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Association, Economic Development &
Tourism
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Western Arctic

Tourism Strategy

Draft Volume 7

FORT FRANKLIN

Western Arctic Visitors Association
Economic Development and Tourism

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PREFACE

In the fall of 1986, the Western Arctic Visitors Association commissioned the consortium of **Pelman Architects**, MacLaren **Plan-**search and Addison Travel Marketing to prepare a comprehensive tourism development and marketing strategy. The consultants were also asked to prepare architectural plans for a proposed WAVA Visitors Centre and a conceptual development scheme for the Dempster Highway.

The study was funded under the Economic Development Agreement and overseen by the Department of Economic Development and Tourism.

The goals of the study were to create an action oriented plan that will achieve the following:

- o increase awareness of the long term potential of the tourism industry;
- o develop a **commitment** by both individual operators and **communi-**ties as to becoming involved in tourism; and
- o to identify the implementation requirements for the construc- tion of much needed facilities and the implementation of new tourism opportunities (package tours, outfitters, etc.).

The objectives of the study are as follows:

- o to develop a background of information on tourism development in the Western Arctic Region for the public and private sector;
- o to detail a specific implementation strategy for **tourism** development;
- o to increase the community awareness of tourism opportunities and potential developments;

- o to provide a specific marketing strategy for the region with definite action oriented goals to be implemented prior to the completion of the study;
- o to develop tourism products and prepare **prefeasibility** studies for a number of projects during the planning process; and
- o to encourage private sector development in the Western Arctic tourism industry.

The study then was clearly meant to encourage locals to become actively involved in the travel industry as well as provide operators and government with a blueprint for future tourism development.

At the onset of the study, interest in tourism development opportunities was relatively low, and the impact of the oil and gas industry was very much in evidence. Gradually, however, as the reality of the downturn in gas exploration set in, many local entrepreneurs became enthusiastic about the travel industry. The last half of the study process was marked by extraordinary involvement of the local people.

The study also had the ongoing support of the GNWT particularly the Department of Economic Development and Tourism in both **Inuvik** and **Yellowknife**.

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APPENDIX

1. INTRODUCTION

The Region

"You mean you can really drive to the Arctic? Sounds like a winner. **Whats'** there to do when you get **there?**"¹

Despite his basic lack of knowledge of the Western Arctic, this gentleman succinctly summed up the region - its product (the Arctic), its potential (a winner) and yes, its problem - (what to do when you get there).

The Western Arctic has product. And while it too easily conjures up adjectives like "unique", "diverse", "world-class" and "pristine" it does offer:

- o the only public highway to the Arctic - with a short flight to the Arctic Ocean;
- o diversity of cultures, including all 3 native cultures as well;
- o diversity of scenery, including mountains, a major Canadian river and delta, barren lands and ocean coastline;
- o world-class adventure such as wildlife observation **on** Banks Island, canoeing the **Firth** River, photography on Herschel Island, contacting native culture in Fort Good Hope and **Paulatuk** and trophy fishing on Great Bear Lake; and
- o pristine wilderness, Richardson Mountains, Northern Banks Island and Anderson River.

It would also seem to be a winner. In recent years, and especially during the 1987 season, growth rates in most market segments achieved astonishing high levels.

✱

Leading the increase in visitation and in revenues was the stellar performance in the recreational vehicle segment which grew by approximately 70% over 1986. Improved conditions on the Dempster Highway, the affects of the N.W.T./Yukon pavilions at Expo '86, improved maps and promotion brought unprecedented numbers of vehicles to **Inuvik**. This growth also led to phenomenal increases in flightseeing, particularly to **Tuktoyaktuk** and **Aklavik**. Although the projected "tourism crisis" did not materialize in 1987, campgrounds were frequently filled to near capacity and retail outlets benefited.

More specifically tourism came into its own as an industry. **Tuktoyaktuk** was not exposed to the normal 100 tourists but instead 1,500 and **Aklavik** which knew very little of tourism saw 800 pass through the **community**. The growth was also part of a new and powerful trend towards adventure travel. While this rapidly emerging tourism segment has been experiencing 20% growth in the south for the past 5 years these markets are only starting to discover the north where similar growth rates are evident in the Yukon, **Dawson** City and Alaska. The particular element of the adventure **traveller** that is most appropriate to the Western Arctic is the casual category and particularly those that are recreational vehicle operators. This segment will continue to drive volume growth in the Western Arctic over the next 5 to 7 years.

Finally there is the issue of "what is there to do when you get **there?**"² At this time there are not enough activities and products to meet the demands of the markets. Consequently one of the objectives of this document is to indicate what can be done to satisfy existing markets as well as continue to attract new customers. The Master Plan has also gone beyond the simple identification of development opportunities, based on perceived market demand, and provided on site, hands-on information on how to develop product.

The tourists will continue to come in great numbers despite what happens in terms of marketing and product development over the next 5 years. What this study addresses is the long term viability of a healthy tourism industry for the region based on qualified and quality tourism development.

This will require extensive:

- o private/public capital investment;
- o realistic and targeted marketing;
- o extensive hospitality training;
- o ongoing technical assistance in terms of product development and marketing; and
- o commitment by the government, **WAVA** and the private sector.

These final five points have been described in great detail in virtually every Regional Master Plan to be produced in the Northwest Territories. There is no need to go into further detail other than to underline that where the requirements have been met, such as in the **Baffin** and the **Keewatin** regions, real growth has been realized.

If that commitment is shown, the economic impacts will be many times greater than those two regions (**Baffin, Keewatin**) combined.

The Western Arctic can become the number one tourism region in the Northwest Territories. Overall investment in this area will yield a greater return than in other regions and monies, particular government expenditures to defray construction and start-up costs will be paid back many times as the industry continues to grow.

THE COMMUNITIES

The development strategy is based on a **community-based** approach which is fully consistent with GNWT tourism policies and the **community** resources of the Western Arctic. **Community-based**

tourism focuses tourism activity on **communities** where most services are located. Tourism products will be developed in and around communities enabling visitors to experience both the northern environment and as **well** as the social fabric of the community.

With tourists using a **community** as a base point for tours to surrounding attractions, local tour operators can utilize existing local services, thereby enhancing the benefits of tourist expenditures for each **community**. Furthermore, by bringing tourists through the **communities**, local residents can be encouraged to participate in the planning of tourism development. The intent of a **community-based** approach to tourism development is to concentrate the economic and social benefits from tourism in the communities and to offer visitors the unique experience of participating in a **community's** culture and lifestyle.

While each **community** acts as a service centre, it is also part of a network of communities offering visitors different experiences. For balance in the region, **communities** need to establish individual themes with identifiable character and types of experience. Cooperation, not competition, is essential.

The quality of the tourist experience is closely associated with the degree of communication between the various components that make up the attractions and services. The performance of one operator affects the success of others. The quality of the tourist experience in one **community** affects the overall regional tourism experience. Communication between operators and communities allows for better industry understanding, cooperation and performance.

The **community-based** approach also recognizes that individual communities develop at different rates. The positive experience of the more aggressive **communities** can demonstrate to other

communities the benefits from tourism development and how tourism projects can be successfully implemented. If one **community** wishes to proceed at a faster pace than others, its travel products could be packaged with the products of communities in other regions (e.g. Arctic Coast, **Dawson** City of Big River).

Each **community** will match its unique natural and cultural resources with the overall regional themes and development concept. In order to respect the integrity of each **community**, as well **as** respond to the variety of market segments, it is possible to suggest a distinct focus for each **community**. In some cases more than one primary tourism activity may be suggested. For instance it is not necessary to suggest that wilderness tours are more important in Sachs **Harbour** than sport hunting. In addition, secondary themes are sometimes appropriate for certain **communities**.

Designating a particular orientation for a **community** does not imply that it is locked into a rigid description. The purpose is however, to create an integrated and balanced development plan throughout the region, as well as promote **inter-community** collaboration. The latter is potentially achieved, for instance, by two adjacent **communities** offering complementary activities in an overall **two-community** package.

The themes and **subthemes** proposed for each **community** are summarized on the following table:

COMMUNITY THEMES

COMMUNITY	THEME	SUBTHEME
<u>A. MACKENZIE RIVER AREA</u>		
a) Norman Wells	Mackenzie River Canol Trail	Oil and Gas Industry Interpretation
b) Fort Franklin	Trophy Sportfishing	Native Lifestyle
c) Fort Norman	Sport Hunting	Wilderness Tours
d) Fort Good Hope	Mackenzie River Arctic Circle	Sport Hunting/Fishing Dene Culture
e) Colville Lake	Sportfishing	Native Lifestyle
<u>B. MACKENZIE DELTA AREA</u>		
a) Inuvik	Regional Staging Area Mackenzie Delta	Destination Attractions Information Services
b) Aklavik	Richardson Mountains History	Herschel Island Sport Hunting Arts and Crafts Mackenzie Delta
c) Fort McPherson	Dempster Highway Visitor Services	Loucheux Culture Sport Hunting Dempster Patrol Peel River Interpretation
d) Arctic Red River	Dempster Highway Services	Native Culture Fish Camp
<u>C. ARCTIC OCEAN AREA</u>		
a) Paulatuk	Nature/Ocean Tours Wilderness Lodge	Sport Hunting/Fishing Inuit Culture Arts and Crafts
b) Sachs Harbour	Banks Island Nature Interpretation	Sport Hunting
c) Tuktoyaktuk	Arctic Ocean Touring Inuit Culture	Pingos Oil and Gas Sport Hunting

WESTERN ARCTIC

Tourism Strategy

Western Arctic Visitors Association
Economic Development and Tourism
Government of the Northwest Territories

