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**Tourism On The Threshold
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Tourism on the Threshold

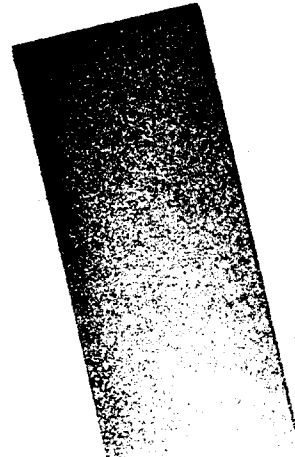
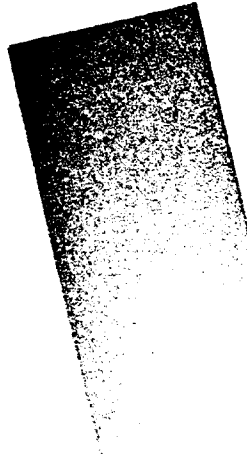


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MINISTER'S MESSAGE



*The Honourable Tom Hockin
Minister of State
(Small Businesses and Tourism)*

Tourism is an industry with a difference. On the one hand, tourism is a growing business sector that creates jobs, earns foreign exchange, and contributes to Canada's overall economic health. On the other hand, tourism is characterized by unique and powerful links to the vital issues of the day.

As an industry, tourism is poised on a threshold of rapid expansion. This growth will take place only if both government and the tourism industry recognize the importance of the industry as a whole and work together to ensure its success. The issues that face tourism are issues that face the country as a whole, and an investment in tourism is an investment in our future as Canadians.

For example, the question of sustainable development and environmental integrity is central to the future development of tourism in Canada. People want to visit unspoiled environments; therefore growth at the expense of our natural or cultural environments is a threat to tourism revenues.

Tourism can also make an important contribution to regional development. It can help regions meet their economic objectives by complementing or replacing development based on other, less successful types of economic activity.

Tourism serves as a bridge between Canada and the world. By helping to forge ties of familiarity and friendship with other nations, tourism helps Canada strengthen its profile and its position in the international economy.

And perhaps most fundamentally, tourism raises those issues of national identity and culture that are central to our sense of who we are. As we project the best possible image of ourselves to the world, we are forced to express clearly what it means to be Canadian.

For all these reasons, tourism is a strategic industry deeply embedded in the fabric of our economy, our society, and our culture. As such, it is an industry that must be recognized, nurtured, and promoted.

Many countries understand the strategic importance of tourism. For them, it is more than a source of wealth; it is an expression of national values. The Swiss take pride in tourism training as a way of ensuring the highest standard of service in their establishments. Singapore has invested literally billions of dollars to improve the quality of its tourism offerings. And Thailand has given tourism a central role in national economic development.

Many countries of the world accord a priority to tourism. Its importance is recognized, and this recognition is reflected in a positive popular attitude toward the industry. As yet, however, this is not the case in Canada. Many Canadians remain unaware of the strategic economic and cultural significance of our tourism industry.

This document seeks to redress that perception. It fulfils a commitment made by the Government of Canada to lay out a clear Federal Tourism Policy. It presents the general directions that the industry will have to take if it is to remain internationally competitive.

The first chapter presents an overview of the contributions that tourism makes to the Canadian economy. Its purpose is to demonstrate the importance of this industry to job creation and economic health.

The second section focuses on the challenges faced by the industry. On the one hand, changes in demographics and travel patterns are creating a different international marketplace for tourism products. On the other hand, developments in areas such as technology, human resources, and financing are changing the way the product is delivered. Canada's tourism industry must keep up with these changes if it is to prosper in the future.

The final chapter describes how the government proposes to help the tourism sector. The Federal Tourism Policy represents a commitment to the tourism industry. It also guarantees that the industry's voice will be heard and its concerns addressed by all federal government departments. Through focused and co-ordinated action, governments at all levels can enhance their support of the industry. The policy also reaffirms the federal government's role in the industry's international marketing efforts.

All Canadians have a stake in the success of our tourism industry. We cannot afford to lose what the tourism industry brings to our appreciation of the environment, our economic health, our international relationships, or our sense of who we are as Canadians. It is, however, necessary to take bold and energetic action to ensure that these benefits continue to enrich every part of our country.

INTRODUCTION: *TAKING THE INITIATIVE*

Under the leadership of the Minister of State (Small Businesses and Tourism), the federal department of Industry, Science and Technology Canada (ISTC) conducted a nation-wide discussion on the challenges facing the Canadian tourism industry. With private and public sector participation from every region in the country, this discussion drew a clear picture of the challenges facing the industry — and what must be done to help it grow and prosper. Using the results of this discussion, the federal government through ISTC has developed a Federal Tourism Policy that articulates its view of the pressing challenges, appropriate objectives, and urgent priorities in tourism development.



This report reviews the state of the tourism industry and sets out the new Federal Tourism Policy. It presents an overview of the economic importance of tourism to Canada. Following this is a description of the challenges faced by the industry, including challenges involved in responding to major market trends, developing new products, expanding infrastructure, applying innovative technologies, and managing human resources. It shows where the industry could be if it responds to these challenges in an energetic and effective way. This report concludes with an overview of how the federal government can help the industry respond to the challenges confronting it. The text of the Federal Tourism Policy is included in an appendix.

The Federal Tourism Policy expresses the government's commitment to the Canadian tourism industry. Central to the policy is a recognition of the need for concerted effort by all the partners in the industry — the private sector as well as the public sector and the provincial and territorial governments as well as the federal government. The Canadian tourism industry stands at a threshold, a threshold defined by a number of major challenges. Increasing international competition, shifting markets, new technologies, ageing infrastructure, and fragile environments present challenges that must be met. United in a common purpose, however, tourism can prevail over these challenges and can achieve a recognized and well-deserved place within the Canadian economy.

1. TOURISM IN THE CANADIAN ECONOMY

Tourism is an industry like no other. Its products consist of experiences and adventures, and its returns are to be sought in the realms of insight and knowledge. It serves as a bridge between nations and, by juxtaposing people of different cultural backgrounds, it throws issues of identity and self-definition into sharper relief.

And yet tourism is a business. Canada's tourism industry makes a significant contribution to the nation's economy. It creates jobs, earns foreign exchange, and adds to Gross Domestic Product (GDP). It also offers new economic opportunities to all regions and to individuals seeking to improve their position. Thus, tourism can be a source of development and growth. Moreover, it demands the kind of responsible treatment of the environment that is increasingly recognized as fundamental to sustainable development.

Canadians have yet to fully appreciate the contribution that tourism makes to our national fabric. Other nations have been quicker to appreciate the possibilities inherent in the tourism sector and they have moved energetically to exploit those opportunities. They have understood better than we do the links that tourism has with all parts of the national economy and hence the extent to which it is a strategic economic sector.

FIGURE 1.1

EMPLOYMENT IN SELECTED INDUSTRIES, 1987
(thousands of employees)

	Tourism	Agriculture	Auto	Electr.	Steel	Textiles
Australia	598	469	29	42	44	34
Canada	924	313	141	137	48	168
France	2 028	284	393	238	294	574
Japan	3 929	453	752	1 201	580	1 157
United Kingdom	2 676	334	236	549	297	557
United States	8 713	1 953	860	2 120	822	2 184
West Germany	1 791	286	936	1 096	689	632

Source: Wharton Economic Forecasting Associates.

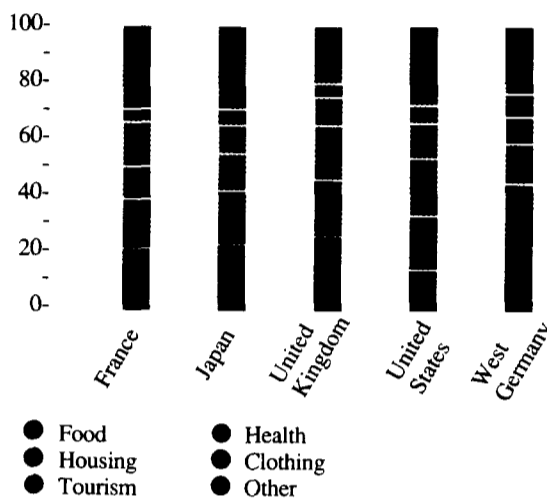
This table illustrates relative employment generation across selected industries. Wharton uses a different industrial definition from that used by Canadian authorities, who record employment in tourism in Canada at 632 000.

The World's Largest Industry

Worldwide, tourism is a \$2.65 trillion industry. It employs more people than any other single industrial sector and it makes a significant contribution to the economy of virtually every country on nearly every measure (see Figure 1.1). As a share of total sales, personal travel accounts for two-thirds of all tourism sales. In most developed nations, it has become the third largest consumer household expenditure after food and housing (see Figure 1.2).

FIGURE 1.2

DISTRIBUTION OF AVERAGE HOUSEHOLD SPENDING IN SELECTED COUNTRIES, 1987 (%)



Source: Wharton Economic Forecasting Associates.

Tourism can make a significant contribution to the creation of wealth. The difference between the cost of inputs and the price of outputs is greater in the tourism industry than in many others. In other words, the tourism industry contributes more value-added than sectors that usually feature more prominently in the concerns of governments. For example, in France, the tourism industry

RODD HOTELS AND RESORTS

Fifty years ago, David Rodd's parents operated a few summer cottages in Winsloe, Prince Edward Island. Today, David Rodd is president of a hospitality chain that offers 750 rooms and employs 800 people in eight properties in PEI, Nova Scotia and New Brunswick.

Keeping up with developing trends has been an important factor in fostering growth, says Rodd, who is currently responding to a changing business market. Some hotel rooms are being converted to suites for use by business travellers and his recently renovated Rodd Mill River Resort has become PEI's first full service facility, offering Maritime businesses an attractive "corporate getaway."



contributes more value-added than do the auto, electronics, steel, and textiles industries combined. In the United States, tourism value-added is more than twice that of the agriculture sector or of the electronics industry, and it substantially exceeds that of the auto, steel, and textiles industries combined (see Figure 1.3).

FIGURE 1.3

VALUE-ADDED FOR SELECTED INDUSTRIES, 1987
(US\$ billion)

	Tourism	Agriculture	Auto	Electr.	Steel	Textiles
Australia	14	9	1	1	2	1
Canada	16	12	11	4	4	5
France	65	45	18	13	18	16
Japan	164	97	76	46	110	37
United Kingdom	41	12	18	29	16	16
United States	253	119	68	111	44	61
West Germany	73	16	61	64	36	21

Source: Wharton Economic Forecasting Associates.

Tourism is one of the major growth industries in the world. Even when international air fares are excluded, world tourism receipts between 1980 and 1988 grew at an average annual rate of nearly 8.4%, a rate faster than the growth of many other major trade items such as manufactured goods, minerals, and agricultural products.

As it maintains its rapid growth, tourism has become an important industry for both developed and developing countries. Yet most of the receipts from tourism go to only about 20 target countries. The United States is the world's single largest tourism income earner, followed by several western European countries (see Figure 1.4). In 1988, Canada placed ninth in the world in terms of international income from this sector.



FIGURE 1.4

TOP TEN INTERNATIONAL TOURISM INCOME EARNERS, 1988
(US\$ million)

1. United States	22 692
2. Spain	20 554
3. France	16 975
4. Italy	15 269
5. United Kingdom	13 566
6. Austria	12 238
7. West Germany	10 405
8. Switzerland	6 936
9. Canada	5 665
10. Belgium-Luxemburg	4 233

Source: Organization for Economic Co-operation and Development data.

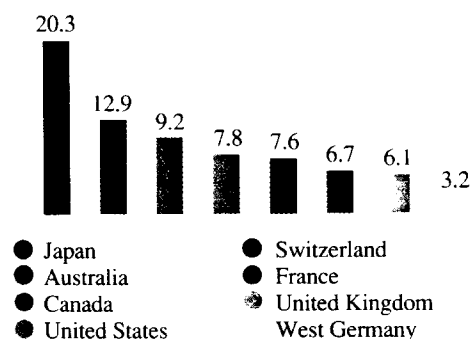
The revenues generated by international travel to Canada have been growing at rates that compare favourably with those of other major world tourism destinations (see Figure 1.5). For example, between 1980 and 1988, West Germany's international tourism receipts grew at an average annual rate of only 3.2% from US\$ 6565 million to US\$ 8449 million. The average annual growth rates of Japan (20.3%) and Australia (12.9%) surpassed the Canadian rate (9.2%).

An Industry of Opportunity

The growing integration of the world economy has meant that more people than ever before are travelling. As a result, tourism today represents a major commercial

FIGURE 1.5

INTERNATIONAL RECEIPTS, 1980-88
(% average annual growth - current US\$)



Source: OECD.

opportunity. In Canada, the tourism industry already makes an important economic contribution. It is a major generator of jobs, a source of entrepreneurial dynamism, and one of our largest earners of foreign exchange.

