tours. Halifax is the one exception. This city features a range of historic events, attractions, quality accommodation and food services. Its distinguishing feature is its role as the major international gateway to the region and its potential to become a destination for get-away packages.

However, the cities in Atlantic Canada have the charm associated in the minds of international visitors with "towns and villages", as part of the lifestyle and culture of the region. The cities of the region, therefore, will continue to be important components of the touring product.

3.3.3 The Outdoor Sport/Adventure Product

3.3.3.1 Outdoor Sport

The outdoor sport product line is seen as a single destination trip to a natural area to engage in activities such as hiking, rafting, kayaking, canoeing, hunting, fishing or skiing. People in this market segment will camp or stay in budget accommodation, visit parks and participate in recreational activities. They seek an easily accessible destination for a two to three-day trip.

3.3.3.2 Adventure

The smaller adventure market segment, preferring a wilderness experience in a unique, remote or exotic location, participates in an expensive and/or risky activity. This segment will take a longer trip and accessibility, in the accepted sense, is not a factor. The total international demand for the outdoor sport/adventure product is 24% while the international consumption of this product within Canada is 8%.

Atlantic Canada has some of the components of this product line which are internationally competitive such as hunting lodges and fishing, both fresh water and salt water. There is potential for hiking, kayaking and canoeing in remote wilderness locations such as the Torngat Mountains in Labrador. Detailed product research, analysis and planning is required in both the outdoor sport and adventure segments, and will be available in 1990 through an adventure tourism product study commissioned by ISTC-Tourism.

3.3.3.3 **Ski**

While there are several ski hill facilities in Atlantic Canada which serve local and regional markets, two studies by ISTC-Tourism (Canada's Competitiveness in Marketing Downhill Skiing in the U.S., September 1986 and Ski Product/Industry Opportunities in Canada, September 1987) indicate that the skiing facilities in the region do not have the physical attributes such as vertical descent or first-class accommodation, dining or après-ski ambience to compete internationally. These conditions and trends such as adverse weather changes, a flat market demand and intensifying marketing activities by existing North American ski resorts to counteract these negative trends also preclude further federal tourism development assistance to ski facilities in Atlantic Canada.

3.3.3.4 **Cruise**

The cruise ship market to Atlantic Canada is considered to be very small at present, with an estimated economic impact in Quebec and Atlantic Canada of $30 million in 1987.[4] However, $3 billion expected to be invested in new vessels in the next five years, and passenger counts growing by 10% annually.[5] With the anticipation of rapid expansion in this sector world-wide and with new trends in cruise market segmentation, this sector could be developed in Atlantic Canada. The development of attractive, competitive shore excursions is one of the key elements in developing and serving the cruise market in Atlantic Canada.

The port of Halifax enjoys the highest level of consistent cruise ship visitation. Other ports capable and interested in expanding their cruise ship business include St. John's, Corner Brook, Sydney, Charlottetown, Summerside, and Saint John. In terms of the cruise market to Atlantic Canada, the destinations of Montreal, Quebec City and St. Pierre and Miquelon must also be included. Preliminary work has commenced by the public and private sectors within the region to develop this sector.

3.3.4 The Resort Product

[4]Position Paper: Canadian Cruise Industry, Tourism Canada, September 1988, page 10.

[5]Ibid. page 2.

A rural/resort vacation in Canada is a single destination trip to a rural area where the visitor is offered all vacation requirements (relaxation, sport, entertainment) at one facility; important elements include oceans, lakes, beaches, high quality cuisine, nightlife, golf, tennis and shopping. The international market considers a resort to be located in a hot, sunny climate and therefore do not perceive Canada as offering this product. The total international demand for the resort product is 14% while international consumption of the resort product within Canada is 4%.

Atlantic Canada has no resort establishments which satisfy the definition of resort by the international market. The region does have a small number of accommodation facilities which the Atlantic tourism industry calls "resorts hotels" such as Shaw's and Brudenell in Prince Edward Island, Keltic Lodge and Digby Pines in Nova Scotia and the Algonquin Hotel in New Brunswick. While these properties do not act as travel generators for international visitors in keeping with the definition noted above, they do provide excellent accommodation for the touring product.