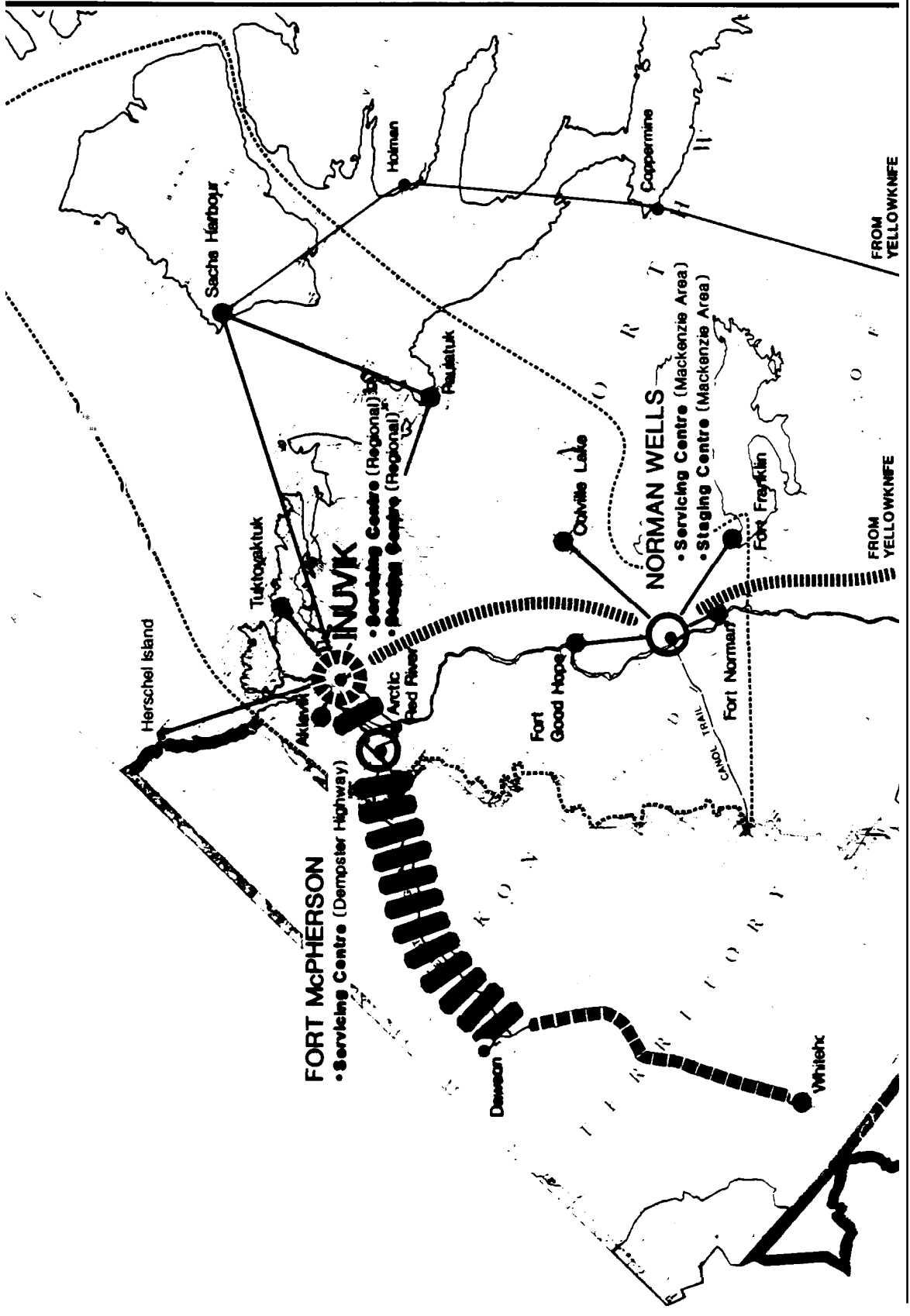
LEGEND

Regional Boundary

Rubber Tire
Access Route

Air Access Route

Development Concept



WESTERN ARCTIC

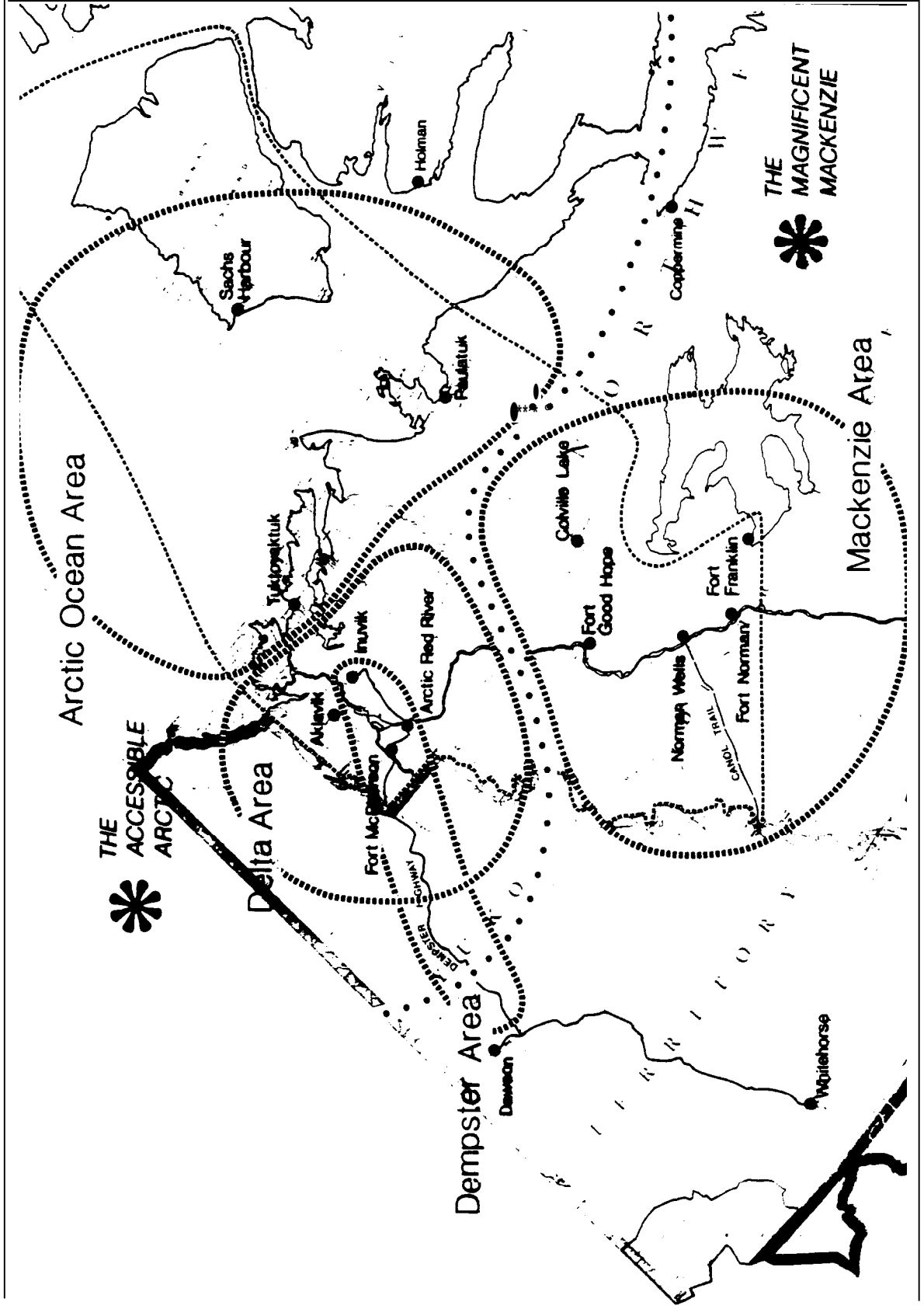
Tourism Strategy

Western Arctic Visitors Association
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LEGEND

- Regional Boundary
- Sub-Region*
- Theme*
- Area/Corridor Boundary

Attraction Concept



2. EXISTING TOURISM FACILITIES/ACTIVITIES

Fort Franklin

Fort Franklin is attractively located on the shores of Great Bear Lake, one of the most desirable trophy fishing lakes in the world. As well as its interesting Dene culture and lifestyle it also is the site of the headwaters of the Bear River, **Franklins' Fort** and the Radium **Gilbertship**. Potential activities include:

Sportfishing/Sport Hunting

Sportfishing offers the most profitable tourism opportunities for Fort Franklin. Through the assistance of Tim Hines (**Co-op** Manger) several groups of anglers arrived in the hamlet in 1987. Local guides and equipment were organized for the anglers. They fished the lake and stayed overnight in tents. The **community** now needs to identify an individual who could potentially take over as a ground operator and ensure that anglers are met at the plane, taken to their hotel and meet their guides. The opportunity to immediately offer 1 day to 4 day fishing trips out of Fort Franklin is largely dependent on the establishment of a **local** supplier. Five Band members participated in the recent guide training program which took place at Great Bear Trophy Lodge. **All** five guides have subsequently been hired by Great Bear Trophy Lodge which experienced an increase in the number of anglers.

Walter Beya (Renewable Resource Officer) is interested in developing grizzly bear hunts through the HTA. Grizzly bears are a problem on the northshore of the lake. He feels that the population can support 5 tags a year. Grizzly bear hunts are **very** popular. There is an excellent opportunity for Fort Franklin to develop these hunts, however, they would be on a small scale as the costs for transportation, guides, accommodation and food are high.