Developing an Identity

The tourism industry is so woven into the fabric of our economy that its economic significance often goes unnoticed. It consists of many different types of businesses providing a wide selection of products and services. This diversity makes it a difficult industry to define or quantify and the problem is compounded by the preconceptions of its customers. In the mind of the traveller, tourism is not an industry or a set of products and services: it is a set of experiences. The tourism industry's task is to supply and package those experiences.

FIGURE 1.6
SCOPE OF THE TOURISM INDUSTRY

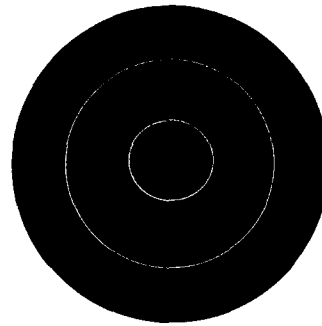
The tourism industry is a composite of sectors and subsectors of other industries. For example, 47% of the recreation industry is a fundamental part of the tourism industry, whereas all of the accommodation sector is part of the tourism industry.

Accommodation	100%
Transportation (passenger): airlines, trains, buses, and ships	100%
Travel Agencies	100%
Tour operators	100%
Recreation	47%
Transportation: cars	30%
Food services	17%
Retail trade	3%

Source: National Task Force on Tourism Data.

The diverse character of the businesses involved and the highly subjective attitude of consumers mean that tourism suffers from a problem of identity. External observers have often underestimated the significance of tourism as an important industry within the Canadian economy, and businesses within the tourism industry

FIGURE 1.7
60 000 BUSINESSES AT THE CORE



- Accommodation
Transportation
Food and beverage services
Travel agencies
Tour companies
Souvenirs
Travellers cheques
Attractions
Camping
Fishing
Hunting equipment
Luggage
Car rentals, etc.
- Construction, real estate
Distillers, brewers, bottlers
Motor vehicle manufacturers
Motive fuel producers
Clothing manufacturers
Telecommunications
Educational and training institutions
Computers, communications networks
Airplane manufacturers
Cartographers, printers, etc.
Financial institution
Advertising media
Food producers, distributors
- Hotel and restaurant suppliers
Auto clubs
Parks, recreational centres
Sporting events
Taxi services
Cameras, film
Maps, travel books, film
Museums, cultural activities, theatres, etc.
Reservation systems
Retailers, shopping malls
Credit cards, banking services
Service stations, Telecommunications

Source: Canadian Tourism Facts.

LA STATION TOURISTIQUE DU MONT ORFORD

A commitment to planning and expansion has enabled architect Fernand Magnan to create and develop this exceptional tourist complex, which integrates ski facilities, chalets, boutiques and a year-round resort at Lake Memphremagog in the Estrie region of Quebec. Developed as a four-season destination, La Station Touristique du Mont Orford is one of the largest resorts in Quebec, employing more than 400 in the winter and 150 in the summer season. With skiing facilities that rate among the world's finest, it is not surprising that in both 1988 and 1989, it was awarded the "Grand Prix du Tourisme" by the Province of Quebec.



have failed to recognize and capitalize on their shared interests. In an age of growing international economic integration and competition and at a time when markets are growing increasingly fragmented and sophisticated, the Canadian tourism industry cannot afford to ignore its identity or its collective economic potential.

Defining the Industry

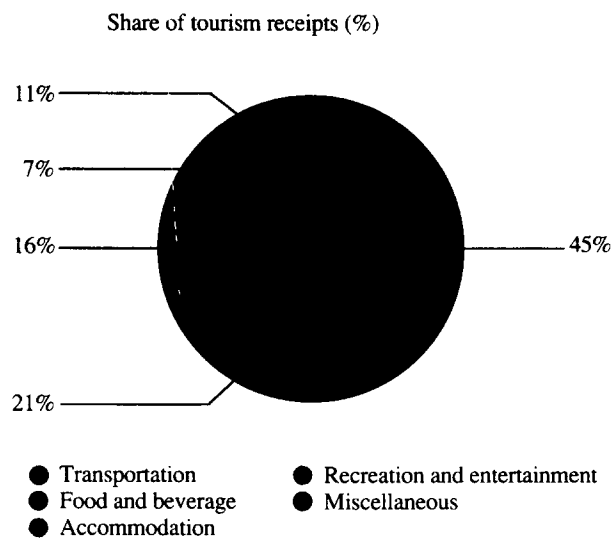
A first step is to develop a clear view of what is meant by the tourism industry. Established by the federal, provincial, and territorial ministers responsible for the industry, the National Task Force on Tourism Data brought together the private and public sectors to create an effective data base for this sector. Acting on its recommendation, Statistics Canada is developing a Tourism Satellite Account allied to the National Accounts, and it is hoped that this system will be in place within two to three years.

The activities of the National Task Force on Tourism Data also led to the creation of the Canadian Tourism Research Institute under the aegis of the Conference Board of Canada. Funded by federal, provincial, and private sector contributions, the Institute is making a valuable contribution to research, data analysis, and the dissemination of information.



Improvements are also being made to demand-side surveys. A revised International Travel Survey went into the field in January 1990. Improvements to the data in terms of consistency, levels of disaggregation and increased sample size for U.S. residents visiting Canada are outcomes of this initiative.

FIGURE 1.8
A \$24 BILLION INDUSTRY IN 1988



Source: *Canadian Tourism Facts*.

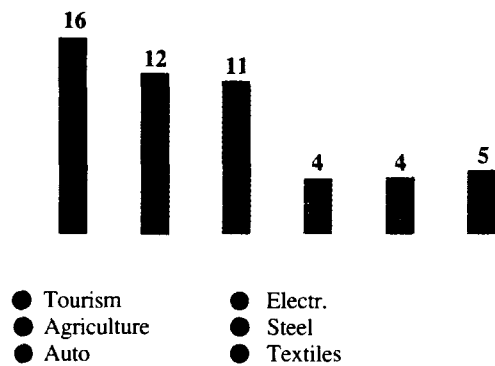
At the core of the industry in Canada are 60 000 businesses employing 632 000 people. They supply goods and services to both business and personal travellers, including accommodation, transportation, food and beverages, souvenirs, financial services, arts and crafts, attractions, equipment for camping, hunting and fishing, luggage, car rentals, travel management, and the conducting of tours (see Figure 1.7). The vast majority of these core businesses — some 85% — are small or medium-sized enterprises.

The goods and services that form the heart of the tourism industry are complemented by many others such as credit card services, taxis, service stations, telecommunications, and retail stores. Then there are the many businesses that supply the tourism industry itself.

Tourism plays an important role in the prosperity of motor vehicle and airplane manufacturers, as well as the construction, real estate, and agriculture sectors. Providers of transportation such as air carriers and cruise ship operators could not exist without tourism. Other sectors may be somewhat less dependent. Canada's restaurants, for example, earn approximately 17% of their revenues from tourism.

FIGURE 1.9

VALUE-ADDED FOR SELECTED INDUSTRIES, 1987
(US\$ billion)



Source: Wharton Economic Forecasting Associates.

A Significant Economic Contribution

The tourism industry generated \$24 billion in revenues in 1988, or the equivalent of about 4% of Canada's GDP (see Figure 1.8). Tourism is also an important source of government revenue, having generated nearly \$11 billion in the same year.

What is more, as has already been noted, tourism is characterized by a relatively wide spread between the cost of its inputs and the prices it receives for its outputs — more than in many other industries. In 1987 (the last

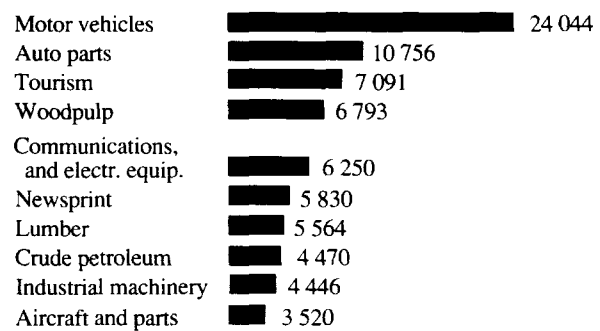
year for which value-added calculations have been made), the tourism industry alone contributed \$16 billion in value-added to the Canadian economy. This was more than the contribution of either the agriculture or auto industries and more than that of the electronics, steel, and textiles industries combined (see Figure 1.9).

Tourism is also a major employer in Canada and the number of people working in the industry is growing. In 1988, just over 5% of Canada's labour force was employed in 632 000 tourism jobs. It should be added that a substantial number of these jobs are quality positions requiring considerable skill. For instance, in 1988, more than 11% of all tourism jobs, or some 72 000 positions, were managerial and supervisory, and more than 97 600 were positions for cooks or chefs (see Figure 2.13).

Canada's tourism industry is a major contributor to the country's export earnings. In 1989, more than a quarter of total tourism industry revenues — nearly \$7.1 billion — was collected from foreign visitors, making tourism our third largest export industry after motor vehicles and auto parts but ahead of all other earners of foreign exchange (see Figure 1.10).

FIGURE 1.10

EXPORT EARNINGS BY SECTOR, 1989
(\$ million)



Source: Bank of Canada Review, March 1990.

CULLEN COUNTRY BARNs

In the early 1980s, Len Cullen, owner of Weall and Cullen Nurseries Ltd., had space to spare at his Markham, Ontario, nursery and a unique idea for developing a tourist attraction and retail complex. In the highly competitive Greater Metropolitan Toronto area, positioning is crucial. The "barn concept" Cullen created offered quality merchandise, entertainment, gifts, crafts and restaurants in three interconnected barns.

Since its opening in 1983, Cullen Country Barns has increased its sales 700%. It attracts motor coach tours to the Markham-Unionville area and provides employment for 500 people. Cullen Country Barns has won many awards, including a place on the Financial Post's list of the Best 100 Companies to Work for in Canada.



Canada's Tourism Deficit Is Not an Indicator of Performance

Despite its impressive performance as a foreign exchange earner, Canada's tourism industry brings in less in foreign exchange than the amount that Canadians spend abroad on travel and holidays. In 1989, the travel account deficit was about \$3.5 billion. There is nothing unusual about this, however. Most advanced, industrialized countries show an overall deficit in their travel balance of payments because one result of domestic prosperity is that people have the means to travel abroad. In 1989, for example, West Germany had a travel deficit of \$19.2 billion, Japan \$22.9 billion, and the United Kingdom \$4.9 billion.

The performance of Canada's tourism industry should be measured by its receipts, job creation, and profitability, not by a tourism deficit, which reflects high disposable incomes among Canadians.

FIGURE 1.11

CONTRIBUTION OF TOURISM TO PROVINCIAL/TERRITORIAL ECONOMIES, 1988

Tourism receipts as % of Gross Provincial Product	
Prince Edward Island	7.4
Nova Scotia	5.6
British Columbia	5.5
New Brunswick	4.7
Newfoundland	4.4
Alberta	4.1
Manitoba	4.1
Saskatchewan	3.6
Ontario	3.6
Quebec	2.9
Yukon Territory and N.W. Territories	1.9

Source: Canadian Tourism Facts.

Canada's travel deficit has led some to argue that more effort must be directed to persuading Canadians to travel within Canada in order to support our tourism industry. Such efforts, however, would be misdirected. Research has shown that many Canadians intending to travel abroad want a different product from that offered inside Canada. For example, in the winter, they are looking for sun, sea, and sand, and the Canadian tourism industry simply cannot provide such attractions. Canada does not have products that compete directly with sunny tropical destinations. Nor does Canada offer products that compete with, say, London theatre tours or shows in Las Vegas.

A percentage of Canadians intending to travel abroad may be persuaded to travel at home. However, no effective way of identifying these Canadians is known. Even if they could be identified, reaching them would be enormously expensive. The same promotional effort directed at foreign tourists, however, will attract more of them to Canada with a more positive net benefit to the industry.

FIGURE 1.12

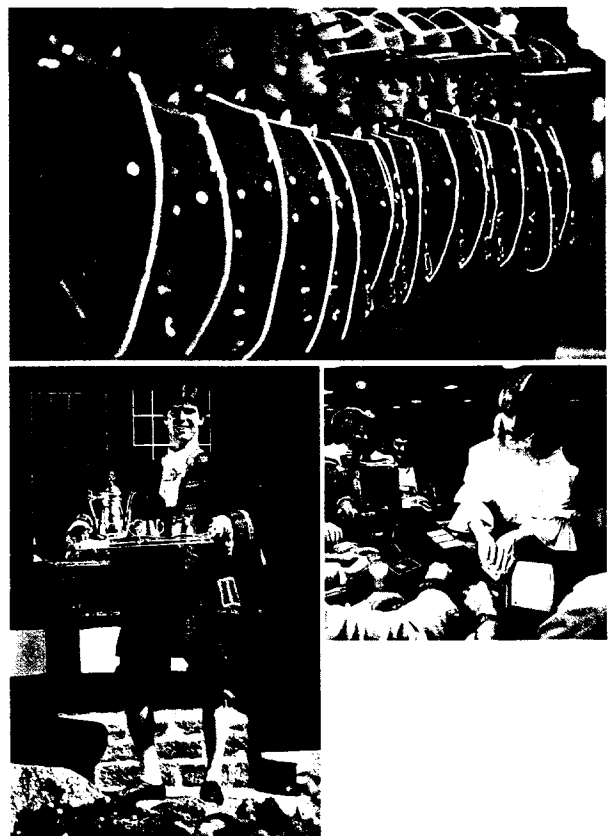
DIRECT EMPLOYMENT IN PROVINCIAL/TERRITORIAL TOURISM INDUSTRIES, * 1988

(thousands of employees)

Ontario	202
Quebec	93
British Columbia	88
Alberta	61
Manitoba	23
Nova Scotia	21
New Brunswick	15
Saskatchewan	14
Newfoundland	8
Prince Edward Island	3
Yukon Territory and N.W. Territories	1

* Does not include employees of industries such as international air carriers that cannot be attributed to any one province.

