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***Visitors To The Northwest Territories And  
Activity Of Northwest Territories Tourism  
Businesses***

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Visitors to the Northwest Territories  
and  
Activity of Northwest Territories Tourism Businesses  
1983

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Department of Economic Development and Tourism  
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Introduction

This volume consists of two reports. The Visitors to **the** Northwest Territories report contains the highlighted findings of a number of surveys of travelers to and within the Northwest Territories for the summer of 1983.

The Activity of Northwest Territories Tourism Businesses report contains the summary findings of a survey of N.W.T. tourism businesses for the summer of 1983.

More complete findings are available in separate **reports for** each of the sets of surveys.

## Part One - Visitors to the Northwest Territories

### Background

As part of an on-going program to develop and update information about the travel industry in the Northwest Territories, the Division of Tourism and Parks commissioned Canadian Facts to undertake a survey of vacationers within the Territories.

In 1982 a series of studies was conducted to identify the number of N.W.T. visitors, together with an assessment of their characteristics and interests. The plan in 1983 has been to add to this information with a further study. The present study involved the collection of travel information and visitor feedback from several sources.

### Study Objectives

The overall objective of this study is to generate information about visitors who come to the Northwest Territories during the summer period, June 1st through to September 30th, 1983. The specific objectives of the research project were:

- (a) to provide an estimate of the number of visitors to the Northwest Territories
- (b) to describe visitor characteristics and demographics
- (c) to identify visitor expenditures, length of stay, trip purpose, party size and other standard travel data.

### Methodology - Overall Design

The data collection system for this project, involved five economic sectors. (A sixth source of information was to be Highway Traffic Counts, North and Southbound for the Mackenzie, Dempster, and Liard Highways, however this data was not available for purposes of this report). The five survey components in this study were:

<u>TYPE/SOURCE</u>	<u>EXPECTED USE FOR DATA</u>
1. Airline Passengers Carried In and Out of the N.W.T. on the Six Main Airlines	To develop estimates of total visitors by air. Subjective estimates of the proportion of business versus pleasure travelers will be obtained from reporting airlines.
2. Ferry Traffic Counts of Vehicles Carried: Commercial and Private	To develop an estimate of the proportion of resident and non-resident auto travelers.
3. Individual Surveys: Hotels/Motels/Lodges	
a) Guest Counts	To determine total number of resident and non-resident visitors using the accommodation and length of stay (person nights).
b) Core Questionnaires	To determine basic trip characteristics of resident and non-resident visitors.
c) Mail-Back Questionnaires	To determine details of non-resident visitors and details of their trip to the N.W.T. including expenditures and activities.
4. Campgrounds :	
a) Camper Site Counts	To determine the total number of campers (parties) and nights stayed.
b) Core Questionnaires	To determine basic trip characteristics of resident and non-resident visitors.
5. Resident Telephone Survey	To determine the proportion of visitors staying with N.W.T. residents, including basic trip data.

Information on the number of passengers carried was requested from each of the airlines serving the Northwest Territories. Similarly counts of vehicles carried on the N.W.T. ferry system were tabulated for the Mackenzie, Liard, and Peel River ferry crossings.

All hotel, motel, and lodge owners in the N.W.T. were contacted and invited to participate in this survey. As an incentive all participants were offered the opportunity to share in some co-operative advertising

with the Division of Tourism and Parks. Those agreeing to co-operate **were** sent a supply of forms and questionnaires to facilitate three measures. Weekly recording forms collected data on the number of guests, party size, and length of **stay**. All guests were asked to complete a core questionnaire where some additional basic information was collected such as place of residence, mode of transportation, etc. . Finally, **all** non-resident guests were to have been given a confidential self-completion mail-back questionnaire which included questions regarding the details of the visitor's trip to the Northwest Territories.

Park officers were sent a supply of forms on which to make weekly reports of the number of sites booked and the length of stay of camper parties. They were also sent core questionnaires which were distributed to one member of each camping party for completion. The information gathered was basic and much like the data collected via the core questionnaire designed for use with the commercial accommodation sector. The respondent at the campgrounds was asked to either mail back the completed core questionnaire or return it to the park officer for forwarding to the Division of Tourism and Parks.