Tim Hines is interested in developing an arts and crafts workshop for Fort Franklin. The supply of arts and crafts is decreasing and in order for this activity to be successful he feels it is necessary for the crafts to be made in a workshop environment. This facility could be located at the Coop to provide a location for the artists to produce crafts which will in turn be sold at outlets throughout the region. He would like to see this facility developed within the next 2 to 3 years.

Great Bear Lake Motel

The motel was extremely busy in 1987 with construction crews, government personal and a few tourists. The hotel manager, is interested in preparing a brochure which will assist her in attracting anglers to Fort Franklin especially out of Yellowknife. In addition she is also interested in acquiring arts and crafts to sell to guests in the motel.

In discussion with Economic Development and Tourism there is interest in expanding the hotel.

Fishing Lodge

The Fort Franklin Band have the opportunity to develop a fishing lodge across the lake from the community. Based on the success of the other Great Bear Lake Lodges (the lodges average occupancy rates of 92% for 9 weeks of operation) it appears that the area can support another lodge. A **prefeasibility** study is included in this report for a major fishing lodge.

It is evident from discussions with community members that the development of the lodge is a long term initiative and that in the following 2 years of HTA is interested in developing fishing packages out of Fort Franklin, utilizing the motel and outpost camps. This **will** allow for the gradual introduction of tourism to the community and ensure that proper training of key members takes place.

MACKENZIE RIVER AREAFort Franklin

o Existing Facilities

See Table located at the end of this section.

o Resources

- one of the best (and relatively untouched) sport fishing areas in the world;
several experienced **native** guides;
- historic boat, 'Radium Gilbert';
- direct and regular links to **Yellowknife** and Norman **Wells**;
- untapped nature interpretation and big game hunting (Barren Ground Grizzly) area; and
obvious authentic Dene culture.

o Issues and Trends

- Band Council is extremely interested in a sports fishing lodge and could potentially expand the existing hotel which it operates;
- existing high quality lodge/restaurant management;
- special ARDA has provided \$25,000 for the purchase of boats/motors for outfitting; and
- Great Bear Lake Management **Committee recommends** no new lodges on the lake.

0 Development Opportunities

Short Term

- sport fishing lodge;
- expansion (4 units) of **existing hotel**;
- 2 outcamps at Jupiter Bay and Deerpass Bay; and
- arts and crafts workshop.

Long Term

- wilderness/adventure packages;
- big game outfitting;
- outpost camp development on Jupiter Bay;
- Great Bear River Canoe Route; and
- restoration of 'Radium Gilbert'.

Component	Name	Facilities
FORT FRANKLIN		
Accommodation	Great Bear Lake Motel	4 rooms, 12 guests, dining area
	Great Bear Trophy Lodge	22 rooms, 44 guests, airstrip dining area
Attractions	Great Bear Lake Roman Catholic Mission	
Activities	2 dog teams HTA Outfitters - Several powerboats	35' steel hull boat
Services	Great Bear Co-op The Bay	craft sales
Transportation	Sahtu Air Ltd.	Fort Franklin based charters (floatplane , 3 aircraft)
	Nahanni Air Winter road access	scheduled flights

3. DEVELOPMENT OPPORTUNITIES

1. BACKGROUND/RATIONALE

- 0 Great Bear Lake is one of the most desirable and recognized trophy fishing spots in the World and existing lodges are close to fully booked;
- 0 Fort Franklin has the opportunity to develop an internationally recognized **sportfishing** lodge that would generate in excess of \$350,000 in the next 5-7 years, it would be both accessible from the south via Yellowknife or Norman Wells;
- 0 it would be native owned and operated offering the angler the additional option of spending time in the community of Fort Franklin; and
- 0 the Fort Franklin Band hold the last available **licence** on the lake.

2. DESCRIPTION

- 0 the lodge would initially be built to accommodate 12 to 14 guests and then it would grow to 20 to 24 as the guides and managers become more experienced;
- 0 the lodge would include a main dining area/lounge, kitchen, storage, cook and manager accommodation. The lodge would be laid out so that it can continually expand to meet requirements; and
- 0 the lodge would be located outside of the community.

3. OBJECTIVES

- 0 develop the extraordinary **sportfishing** resources of Great Bear Lake;
- 0 establish a permanent, revenue and employment generating facility;
- 0 create a facility that is locally operated and managed and provides the opportunity for local skill development; and
- 0 generate revenue from use of HTA boats.

4. MARKETING STRATEGY

- 0 produce brochure;
- 0 press release to Travel Trade, consumer fishing magazines;
- 0 consumer advertising - Field and Stream, Western Fishing Magazine, Globe and Mail Travel Section, selected American Fishing Magazines, as identified by Camp and associates; and
- 0 Consumer Shows - all Canadian Fishing Shows (Chicago, Boston), plus Ontario Sportsman Shows.

5. RESPONSIBILITY AND IMPLEMENTATION

- 0 Fort Franklin Band Council;
- 0 **Sahtu** Regional Council;
- 0 **WAVA**;
- 0 private operator joint venture; and
- 0 **HTA**.

6. PERFORMANCE INDICATORS

- 0 provide 1 **full** time and 8 part time jobs; and
- 0 \$50,000.00 - \$60,000.00 additional revenue to **Sahtu Air** by 1993.

7. OPPORTUNITIES AND CONSTRAINTS

- 0 Great Bear Lake is one of the most attractive trophy fishing areas in the world;
- 0 **HTA** boats and knowledgeable guides are available, guides will need additional training to serve this high end market;
- 0 demand for an upscale wilderness fishing experience is increasing;
- 0 fishing lodge will act as a major revenue generator for the community; and
- 0 facility should only be developed when the Hamlet is already.

8. IMPLEMENTATION STEPS

- 0 identify level of commitment by Fort Franklin Council and Development Corporation;
- 0 prepare full feasibility study and development/construction plans;
- 0 prepare financial package which may include a private sector equity;
- 0 **commence** construction; and
- 0 **commence** marketing.

9. COSTS

Planning: \$60,000
 Construction: \$650,000
 Start-up: \$100,000
 Total Costs: \$810,000

10. REVENUE AND OPERATING COSTS**Revenue in 1993**

o Package Sales	\$427,500.00
o Outcamp Trip Sales	25,800.00
o Beverage Sales	<u>11,970.00</u>
TOTAL:	\$465,270.00

costs

Salaries - Lodge Staff	\$135,100.00
Guides	102,600.00
Administration	5,000.00
Food Purchases	53,900.00
Marketing	10,000.00
Commissions	11,000.00
Utilities	10,800.00
Insurance	6,500.00
Miscellaneous	15,000.00
Air Transportation	<u>60,000.00</u>
TOTAL:	\$409,900.00

1. BACKGROUND/RATIONALE

- o because of the excellent fishing on Great Bear Lake, the Fort Franklin Restoration and hiking opportunities, Fort Franklin will become increasingly well known thus generating additional tourist volume, this will necessitate hotel expansion within 3 to 4 years; and
- o excellent opportunity to **sell** fishing packages directly out of **Yellowknife** or Norman Wells.

2. DESCRIPTION

- o 4 additional accommodation units will be attached to the existing facility; and
- o existing kitchen facilities can support the increased demand.

3. OBJECTIVES

- o provide additional accommodation to meet demands which would include 2 to 3 day fishing packages out of **Yellowknife**;
- o provide additional facilities in summer for pleasure travelers; and
- o provide additional volume for **Sahtu Air**.

4. MARKET STRATEGY

- o produce a brochure;
- o Press release to the Trade and Travel Arctic, Arctic Hotline and Government departments in **Yellowknife** and **Inuvik**;
- o advertise in newspapers - News North, Edmonton;
- o magazine advertising - Up Here, Explorer; and
- o Present package to inbound operator in **Yellowknife**.

5. RESPONSIBILITIES AND IMPLEMENTATION

- o Great Bear Motel and Restaurant; and
- o Fort Franklin Development Corporation.

6. PERFORMANCE INDICATORS

- o 4 additional units **required** in 3-4 years;
- o 6 extra seasonal jobs; and
- o additional revenue for **Sahtu Air**.

7. OPPORTUNITIES AND CONSTRAINTS

- 0 support accommodation demands of fishing lodge;
- 0 increasing tourist volume due to fishing, hiking and Fort Franklin restoration; and
- 0 Great Bear Motel is already a successful operation.

8. IMPLEMENTATION STEPS

- 0 prepare expansion plans;
- 0 prepare financial package including existing operations;
- 0 equity position;
- 0 construction; and
- 0 develop promotional material in coordination with fishing packages sold out of Yellowknife.

9. COSTS

Total Costs (4 rooms): \$150,000

10. REVENUE AND OPERATING COSTSRevenue in 1995

Business Travel:	200 visitor nights	\$ 98,000.00
Pleasure Travel:	100 (3 day packages @ \$200.00/day)	60,000.00
Sport Fishermen:	75 anglers (3 day packages @ \$250.00/day)	<u>56,250.00</u>
TOTAL:		\$214,250.00

costs

Salaries - Additional Hotel Staff - Maids (2)	\$ 32,000.00
Guides (4)	60,000.00
Administration	2,000.00
Food Purchases	55,000.00
Maintenance	5,000.00
Marketing	3,000.00
Commissions	2,000.00
Supplies	12,000.00
Insurance	<u>4,000.00</u>
TOTAL:	\$175,000.00

1. **BACKGROUND/RATIONALE**

- 0 the GNWT has been doing excavation/field work on the old Franklin Fort for the past 4 years. It could eventually be restored and serve as a focal attraction to 2 to 3 day tours (hiking, fishing) out of Yellowknife;
- 0 Franklin was one of the most well known explorers of the North; and
- 0 contributes to the overall Fort Franklin product.