Source: Canadian Tourism Facts.



Tourism Is Important in the Provinces and Territories

Tourism is an important part of the economy in every Canadian province (see Figure 1.11). Measured as a percentage of the Gross Provincial Product (GPP), tourism is most significant in Prince Edward Island, where the \$128 million it generated in 1988 accounted for 7.4% of the total provincial economy, making it the largest economic sector in the province. By contrast, at the other end of the spectrum, the \$4.1 billion that tourism generated in Quebec in 1988 accounted for only 2.9% of GPP — but still enough to make it the sixth largest industrial sector in Quebec.

FIGURE 1.13

PROVINCIAL/TERRITORIAL GOVERNMENT REVENUES FROM TOURISM, 1988
(\$ million)

Ontario	3 811
Quebec	1 680
British Columbia	1 572
Alberta	1 201
Manitoba	350
Nova Scotia	282
New Brunswick	219
Saskatchewan	182
Newfoundland	108
Prince Edward Island	38
Yukon Territory and N.W. Territories	20

Source: *Canadian Tourism Facts*.

A Strategic Sector

The tourism industry plays a strategic role in the Canadian economy. It creates jobs at all skill and experience levels. It can drive development and growth in any region of the country. It is a significant contributor to GDP. It is a major earner of foreign exchange. Tourism also enhances Canada's global trading relations: the international tourism marketing campaign promotes an appealing image of Canada abroad, and the personal contacts and experiences developed during tours and visits to Canada can later turn to fruitful business dealings. The health of the tourism industry has a direct effect on the prosperity of many other economic sectors such as transportation, hospitality, entertainment, and the cultural industries. Finally, its potential for growth exceeds that of many other industries.

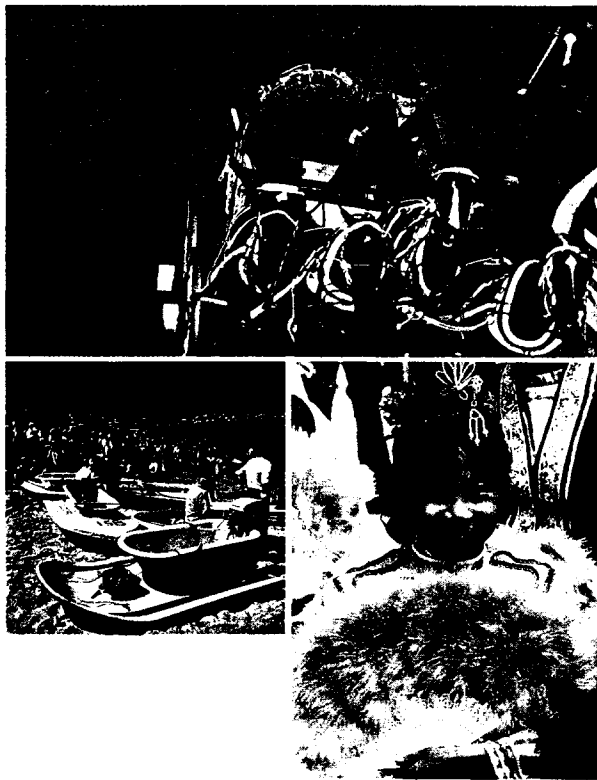
The importance of tourism is not fully appreciated by policy makers, ordinary Canadians, and even members of the industry itself. At the same time as it confronts the issue of raising public awareness, the industry faces challenges unlike any it has ever encountered. New global pressures combined with changes in the structure and organization of the industry have put tourism on the threshold — of steady growth or of stagnation. Which direction it takes ultimately depends on how the industry itself as well as Canada as a whole respond to this strategic sector.

2. CHALLENGES

The Canadian tourism industry operates in an environment of intense and increasing international competition. Tourism is growing rapidly worldwide, but it may be difficult for the Canadian industry to maintain its position in this marketplace if it does not respond to shifting markets and to more aggressive international competition.

Tourism industries in other countries are emphasizing international competitiveness. They are becoming more aggressive in marketing their tourism products abroad. They are changing both their products and their packaging. And they are exploiting advantages such as sophisticated infrastructure, innovative technology, and highly skilled human resources. All of these initiatives require extensive new investment.

In response, the Canadian industry too must emphasize competitiveness. It must understand and rise to the challenges of a more complex and competitive world. It must set out its priorities and undertake focused and co-ordinated action. It needs to develop new products and to adapt old ones for changing markets. It must learn to make full use of new technologies. It must take action to ensure that there are enough people with the right skills to provide quality service to Canada's visitors. It needs to develop a better understanding of financing. It needs to find ways of developing its infrastructure that do not affect the environment adversely. In order to make these changes, the members of industry need to learn to work together more effectively.



Shifting Markets

Recent trends suggest that tourism markets are changing. On the domestic side, Canadians are spending less on travel within Canada. In 1980, they made 74 million trips within this country, spending an average of \$123 per trip. By 1988, the number of such trips had increased to nearly 80 million but Canadians were spending the equivalent of only \$100 per trip.* Partly because of this shift in spending patterns between 1980 and 1988, the value of Canada's tourism receipts measured in constant (inflation-adjusted) dollars actually fell, even though receipts in current dollars continued to rise.

While Canadians are spending less on travel within Canada, visitors from other countries have been spending more. Between 1980 and 1988, international tourism receipts to Canada grew by 3.1% each year in terms of constant dollars. Growth was particularly strong in terms of the revenues generated by overseas (non-U.S.) visitors, increasing at an average annual rate of 4.3% over this period. As Figure 2.1 shows, the number of overseas visitors to Canada has been climbing steadily since 1980, suggesting that the Canadian tourism industry has been successful in taking advantage of the explosive growth in world tourism experienced in the past 10 years. By contrast, the more uneven growth in the number of U.S. visitors to Canada has been influenced by occasional events, such as Expo 86 and the Calgary Winter Olympics, which tend to focus and intensify U.S. interest in Canada.

Growth Slows in Our Traditional Market

One area of concern is the slowing growth in the number of tourists coming to Canada from the United States, traditionally the largest single source of foreign visitors. In 1988, American visitors staying for one or more nights accounted for two-thirds of our international travel receipts (see Figure 2.1). In that year, however, fewer than one-third of U.S. outbound tourists were travelling to Canada, the first time Canada's share of that market had dropped to such a level. American visits dropped in 1989, and forecasts prepared by the federal government suggest that overall the tourism industry may be facing slower growth from the U.S. market through to 1994.

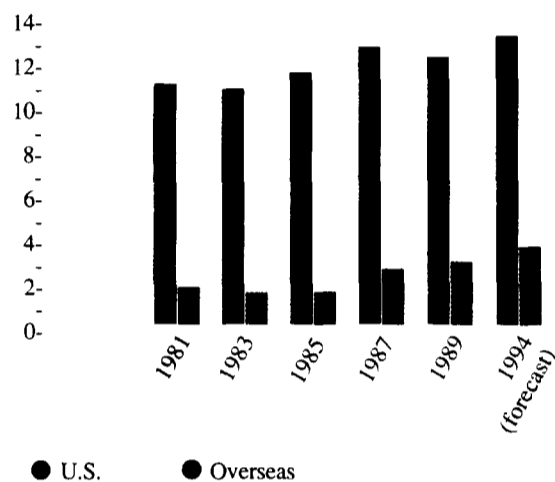
If these forecasts prove accurate, receipts from U.S. tourism will grow only slowly over the next few years at an average rate of around 3% a year. However, as the U.S. market is by far our largest, even modest growth there means huge income gains for the industry.

* Measured in constant 1981 dollars

Canada continues to be an effective competitor in the U.S. market. In 1985, the federal government commissioned a ground-breaking study of American leisure travel preferences and intentions, the results of which became the blueprint of the successful *The World Next Door* advertising campaign. The survey was repeated in 1989, and the results are showing that the campaign has been very effective in expanding Canada's image beyond "moose, mountains and Mounties." The main conclusions are that our strength lies in the differences between Canadian and American culture and that Americans believe they get good value for their money in Canada. The 1989 research will allow the federal campaign to target even more precisely those benefits sought by American pleasure travellers.

FIGURE 2.1

VISITORS TO CANADA STAYING ONE OR MORE NIGHTS, 1981-94
(in millions)



Source: Statistics Canada.

Despite slower growth in the U.S. market, several distinctive demographic trends offer new opportunities for Canadian tourism. What was once a relatively homogeneous market for international tourism products is fragmenting into a number of distinctive and highly specific niches.

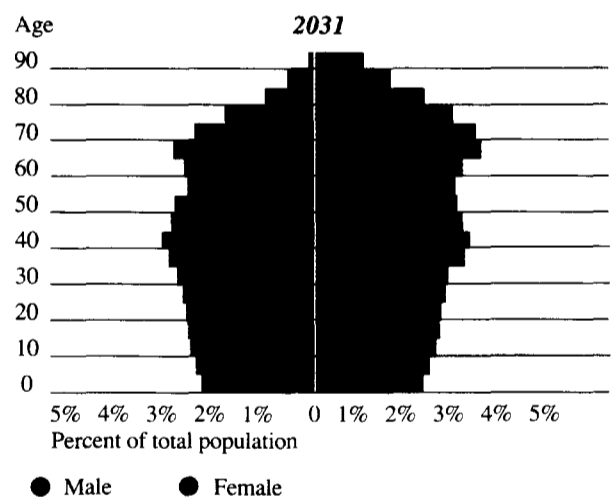
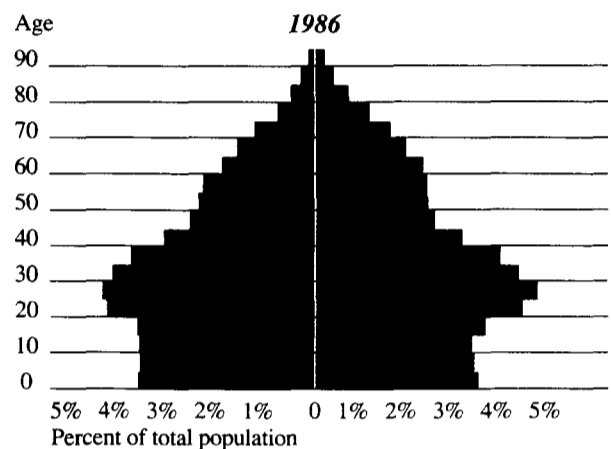
International tourism today is driven by the advanced industrialized countries. All of them are experiencing similar changes as the postwar "baby boom" advances into middle age. This is true of the U.S. (see Figure 2.2), although the same phenomenon is observable in the other advanced industrialized countries. Such demographic trends point to the emergence of a significant market segment composed of older, wealthier tourism clients who are concerned with security, safety, and health.

Other distinctive market segments have also emerged. For example, there is a significant group of tourism clients who can be termed the "children of the information age." Characterized by sophistication, high disposable incomes, and cosmopolitan lifestyles, this group is continually searching for new products and new tourism experiences. At the same time, there is a steady increase in the difference between high- and low-income earners. Observable in most advanced industrialized societies, this trend suggests a growing differentiation between tourism products geared to the high and low ends of the market spectrum.

The American market, like other markets, has become more diverse. Research has identified specific American market segments where there is high potential.

FIGURE 2.2

AGE STRUCTURE OF THE U.S. POPULATION: 1986 AND PROJECTED FOR 2031



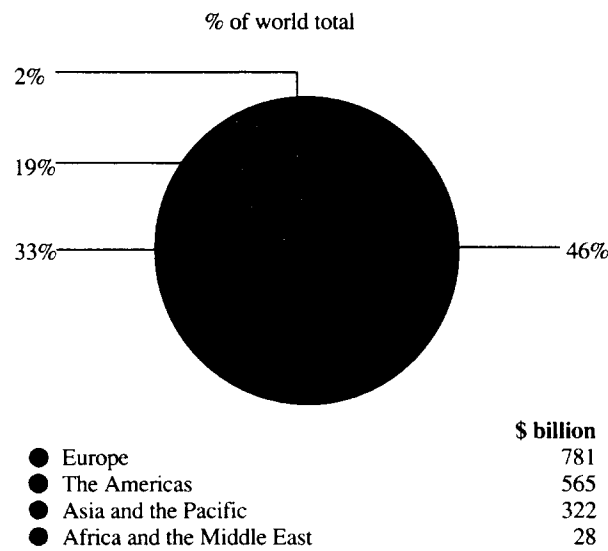
They include off-season visitors, seniors, the weekend "getaway" consumer and long-haul air travellers from the American south and southwest. These visitors spend more on a per-capita basis than do most other American visitors to Canada. With concentrated efforts, the industry can induce significant market growth in these segments.