3.4 Government Involvement In Tourism Industry Development in Atlantic Canada

3.4.1 To 1990

While individual provinces have had tourism departments for many years, their original functions were to promote tourism to and within their jurisdictions. Gradually governments have seen the need to develop programs to stimulate tourism industry infrastructure and for product improvement and expansion. The federal government, on the other hand, identified the tourism industry as one which could contribute to regional development. Starting in 1969, the P.E.I. 15-year Comprehensive Development Plan included tourism as an eligible sector for cost-shared funding. This was followed by tourism development subsidiary agreements (TDSAs) in New Brunswick in 1975, Nova Scotia (1977) and Newfoundland (1978). This first generation of TDSAs was followed by a second generation in each of the Atlantic provinces, all of which were signed in 1984. When they expired in 1989, the 20 years of tourism development subsidiary agreements had resulted in $198 million expended by the federal and provincial governments in Atlantic Canada. Of that overall amount, 75% was provided by the federal government and 25% by the four provincial governments. The details of the joint federal/provincial programming by province are outlined in Table 3.7.

Another facet of tourism expenditures in Atlantic Canada can be examined by reviewing the data on provincial government finance and expenditure. This data includes spending by tourist bureaus, hotel improvements and expansions and tourism promotion, a slightly broader expenditure than in the TDSAs. Table 3.8 reports that between $35 and $40 million annually was spent on such items.

A final analysis concerning tourism development expenditure in Atlantic Canada examines the expenditures on tourism in the region as a percentage of gross general provincial expenditures. This data is found in Table 3.9. The provinces in Atlantic Canada compare very favourably to the average for all Canadian provinces. Newfoundland, for example, has maintained an average annual percentage expenditure since 1981 equal to or exceeding the Canadian average, while the Atlantic provinces have exceeded the Canadian average by factors of two to five times.

TABLE 3.7

FEDERAL/PROVINCIAL TOURISM DEVELOPMENT PROGRAMMING

IN ATLANTIC CANADA, 1969-1989

Programming	Nfld.	P.E.I.	N.S.	N.B.
1st TDSAs				
Timeframe	1978-84	1969-84[1]	1975-84	1975-86[2]
Total ($millions)	$13.2	$15.3	$13.75	$40.18
Federal %	90	90	80	-
Provincial %	10	10	20	-
2nd TDSAs				
Timeframe	1984-89	1984-89	1984-89	1984-89
Total ($millions)	$21.0	$9.0	$28.0	$52.0
Federal %	60	70	70	70
Provincial %	40	30	30	30

1. Federal Development Strategy, 1981-84, $5.4 million, federal direct delivery.

2. There were 7 subsidiary agreements between 1975 and 1986:

- Southeast New Brunswick Federal Initiative (Tourism Component), $2.0 million, 1981-86, federal direct delivery;
- Saint John Market Square, $10.1 million, 1980-84, federal 80%/ provincial 20%;
- Developing Regions Subsidiary Agreement, $4.4 million, 1979-1983, 80/20;
- Kent Region Pilot Project, $.73 million, 1975-1984, 80/20;
- Tourism Industry, $16.25 million, 1975-1981, 70/30;
- King's Landing, $4.4 million, 1975-1977, 80/20.

Source: Provincial Briefing Books, prepared by ISTC Regional Offices in St. John's, Charlottetown, Halifax, Moncton, November, 1988.

TABLE 3.8
PROVINCIAL GOVERNMENT TOURISM EXPENDITURES IN ATLANTIC CANADA*
(millions of dollars)
Fiscal Year Ending March 31

Province	1981	1982	1983	1984	1985	1986
Newfoundland	$6.1	$4.8	$5.4	$3.9	$3.8	$5.3
Prince Edward Island	2.7	2.6	4.2	3.6	2.8	3.6
Nova Scotia	14.1	16.9	13.8	17.4	14.6	15.3
New Brunswick	11.6	11.3	14.4	15.1	15.1	15.0
Atlantic Canada	$34.5	$35.6	$37.8	$40.0	$36.3	$39.2

*Includes spending in respect of tourist bureaus, camping sites outside public parks, the improvement and expansion of hotel facilities, and the promotion of tourism.