2. **DESCRIPTION**

- 0 restored Fort would be a simple structure that could be rebuilt and filled with artifacts.

3. **OBJECTIVES**

- 0 improve Fort Franklin's image as a 2 to 3 day destination; and
- 0 contribute to the cultural heritage of the Hamlet, region and N.W.T.

4. **MARKETING STRATEGY**

- 0 produce a community brochure;
- 0 prepare press release for opening; and
- 0 contact universities and colleges with history/archeological departments.

5. **RESPONSIBILITY AND IMPLEMENTATION**

- 0 GNWT Department of Public Service and Justice; and
- 0 Northern Heritage Centre.

6. **PERFORMANCE INDICATORS**

- 0 increase stay in Fort Franklin by $\frac{1}{2}$ day overall; and
- 0 attract 30-40 people/year by 1995.

7. OPPORTUNITIES AND CONSTRAINTS

- 0 increasing interest in proposed tour packages will bring approximately 150 visitors to Fort Franklin by 1995; and
- 0 restoration of Fort Franklin will serve as historical focus on Hamlet.

8. IMPLEMENTATION STEPS

- 0 develop plan for restored Fort Franklin in cooperation with **GNWT** Department of Public Service and Justice and Northern Heritage **Centre**; and
- 0 assure that existing excavation work respects schedule of overall tourism development in Fort Franklin.

9. COSTS

Planning: \$25,000

Construction: \$100,000

Operations: \$30,000

Total Costs: \$155,000

10. REVENUE

There will be no charge for entrance. All package tours will include visit as part of the program. Maintenance will be responsibility of **GNWT** and Hamlet.

PRIORITY III**ARTS AND CRAFTS
FORT FRANKLIN**

1. BACKGROUND/RATIONALE

- 0 the influx of visitors for sportfishing and excursions out of **Yellowknife** will create a new market for the quality arts and crafts produced here;
- 0 direct air links to **Yellowknife** will assure competitive product; and
- 0 products could be readily sold in **Yellowknife**.

2. DESCRIPTION

- 0 funds would be used to purchase material and create an inventory of quality crafts.

3. OBJECTIVES

- 0 revitalize the arts and crafts production; and
- 0 provide purchase opportunities for visitors.

4. MARKETING STRATEGY

- 0 prepare fact sheet including culture activities; and
- 0 advertise in Up Here, Crafts Plus, Craftsman, etc.

5. RESPONSIBILITY AND IMPLEMENTATION

- 0 Fort Franklin Hamlet Council.

6. PERFORMANCE INDICATORS

- 0 generate one full time position by 1993;
- 0 add to the cultural activities in Fort Franklin; and
- 0 generate \$50,000.00/year within 5 years of start-up and become a self sufficient operation.

7. OPPORTUNITIES AND CONSTRAINTS

- 0 **sportfishing** tours out of **Yellowknife** could bring 200 visitors by 1995 offering an excellent captive market for arts and crafts;
- 0 industry will provide employment and training for young artists; and
- 0 reliable output of quality arts and crafts will be required once demand is established.

8. IMPLEMENTATION STEPS

- 0 Fort Franklin Hamlet Council appoint Arts and Crafts Coordinator;
- 0 establish contact with arts and crafts groups in other **centres**;
- 0 develop a production and marketing plan;
- 0 apply for start-up funds;
- 0 purchase materials and establish **centre** for inventory; and
- 0 develop unique sales approach.

9. COSTS

Total Costs: \$40,000

10. REVENUE AND OPERATING COSTS

Revenue in 1993

0 Sales to anglers 171 (lodge) + 75 (hotel) x \$100.00	\$24,600.00
0 Sales to Pleasure Travelers 80 x \$100.00	8,000.00
0 Sales to Business Travelers 40 x \$125.00	5,000.00
0 Sales in Yellowknife	<u>10,000.00</u>
TOTAL:	\$47,600.00

costs

2 crafts people (6 months)	\$30,000.00
Materials	<u>14,000.00</u>
TOTAL:	\$44,000.00

PRIORITY III

**WILDERNESS/HUNTING OUTFITTER
FORT FRANKLIN**

1. BACKGROUND/RATIONALE

- o there is excellent hunting in the area and spring and fall hunts could be conducted from the lodge.

2. DESCRIPTION

- o funds for equipment purchase such as spike camps, gear and possible boat and kicker, snow machines and dog team.

3. OBJECTIVES

- o maximize use of lodge and **hotel**; and
- o extend season for the fishing guides.

4. MARKETING STRATEGY

- o Prepare brochure;
- o contact Yellowknife Inbound Operators; and
- o send information to Sport Hunting Clubs/Associations in U.S.A. and Europe.

5. RESPONSIBILITY AND IMPLEMENTATION

- o Fort Franklin Development Corporation.

6. PERFORMANCE INDICATORS

- o generate \$160,000.00 in revenue for Hamlet by 1993;
- o increase hotel occupancy as hunters will add 40 to 50 nights for an additional \$5,000.00 revenue;
- o create equivalent of 1 full time and 6 seasonal jobs; and
- o generate **\$10,000.00** additional revenue for **Sahtu Air.**

7. OPPORTUNITIES AND CONSTRAINTS

- 0 caribou and grizzly bear hunts are excellent potential ;
- 0 guides will be available from fishing camps - may need some specific training in hunting requirements; and
- 0 this is a new venture for the development corporation and would require their complete commitment.

8. IMPLEMENTATION STEPS

- 0 identify interest of Development Corporation and HTA;
- 0 develop packages for hunts and camps locations, design, etc.;
- 0 hire coordinator; and
- 0 arrange necessary funding support from EDA and Indian Affairs.

9. COSTS

Equipment: \$90,000
 Start-up: \$40,000
 Total Costs: \$130,000

10. REVENUE AND OPERATING COSTS

Revenue in 1993

0 12 Spring hunts @ \$6,500.00	\$ 78,000.00
0 12 Fall hunts @ \$7,000.00	<u>84,000.00</u>
TOTAL:	\$162,000.00

costs

Salaries - Coordinator/Head Guide (6 months)	\$ 20,000.00
Assistant/Cook (4 months)	12,000.00
Guides (4) (3 months)	36,000.00
Administration	4,000.00
Food/Supplies/Utilities	26,000.00
Insurance	5,000.00
Maintenance	6,000.00
Equipment Rental	4,000.00
Charters	18,000.00
Hotel	4,800.00
Marketing	10,000.00
Commissions	<u>4,000.00</u>
TOTAL:	\$149,800.00

MACKENZIE RIVER AREA	1989 ('000) \$	1990 ('000) \$	1991 ('000) \$	1992 ('000) \$	1993 ('000) \$	1994-1995 ('000) \$
FORT FRANKLIN						
1. FISHING LODGE						
Planni ng	60					
Constructi on		300	200	150		
Start-up			50	30	20	
2. HOTEL EXPANSION						
Constructi on			75	75		
3. FORT FRANKLIN RESTORATION						
Planni ng		25				
Constructi on			50	25	25	
Operati ons				15	15	
4. ARTS AND CRAFTS						
Producti on		10	10	10	10	
5. WILDERNESS/HUNTING OUTFITTER						
Equi pment		20	40	20	10	
Start-up			20	10	10	
TOTAL:	\$ 60	\$ 355	\$ 445	\$ 335	\$ 90	\$
GRAND TOTAL:	\$1,285,000					

MACKENZIE RIVER AREA (\$'000)

	ECONOMIC DEVELOPMENT AND TOURISM	EDA	SPECIAL ARDA	NEDP	NATIVE DEVELOPMENT CORPORATION	ESKIMO LOAN FUND	HAMLET/TOWN COUNCIL	REGIONAL DEVELOPMENT CORPORATION	NORTHERN HERITAGE CENTRE	LENDING INSTITUTIONS SMALL BUSINESS LOAN FUND	PRIVATE OPERATOR EQUITY
FORT FRANKLIN											
1. FISHING LODGE											
Planni ng	60										
Constructi on		100		300						75	125
Start-up		50								50	
2. HOTEL EXPANSION											
Constructi on					100					50	
3. FORT FRANKLIN RESTORATION											
Planni ng									25		
Constructi on									100		
Operati ons							30				
4. ARTS AND CRAFTS											
Producti on	10	10					10	10			
5. WILDERNESS/HUNTING OUTFITTER											
Equi pment	40			30						10	10
Start-up	20			20							
TOTAL:	130	160	50	300	100		140	10	125	135	135

4. COMMUNITY TOURISM MARKETING STRATEGY

The regional marketing **strategy** outlines marketing expenditures for the Western Arctic from 1989 to 1995. Each community must also participate in the overall marketing plan through;

- o expenditures by local suppliers and operators;
- o expenditures by hamlets; and
- o joint expenditures with **WAVA**.

Community based marketing **will take** the form of;

- o consumer magazines;
- o brochures and flat sheets;
- o tour operator familiarization tours;
- o consumer travel shows;
- o travel writers;
- o videos;
- o inquiry fulfillment;
- o mailing list development;
- o **WAVA** special promotions/media events;
- o in-house promotions/give aways;
- o marketing support; and
- o marketing research.

The marketing plan is tailored to reflect the general orientation of TIA an Travel Arctic, but is more target specific, focusing on identified market segments to the Western Arctic and the individual **community** product offerings.