Except in the case of the airlines, who sent reports directly to Canadian Facts' offices, all other materials - reporting forms and returned questionnaires, were sent to the Division of Tourism and Parks offices in Yellowknife. This was done, not only to facilitate a more expedient retrieval of the distributed materials, but to provide a system whereby Tourism and Parks staff could monitor response rates, handle enquiries, and provide direct communication to all study participants when required. The collected materials were then accumulated and forwarded to Canadian Facts in Vancouver for processing and data analysis.

The Resident Telephone Survey was conducted from Canadian Facts' Central Location Telephoning facility in Vancouver during the period October 4 to 13, 1983. A total of 404 interviews were completed with a cross-section of adults residing in Yellowknife, Hay River, Fort Smith and Fort Simpson.

Number of Visitors - 1983  
- summer

Mode of Entry

Airlines	15,000
Charter and private aircraft	11,300
Road	17,500
	<hr/>
Total	44,000

Visitor Expenditures - 1983

For total visitors                   \$65,000,000



Highlights of Findings

- Persons visiting the Northwest Territories, either for business or vacation reasons, travel there either by airplane or by road. Visitors coming by air constitute the **majority**, approximately 60% come by air, leaving approximately 40% of non-resident travelers coming by ground transportation.
  
- . Operating in the Northwest Territories are several major scheduled airlines, as well as a number of smaller private or chartered airlines. The major scheduled airline carriers report transporting in excess **of 50,000** passengers into the Northwest Territories during the summer period, June 1st to September 30th, 1983. This includes both resident and non-resident passengers.
  
- According to the following summer survey results, as many as one-fifth **of all** visitors to the Northwest Territories may come in by **private** or charter airlines.
  
- " Given these assumptions a **global estimate** of the total number of visitors to the Northwest Territories for the summer period can be calculated as follows:
  - a) Scheduled Airlines represent 80% of air traffic and carry
    - 50,000 passengers carried in one direction
    - .30 estimated by airlines to be visitors
    - 15,000 visitors
  
  - b) Charter or private airlines represent 20% of air traffic
    - 12,500 passengers carried by charter or private airlines
    - .90 estimated to be visitors
    - 11,300 visitors
  
  - c) Total visitors to the N.W.T. in the summer period
    - 15,000 (a)
    - + 11,300 (b)
    - 26,300 total visitors carried by airlines (represents 60% of all visitors)
    - + 17,500 total visitors traveling by road (represents 40% of all visitors)
    - 44,000 total visitors (estimated) to the N.W.T. in summer period, 1983
  
- . On a regional basis, the vast majority of visitors to the Northwest Territories travel to the Fort Smith region (67% of guests surveyed in hotels, motels and lodges said this). Trips to the Inuvik region are made by approximately one-third of summer travellers. Journeys to the Central Arctic (Kitikmeot), Baffin and Keewatin regions are made far less often in the summer period.

• Occupancy in hotels, motels and lodges tends to be fairly consistent for the summer months of June, July and August with a drop-off of roughly 40-50% in the month of September. Visitors to these accommodations average almost a five nights stay when traveling on vacation, but more than twice the length of stay when traveling on business to the Northwest Territories.

" Visitors to the Northwest Territories who stay in hotels, motels, or lodges, come from Alberta (28%), from the United States (26%), or Ontario (16%). British Columbians also visit the Territories on a frequent basis in the summer months (8% of guests were from B.C.).

• In terms of expenditures, guests staying in hotels, motels and lodges spend the largest share of their travel budget on two items while in the N.W.T.: their accommodation and transportation within the Northwest Territories. Expenditures on souvenirs and restaurant meals are secondary.