Source: Touriscope: Tourism in Canada: A Statistical Digest, Statistics Canada, Catalogue 87-401, October, 1988, Table 8.4, Expenditures on Tourism, Federal and Provincial Governments, 1981-1986 page 191.

TABLE 3.9
PROVINCIAL GOVERNMENT TOURISM EXPENDITURES IN ATLANTIC CANADA AS A PERCENTAGE OF GROSS GENERAL EXPENDITURES*

Fiscal Year Ending March 31

Province	1981	1982	1983	1984	1985	1986
Newfoundland	0.28%	0.37%	0.27%	0.17%	0.16%	0.21%
Prince Edward Island	0.71	0.78	1.00	0.82	0.62	0.71
Nova Scotia	0.65	0.68	0.50	0.59	0.44	0.45
New Brunswick	0.57	0.68	0.60	0.59	0.55	0.51
Canadian Provinces	0.22%	0.23%	0.19%	0.19%	0.18%	0.21%

*Includes spending in respect of tourist bureaus, camping sites outside public parks, the improvement and expansion of hotel facilities, and the promotion of tourism. Original source Provincial Government Finance: Revenue and Expenditure, Catalogue No. 68-207.

Source: Touriscope: Tourism in Canada: A Statistical Digest, Statistics Canada, Catalogue 87-401, October, 1988, Table 8.5, Expenditures on Tourism as a Percentage of Gross General Expenditures, Federal and Provincial Governments, 1981-1986, page 191.

The $198 million available mostly through TDSAs did not take into account other federal funds, the Industrial Regional Development Program (I.R.D.P.) and, more recently, the Atlantic Canada Opportunities Agency (ACOA) Action Program.

3.4.2 Into the 21st Century

There has been an evolution in government tourism development programming in the last 20 years. When cost-shared government programming was first initiated, the predominant need in Atlantic Canada was for components such as expanded and improved accommodation facilities in rural areas and for training and awareness programs. By the time of the second generation of government programming, more attention was paid to the creation, improvement and expansion of travel generators and tourist attractions, and marketing programs. ERDA replacement programming, which will be initiated in the 1990s, will stress "tourism experiences" sought by visitors which have been identified by research studies. Federal tourism programming will be defined by tourism product lines which reflect these tourism experiences and the federal government will coordinate efforts in Atlantic Canada to promote industry excellence.

One other factor which influences the new direction being taken in Atlantic Canada by the federal government is the establishment of the Atlantic Canada Opportunities Agency (ACOA). This agency has the responsibility for regional development in Atlantic Canada with two programs, the ACOA Action Program and the ACOA Co-operation Fund.

The Action Program provides financial assistance for feasibility studies and for the establishment, expansion and/or modernization of commercial operations in the Atlantic Region. The tourism industry is eligible under the Action Program and assistance can be provided for such sectors as accommodation, a wide variety of attractions and, within certain guidelines, the food services sector. Non-commercial operations are also eligible for assistance to undertake projects which are considered to provide a service to commercial operations. The Action Program provides similar capital assistance to that provided by the first and second generation TDSAs.

ACOA has management responsibility for the Atlantic Co-operation Fund in partnership with the provinces and other federal departments. This fund was established as the level of federal regional development commitments to the Atlantic Region prior to the creation of ACOA. Although not limited to the ERDA mechanism, the expenditures under this fund have been for the programs within the ERDA subsidiary agreements.

ISTC-Tourism is now moving into a new level of tourism industry development, focused on and defined by international market demand. ISTC will act as a focal point for tourism management within the federal government and works closely with the regional development agencies by providing sectoral strategies and plans to support and guide regional agencies' overall programming. New ERDA programming for the tourism sector, to be developed in 1990, will focus on the encouragement of entrepreneurship, the application of technology, marketing, human resource development and improvement in the productivity and profitability of new and existing specific products which are commercially and environmentally sustainable. ISTC and ACOA (and other government departments, provincial governments and the private sector) will work together to harmonize program planning and the delivery of tourism initiatives.