OVERALL GOALS

Individual communities will participate in the regional strategy by supporting specific objectives including;

- o Focusing on the western United States and increasing their share from 40% to 60% of the overall market. This will necessitate lowering the Canadian components from 60% to 40% and bringing the geographic breakdown more in line with the Yukon.
- o Capitalizing on the Dempster Highway by increasing rubber tire volume to **Inuvik** by 30% per year over the first 3 years of the plan.
- o Increasing the Western Arctic market share of travel industry revenue to the **N.W.T.** by 5% in the first three years, thus solidifying the Western Arctic's position as a major **N.W.T.** destination region.
- o In Canada, focusing on southern Ontario especially in those populated areas that can deliver the volumes.
- o Promoting in high population areas and increase Western Arctic tourism 3 fold over the next 5 to 7 years (See Market Projections).

COMMUNITY MARKETING OBJECTIVES

Each **community** strategy has been designed to meet the following objectives:

- o focus on new adventure travel activities such as canoeing, hiking, fishing, cultural inclusion, etc.
- o working closely with **TIA-N.W.T.** and Travel arctic by:
 - responding rapidly (fulfillment) to 1-800 number leads
 - complementing generic travel Arctic advertising with community product specific advertising
 - maintaining a 80% level of target specific promotion within the **community** local operator budgets

- 0 appealing for the most part to:
 - hiking, canoeing, hunting and fishing, and cultural/nature interpretation tour wholesalers and consumers.

- 0 placing a major emphasis on print material which reaches high numbers and supports inquiry fulfillment 1-800 requests, travel magazines, etc.

- 0 advertising in specifically high end magazines that appeal to consumers that are:
 - activity oriented
 - interested in specific products and prices oriented toward culture and nature interpretation
 - potentially interested in package tours

COMMUNITY MARKETING EXPENDITURES (1989 Dollars)

The following tables outline, on a year by year basis the marketing activities for your community. Responsibility for many of these expenditures are to be cost shared with WAVA as well as other funding sources. As well all displayed cost do not necessarily suggest that your **community** need participate. However the opportunity is there to be involved in such activities as trade shows, the regional directory, regional videos, etc.

MARKET PROJECTIONS FOR THE WESTERN ARCTIC

<u>MARKETS</u>	<u>ACTUAL 1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
<u>Rubber Tire</u>							
R.V.	4,815	5,906	7,677	9,980	12,475	15,594	17,933
Auto	850	1,027	1,334	1,735	2,168	2,710	3,116
Coach	649	690	750	810	870	930	990
Small Vans	47	83	113	143	173	193	230
<u>Hunting</u>							
Beaufort Area	86	95	-	104	112	120	125
Bear Area	180	204	228	252	276	300	320
Aklavik/McPherson	-	5	10	20	30	40	45
<u>Fishing</u>							
Trophy	260	300	360	440	520	560	600
Wilderness	92	100	120	200	260	300	320
<u>Adventure Travel</u>							
Hiking	-	30	60	120	240	360	420
Canoe/Kayak/Zodiac	57	100	130	170	220	286	352
Boat Cruise (Package Only)	-	20	72	88	106	140	160
Wildlife/Photo/Herschel	18	60	120	180	270	351	456
Culture/Arts and Crafts Workshops	-	20	40	60	80	120	140
<u>Air</u>	<u>750</u>	<u>790</u>	<u>830</u>	<u>870</u>	<u>915</u>	<u>960</u>	<u>1,056</u>
TOTAL:	7,804	9,430	11,845	15,172	18,715	22,964	26,263

MARKETING STRATEGY SUMMARY

	1989	1990	1991	1992	1993	1994/95
CONSUMER MAGAZINES	40,670	42,330	41,170	36,220	37,110	66,140
BROCHURES, OPERATOR AND GENERAL MAVA	65,500	30,000	130,500	38,500	43,800	46,000
COMMUNITY FOOT SHEETS	22,000	18,000	23,500	22,000	27,500	58,800
TOUR OPERATOR, FAMILIARIZATION TOURS	12,800	8,150	8,100	2,900	5,050	-
CONSUMER TRAVEL SHOWS	33,900	37,000	40,220	31,950	27,550	40,900
TRAVEL WRITERS	8,500	11,900	0,200	0,400	3,500	0,800
YUKON CO-OP WITH WRITERS	9,000	9,900	10,900	7,100	0,800	18,200
VIDEOS	50,000	77,000	64,000	75,000	77,000	100,000
INQUIRY FULFILLMENT	12,500	16,100	23,100	30,300	36,300	85,000
MAILING LISTS	35,250	42,500	51,500	62,000	76,000	173,000
MAVA SPECIAL PROMOTIONS MEDIA EVENTS	20,000	8,000	8,000	0,000	15,000	30,000
IN-HOUSE PROMO/GIVE AWAYS	9,700	11,200	14,200	18,500	23,000	22,000
MARKETING SUPPORT	7,000	11,500	2,500	12,500	2,000	9,000
MARKETING RESEARCH	91,500	15,000	78,000	58,500	37,000	18,000
GRAND TOTAL:	528,320	339,280	515,890	416,270	528,610	785,840

CONSUMER MAGAZINES

FORT FRANKLIN		1989	1990	1991	1992	1993	1994/95	
YEAR	ACTIVITY							
<u>H NG</u>								
1. FORT FRANKLIN								
o	Field and Stream	-	440	480	530	580	1,420	
o	Sports Afield	-	700	770	-	860	-	
o	Texas Fishermen	-	570	620	680	740	-	
o	Outdoor Canada	480	520	-	600	660	1,600	
			<u>BROCHURES</u>					
1. WESTERN ARCTIC PRODUCT DIRECTOR								
	Design Printing	20,000	-	10,000	-	12,000	12,000	
		50,000	-	55,000	-	60,000	65,000	
o	Fort Franklin Fishing Lodge Design Printing	-	2,000	-	-	-	-	
o	Wilderness Outfitter Design Printing	-	5,000	-	5,500	-	13,500	
		-	1,000	-	-	-	-	
		-	3,000	-	3,500	-	9,000	

COMMUNITY HANDOUTS/FLAT SHEETS

FORT FRANKLIN		1989	99°	1991	1992	1993	1994/95
YEAR	ACTIVITY						
o	Fort in	1,000	1,000	1,200	1,300	1,400	3,400

CONSUMER TRAVEL SHOWS

FISHING

1. ORONTO SPORTSMAN SHOW (3 Persons)

o	Booth	800	900	1,000	-	-	-
o	Travel	1,200	1,300	1,400	-	-	-
o	Accommodation	2,000	2,200	2,400	-	-	-

2. ALL CANADA FISHING SHOW

o	Booth	2,000	2,200	2,400	2,600	2,800	-
o	Travel	2,500	2,700	3,000	3,300	3,600	-
o	Accommodation	2,500	2,800	3,000	3,300	3,600	-

TRAVEL WRITERS

FORT FRANKLIN

YEAR	1989	1990	1991	1992	1993	1994/95
ACTIVITY						

BY PRODUCT SEGMENTS

1. CANOE/RAFTING

o Transportation	800	900	-	1,100	-	2,800
o Accommodation	600	700	-	900	-	2,200
o Land Costs	1,200	1,300	-	1,600	-	3,800

2. FISHING

o Transportation	-	900	1,000	1,200	1,200	-
o Accommodation	-	500	600	800	800	-
o Land Costs	-	1,000	1,200	1,200	1,500	-

VIDEOS (20 COPIES EACH)

o Fort Franklin	-	15,000	-	0	-	-
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INQUIRY FULFILLMENT

o FISHING OPERATORS	2,500	3,000	4,500	6,000	7,500	17,000
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MAILING LISTS

FORT FRANKLIN

YEAR	1989	1990	1991	1992	1993	1994/95
1. TOUR OPERATORS (15)	3,000	5,000	8,000	11,000	16,000	40,000
2. FISHING OPERATORS (8)	8,000	9,000	9,000	11,000	2,000	25,000
3. AIRLINES/HELICOPTERS (7) o Aerial Charters	5,000	6,000	7,000	8,000	9,000	20,000
4. FISHING OPERATORS o Great Bear Trophy o Fort Franklin o Colville Lake	1,000 - -	1,000 - -	1,000 2,000 -	- 1,000 -	- 1,000 1,000	- - 2,000

MARKETING SUPPORT

1. DISPLAY MATERIAL FOR SHOWS AND FUNCTIONS o Fishing Lodges o Hunting Outfitters	- - -	1,000 1,000	2,500 1,000	2,000 2,000	1,000 2,000	2,000 2,000
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MARKETING RESEARCH

1. TOUR OPERATOR SURVEYS	1,000	1,500	2,000	2,500	2,500	5,000
2. RETEL SURVEYS	500	500	1,000	1,000	1,500	3,000

5. TRAINING PROGRAMS

Each community project will require some level of training. It will generally be the responsibility of Arctic College, Continuing Education and Renewable Resources to deliver these programs. Where possible, courses will be given in the various communities; however, it will frequently be necessary to conduct training in **Inuvik** or Norman Wells because of the availability of certain training services.

Courses will generally be 1 to 4 weeks long. The following number of training weeks are proposed for your **community**.

**MACKENZIE RIVER AREA
Training (Weeks)**

	MANAGEMENT	MAINTENANCE	GUIDES	COOK	MAIDS	MARKETING	BOOKKEEPING/ACCOUNTING	CRAFTS INSTRUCTOR	COMPUTER SKILLS	WAITER/WAITRESS	HOST/HOESSE
FORT FRANKLIN											
1. FISHING LODGE	8	4	6x2	1	2	2	2	2	1	2X1	1
2. HOTEL EXPANSION	8		4	4	1	2	1			1	1
3. FORT FRANKLIN RESTORATION	4		4								2X1
4. ARTS AND CRAFTS								2x4			
5. WILDERNESS/HUNTING OUTFITTER	8	2	4x4	4		2					
TOTAL:	28	6	36	9	3	6	3	8	1	3	4

The primary economic activities of the people in Fort Franklin are hunting, fishing and trapping. The proposed lodge would likely complement these, as it would inject income both directly and indirectly into the Fort Franklin community.