Emerging Overseas Markets

Growth in our traditional U.S. tourism market, which consists of Americans who live relatively close to Canada and who drive across the border, has been slowing. In the meantime, overseas markets have been growing at a remarkable rate. Forecasts suggest steady growth in overseas visitors to some 3.5 million a year by 1994. Receipts from this market are expected to grow by more than 15% a year, five times the rate for U.S. receipts.

FIGURE 2.3

GEOGRAPHIC DISTRIBUTION OF PERSONAL TRAVEL AND TOURISM SPENDING, 1987



Source: Wharton Economic Forecasting Associates.

The largest international tourism market is to be found in western Europe. Europeans tend to be the world's most avid travellers. In 1987, for example, they spent \$781 billion on personal travel — almost half of the global total. North American travellers were next, spending a total of \$565 billion (see Figure 2.3). The European long-haul market is growing rapidly. In 1970, only 4 million European visitors were recorded as visiting locations outside of Europe. Today, some 20 million Europeans visit outside of Europe every year. Also growing rapidly, though from a smaller base, is the Japanese market. The Japanese government has made a conscious

decision to encourage foreign travel as a way of evening out international trade imbalances. As a result, more than 10 million Japanese travelled abroad in 1989, double the number who did so in 1985.

FIGURE 2.4

INTERNATIONAL TRAVEL TO CANADA, 1980-89 (thousands of person-visits of more than one night)

	1980	1989	% change
Total	12 785	15 168	18.6
United States	10 963	12 196	11.2
All Overseas	1 822	2 972	63.1
United Kingdom	489	570	16.6
West Germany	189	269	42.3
France	114	245	114.9
Japan	123	390	217.0

Source: Statistics Canada.

As a result of these changes, the European and Asian markets for Canadian tourism products are growing much faster than our traditional American market. Between 1980 and 1989, American visits to Canada increased by 11.2%. By contrast, overseas visits (two-thirds of which originated in Europe) increased by 63.1% while Japanese visits alone increased by 217% (see Figure 2.4). Moreover, data for 1988, the latest available, suggest that on a per-capita basis Europeans spend twice as much per trip in Canada as do American visitors, and Japanese visitors spend almost three times as much (see Figure 2.5).

Current trends suggest that western Europe will grow in relative significance as a potential market for the Canadian tourist industry. With improved economic conditions predicted as a result of the creation of a single internal market, more Europeans will be travelling abroad. Long-haul travel in particular is expected to grow faster than intra-European travel, increasing from 10% of all European travel to 15% in 1995 and to 20% by 2000. If this increase is realized and if Canada maintains its current market share, we can expect to receive some 3 million European visitors in 1995.



More Aggressive Competition

The post-1992 European Community will be a huge market opportunity for Canadian tourism, but it also poses a significant competitive challenge. Among individual European countries, the United Kingdom has increased its annual marketing budget by 11.5% and West Germany has increased its by 14.2% since 1986-87. A unified European market is expected to bring improvements to Europe's tourism infrastructure, labour force, and international marketing efforts. This in turn will raise the level of competition from this market. Any gains in numbers of European visitors to Canada could quickly be offset if Canada loses market share of tourists from the United States or Japan. For every 1% reduction in its U.S. travel market, Canada would require about a 10% increase in tourism from Europe.

FIGURE 2.5

MAJOR CANADIAN TOURISM MARKETS IN 1988

Markets	Number of visitors for one or more nights (000)	Share of total		Average per capita expenditures per trip (\$)
		Receipts* (\$ million)	Canadian receipts	
United States	12 763.0	3 496.8	66.9	274.00
France	229.7	154.1	3.0	670.70
West Germany	263.0	166.3	3.2	632.30
United Kingdom	527.2	256.9	4.9	487.30
Japan	324.1	245.1	4.7	756.10
Other	1 377.9	903.2	17.3	655.00
Total	15 484.9	5 222.4	100.0	337.30

* Receipts do not include international transportation fares

Source: Statistics Canada.

The United States is increasing its efforts to attract tourism. The U.S. federal government has increased its marketing budget by an annual average rate of 7% since

1986-87, while state governments have increased spending on tourism promotion by 16.4% during the same period. Moreover, in competing against the U.S. as a destination, Canada starts at a definite disadvantage in terms of market awareness. An awareness of the U.S. and its culture pervades the world and overshadows recognition of Canada as an attractive destination.

New competitors are also entering the arena. For example, Australia is becoming more aggressive in promoting tourism. In recent years, its tourism promotion budget has been rising by almost 20% annually. These efforts have been paying off; Australia has experienced an average annual increase of almost 13% in international tourism revenues measured in current dollars.

Many developing countries are now looking to tourism as a source of foreign exchange, and countries such as Thailand have been remarkably successful in their efforts to foster an internationally competitive tourism industry. Newly industrialized Asian countries such as Singapore and the Republic of Korea are focusing on tourism. Japan's international tourism receipts in current dollars increased more than fourfold between 1980 and 1988. Moreover, because of the dramatic political changes in eastern Europe, that area should open up to tourism, initially as a destination for western European tourists and later for North American and Asian travellers.

Competing tourism locations are intensifying their marketing and promotional efforts at the same time as the costs of doing business are rising. Inflationary pressures and an unfavourable swing in exchange rates have increased the costs associated with promotional efforts in some of Canada's prime markets. The challenge for Canadian tourism is to keep up with changes in the international tourism market. If it is to succeed, the industry must be aware of which international markets hold the most promise and which competitors pose the largest threat.

MANITOU SPRINGS MINERAL SPA

In the first 10 months, Manitou Springs Mineral Spa of Watrous, Saskatchewan, generated about \$93 000 in profit and paid for about three quarters of its \$1.9 million facility. No one had expected its instant success as a tourist attraction that would soon be bringing in daily bus tours. "We were hoping to break even the first year," says spa manager Lionel Sproule. "Our success came as a pleasant surprise, and we continue to do well."

In 1989, more than 70 000 visitors from across the continent came to float effortlessly in the spa's salty mineral water — said to be healing for arthritis and minor skin complaints. The visitors have had a very healthy effect on local businesses: sales are up 10-15% and local hotels are enjoying almost year-round occupancy. Manitou Springs Mineral Spa is being expanded to include a \$3 million, 60-room hotel-conference centre and mall that will be open for business in 1991.

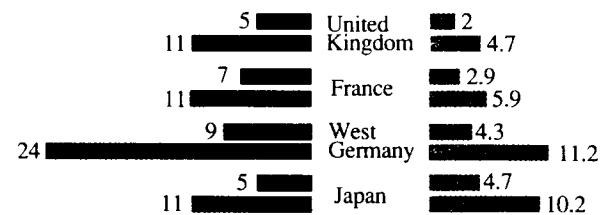


Where Does Canada Focus?

Four international markets that show great promise for Canada are the United Kingdom, France, West Germany, and Japan (see Figure 2.6). In three of these markets, the number of people who express interest in long international trips has approximately doubled over three years. In West Germany, the incidence has more than doubled, increasing from 9% to 24%. These dramatic increases are for the most part paralleled by increases in the number of visitors arriving in Canada and in the United States from those markets. The exception is West Germany, where the intention to travel has grown at a faster pace than has actual travel.

FIGURE 2.6

CANADA'S TARGET MARKETS



Share of market intending to travel to Canada (%)

- 1986
- 1989

Size of target market (millions of people)

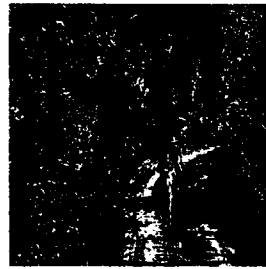
- 1986
- 1989

Source: ISTC-Tourism data.

Keeping Our Products Competitive

As global competition for tourism markets intensifies, the tourism industries in Europe and in the U.S. are paying closer attention to consumer needs and preferences as part of an overall concern with improving the quality of their products. In 1987, Europe spent \$213 billion, or 58% of the world total of \$366 billion, on capital investments designed to improve the competitiveness of its tourism industry (see Figure 2.7). By contrast, all of North and South America together spent only \$54 billion or 15% of the world's total travel capital investment budget.

The key to improving Canada's tourism competitiveness lies in developing new products or in upgrading or repositioning existing products in order to address the demands of fast-growing international markets. These demands are divided into very specific market niches. New products have to be created, and existing ones require continual upgrading and renewal. Throughout, the focus must be on quality in both products and services

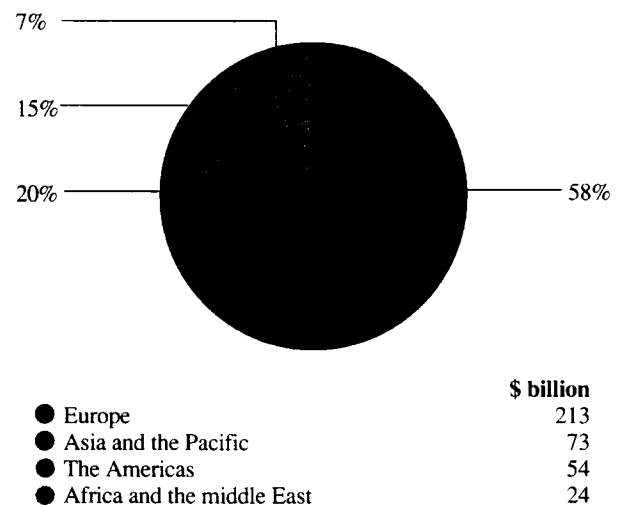


to satisfy an increasingly sophisticated, value-conscious tourism consumer. A wide variety of specialized travel services will also be in demand. For example, there will be a need for travel personnel who can speak foreign languages and for tour cassettes in foreign languages and directional signs in symbols that are universally recognized.

Price is also an important factor. Price and quality are relative notions; it is clear that tourism customers are no longer interested in simply purchasing at the lowest price. They are increasingly conscious of and insisting upon maximizing the value that they receive for the

FIGURE 2.7

INTERNATIONAL TRAVEL AND TOURISM CAPITAL INVESTMENT, 1987



Source: Wharton Economic Forecasting Associates.

money they spend. Adding value to a product by improving its quality not only makes it more marketable but also allows the seller to secure better margins and to improve profitability.

Packaging is another key factor. All of the industry's talents must be pooled to devise unique, creative, and innovative offerings. The industry must find ways of extending seasons wherever possible and of creating new products to carry over into the shoulder and off seasons. When these products are ready to market, every effort must be made to link up with international networks and distribution systems to ensure maximum exposure.

Canada's Tourism Products

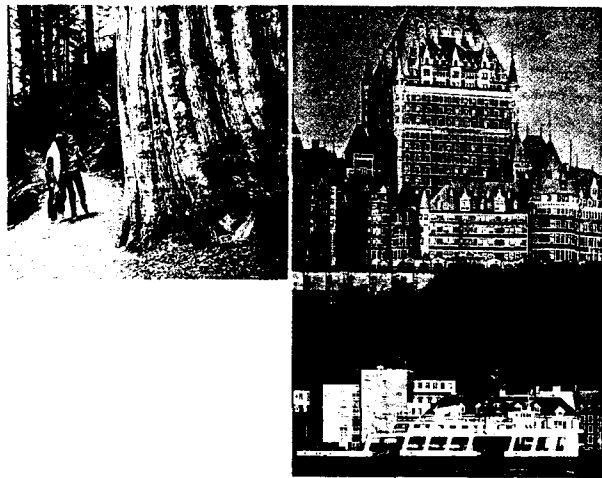
Canada offers four distinct tourism experiences (see Figure 2.8). By understanding the needs and dynamics of the markets for these four experiences, the industry can fashion new products that respond to the needs of today's international travellers.

Touring

Touring is the basic sightseeing experience involving travel to and through areas of scenic beauty, cultural, or historical interest. A traditional area of strength, these types of trips account for almost half of all international travel to Canada.

Especially popular have been tours of the Windsor-Quebec City corridor, the Rocky Mountain national parks, Vancouver Island and the lower mainland of British Columbia, as well as the Maritimes. Increased animation and interpretation and new attractions to link areas are required to keep these routes vital.

Overall, traditional touring appears to be declining. However, there is a new market emerging for short touring trips, often in combination with other experiences such as city visits. Innovative packages are required to capture a larger share of this market.