CHAPTER 4

FEDERAL TOURISM STRATEGY FOR ATLANTIC CANADA

FEDERAL TOURISM STRATEGY FOR ATLANTIC CANADA

4.1 The Strategy

The Government of Canada recognizes the tourism industry as a strategic sector of the Canadian economy. The tourism industry is equally vital to the social and cultural identity of Canada.

ISTC has undertaken a nation-wide discussion on the challenges facing the Canadian tourism industry and what must be done to help it grow and prosper. As a result, the Government has developed a federal tourism policy, announced in September 1990, that articulates its view of the pressing challenges, appropriate objectives and priorities in tourism development and activities to be undertaken.

Trend research conclusively indicates stagnant growth in the domestic market and continued growth in certain United States' markets with the greatest overall potential residing in Canada's overseas markets. The governing premise of the federal tourism policy is that international demand will drive federal activity in tourism and that, in the interests of securing the net economic benefit to Canada, new revenue to Canada is the objective. Maximizing that revenue is the basis of the high-yield strategy which will govern federal international marketing plans. It is clear that development of international calibre products will serve the Canadian domestic market as well.

The Government of Canada is committed to the growth and international competitiveness of the Canadian tourism industry and recognizes that, in order to realize this commitment, a coordinated approach is required by those federal departments and agencies whose policies and programs have an impact upon the tourism industry.

In recognition of the need to integrate efforts on the part of all partners committed to the international competitiveness of the Canadian tourism industry, the Government of Canada is committed to a policy of cooperation and coordination with provincial and territorial governments and the Canadian tourism industry itself.

Atlantic Canada's major international markets are the United States, Britain, West Germany, France and Japan. The United States is the primary foreign market in the region and will continue to hold this ranking for the foreseeable future because of its size and proximity and travel patterns. However, in the long term, the traditional American markets will be overtaken by high-growth segments such as off-season, senior, weekend, long-haul, upscale and air travellers. European arrivals to Atlantic via the United States will continue to be significant in impact over the medium-term. British VFR travel is expected to diminish as the tourism industry develops new market segments identified by research. West Germany and

France will provide more traffic to Atlantic Canada and Japan will remain strong with improved air links and the growing awareness of Prince Edward Island.

Based on these market opportunities, the focus of activities in Atlantic Canada will be on improving and promoting existing multi-provincial products to new high-yield segments and developing and marketing innovative Atlantic Canada products to meet consumer demands in United States' markets and key overseas markets. Emphasis will be placed on improving the match between the Atlantic Canada tourism product and these changing market demands. In addition, competitiveness will be strengthened by supporting the industry's ability to plan and to make decisions on issues affecting it. Finally, government needs to work with industry to identify the horizontal issues affecting the development of the Atlantic Canada tourism sector and facilitating the elimination of barriers to development of a strong, internationally competitive industry.

The priorities listed for development below flow directly from the federal tourism policy objectives and priorities. The activities listed represent long-term development activities, intended to be implemented over the next five years.

4.2 Federal Tourism Priorities in Atlantic Canada

ISTC has been mandated to support and promote international competitiveness and the excellence of Canadian industry. ISTC-Tourism's activities in support of the tourism industry fall within three areas:

1. **Advocacy** or positioning tourism industry considerations in the planning and policies of other federal departments and agencies which have impact upon tourism.

2. **Business Services** including those activities aimed at contributing to the strategic planning and decision-making of both the private sector and government. Information gathering, analysis and dissemination are central activities. ISTC collects data, research, intelligence and other types of information relating to tourism markets, products and issues and focuses on getting the information to partners in a timely manner and usable format with the objective of facilitating decision-making.