• Several assumptions can be made regarding the economic impact of visitors to the Northwest Territories. Guests of hotels, motels, and lodges were asked to report what they spent their money on while in the Northwest Territories. As a result it was determined that the visitor traveling on business spends almost four times the amount, on average, that the tourist/vacationing visitor spends in the Territories. Acknowledging it was very difficult for respondents to recall exact amounts of money spent, the approximate general amount spent per person averaged \$1500 per visitor. On this assumption, the revenue generated by visitors to the Northwest Territories in the summer of 1983 would be \$1500 x 44,000 visitors = \$65 million.

• Regardless of the length of stay in the Territories, the three most popular activities of visitors in the summer period are: shopping for crafts (52% enjoy this), fishing (40% said this) and visiting museums and historic sites (40%). Other popular activities are nature studies/walks (32% do this) and 39% of visitors state they conduct business while in the Northwest Territories.

• Visitors who stay in sheltered accommodation (hotel, motel, and lodges) and who visit the Northwest Territories in the summer months, are predominantly from professional occupation groups, and have above average household incomes.

• The majority of these travelers travel in singles or couples and just over one-half state they (or someone in their household) have previously visited the Northwest Territories.

- Many people come into the Northwest Territories during the summer months in some form of ground transportation such as, a car, van, truck or other recreational vehicle. These visitors may be found staying in one of the campgrounds in the Northwest Territories or they may be visiting friends or relations (a small proportion of this group stays in hotels, motels or lodges).
- The heavy camping months are June and July, particularly July. Campers stay on average, just under two nights at a given location. The campgrounds around Yellowknife, such as Long Lake or **Nutuiliue** Park near Fort McPherson, are likely the most heavily patronized facilities. Travelers using the campgrounds originate from either Alberta (25% come from here), another location in the Northwest Territories (21%), or from **the** United States (21%). Twelve percent of campers were found to be coming from the nearby Province of British Columbia.
- Guests, visiting Northwest Territories residents, travel by air or by road (car, van or truck etc. ). Most of the visits made to N.W.T. residents are for vacation **or** personal reasons, although one-fifth of the guests visit friends and relations while in the Northwest Territories on business. Guests come mostly from three Canadian provinces: Alberta (41%), Ontario (18%), and British Columbia (13%).
- On average an N.W.T. resident living in one of the major population centres in the Territories (Yellowknife, Fort Smith, Fort Simpson or Hay River), can expect to have guest visits almost twice in the **summer** period. The average number of persons per guest-party is slightly over two people and the length of stay for these non-resident guest parties is approximately two weeks.
- Not all travelers in the Northwest Territories are persons from outside the Territory. An amount of travel occurs in and around the Territory as residents take short trips, mostly to other urban centres or to go fishing or camping.

However the ratio of trips inside to outside the Northwest Territories is almost four to one. It is suspected that this ratio may be higher than for other Canadian areas, as the Northwest Territory resident appears to have the financial means, the time, and the desire to travel outside of the Territories on a regular basis. The N.W.T. resident spends, on average almost 14 nights outside of the Territories travelling, and approximately three nights traveling inside their home territory.

Part Two - Activity of Northwest Territories' Tourism Businesses

Background

The economic impact of tourism on the economy of the Northwest Territories plays a significant role in the development of N.W.T. communities; and overall way of life for residents and their future generations. Recognizing this, the Government of the N.W.T. Division of Tourism and Parks commissioned Canadian Facts to complete the following survey of businesses within the Northwest Territories.

**As** a companion study to the Visitors and Residents Summer Travel Surveys, the Business Survey deals **primarily** with estimates provided by the owner/operators of various N.W.T. businesses. A minimum of 25% of these businesses' annual revenues were perceived to be generated from tourism and tourism related endeavors.

Objectives

The central aim of this survey is to generate information on the activities of various N.W.T. businesses; information as it relates to the impact of tourism and the travel industry in general. More specifically, the objectives are:

- (a) To provide basic information on the characteristics of businesses engaged in offering goods and services to the tourist sector:
  - number of years operated
  - number and locations of branch operations within the N.W.T.
  - seasons or months of the year when the firm operates
  - number of employees, full and part-time.
- (b) To compile gross revenue data from specific time periods (summer months versus other months in the year) as well as specific sources of revenues (tourists versus residents) .
- (c) To assess the business growth potential from the travel and tourism industry in the Northwest Territories.