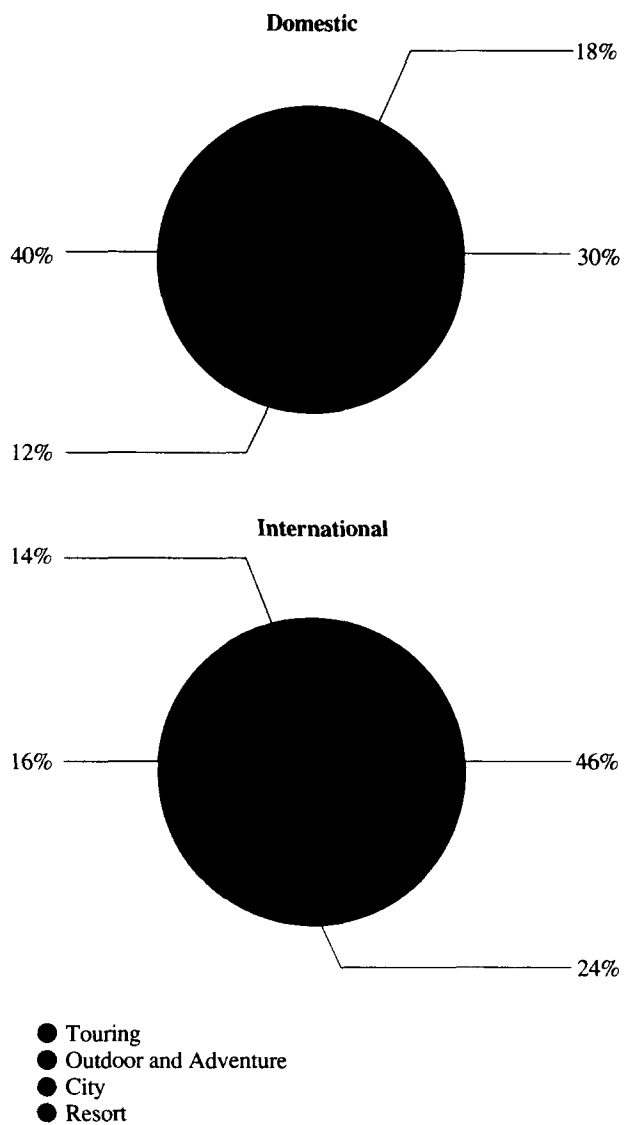


Outdoor and Adventure

Both 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 fishing, hunting, or skiing. The adventure experience tends to be focused on wilderness areas and involves activities such as hiking, white-water canoeing, kayaking, or dog-sleigh riding.

The adventure experience suffers from a certain lack of definition since the experience can appeal to an interest in sports, scenery, wildlife, or native culture. Traditional outdoor sports such as hunting and fishing are on the decline as environmental awareness continues to

FIGURE 2.8
MARKET SHARES OF CANADA TOURISM PRODUCTS (%)



Source: ITC-Tourism data.

grow. By contrast, the market for other forms of adventure travel is growing at between 15% and 20% a year, which is faster than the growth in the travel market as a whole.

From Newfoundland through the Prairies to Vancouver Island and up to the Yukon, Canada has great potential in adventure travel. Its striking natural assets and safe, clean and green environment are widely recognized and appreciated. One challenge will be to develop an outdoor adventure industry that has the quality and size to be internationally competitive. Another will be to market it effectively by defining the product and by positioning it in the market.

City Experience

Major Canadian cities have the potential to improve their international renown, although their distinctive flavours as yet remain somewhat poorly defined. Toronto, for example, is one of North America's major theatre, music, and film centres, although more must be done to make this well known outside of Canada. Montreal's image has become blurred since the days of Expo '67 and the 1976 Olympics, and a renewed promotional effort will be required to rebuild it. Vancouver, with its natural scenic setting, is building on the success of Expo 86 and is developing its image as a gateway to Pacific Rim markets.

Other Canadian cities such as Halifax, Quebec City, Ottawa, Winnipeg, Edmonton, Calgary and Victoria will continue to be important focal points for tourism but must emphasize high-quality cultural attractions of an international calibre.

Innovative packaging, which combines different modes of transportation, needs to be developed to tap this market segment, which is one of the fastest growing. In the meantime, a growing concern for Canadian city products is cost competitiveness. Recent assessments by U.S. travel trade representatives suggest that major Canadian cities, especially Toronto, Montreal, and Quebec City, are perceived as expensive.



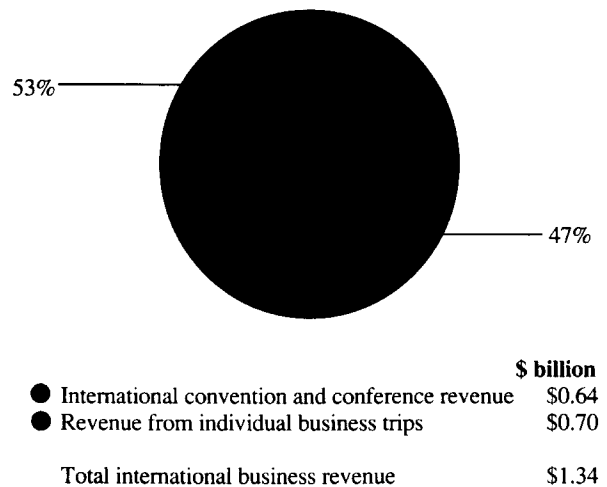
Resorts

As a product line, Canada's resorts have an image problem. Canada does not qualify as a resort destination because of the dominant perception in the international marketplace that resorts must involve "sand and sun."

Yet Canada's resorts offer a variety of recreational activities year-round. These include winter sports such as skiing and ski-dooing and summer sports such as sailing and water skiing. Canada offers spectacular resort areas, such as the Rockies, the Muskokas, and the Laurentians, which could be developed to compete with foreign resorts offering sun, sand, and ocean. At present, however, Canada's broad range of resorts caters mostly to a domestic rather than to an international market.

FIGURE 2.9

REVENUES FROM INTERNATIONAL BUSINESS TRAVELLERS TO CANADA



Source: ISTC-Tourism data.

Specific market niche targets must be defined, and the range of recreational and cultural activities offered at our resort destinations must be widened to address these demands. Such activities will enable resorts to concentrate their marketing efforts where they will have the best return.

In developing a range of products of international calibre and worldwide appeal, the Canadian tourism industry will automatically improve its position in the Canadian domestic market. The same products that attract overseas visitors will also persuade more Canadian travellers to seek tourism experiences within Canada.

New product development, however, can be costly. Many industry members seek to contain costs by entering into partnerships and alliances. Here too, however, competition for appropriate partners and allies is intensifying as companies seek to develop the most effective tourism packages.

Business or Pleasure?

There are two types of travellers to Canada: those who are travelling for pleasure and those who are travelling for business. Business travel accounts for \$1.34 billion or 19% of world travel revenues. There are two types of business trips: trips to meetings and conventions and individual business trips (see Figure 2.9). The tourism industry cannot do much to influence individual business trips, as their choice of destination is driven by the demands of private commercial activities. The people who plan meetings and conventions, however, can be influenced, as they are always looking for new and interesting locations.

The meetings and conventions market is lucrative (see Figure 2.10). It also offers special advantages to the tourism industry. Because meetings and conventions are planned far in advance, they can provide a source of guaranteed income, anchoring the season for hotels that cater to this market. And because the meetings and conventions season is usually in the spring and fall, they help to boost the average occupancy and contribute to overall operations.

Ensuring Transportation Links

The fundamental transportation challenge for the tourism industry is to ensure that customers can access our tourism products.

Air transportation is especially important, as it is both key to the most lucrative part of the tourism market and subject to the most complex system of barriers. The potential profitability of the air traffic market is illustrated by Figure 2.5, which compares Canada's U.S. visitors, almost three-quarters of whom enter Canada by car, with overseas travellers, three-quarters of whom enter Canada by air.* Overseas visitors spend several times as much per trip as U.S. visitors do. More than 2 million U.S. visitors also enter Canada by air each year

and they tend to spend far more than those entering by car. Taken together, travellers entering Canada by air from both the U.S. and overseas account for half of all spending by foreign visitors. Moreover, the air travel market is growing; between 1982 and 1987, for example, air travel from both the U.S. and overseas increased by more than 35% or by more than 600 000 visits each.

FIGURE 2.10

INTERNATIONAL BUSINESS TRAVEL TO MEETINGS AND CONVENTIONS IN CANADA, 1988

	United States	Overseas	Total
Person-trips (000)	964.40	171.90	1 136.30
Person-nights (000)	3 286.40	1 424.30	4 710.70
Average number of nights	3.41	8.29	4.15
Total spending (million)	\$472.60	\$169.80	\$642.40
Avg. spending per person-trip	\$490.08	\$987.79	\$565.35
Avg. spending per person-night	\$143.81	\$119.22	\$136.37

Source: Statistics Canada.

To capitalize on the tourism potential of air travel, Canada must offer air service that is second to none. In order to achieve this, one area that demands attention is the negotiation of appropriate bilateral air traffic agreements. Of particular importance is the Canada-U.S. air bilateral agreement, which has not been substantively changed since 1974, despite Canadian attempts to do so, most recently during negotiations leading to the Canada-U.S. Trade Agreement.

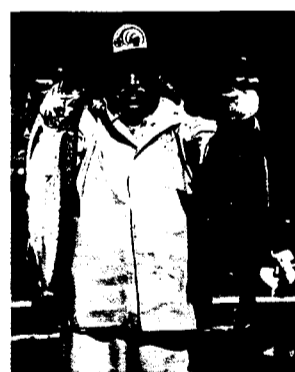
From the perspective of the tourism industry, it is imperative that Canada secure greater access to the U.S. market. Recent efforts to deregulate air traffic in both Canada and the U.S. have set the stage for liberalizing bilateral arrangements between the two nations as well as with third parties in order to secure equitable commercial benefits for the carriers of both countries.

* Most of the remaining overseas visitors enter Canada via the U.S.

OAK BAY MARINE GROUP

The Oak Bay Marine Group has evolved from the humble beginnings of a small marina in 1962 into a diversified company with 17 operations covering a wide range of activities, from tourist attractions, to sport fishing trips. Today, this Victoria, B.C. based company is the largest sports fishing operation in North America, with revenues of \$20 million. Under the direction of Founder and President, Bob Wright, the Group operates 5 resorts, including a 71 metres steamship, a fleet of offshore boats, and 2 luxury resort yachts.

Oak Bay has worked hard to maintain a personal, friendly image, and has made use of many innovative promotional tools. Accessibility is a key part of their very effective marketing strategy: a telephone sales department is on duty 12 hours a day, 7 days a week.



As air traffic is liberalized, Canada must ensure that it has the infrastructure — the airports, the runways, and the terminals — to process incoming tourists quickly and efficiently. Congestion and delays at our airports must be kept to a minimum. In addition, we must ensure that transportation to and from our airports is convenient and efficient.

The fundamental challenges faced by Canada's air industry are repeated in other transportation sectors. For instance, Canada's highways are ageing and will need repair and upgrading. Federal and provincial governments spend about \$600 million a year building new roads and about \$280 million a year repairing old ones. It has been estimated that an improved highway system would be worth \$10 to \$17 billion in time saved.

Other transportation modes are also changing. In Canada, the door is now open to privatization of some rail tour routes. At the same time, discussions have begun about the feasibility of introducing high-speed trains in certain well-travelled areas such as the corridor between Windsor and Quebec City, and high-quality tourism trains are emerging as a new and exciting product.

Passenger sea transport in the form of cruises is increasingly popular in British Columbia and shows potential for development on the Great Lakes, in the St. Lawrence and in Atlantic Canada.

As with air transportation, each of these challenges also represents an opportunity to develop new capabilities, increase capacity, improve service and support expanded tourism activities.



Applying Technology to the Tourism Industry

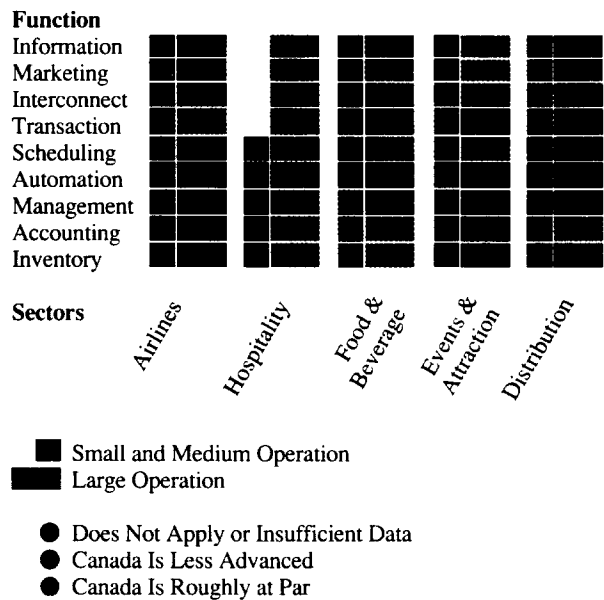
There is hardly any aspect of the economy that remains untouched by the powerful influence of technology. In the tourism industry, as elsewhere, technology promises to raise productivity and to improve efficiency. Indeed, the tourism industry was a pioneer in introducing computerized systems to automate travel reservations.