Although the Keith Arm and a section of the **McVicar** Arm on Great Bear Lake are reserved for future economic development plans of Dene Community at Fort Franklin, the community has to carefully consider their options for development. For example there is potential conflict between development proposals for domestic fishing, **sportfishing** and large scale **commercial** fishing. In addition, the resulting **sportfishing** development should be consistent with the management goals adopted by the Department of Fisheries and Economic Development and Tourism through the Great Bear Lake Management Committee. Prior to the community developing a lodge further research into the availability of fishing resources in the Keith Arm and an overall plan for the development of the Keith Arm is required.

In summary, many of the resources and infrastructure necessary to develop a lodge at Great Bear Lake are already available including the site, desired activities, labour, transportation services, and an economically well established community nearby.

3 PRELIMINARY MARKET ANALYSIS

Several tourism market segments have been identified for the Northwest Territories: rubber tire, air pleasure, adventure, hunting and **sportfishing**.⁵ The **sportfishing** market is a unique and significant segment of the tourism industry in the Northwest Territories. The following sections provide an overview of relevant trends, and marketplace characteristics.

Sportfishing Tourism Market Trends

A review of the **sportfishing** tourism market since 1975 reveals several important trends. They are based on an analysis of fishing **licences** and other relevant data by the Northwest Territories Department of Economic Development and Tourism.^{6, 7, 8, 9, 10, 11, 12}

- there has been an absolute and relative increase in the number of fishing licences purchased by Canadians in the Northwest Territories;
- the purchase of fishing licences in the Northwest Territories by non-Canadians (largely Americans) declined in the early 1980's but has remained relatively stable since that period;
- there has been an increase in the total sale of fishing licences, 1983-1985, with a slight decrease in 1986 (see Table 3-1);
- anglers from the United States are more likely to stay at lodges (80%) than anglers from Canada (50%). Anglers from Canada more often fish independently and travel to the area by road. Anglers from the United States almost always fly to the Northwest Territories;
- o anglers from the United States have higher incomes and are older than Canadians; and
- there are 3 main geographical markets for lodges in the Northwest Territories: Ontario, Alberta and the states bordering to the west of the Great Lakes. These market areas reflect major population centres and high proportions of affluent people.

Therefore, the overall size of the market for fishing lodges in the Northwest Territories has remained relatively stable in the last 5 years. As a result, the number of fishing lodges has not increased significantly. In the Great Bear Lake area there have been no new fishing lodges or lodges that have closed down permanently since 1978.* These trends indicate that fishing lodge industry in Northwest Territories is stable, mature and established.

Sportfishing Lodge Industry on Great Bear Lake

The sportfishing lodge industry on Great Bear Lake has been a viable and relatively stable industry over the last 15 years. In Table 3-2, the sale of licences by the sportfishing lodges on Great Bear Lake is presented for the years 1973-1982. Approximately 85% of these licences were sold to non-residents, primarily persons from the United States.¹³

1-

* Outpost camps are excluded as they offer alternative accommodation to guests and do not increase numbers of guests at any lodge.

TABLE 3-1
TRENDS IN SALES OF SPORTFISHING LICENCES (11. H. T.)

- by type of licence
- by years

YEAR	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
TYPE OF LICENCE																	
Resident	1,439	3,346	4,772	5,742	6,723	7,716	7,491	9,242	9,590	9,175	10,656	11,484	11,402	10,842	12,656	13,281	11,909
Non-Resident	4,550	3,238	3,352	3,602	3,945	3,659	3,580	4,123	3,938	4,011	4,468	3,962	3,289	3,421	3,363	3,626	3,284
TOTAL:	5,989	6,584	8,124	9,344	10,668	11,375	11,071	13,365	13,528	13,186	15,124	15,446	14,691	14,263	16,019	16,907	15,193

Source: Division of Tourism and Parks (December, 1986)

TABLE 3-2
LICENCE SALES BY THE SPORTFISHING LODGES/VENDORS ON GREAT BEAR LAKE 1973-1982

LODGE/YEAR	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	x^a
Arctic Circle	- . - ^b	o	170	189	340	289	321	286	298	207	233
Branson's	182	359	247	326	377	262	367	365	324	279	309
Great Bear	315	278	234	174	313	281	225	146	170	206	234
Great Bear Lake	413	369	302	370	407	425	338	363	385	317	369
Great Bear Trophy	240	225	306	315	321	329	---	438	354	290	313
Fort Franklin	-	-	---	---	---	---	---	101	48	181	---
TOTAL:^c	1,150	1,231	1,259	1,374	1,758	1,586	1,352	1,646	1,649	1,299	1,430

^a Average number of **licences** sold for years in which information available, except for **Santew** Lodge.

^b - . - indicates no information available.

^c Totals will underestimate actual **licence** sales whenever sales were made by a lodge but no information is available.

Source: Economic Development and Tourism (August, 1985) Review of Great Bear Lake Management Strategy. Volume 2, **N.W.T.** p. 2-41.

According to a study by **Topolniski** on the **sportfishing** industry in the Northwest Territories, **sportfishing** lodges had a gross earning total of \$6,994,000.00 in 1980. The lodges at Great Bear Lake accounted for \$2,500,000.00 or approximately 36% of the Northwest Territories total.¹³

With respect to the financial viability of the lodge industry on Great Bear Lake, **Topolniski** reports that lodges on Great Bear Lake and Great Slave Lake were the only lodges in Northwest Territories that had a net positive operating income before taxes.¹⁴ However 17 of 19 lodges surveyed in the Northwest Territories had a favorable price/cost relationship. With respect to the long run viability of the lodges as estimated by **Topolniski** in 1980, the picture was **less** favorable but still fairly positive.

According to the Great Bear Lake Management Strategy, both the local lodges and the community at Fort Franklin want to maintain the **sportfishing** industry on Great Bear Lake as a high quality trophy fishing industry and are in **favour** of restricting further expansion, except for development by the Fort Franklin community.

Market Competition

The packages, staffing and target markets of the five lodges on Great Bear Lake are described in this section and presented in Tables 3-3, 3-4 and 3-5. This information is derived from telephone interviews with the lodge operators and review of the brochures for each lodge.

In Table 3-3 the price, length and description of package offered by each of competing lodges is outlined. The typical length of each package is 1 week or 7 nights and 1988 prices range from \$1,720.00 to \$2,895.00 U.S. with an average package price of \$2,800.00. ** The package price includes airplane trips to and from Edmonton, Yellowknife or Winnipeg, meals and accommodation and guided fishing. Trips to outpost camps, to fish arctic char or to sightsee are most often an additional charge to the guest.

** Lodge operators offer discounts to parties greater than 10 and sometimes to Canadians.

TABLE 3-3
GREAT BEAR LAKE LODGES - DESCRIPTION OF PACKAGE

NAME OF LODGE	PRICE OF PACKAGE AND LENGTH OF PACKAGE	PACKAGE DESCRIPTION	ADDITIONAL REEDED	CITY
Arctic Circle Lodge (offers same price in Canadian dollars if guests keep it quiet)	1987 - 1 week 8 days package \$2,695 U.S. 3,503 Cdn.	- meals and accommodation; - flight to and from Edmonton; - boat (2 persons) and guide; - gasoline, motor, oil, fish care; - 1 day (flight) trip for sightseeing or fishing; and - two nights hotel in Edmonton.	- day trips (in addition to trip included in package) to fish for arctic char, sightsee (i.e. Eskimo Village), or view wildlife are extra; and - two outpost camps on Copper Mine River \$300-\$400 U.S. for overnight trip.	Edmonton
	1988 - 1 week 8 days package \$2,895 U.S.			
Lodge	1987 - 1 week 8 days package \$2,600 Cdn. or \$1,720 U.S.	- meals and accommodation (including laundry service); - flight to and from Edmonton; - boat (2 persons) and guide (10 hours a day); - gasoline, motor, oil, fish care; and - arrange stay in Edmonton.	- day trips to fish arctic char, view scenery and wildlife (extra cost); - overnight trips to outpost camps 8 people can stay in each camp (extra cost) have 3 float planes; and - each year lodge offers seminars.	Edmonton
	1988 - 1 week 8 days package \$2,800 Cdn. or \$1,852 U.S.			
Great Bear Lodge	1987 - 1 week 8 days package \$2,195 Cdn. or \$1,895 U.S.	- meals and accommodation; - flight to and from Yellowknife; - boat (2 persons) and guide; - gasoline, motor, oil, fish care; - has seminar facilities; and - can arrange overnight stay in Edmonton.	- day trips to fish arctic char and to view Inuit and Dene communities and to Coppermine to fish (extra cost).	Yellowknife
	1988 - Saturday-Saturday \$2,295 Cdn. or \$1,995 U.S.			
Great Bear Troch Lodge	1987 - 1 week 8 days package \$2,750 Cdn. or \$1,819 U.S.	- meals and accommodation (including laundry service); - flight to and from Edmonton; - boat (2 persons) and guide; and - gasoline, motor, oil, fish care.	- day trips to fish arctic char, to Colville Lake (indian painter), Coppermine River (extra cost); - overnight trip (tent camp) to different parts of the lake; and - plane holds 5 people.	MO
	1988 - Sunday-Sunday \$2,700 Cdn.			
Plumber's Great Bear Lake Lodge	1987 - 1 week 8 days package \$2,275 U.S. 2,958 Cdn.	- meals and accommodation (including laundry service); - flight to and from Winnipeg or Yellowknife; - boat (2 persons) and guide; and - gasoline, motor, oil, fish care.	- wildlife and cultural trips offered and daily fishing trips available by plane to places inaccessible by boat (\$100-\$150 U.S.); and - outpost camps - Plumber's Tree River Camp - accommodates 16 - \$275 U.S. per night.	Winnipeg or Yellowknife
	1988 - Saturday-Saturday no prices set			

In Table 3-4 accommodation and staffing is described for each lodge. The guest to staff ratio ranges from 1 guest to 2 staff to 1 guest to .84 staff. Most lodges hire a manager, guides, a chef, waitresses, mechanic/maintenance person, pilot(s) and in some cases a taxidermist.