Methodology

The sample selected in this survey was derived from two main sources: listings of firms directly involved in tourism were obtained from the 1983 Northwest Territories Official Explorers' Guide; listings of firms not in the Guide, but known to be indirectly involved in tourism, were

obtained from the Bureau of Statistics in the Northwest Territories. This second list was analyzed by the Tourism and Parks staff and only those businesses thought to have at least one-quarter of their annual revenues generated by tourism were included in the survey sample. Using this process, a total of some 480 businesses were identified.

Data collection entailed two processes. The entire sample of selected businesses was mailed a self-completion questionnaire on December 5, 1983. Included with the questionnaire was a cover letter explaining the purpose and goals of the study, a post-paid return envelope and instructions for filling out the questionnaire and sending it back by December 9 or sooner. All businesses that had failed to respond with their questionnaires by December 16 were contacted by telephone. In all cases information collected from firms by Canadian Facts was confidential .

A total of 120 completed questionnaires were received and 99 of these were included in the final analysis. Between December 16, 1983 and January 6, 1984, a total of 100 telephone interviews were conducted with those businesses that did not send in a self-completion questionnaire. All telephone interviewing was carried out from Canadian Facts ' Central Location Telephoning facilities in Vancouver where interviewing was conducted Monday to Friday from 8:30 a.m. until 4:30 p.m. in order to reach businesses located in areas with differing time zones. Up to five calls were made in order to obtain an interview with the owner/manager of the selected firm.

As mentioned previously, the sample included some 180 tourism-related businesses from the Keewatin, Baffin, Yellowknife, Inuvik and Fort Smith regions in the Northwest Territories.

The following table indicates the results of the mailback and telephone segments of this survey:

Total Mailback Questionnaires Received	121
Less: Disqualified; No Such Address, Unopened and Returned by the Post Office; Duplicate Interviews Obtained by Telephone	-21
Total Mailback . . . . .	100
Total Telephone Interviews Completed	105
Less: Duplicates; Both Mail and Telephone	-5
Total Telephone . . . . .	100
TOTAL SURVEY	200

A remaining 280 firms were not included in the survey for various reasons such as: 47 refused to participate; 46 claimed to have mailed their questionnaires (which were never received); 69 listings were obsolete or otherwise out-of-service telephone numbers; in 27 cases no contact was made with the listed business; 25 firms had unlisted telephone numbers and so forth.

### Highlights of Findings

- According to the Statistics Canada Company Registry for July of 1981, there are 1,154 incorporated businesses operating in the Northwest Territories. From the list of tourism-related businesses published in the Northwest Territories Explorers' Guide and from lists of businesses compiled by the Bureau of Statistics, officials in the Division of Tourism and Parks indentified 480 firms which are estimated to derive at least 25% of their gross annual revenues from tourism. On this basis we can estimate that something in the order of 40% of all the businesses in the Northwest Territories are impacted in some way by the level of tourism in the Territories.
- As of the time of the survey of businesses (October, 1983) the total number of firms operating in the Northwest Territories has reduced to 420, or 37% of all incorporated N.W.T. businesses. One-half of these firms stated that they derive more than 50% of their annual gross revenues from tourism-related activities.
- On the basis of the foregoing, and given the estimated average annual gross revenue figure of \$217,000 per firm for the summer period June 1 to September 30, the projected economic contribution of these tourism-related businesses is  $\$217,000 \times 420 \text{ firms} \times 50\% \text{ of annual revenues} = \$46 \text{ Million}$ .