Technology has an obvious ongoing role to play in the tourism industry, especially where marketing, transportation, and telecommunications are concerned.

Technology, however, does not stop there. Close to 50% of all medium-sized lodging properties now have some type of computerized property management or inventory control system in place. And the food and beverage sector is adopting point-of-sale technology at a rapid rate. Its penetration of chains and franchises is now well above 50%, and even smaller fine restaurants are finding this technology accessible.

FIGURE 2.11

INTERNATIONAL TECHNOLOGICAL COMPETITIVENESS OF THE CANADIAN TOURISM INDUSTRY BY SUBSECTOR AND FUNCTION



Source: ISTC-Tourism data.

Technology appears in another form as audio and video tapes or interactive software that can advertise or enhance the tourism experience. For example, advanced technologies play a significant role in improving the quality and in reducing the cost of traditional promotional materials such as brochures and pamphlets.

Perhaps most significantly, however, information and telecommunications technologies can help the industry improve access to clients. By using the latest techniques for networking, information storage, and retrieval, the industry can ensure that its products are "on-line" and familiar to travel agencies and sales representatives around the world. Technology promises to put our products on the shelves of the future.

The difficulty facing the tourism industry, as other industries, is that investment in technology is expensive. Introducing new automated systems, getting on-line, or developing "high-tech" promotional materials can be costly and beyond the reach of many industry participants — especially since 85% of them are small and medium-sized enterprises.

As Figure 2.11 shows, the Canadian tourism industry is lagging behind competitors in other countries in key areas such as the hospitality, food and beverages, and events and attractions sectors. The key barriers to enhanced usage of technology are high purchase and installation costs of advanced systems, lack of awareness and understanding of their major advantages, difficulty in obtaining pertinent, trustworthy information, and lack of ability and opportunity to evaluate the available information properly (see Figure 2.12).

FIGURE 2.12

DIFFUSION CHARACTERISTICS OF TOURISM-RELATED TECHNOLOGIES (CANADA 1988)

Diffusion Related Factors	Cost	Comparative	
		Advantage	Awareness
Technologies:			
Property Management Systems			
Early	■	■	■
Current	■	■	■
Intelligent PMS	■	■	■
In-Room Systems			
Current	■	■	■
Future	■	■	■
In-Room Check-Out			
Current	■	■	■
Point-of-Sale			
Early	■	■	■
Current	■	■	■
Future	■	■	■
Airline Reservations			
Early	■	■	■
Current	■	■	■
Future	■	■	■
Hotel Reservations			
Current	■	■	■
Future	■	■	■
Independent Reservation Systems			
Current	■	■	■
Enhanced	■	■	■
Teletext and Cable			
Videotex			
Video and Compact Disk			

- Negative
- Improving
- Positive

Source: ISTC-Tourism data.

Large organizations are less deterred by cost factors. They can also afford specialized training. In the absence of a large corporate structure, however, associations of smaller companies can serve the same purpose. Thus, because the European trade association network is stronger at the local level, independent European operators are better equipped to evaluate and adopt innovations than are small North American hotel and restaurant operators.



To break down barriers among smaller operators, Canadian system developers are reducing the apparent complexity and are increasing the user friendliness, reliability, and compatibility of their systems. For example, the diffusion of early point-of-sale systems was slowed by high costs and mixed reviews regarding their complexity, compatibility, and reliability. Current systems have been designed to eradicate most of these problems. Although the initial cost to many users is still perceived to be high, the rate of adoption has been much increased.

Solving the technological challenge will depend on the extent to which members of the tourism industry can work together. The issue is no longer whether or not one should adapt to the new technological environment. The ability of technology to improve productivity and efficiency is accepted as a fact. What is needed, therefore, are new strategies and new approaches to the challenge of identifying, locating, acquiring, and implementing the technology that the tourism industry requires.

Developing Human Resources

The tourism industry will be facing serious shortages of both labour and skills for the foreseeable future. More than 60 000 new jobs will be created by 1992 and the labour pool from which the industry has traditionally staffed its positions is shrinking. Current demographic trends point to the "greying" of the North American population as birth rates fall and as the baby boom generation advances into middle age. The tourism industry is already experiencing labour shortages in certain areas such as resorts and in larger cities. In a recent survey conducted by the Canadian Restaurant and Foodservices Association, 77% of the respondents reported a shortage of chefs, while 67% reported a shortage of cooks. About 50% reported a shortage of serving staff.

The average level of training and of post-secondary education in the tourism work force is well below the average in other industries. This situation is particularly serious at the supervisory and management levels. In some parts of the country, post-secondary institutions report declining enrolment in tourism programs, and this suggests that skill shortages are not being addressed effectively.



The tourism industry must take action to ensure that it has an adequate supply of people with the appropriate skills to provide quality service to Canada's visitors. The industry has many advantages as an employer and these should be stressed. There are a large number of entry-level jobs requiring relatively unskilled staff. With the right attitude and with ongoing training, upward movement within the industry can be rapid. With a total work force (from tourism and local consumption) of more than one million, the industry offers a large number of management and supervisory positions. In addition, opportunities to own and operate small businesses abound. There are also tourism-related occupations such as restaurant chef, hotel manager, and travel agency consultant, all of which require an increasing range of sophistication and skills in the application of new technologies.

In many areas, poor working conditions and uncompetitive remuneration contribute to the industry's poor image as a career choice. The resulting high attrition and turnover rates as well as a lack of training all add significantly to labour costs. Ways must be found to reduce these costs by providing a working environment that will attract and keep both the less skilled workers and the trained professionals. The latter, in particular, should be given an opportunity to move up through the ranks and to manage a work force that provides world-class service.

A shrinking labour pool and continuing technological change will impose ever more stringent requirements for training on a broad range of jobs that were hitherto unskilled or semi-skilled. Training is essential to increase productivity and to reduce the number of persons required to provide the same level of service. It is a joint responsibility of industry and the public sector to ensure that this training is available.

The fundamental challenge for the industry will be to provide incentives that go beyond pay scales to embrace the pride in occupation that comes from professionalism and opportunities for advancement. Industry-set standards, peer recognition of professional qualifications through certification, and ongoing training opportunities are needed to develop career paths for tourism professionals. Given the demographic realities and increasing global competitiveness, members of the industry who do not recognize and respond to this challenge will find their personnel options sharply curtailed in the near future.

Sustainable Development

Environmental issues have recently risen to the top of the public's list of key concerns. The phrase "sustainable development" is being used to describe preferred strategies that allow for economic growth within the context of concern with and protection of environmental quality.

In the case of the tourism industry, sustainable development embodies a challenge to develop Canada's tourism capacity and the quality of its products without adversely affecting the environment that sustains and nurtures them. Responsible and balanced development will forestall any call for new regulations regarding land use. In this as in other areas, self-regulation is the best way of forestalling official regulation.

The critical advantage that Canada has is its reputation for possessing a clean, unspoiled and uncrowded environment. Preserving that reputation is vital to tourism growth. Canada has vast tracts of Crown and park land that are among our foremost tourism attractions and that appeal to many international tourists. The goal of the

Canadian Parks Service is to expand the national parks system, an objective that would clearly benefit the tourism industry. This is in line with the recommendations of the Brundtland Commission, which noted that creation of a national parks system is key to any strategy for sustainable development. Such expansion must balance access to sites with the preservation of their natural integrity. Planning the evolution of Canada's system of parks is a process that must go hand in hand with planning the evolution of the tourism industry.

FIGURE 2.13

TOURISM LABOUR FORCE, 1988

Category	Number of jobs directly attributable to tourism revenues	Total number of new jobs 1989-92
Managers and supervisors	72 680	8 721
Chef/cook	97 960	16 697
Waiter/waitress	151 680	27 319
Bartender	21 488	4 090
Hotel clerk	6 952	
Lodging cleaner	17 696	2 529
Unskilled (accommodation, food and beverages)	22 120	2 617
Travel clerk/agent	15 800	
Guide	3 160	
Travel attendant	4 424	75
Sub total for tourism-specific	413 960	62 058
Non-tourism specific occupations employed in tourism industry (secretaries, clerks, accountants, lawyers, etc.)	218 040	
Total	632 000	

Source: ISTC-Tourism, Employment and Immigration Canada, Canadian Tourism Research Institute.

It should also be remembered that an area of tremendous scenic beauty can also contain or be adjacent to natural resources of interest to other sectors in the economy. In this case, an integrated approach to planning and development is required. The tourism industry must have access to a forum where its own development imperatives can be represented on an equal footing with the requirements of other industries and where decisions will be taken on the basis of reconciling competing objectives and producing a result of net benefit to Canada as a whole.

Related to preservation of the physical environment is a similar concern about the cultural environment. Natural alliances could be formed between cultural and historical interests and tourism. Historic sites, festivals, events, and museums can be made into living, interactive, and animated attractions without sacrificing their cultural integrity.

A part of Canada's cultural environment is its multicultural identity. It is a unique competitive advantage. As the world comes calling, we need to be sensitive to the diverse requirements of our visitors. Tourism today is multicultural and Canada has what it takes to be a good host.

If, however, the volume of visitors grows beyond a community's capacity, tourism can provoke a strong negative reaction. Tourism absolutely depends on a community's receptivity and on the hospitality that it accords visitors. As a result, care must be taken to balance tourism development with preservation of the unique national characteristics that attract visitors to Canada.

ARCTIC EDGE

In 1983, guide and resource manager, David Loeks, established Arctic Edge, an adventure travel and outfitting business based in Whitehorse, Yukon. After a slow and sometimes rocky start, Loeks decided to refine both his business activities and his marketing program.

He focused on providing adventure travel experiences for upscale North American and European travellers, expanding his product line while phasing out his outfitting service. A multi-page, full-colour brochure marked another major step forward. Today, Arctic Edge has become one of the leading north-ern-based adventure travel companies, with a range of activities including canoeing, rafting, skiing, back-packing, wild-life viewing and dogsledding in the Yukon, Alaska and the western NWT.



Securing Financing

The challenges facing the tourism industry are formidable. Perhaps most formidable of all, however, is finding the capital to finance an effective response. Despite its economic importance and dynamism, the tourism sector has traditionally experienced difficulties in attracting financial support. For example, it has been estimated that less than 1% of total foreign direct investment in Canada has reached tourism-related sectors.

Debt financing involving loans or lines of credit from a financial institution such as a bank or trust company is problematic for tourism businesses. Many such businesses are located in rural areas where there are few appropriate financial institutions that can issue loans on reasonable terms. Even where financial institutions are available, they may not have the expertise to evaluate the potential of the tourism sector. As a result, tourism businesses may face relatively higher costs of capital. What is worse, loans may be issued on terms that place unrealistic burdens on the business, thus preventing its growth and expansion.

Equity financing is obtained by selling shares in a business to investors and venture capitalists. Equity financing is poorly understood by Canada's small businesses. They see it largely in terms of complicating the operations of their company or diluting control over it through the addition of new partners or investors. Yet equity financing can be less burdensome than debt, especially during the initial start-up phase of a company's operations. Equity financing can also serve as a source of managerial expertise and advice, helping fledgling entrepreneurs make good business decisions. And once a business is established, shareholders can be bought out if adequate provisions have been made for such an eventuality.

In many regions of the country, however, equity financing is simply not available. Venture capital investment tends to concentrate in a few urban centres and it is not drawn to young companies or those with financial requirements below \$500 000. Venture capitalists are looking for larger firms with a track record and prospects for fast growth.

The lack of equity financing has been a major impediment to growth for all Canadian small businesses and it is especially problematic in the tourism industry, which tends to be composed of a large number of smaller enterprises. As a result, many tourism-related businesses have relied too heavily on debt as the solution to their financing needs and this has impeded their ability to establish themselves securely or to grow quickly.

Whether it involves debt or equity, the availability of financing is directly related to perceptions of risk on the part of lenders and investors. Here, the tourism industry suffers from a decided disadvantage inasmuch as it is a seasonal industry that is sensitive to a number of variables, including weather conditions, exchange rates, and energy costs. The industry's low profile and poor image also tend to impede financing. Lenders and investors do not understand the dynamics of the tourism industry and are therefore reluctant to put money into it.

The challenge for the tourism industry is to become more familiar with the issue of financing. Many of its smaller members, in particular, have difficulties in addressing financing successfully. They have not learned how to use indicators of financial performance, they have not prepared formal business plans, and they are unaware of the financing options that could be available to them. Without mastering these business basics, they will be unable to take full advantage of creative and innovative approaches to financing today's businesses.