3. **International marketing** by ISTC is that set of activities aimed at increasing awareness of Canada in its primary markets, at developing new opportunities in selected markets with growth potential for the Canadian tourism industry and at coordinating the marketing efforts of other partners.

ISTC serves as a focal point for tourism sector policy within the federal government. In Atlantic Canada, its activities are designed to assist in the growth of the tourism industry in the region. ISTC will focus on the following selected activities:

4.2.1 Industry Planning and Decision-Making

Strengthening the Atlantic tourism industry's planning and decision-making by collecting, packaging and delivering information based on client needs such as:

- up-to-date commercial intelligence and analysis on market trends and demands, competitor data, industry performance, and best business practices; and

- research and studies on existing and new products and markets, such as studies on: existing package tours, the potential for motorcoach tours, the means of extending seasons, existing attractions and the correlation of study results with projected tour development.

4.2.2 The Right Products

Identification of investment opportunities and brokering financing for capital projects to develop and/or upgrade tourism products by:

- working in close collaboration with other government departments, such at the Department of Communications, Transport Canada, Public Works and Environment Canada, to ensure effective product development and integration;

- encouraging the development of key cultural/heritage attractions in cities and along regional or themed touring routes in Atlantic Canada targeted to high growth and high spending markets. Examples of such products are the Halifax city product, the Charlottetown Heritage Project, East Coast Beach Development in New Brunswick, improvements in Fundy National Park and the expansion of historic village attractions in New Brunswick, L'Anse aux Meadows National Historic Park and Grenfell Mission in St. Anthony, Newfoundland;

- encouraging the development of adventure and native products and rural resorts;

- maximizing the tourism potential of federally-owned property and facilities including National and Historical Parks and National Museums (such as, Louisbourg, Gros Morne, Cavendish) by stimulating the development of tourism infrastructure and services in surrounding areas; and

- encouraging the development of tourism facilities in such a way as to ensure development is compatible with sustainable development.

4.2.3 Market Development

Developing new markets and attracting new customers by:

- working with the tourism industry, the Atlantic Canada Opportunities Agency and the provinces of Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island to enlarge package tour product offerings to high-yield market segments such as senior, upscale, long-haul, and week-end travellers;

- concentrating on promoting available multi-provincial products in existing and new United States' markets;

- introducing in Japan new multi-provincial products aimed at increasing the length of stay of Japanese visitors in Atlantic Canada;

- introducing Canada-U.S. products to capture more of the significant numbers of Japanese and European visitors to the U.S;

- developing fly/drive and motor home touring packages for the British, West German and Netherlands markets;

- developing cultural and city/rural packages for markets in the United Kingdom and France;

- developing tour products for markets in the United States, British, West German, French and the Netherlands featuring sports, city and combined city-outdoor products; and

- increasing efforts towards trade development in order to build trade alliances and ensuring that appropriate products are available prior to a major investment in promotion to consumers.

4.2.4 Transportation

Ensuring that we can bring customers directly from markets identified by research to tourism products by:

- promoting a regulatory framework for transportation which allows full play of market forces;

- conducting analysis on the condition and capacity of major tourist routes and transportation services in Atlantic Canada;
- applying transportation intelligence for the improvement of air access and capacity which are vital to the increase of international visitation;
- enhancing and developing Halifax's position as an international gateway to Atlantic Canada; and
- promoting increased efficient air and other transportation services and access to Atlantic Canada from additional United States' markets.

4.2.5 Technology

Facilitating the development and use of technology by the tourism industry by:

- providing information on the impact of technology on the tourism industry and its potential applications;
- assisting the balanced development and management of national and regional information systems; and
- improving access to information on Atlantic tourism by the international marketplace via a comprehensive reservation system network.

4.2.6 Human Resource Development

Providing the support that industry requires for its development of the human resource component of the tourism sector by:

- developing an orientation for quality service in the Atlantic Canada tourism industry;
- promoting standards for human resources development and management;
- advocating the development of training programs to match industry standards;
- promoting training to entrepreneurs as an essential business activity;
- establishing the tourism sector as a competitive employer;
- supporting the enhancement of skills, knowledge and experience to deliver established levels of service;

- supporting increased career opportunities and professionalism; and

- promoting fact finding and assessment of the means of upgrading human resource management and planning in Atlantic Canada.