This sum is a minimum figure because it is known that some firms derive more than one-half of their revenues from tourism, and others derive less than one-half of their revenues from tourist expenditures. Caution must be used when applying this estimate to other situations as the average dollars gross revenue per firm is subject to a high degree of variance both because of respondent error and the differing methods the responding firms may have in reporting revenues. In addition, some of the businesses such as Pacific Western Airlines and The Bay reported disproportionately high gross revenues, whereas other firms like independent guides, lodges or retail stores had low revenues to report. This figure should only be regarded as an indicator of the fact that the tourism industry in the Northwest Territories is not only vital to the survival of at least one-fifth of the businesses operating in the Northwest Territories but that the industry is a multi-million dollar source of revenue for the local economies of the Northwest Territories.

'Three types.' of businesses are involved in tourism in the Northwest Territories. Hotels, motels and lodging camps comprise 28% of all the tourism-related businesses in the Northwest Territories. **Businesses** providing transportation services represent just under **one-quarter** of **N.W.T.** tourism firms. Various retail merchandisers and other travel, touring and service firms constitute another fifth of these businesses.

- On average the tourism-related businesses in the **N.W.T.** have been in operation for almost 12 years each. About one-third have been in operation for less than five years while 45% of businesses have been going for over ten consecutive years.
- . The vast majority of tourism-related businesses are located in the Fort Smith region; 70% of firms are located there. On a community **level** Yellowknife, Inuvik, Hay River, Fort Smith and Frobisher Bay are the cities in which most of the tourism-related firms are located. Even so, the locations of tourism-related firms is broad and no one city or community contains more than 20% of the tourism firms.
- . The majority of these businesses operate all year long with 30% of them operating for specified months only. Of those who are seasonal operations, the months in which they are open for business are June through to September. In some cases firms are only open for the two months of July and August; however, these types of short season businesses were the exception rather than the rule.
- Respondents in this survey were asked to provide estimates of 1983 gross annual revenues and 1982 gross revenues. From this data, there is no indication of any increase in revenues from 1982 to 1983 despite the fact that the majority of the businesses surveyed expect their businesses to **grow** and expand in the coming five years. Whereas other provinces in Canada may have experienced real economic declines in the downturn of 1981/82, it may be that these **N.W.T.** businesses were not affected so severely and were able to maintain the status quo.
- . One-third of 1983 revenues comes from outsiders visiting the Northwest Territories but, not all the tourist dollars come from outside visitors. Internal tourist travel on the part of Northwest Territories' residents does constitute an important segment of the tourist industry. In 1983, for example, 15% of all revenues received by **N.W.T.** tourism-related businesses were estimated to come from the local **N.W.T.** resident traveller.

These results again reinforce the fact that all tourism is very important to local businesses and it can be assumed that a decline in tourism (whether resident or non-resident tourism) will likely impact the businesses' profit margins in a severe way.

These tourism-related businesses serve to provide employment in the Northwest Territories. Unfortunately, a portion of the workers employed *in* these firms come from outside of the Territories. And, these tourism-related firms have a sizeable part-time employment component; 30% of all employees work on a part-time basis *in* these firms. Nonetheless, jobs are created; 1,500 full-time jobs and 2,200 part-time jobs are available to **N.W.T.** residents as a direct benefit of tourism. Some 800 **full** or part-time jobs are filled by **non-N.W.T.** residents.

- Generally speaking the response of the firms surveyed regarding the futures of their businesses were optimistic; 65% of these businesses expect a growth in volume over the coming five years while the more conservative firms see no change for the next five years. Only 5% of the firms in this survey estimate a decline in their level of business activity in the next five years.
- Of those firms forecasting growth, 47% believe it will stem from visitor revenues; one-third expect the growth to come from local residents and 13% of the growth is estimated to come from the **N.W.T.** vacationing travelers. The average expected percentage increase for all firms surveyed is 42% growth in the next five years.
- Over one-half of the firms claim that they will be expanding their business in the next five years. This expansion will, in the case of one-half of the firms, take the form of staff or physical plant increases.
- Even though over one-half (55%) of their wholesale goods and materials . are obtained from suppliers located outside of the Territories, those tourism-related firms which rely most heavily on tourism (those which derive more than 50% of their revenues from tourists) tend to buy wholesale goods on a local basis to a higher degree.