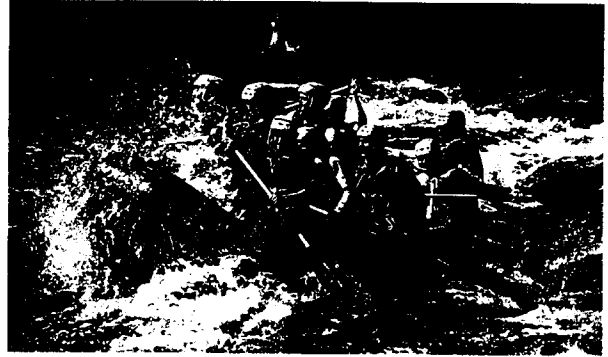
Industry Development

The Canadian tourism industry does not have a tradition of conducting its own research and is not well-equipped to use information. This situation is explained in part by the fact that the industry is composed largely of small and medium-sized businesses, and is compounded by the division of the industry into a variety of discrete specialized associations representing, for example, hotels, the food and beverage industry, or travel agents.

There are a variety of legitimate issues that need to be addressed by specific subsectors of the tourism industry regarding their integration with other subsectors and defining their relationships within industry associations. Nevertheless, subsector associations have impeded the development of a strong voice representing the industry as a whole. A national tourism organization encompassing different sectors and regions does exist, but its greatest challenge consists in reconciling the different interests within the industry.

If the industry is to represent its own interests to governments actively and effectively, it must forge a stronger collective identity, refining its image so that its strategic importance is clearly recognized. Such clarity can be achieved only through good information and analysis.

The tourism industry in Canada is a mature industry and has both formidable resources and an excellent track record of performance. The challenge it faces is to recognize and communicate its collective power and strategic importance to the rest of the country.



3. CONFRONTING THE FUTURE

Current tourism trends display an unmistakable pattern: world tourism is growing and new market opportunities are emerging. At the same time, the Canadian tourism industry is developing a stronger awareness of its own potential as well as a sense of the challenges confronting it.

Without energetic action, the industry will not keep up with the demands of modern travellers, it will lose potential visitors to more aggressive foreign competitors, and its position in the Canadian economy will decline. Once this occurs, it will be very much harder to revive the industry. For every dollar not spent now to maintain competitiveness, Canada may find itself having to spend several times that much a decade from now, just to catch up. Such a pessimistic scenario is only one possible outcome of current trends.

There is another, more attractive result that can emerge if government and the tourism industry work together to anticipate and prepare for the challenge of the future, as explained below.

What Government Can Do

The experiences of past decades have taught us that the best judge of how to conduct business is business itself. There is, however, a limited but legitimate role for government in tourism development that is distinct from past efforts. The government is in an ideal position to accumulate and disseminate the detailed information required to develop effective strategies for the tourism industry. At the same time, based on its information and its position, the government has a natural leadership role in identifying challenges, articulating concerns, mobilizing efforts, and suggesting priorities. And government has a role in defending the interests of the tourism industry and making all Canadians aware of its significance and potential.

It is important to remember that the interests of government and of the tourism industry interconnect in a variety of ways. Marketing Canada to the world is an important federal responsibility. At the same time, the creation of a strong Canadian image abroad has an effect on our trading relationships with other countries. The federal government also owns essential parts of the tourism infrastructure such as national parks and museums. Much of federally supported efforts to retrain and upgrade workers have been focused on the tourism industry and on industries related to tourism. Federal efforts to support cultural activities such as dance, symphonies, theatres, and various festivals contribute directly to tourism. The federal government also owns or controls transportation infrastructure essential to tourism such as

airports, rail systems, and roads. In addition, federal regulations help to ensure fair competition and the maintenance of good business practices.

The Federal Tourism Policy*

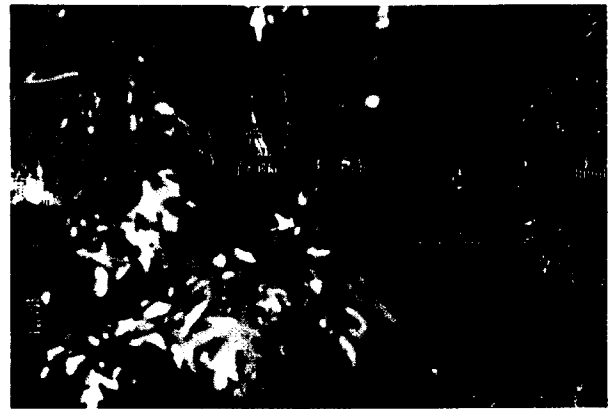
Recognizing today's competitive and fiscal realities, the Minister of State (Small Businesses and Tourism) has led federal government efforts to take a fresh look at tourism in Canada. Through research and consultation with all interested parties, the government has developed a Federal Tourism Policy that responds to today's needs, and the government stands ready to support the tourism industry in its efforts to achieve renewal and to improve its international competitiveness.

The four pillars of that policy are:

- recognition of the vital importance of the industry to Canada's prosperity;
- confirmation of the international focus of federal activity in support of tourism;
- co-ordination of federal efforts to enhance and improve international competitiveness; and
- continuing co-operation between the federal government, provincial and territorial governments, and the industry itself.

Building on this foundation, the Minister of State (Small Businesses and Tourism) proposes to work with other federal departments, provincial and territorial governments, and the tourism industry to develop a series of concrete initiatives designed to address the challenges facing tourism.

In the area of market development, the federal government will continue to deliver an international tourism marketing program in Canada's primary markets. The federal government also proposes to package strategic marketing information for dissemination to industry in order that it can spend "smarter" in the markets of greatest potential. It will seek additional partners in order to



* For the complete text of the policy, see the Annex.

sell particular product lines to high-yield markets. It will also explore new ways of integrating the efforts and expenditures of the federal and provincial/territorial governments and the private sector in the international marketplace.

In product development, the federal government will encourage consortia of product suppliers, tour operators, wholesalers, and retailers both in Canada and abroad to develop new packaged products. The range of business services offered by ISTC will increase and these will include a data base on international-calibre tourism products and suppliers. Seminars on new products and technologies will be offered and better commercial intelligence will be disseminated to industry decision makers. ISTC will broker new in-



vestment in attractions and services that are on principal touring routes, that help to increase four-season resort capacity or that contribute to the development of new adventure products in wilderness or remote areas.

Environment Canada, Public Works and other custodians of federal Crown lands will work with ISTC to identify new development opportunities as well as to enhance service facilities within or on the periphery of existing national parks, to extend operating seasons, to animate historic sites, and to explore possible leasing arrangements on undeveloped Crown lands. At the same time, Canada's aboriginal peoples will be involved in the planning and implementation of tourism initiatives.

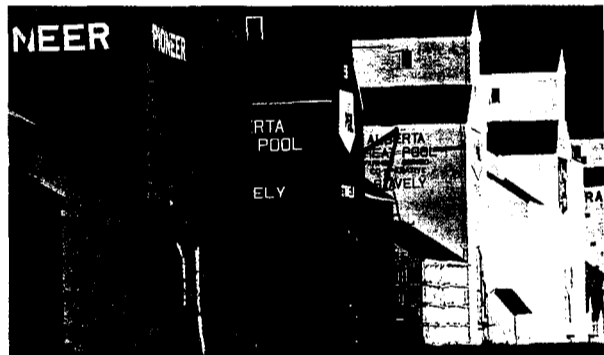
Regarding sustainable development, the Action Plan for Tourism and Sustainable Development, which emanated from the Globe '90 Conference, will be dis-

seminated to provide guidance on retaining the integrity of environmental and cultural resources. Support will be offered to the Tourism Industry Association of Canada in its efforts to develop an "environmental code" for the industry. And the industry's current level of sustainable development activity will be assessed and "best case" scenarios will be disseminated to encourage further progress.

In the area of transportation, the interests of the tourism industry with respect to routes and capacity will be represented in the air bilateral negotiations. ISTC-Tourism will work with Transport Canada to develop a comprehensive study of air capacity and passenger processing requirements that incorporates ISTC visitor volume projections by primary market.

In order to improve the exploitation of technology by the tourism industry, the federal government will include the sector in its programming for technology diffusion. It will offer seminars and workshops on the application of new technology in the industry. It will monitor and inform industry partners on the implications of technology applications for human resource planning. It will work closely with industry owner/operators of international travel information networks to ensure that Canadian products are "on-line" with these sales and distribution systems. Finally, the development of industry consortia will be encouraged to achieve economies in technology investment.

With respect to human resource development, the federal government will provide "best case" scenarios to the tourism industry to demonstrate the value of training. It will disseminate the results of its work on research standards and certification and career awareness. It will



improve co-ordination among federal and provincial/territorial policies, programs, and agendas in the area of human resource development. Statistics Canada and Employment and Immigration Canada (EIC) will analyse and evaluate supply/demand data to permit better human resource planning by industry and other levels of government. A Memorandum of Understanding will be drawn up between the federal government and the tourism industry to promote human resource planning and to overcome problems. The needs of the tourism industry will be incorporated into EIC's Labour Force Development Strategy. And the newly formed Department of Multiculturalism and Citizenship will assist the Canadian tourism industry in providing culturally sensitive services and in managing a multicultural labour force.

In order to help the tourism industry secure appropriate financing, the federal government will implement an information program designed to improve business planning in the industry and understanding of tourism among financial institutions such as Canadian chartered banks, foreign banks, trust companies, mutual funds, and venture capital firms. An investment prospecting plan will be developed for the tourism industry. In addition, the Minister of State (Small Businesses and Tourism) will host a conference on tourism financing to bring the creativity of knowledgeable tourism and financial experts from Canada and abroad to address the task of improving financial support to this industry.

Finally, in order to stimulate industry development, a strategy for disseminating information to the tourism sector will be developed. This will include the creation of mechanisms to monitor the information needs of the industry, the establishment of interactive data bases on the industry by ISTC, and the promotion of an effective information network among members of the tourism industry.



Implications for Partners

Improving Canada's international competitiveness, whether in tourism or in any other sector, depends on co-operation among interested parties to maximize the effective use of resources. The tourism-related efforts of all federal departments and agencies will be better co-ordinated. Priority areas have been clearly identified and these will be pursued by the federal government together with partners at other levels of government and in the tourism industry.

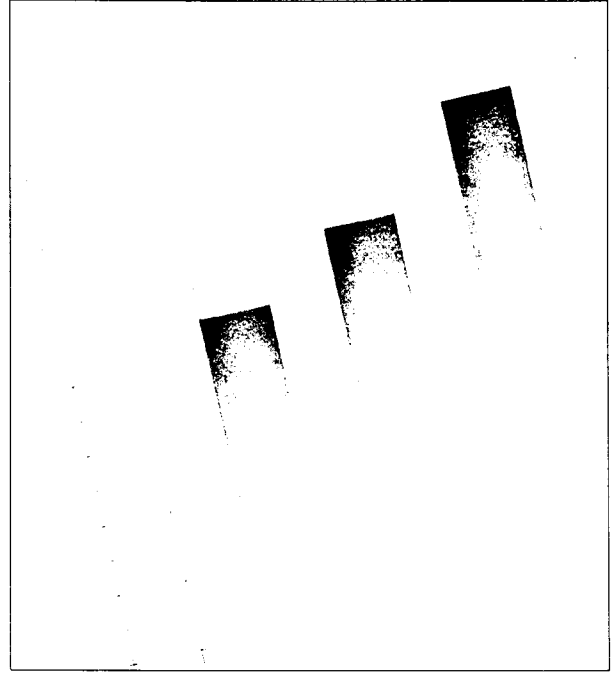
The federal government does not intend to proceed on its own. It hopes that members of the industry and other levels of government will co-ordinate their activities and will work together to ensure that the tourism industry continues to prosper. There have been many calls in the past for co-operation, communication, and co-ordination. Such action, however, has never been as essential to the tourism industry as it is today.

Such action must be focused. Better intelligence and a better understanding of international markets will continue to be critical. The industry must learn to use data and analysis more effectively in order to present its interests more effectively to the government. And as members of an industry and potential partners, tourism companies need to consider when co-operation among themselves is a better strategy than competing with each other. Moreover, the members of the industry must invest and, most importantly, they must invest in their people.

By making a formal commitment to these principles and by elaborating priority areas for action, the federal government intends to give substance to these words and to encourage partners in the private sector and in municipal, regional, provincial, and territorial governments to follow suit. With determined, purposeful, and united action, Canada's tourism industry can emerge at the forefront of the world by the end of the century. For the sake of its future and the prosperity of our country, the industry must make every effort to achieve that objective.

Government can support Canada's tourism industry by creating a favourable fiscal and regulatory environment, by assembling and disseminating needed information, by making its expertise available to those who need it, by exercising the policy leadership that can build coalitions, and by informing all Canadians of the importance and significance of what business is trying to achieve. The rest is up to industry.

Annex



ANNEX: FEDERAL TOURISM POLICY

INTRODUCTION

It is the policy of the Government of Canada to:

- build a strong economy fully competitive among the world's trading nations;
- reduce the deficit as a vital component in securing Canada's future;
- preserve Canada's environment and encourage increased public interest and involvement;
- foster a confident sense of Canada's cultural and national uniqueness;
- mobilize entrepreneurship for the economic, social, and cultural development of all parts of the country; and
- foster a comprehensive human resource strategy to meet the challenges of increasing competition, diminishing reliance on traditional industries, growth in the service sector, and increasing sophistication and application of technology.