As indicated, U.S. visitors (largely from the mid western and eastern states) are the main market for these lodges. However, Canadians (particularly from Ontario and Alberta) are increasing in proportions. In Table 3-5 the target market is described for each lodge.

Potential Market Share for a Proposed New Lodge

Approximately 1,473 guests stayed an average of 7 nights at one of the five lodges at Great Bear Lake during the 8 week season of 1987. This represents a 6% increase over 1986 visitation of 1,385 guests, (although management problems and several resulting guest cancellations at one of the lodges partly attributed to the growth). Nonetheless, given the area's accommodation capacity of 1,599 guests for the period, total occupancy reached 92%. Repeat visitation is high (40% to 60%) and many guests rebook for the following year when they depart. Several of the lodges indicated that they are already between 85% and 95% booked for the 1988 season. This indicates that there could be considerable excess demand for fishing at Great Bear Lake in the marketplace. The increasing numbers of Canadian anglers visiting the north is an important component of the areas growth potential.

The demonstrated growth, high repeat visitation and positive outlook for new markets exhibited by the existing lodges on Great Bear Lake are all indicators of the viability of a proposed new lodge. However, in order to be successful, the lodge must offer and effectively market a well packaged product that is at least comparable, but preferably superior to those of the other lodges on Great Bear Lake.

TABLE 3-4
GREAT BEAR LAKE LODGES - DESCRIPTION OF STAFF

NAME OF LODGE	ACCOMMODATION TYPE	NUMBER OF STAFF	GUEST TO STAFF RATIO	DESCRIPTION OF STAFF
Arctic Circle Lodge Contact: Joe Kanik (403) 458-3383	<ul style="list-style-type: none"> - 16 motel style rooms; - 34 guests; - majority double occupancy, some rooms have 4 beds; - rooms have washroom facilities; and - lodge has licences dining room, jacuzzi, lounge and store. 	45 people	- 1 guest to every 1.3 staff.	<ul style="list-style-type: none"> - manager; - chef; - boat engineer; - maids; - waitresses; - bartender; - pilot; - guides (with backgrounds in marine biology and forestry); and - U.B.C. students.
Bransons Lodge Contact: Ernie Donsky (403) 962-6363	<ul style="list-style-type: none"> - 1 large lodge with approximately 16 motel style rooms; - 40 guests; - majority double occupancy, some rooms have 4 beds; - rooms have washroom facilities; and - lodge has licenced dining room, 2 fireplaces, store (sell tackle and rents gear). 	45-50 people	- 1 guest to every 1.1-1.25 staff.	<ul style="list-style-type: none"> - manager (landowner); - chief; - guides; - pilot; - maintenance crew; - kitchen workers; and - chambermaids.
Great Bear Lodge Contact: Gilles Dube (403) 920-2023	<ul style="list-style-type: none"> - 2 lounges 15 miles apart; - 45 guests; - 1 lodge has 8 rooms and other has 15 cabins; - double occupancy, indoor washroom and showers; and - lodge has lounge and store. 	40-45 persons (for both lodges)	- 1 guest to every .9-1 staff	<ul style="list-style-type: none"> - manager; - chef; - pilots; - maids; - bartender; - maintenance crew; - outboard mechanic; - taxidermist; and - guides - in past trained own - last year held guide training course for N.W.T. government - hired 1/2 of 1987 guides from training course and other 1/2 from last year guides.
Great Bear Trophy Lodge Contact: Bruce Stevens (403) 227-2907	<ul style="list-style-type: none"> - 1 large lodge; - 22 rooms; - 44 guests; - indoor washroom facilities, showers in each room; and - lodge has licenced dining room, lounge with fireplace and store. 	37 persons	- 1 guest to .84 staff	<ul style="list-style-type: none"> - manager; - chef; - pilot; - bartenders; - waitresses; - chambermaid; and - guides - trained their own - 1 week intensive training.
Plumber's Great Bear Lake Lodge	<ul style="list-style-type: none"> - separate cabins; - 2-4 persons per cabin; 	75-80 persons	- 1 guest to every 1.6 to 2 staff	<ul style="list-style-type: none"> - manager (owner); - guides;

TABLE 3-5
GREAT BEAR LAKE LODGES - DESCRIPTION OF TARGET MARKET (OCTOBER 1987)

<u>NAME OF LODGE</u>	<u>NUMBER OF PEOPLE LODGE ACCOMMODATES</u>		<u>DESCRIPTION OF TARGET MARKET</u>
Arctic Circle Lodge	<u>Full Occupancy</u> 272 8 weeks x 34 guests x 95% (80-90% booked for next summer)	<u>1987 Occupancy</u> 258 (95%)	- largest percentage of guests from United States; and - high repeat visitation.
Bransons Lodge	<u>Full Occupancy</u> 320 8 weeks x 40 guests x 95% (over 90% booked for next summer)	<u>1987 Occupancy</u> 304 (95%)	- guests are 50% Canadian, mostly from Ontario and Alberta. The other 50% are from United States; and - 60% repeat visitation.
Great Bear Lodge	<u>Full Occupancy</u> 315 7 weeks x 45 guests x 90% (small camp 100% booked for 3 weeks next summer)	<u>1987 Occupancy</u> 284 (90%)	- largest percentage of guests from United States; - some quests from France and Japan; and - high repeat visitation.
Great Bear Trophy Lodge*	<u>Full Occupancy</u> 308 7 weeks x 44 guests x 85%	<u>1987 Occupancy*</u> 262 (85%)	- 70% of guests are from mid west and eastern United States; - 30% from Ontario and Alberta; - 40% repeat visitation; and - most weeks 2 or 3 couples.
Plumber's Great Bear	<u>Full Occupancy</u> 384 8 weeks x 48 guests x 95%	<u>1987 Occupancy</u> 365 (95%)	- largest percentage of guests from mid western United States and Ontario; and - high repeat visitation.
TOTAL:	1,599 GUESTS**	1,473 GUESTS	

* Great Bear Trophy Lodge will be open 8 weeks in 1988

** In 1988, full occupancy would equal 1,643

The potential market share of a new lodge can expect to vary according to the number of guests the lodge is able to accommodate and to the actual increase in the size of the visitors market to Great Bear Lake. For example a 10% increase in guests per annum would equal a total of 1,960 guests in 1990 or an additional 317 guests. Presently the lodges can only accommodate 1,643 guests so 317 anglers or 40 anglers per week over a 8 week period would be turned away.

A more conservative estimate of only 5% growth per annum would **still** indicate insufficient capacity in 1990 for 62 anglers, approximately 50% of the proposed lodge's year 1 to year 3 capacity. As Table 3-6 indicates, this shortage could increase as the years go on.

4 PROPOSED LODGE DEVELOPMENT CONCEPT

Table 3-7, 3-8, 3-9 and 3-10 present preliminary building and design components, package description, staffing requirements and target market information respectively for the proposed lodge at Fort Franklin.

5 FINANCIAL ANALYSIS

Lodge construction is projected to start in 1990 and depending on financing construction will be spread over 3 years (1990-1992). Nevertheless, initial tours could start in 1991 since majority of the lodge development could possibly be built by then. Occupancy rates would understandably be lower for those months (estimate 50%). They would subsequently increase to 70% and then to full occupancy (95%) after year 3.

Start-up capital would be required in the first 3 years. This would be in the form of a loan or grant. In year 1 the \$50,000.00 injection would defray the projected \$50,000.00 loss. In year 2 the \$30,000.00 assistance would be used to carry the project into 1993 in what is planned as a breakeven year.

Private investor equity is considered for this project. The projected high rate of return would make the lodge attractive for a minimal participation by a **local** entrepreneur if the project proponent (the Development Corporation) accepts this formula.

TABLE 3-6
GREAT BEAR LAKE MARKET PROJECTIONS 1988-1991

	ACTUAL		PROJECTED			1991
	1986	1987	1988	1989	1990	
Projections at 50% growth	1,385	1,473	1,547	1,624	1,705	1,790
Present Capacity		1,599	1,643	1,643	1,643	1,643
Excess Demand			<u>-96</u>	<u>-19</u>	<u>62</u>	<u>147</u>
Projections at 10% growth	1,385	1,473	1,620	1,782	1,960	2,156
Present Capacity		1,599	1,643	1,643	1,643	1,643
Excess Demand			<u>-23</u>	<u>139</u>	<u>317</u>	<u>513</u>

TABLE 3-7
FORT FRANKLIN PROPOSED LODGE BUILDING AND DESIGN COMPONENTS

PURPOSE

- To provide a fully functional fishing lodge catering to tourists in the Western Arctic Region and specifically the opportunities for trophy fishing on the Great Bear Lake. It is the intention to create a first class facility able to accommodate 20 guests during the first several years of operation.

BUILDING COMPONENTS

- **Entry/Lobby/Reception:**

This area will be devoted to registration of guests.