4.2.7 **Industry Development**

Acting with industry and industry associations to assist in the identification of the needs of the Atlantic tourism sector and the priorities for action to meet those requirements by:

- collaborating with industry associations to help them strengthen their role as strong and credible lobbies to enhance international competitiveness; and

- supporting the tourism industry in the resolution of multi-provincial issues such as those in the areas of human resources, technology and financing which are vital to developing quality products and manpower which ultimately will provide tourists with good value for price.

APPENDICES

APPENDIX 1

VISITS AT NATIONAL PARKS AND NATIONAL HISTORIC PARKS AND SITES IN ATLANTIC CANADA

Park/Site	Number of Visits 1983-84	1984-85	1985-86	1986-87	1987-88
Newfoundland					
Gros Morne NP	250,000	250,000	280,000	290,000	270,000
Terra Nova NP	400,000	330,000	350,000	330,000	460,000
Lance aux Meadows NAP	11,000	16,000	14,000	11,000	20,000
Port au Choix NAP	4,800	5,300	6,100	6,500	8,200
Signal Hill NAP	1,080,000	970,000	850,000	880,000	1,030,000
Castle Hill NAP	49,000	57,000	37,000	20,000	25,000
Cape Spear NAP	840,000	450,000	140,000	150,000	190,000
Subtotal	2,634,800	2,078,300	1,677,100	1,687,500	2,003,200
New Brunswick					
Fundy NP	860,000	860,000	740,000	770,000	890,000
Kouchibouguac NP	350,000	380,000	490,000	450,000	530,000
Fort Beausejour NAP	54,000	44,000	51,000	47,000	62,000
St. Andrews Blockhouse NHS	13,000	16,000	15,000	17,000	19,000
Carleton Martello Tower NHS	26,000	21,000	27,000	27,000	32,000
Survival of the Acadians NHS	3,100	2,100	2,700	2,700	1,900
Subtotal	1,306,100	1,323,100	1,325,700	1,313,700	1,534,900
Nova Scotia					
Cape Breton Highlands NP	820,000	850,000	850,000	820,000	910,000
Kejimkujik NP	210,000	210,000	210,000	200,000	220,000
Grand Pré NAP	130,000	100,000	100,000	100,000	110,000
Fort Anne NAP	92,000	75,000	110,000	96,000	94,000
Port Royal NAP	71,000	61,000	67,000	62,000	66,000
Prince of Wales Martello Tower NAP	15,000	17,000	13,000	11,000	9,800
Halifax Citadel NAP	510,000	460,000	370,000	360,000	360,000
Fortress Louisbourg NAP	190,000	200,000	190,000	200,000	230,000
Alexander Graham Bell NAP	220,000	220,000	210,000	220,000	240,000
Fort Edward NHS	4,900	4,900	6,600	6,400	5,900
York Redoubt NHS	42,000	51,000	43,000	28,000	71,000
Subtotal	2,304,900	2,248,900	2,169,600	2,103,400	2,316,700
Prince Edward Island					
Prince Edward Island NP	1,610,000	1,700,000	1,620,000	1,620,000	1,530,000
Fort Amherst (Port-la-Joye) NAP	34,000	34,000	47,000	48,000	56,000
Province House NHS	66,000	74,000	83,000	89,000	120,000
Subtotal	1,710,000	1,808,000	1,750,000	1,757,000	1,706,000
National Parks Atlantic Region Subtotal	4,500,000	4,580,000	4,540,000	4,480,000	4,810,000
National Historic Parks and Sites Atlantic Region Subtotal	3,455,800	2,878,300	2,382,400	2,381,600	2,750,800
Total	7,955,800	7,458,300	6,922,400	6,861,600	7,560,800

Source: Canadian Parks Service: Overview and Statistics on Visitor Participation 1987-88, Environment Canada, Canadian Parks Service, January, 1989, pages 29,32