Considering that:

- Canada's tourism industry contributes significantly to economic growth across the country;
- tourism is a major source of foreign exchange to Canada;
- Canada's goals for sustainable development find much resonance within the tourism industry inasmuch as Canada's environmental assets are of long-term mutual interest;
- tourism attractions and events integrate and sustain Canada's historical, cultural, and national identity;
- the tourism industry in Canada is comprised largely of small and medium-sized businesses, which are vital to Canada's goals for entrepreneurial development and job creation;
- in a time of fundamental shifts in labour requirements and structural unemployment the tourism industry acknowledges the need for increased investment in human resource development;

the Government of Canada seeks to strengthen its commitment to tourism and to work with the provinces, territories, and the Canadian tourism industry to meet the challenges and secure the opportunity.

To this end, it is the intention of the government that the following policy will provide a framework within which government and private sector initiatives can be co-ordinated to achieve greatest effectiveness.

STATEMENT OF POLICY

The Government of Canada recognizes the tourism industry as a strategic sector of the Canadian economy inasmuch as it makes an essential contribution to the economic well-being of Canadians and to the economic objectives of government. Equally, the Canadian tourism industry is vital to the social and cultural identity and integrity of Canada.

In the interest of maximizing the net benefit to the tourism industry and the country, the Government of Canada confirms its international focus with respect to its activities in support of tourism.

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 co-ordinated 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 reaffirms its policy of co-operation and co-ordination with provincial and territorial governments and with the industry itself.

THE FEDERAL ROLE

The federal government has an impact upon the tourism industry through the spending, planning, policy, and regulatory decisions of many departments and agencies with diverse economic, social, or horizontal responsibilities. The tourism industry benefits from such decisions in many ways. The management of Crown lands by the Canadian Parks Service within Environment Canada, Public Works Canada, and the St. Lawrence Seaway Commission results in attractions of considerable interest to tourists. Cultural assets, multiculturalism, cultural development, and national identity are federally vested with, for example, National Museums of Canada, Communications Canada, and the Department of Multiculturalism and Citizenship. Rail service, international air service, airports, ferry service, and other federal transportation responsibilities reside with Transport Canada, External Affairs and International Trade Canada (EAITC), and the National Transportation Agency. Competitive human resource development is supported by Employment and Immigration Canada.

Environmental awareness and protection and issues of sustainable development are governed by Environment Canada. Regional economic development and diversification are the mandate of the Atlantic Canada Opportunities Agency and the Western Economic Diversification Office.

ISTC has been mandated by the Government of Canada to support and promote the international competitiveness and excellence of Canadian industry. ISTC's activities in support of the tourism industry fall within three areas: *advocacy*, *business services*, and *international marketing*. The latter is a shared responsibility with EAITC, which has the mandate for the delivery of the tourism program abroad through its tourism officers stationed at posts in the United States and overseas.

The objective of *advocacy* activities is to position tourism industry considerations in the planning and policies of other federal departments and agencies having an impact upon tourism.

Business services include 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.

For several years, the focus has been on improving and streamlining the type of information gathered. Significant progress has been made in performing this "info-in" function. The new focus will be on "info-out," i.e., on getting the information to partners in a timely manner and useable format with the objective of facilitating their decision making.

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

While the domestic market comprises more than 70% of all tourism receipts for Canada, federal trend research indicates stagnant growth in the domestic market, continued growth in certain segments of the U.S. market, and the greatest overall growth potential in Canada's overseas markets. This international demand will drive federal activity in tourism.

The governing premise for federal tourism policy is net economic benefit to Canada. In the interests of securing such net benefit, new revenue to Canada is the objective and maximizing that revenue is the basis of the high-yield strategy that will govern federal international marketing plans. On the product side, it is clear that the development of products of international calibre also

serves the Canadian domestic market, since high-quality products will appeal to Canadian travellers as much as to international ones.

FEDERAL TOURISM AGENDA FOR THE 1990s

ISTC will focus on the following priorities selected to contribute directly to the international competitiveness of the Canadian tourism industry.

Market Development

Objective

increase international tourism revenues to Canada.

Priorities

- maximize the yield on marketing dollars invested by targeting market segments offering the greatest return in terms of international receipts; and
- increase the dollars available to the national marketing program from private and public sector partners.

Activities

- allocate a larger portion of marketing resources to packaging strategic marketing information for dissemination to industry in order that they can spend "smarter" in the markets of greatest potential;
- secure additional partners to sell particular product lines to high-yield markets;
- explore new ways to do business under the federal marketing program to more effectively integrate the efforts and expenditures of the federal and provincial/territorial governments and private sector in the international market place; and
- work more closely with EAITC to deliver a more strategically targeted tourism program by the posts abroad.

The Right Products

Objective

ensure that Canada has the products demanded by the customer.

Priorities

- the creation of packages that effectively integrate products and services into the tourism experiences that will compete in the marketplace; i.e., packages highlighting Canadian diversity and cultural assets;
- maximization of tourism development opportunities existing in selected properties owned by the Government of Canada;
- identification of opportunities for new product development or major upgrading/expansions to meet international market demands and circumstances; and
- focus on
 - attractions and service development complementary to principal touring routes,
 - increasing the four-season capacity of the resort product,
 - development of the surrounding areas of selected national parks, and
 - adventure product development in wilderness or remote areas.

Activities

- bring together product suppliers, tour operators, wholesalers, and retailers both in Canada and abroad into consortia for developing new packaged products;
- increase the range of business services offered by ISTC such as: extension of the Business Opportunities Sourcing System (BOSS) to include a data base on international-calibre tourism products and suppliers, seminars on new products and technologies, and improved packaging and dissemination of commercial intelligence to better inform industry decision makers;
- pursue joint planning with Environment Canada, Public Works Canada and other custodians of federal Crown lands to identify opportunities for development such as: provision of further service facilities within certain national parks, extension of the operating season of selected parks, further animation of historic sites, leasing arrangements of undeveloped Crown lands;
- work in joint consultation with industry, regional development agencies and other federal departments as well as with the provinces and territories to identify new development opportunities and to perform a brokerage function in identifying financing for those opportunities; and

- work closely with the Aboriginal Economic Program and the Department of Indian and Northern Affairs, within the context of the Aboriginal Economic Development Strategy, to facilitate the participation of aboriginal peoples in the planning and implementation of tourism initiatives.

Sustainable Development

Objective

long-term growth and prosperity for Canadian tourism through a balance between tourism development and maintenance of Canada's physical and cultural environment.

Priorities

- foster awareness within the industry of the importance of a balanced approach to tourism development, i.e., that it must self-regulate or be regulated; and
- increase the level of community-based tourism planning and development.

Activities

- disseminate the Action Plan for Tourism and Sustainable Development emanating from the Globe '90 Conference to provide guidance on retaining the integrity of environmental and cultural resources;
- support the Tourism Industry Association of Canada in its efforts to develop an "environmental code" for the industry; and
- provide an assessment of the industry's current level of sustainable development activity and disseminate "best case" scenarios to encourage further progress.

Transportation

Objective

ensure that visitors from Canada's primary international markets can reach Canadian destinations.

Priorities

focus on air transportation to:

- seek to ensure establishment of route rights that provide adequate capacity and reasonable tariffs in order to bring visitors from our markets of greatest potential to Canadian destinations; and
- influence airport management and infrastructure development to enable international passengers to move quickly and easily to their ground destination.

Activities

- work closely with Transport Canada, EAITC, the National Transportation Agency, and Canada's international air carriers to ensure that the interests of the tourism industry regarding routes and capacity are represented in the air bilateral negotiation process; and
- collaborate with Transport Canada to develop a comprehensive study of air capacity and passenger processing requirements incorporating ISTC visitor volume projections by primary market.

Technology

Objective

harness technology to the task of improved competitiveness.

Priorities

- increase productivity by technological innovation and application to tourism operations; and
- increase the use of technology in the distribution of Canadian tourism products globally.

Activities

- expand federal programming for technology diffusion to include the tourism industry as an eligible sector;
- monitor and inform industry partners on the implications of technology applications for human resource planning;
- work closely with industry owner/operators of international travel information networks to ensure that Canadian products are "on-line" with these sales and distribution systems; and
- promote the development of consortia of firms to achieve economies in technology investment.

Human Resource Development

Objective

improve service to visitors through improved training of human resources.

Priorities

- improve the match between the service requirements of the customer and delivery by staff;
- improve supply of qualified human resources to meet demand; and
- improve productivity of human resources and the quality of employment in the tourism industry.

Activities

- provide to industry "best case" scenarios that demonstrate the value of and link between training and productivity, reduced labour costs, and increased profitability;
- diffuse to a broader industry audience the results of research, standards and certification, and career awareness work;
- improve the integration and co-ordination of federal and provincial/territorial policies, programs, and agendas with respect to human resource development;
- work with Statistics Canada and EIC to analyse and evaluate supply/demand data to permit better human resource planning by industry and other levels of government;
- develop a Memorandum of Understanding between the federal government (ISTC and EIC) and the tourism industry to develop and implement the measures required to promote human resource planning and to overcome human resource problems;
- work with EIC to determine the priority to be placed on the tourism industry in the Labour Force Development Strategy; and
- collaborate with the Department of Multiculturalism and Citizenship to assist the Canadian tourism industry with the provision of culturally sensitive services to a diverse clientele and the management of a multicultural labour force.

Financing

Objective

improve the flow of financing to the right demand-driven tourism products.

Priorities

- improve the awareness and understanding of the business of tourism among financial institutions; and
- increase the profile of tourism as a priority sector for targeted foreign investment.

Activities

- implement an information program designed to improve business planning in the industry and an understanding of tourism among financial institutions such as Canadian chartered banks, foreign banks, trust companies, mutual funds, venture capitalists, etc.;
- develop and implement with EAITC an investment prospecting plan for the tourism industry; and

- host a conference on tourism financing to bring the creativity of knowledgeable tourism and financial experts from Canada and around the world to bear on the task of improving financial support to this industry.

Industry Development

Objective

facilitate the industry's ability to undertake more information-based advocacy and decision making.

Priority

provide, in a timely manner, actionable information and intelligence that will facilitate industry decisions on market and product development and industry issues.

Activities

- develop a corporate information-out strategy;
- develop ongoing mechanisms to monitor information needs of the industry;
- establish interactive access and use of ISTC tourism data bases by the industry; and
- develop an effective information network (informatics) between tourism constituents.

INDUSTRY, SCIENCE AND TECHNOLOGY CANADA

TOURISM

Headquarters

Industry, Science and Technology Canada
4th Floor
235 Queen Street
Ottawa, Ontario
K1A 0H5
(613) 954-3946

Manitoba

Industry, Science and Technology Canada
330 Portage Avenue, 9th Floor
P.O. Box 981
Winnipeg, Manitoba
R3C 2V2
(204) 983-2300

Newfoundland

Industry, Science and Technology Canada
90 O'Leary Avenue
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9
(709) 772-4782

Saskatchewan

Industry, Science and Technology Canada
Canada Building, 6th Floor
105 - 21st Street East
Saskatoon, Saskatchewan
S7K 0B3
(306) 975-4318

Prince Edward Island

Industry, Science and Technology Canada
134 Kent Street, Suite 400
P.O. Box 1115
Charlottetown, P.E.I.
C1A 7M8
(902) 566-7440

Alberta

Industry, Science and Technology Canada
Canada Place
Room 540, 9700 Jasper Avenue
Edmonton, Alberta
T5J 4C3
(403) 495-4782

Nova Scotia

Industry, Science and Technology Canada
1801 Hollis Street
P.O. Box 940, Stn. M
Halifax, Nova Scotia
B3J 2V9
(902) 426-3458

British Columbia

Industry, Science and Technology Canada
900 - 650 West Georgia Street
P.O. Box 11610
Vancouver, British Columbia
V6B 5H8
(604) 666-0434

New Brunswick

Industry, Science and Technology Canada
770 Main Street, 14th Floor
P.O. Box 1210
Moncton, New Brunswick
E1C 8P9
(506) 851-6412

Yukon

Industry, Science and Technology Canada
Suite 301
108 Lambert Street
Whitehorse, Yukon
Y1A 1Z2
(403) 668-4655

Quebec

Industry, Science and Technology Canada
800 Tour de la Place Victoria
P.O. Box 3800
Montreal, Quebec
H4Z 1E8
(514) 283-4002

Northwest Territories

Industry, Science and Technology Canada
Precambrian Building
P.O. Bag 6100
Yellowknife, N.W.T.
X1A 1C0
(403) 920-8570

Ontario

Industry, Science and Technology Canada
4th Floor,
Dominion Public Building
1 Front Street West
Toronto, Ontario
M5J 1A4
(416) 973-5000