- **Guests Rooms:**

10 double rooms will be provided in the first phase with a future 10 additional rooms. Each room provides two single beds with a writing desk and a complete closet.

- **Kitchen/Preparation/Storage:**

A full kitchen, preparation and storage resort facility will be provided using the latest equipment to provide first class dining for the guests.

- **Staff Facilities:**

Rooms are provided for the lodge manager and chef, and a dormitory for staff (waiters and fishing guides).

- **Storage:**

Storage is provided for outdoor equipment as well as requirements for the building.

- **Washroom Facilities:**

Provide individual men and women's washrooms as well as access to a spa facility.

- **Bar/Dining Room/Lounge:**

Seating for 24 people has been provided within the main living and dining area. The space is accented by a high structure and a rustic decor and stone fireplace. Also provided for the space is a screen porch for after fishing pleasure.

ARCHITECTURAL CHARACTER

- o The building is designed using a rustic motif of stone veneer on the fireplace, round log columns and beams and rough sawn cedar siding for the exterior treatment for the building.

STRUCTURE

- The building will be built on a gravel pad, slab on grade. The main frame will be of wooden columns and beams and standard wood framing for the bedrooms and support facilities.

BUILDING AREA

- o 5,200 sq. ft.

PROJECTED BUILDING COST (1988 \$)

- \$810,000.00

The estimated cost of construction is based on development of the lodge near the Fort Franklin community. If the lodge is not developed near the community, construction costs would have to be adjusted.

TABLE 3-8
FORT FRANKLIN PROPOSED LODGE DESCRIPTION OF PACKAGE

Length of Package and Price of Package	<ul style="list-style-type: none"> ● 1 week or 8 days/7 nights; and ● \$2,500.00.
Package Description	<ul style="list-style-type: none"> ● meals and accommodation; ● flight from and to Edmonton or Yellowknife; ● boat (2 persons) and guide; ● gasoline, motor, oil, fish care; ● 1 day side trip (optional); ● hotel in Edmonton or Yellowknife (optional); and ● travel arrangements.
Options Offered (Extra Cost)	<ul style="list-style-type: none"> ● day trips to Arctic Coast to fish Arctic Char; o overnight trips to outpost camps on other parts of lake; and ● cultural and sightseeing side trips.
Gateway	<ul style="list-style-type: none"> ● Edmonton to Yellowknife.

TABLE 3-9
FORT FRANKLIN PROPOSED LODGE DESCRIPTION OF STAFF

Accommodation Type	<ul style="list-style-type: none">● 10 unit lodge styled log cabins;● double occupancy;o units with washroom facilities; ando lodge has recreational program, licensed lounge and store featuring local handicrafts.
Number of Staff	<ul style="list-style-type: none">● 24
Staff to Person Ratio	<ul style="list-style-type: none">● 1.2
Description of Staff	<ul style="list-style-type: none">● manager;● chef/cook;● waitress and helper/chambermaid and helper (increased each year with increase occupancy);● guides (2 to 1 ratio) hired on contract as needed; and● maintenance person.

TABLE 3-10
FORT FRANKLIN PROPOSED LODGE DESCRIPTION OF TARGET MARKET

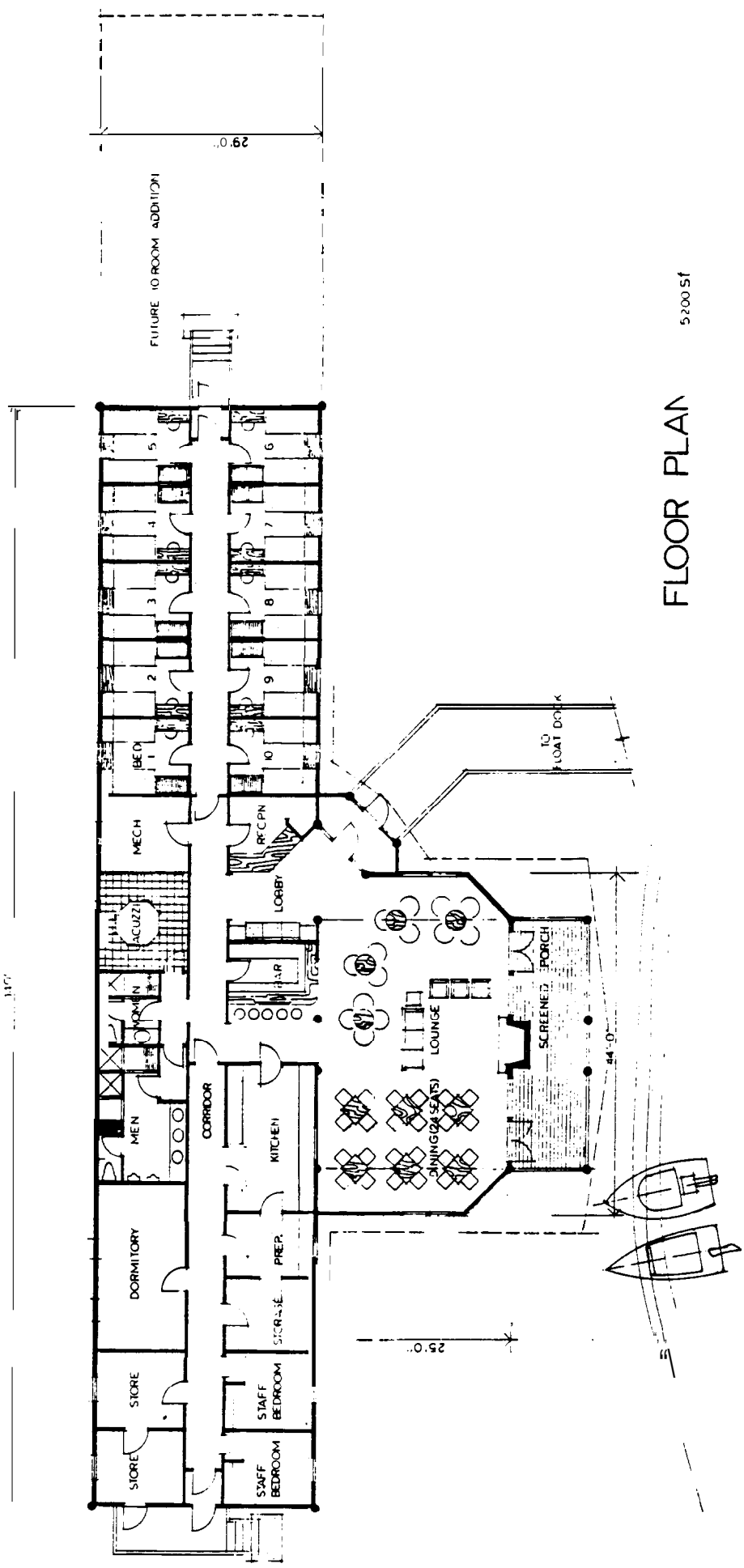
Number of People Lodge Accommodates	o 20 guests - Phase 1.
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Length of Season	● 8 weeks.
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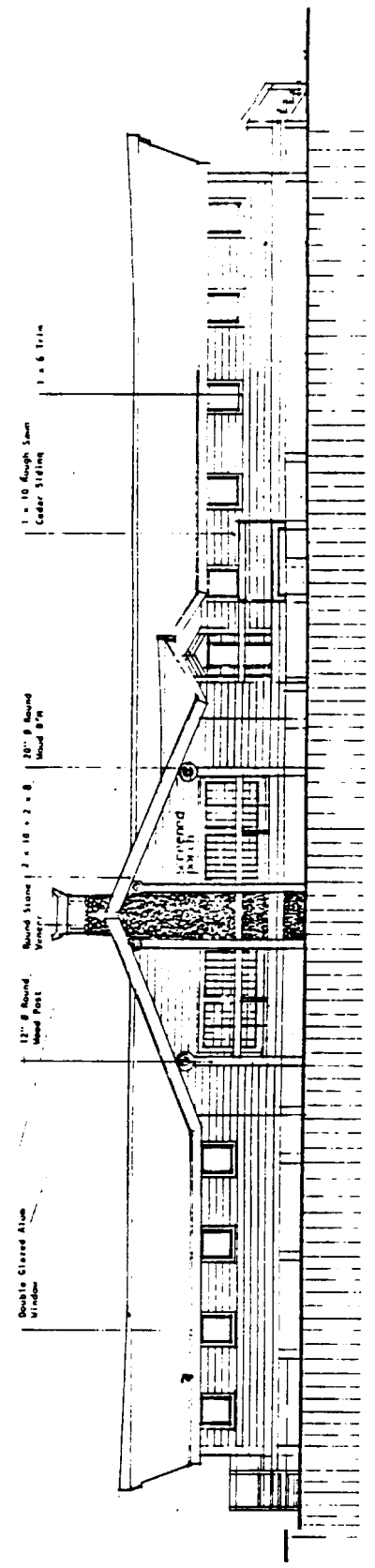
Expected Occupancy	● 50% in Year 1; ● 70% in Year 2; and o 95% in Year 3.
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Total Guests for Each Season (Year 3)	● 20 guests x 8 weeks = 95% = 152 guests.
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Description of Target Market	● 60% from United States and 40% from Canada (largely Ontario).
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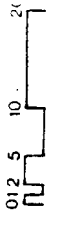


FLOOR PLAN 5200 SF



ELEVATION

FORT FRANKLIN · TYPICAL FISHING LODGE
 FORT FRANKLIN · N.W.T. (GREAT BEAR LAKE)



Year 3 profits then would be used to buy off dividends and leverage funds to start a 10 unit expansion in 1994 and 1995.

CONCLUSION

The results of the preliminary financial indicate that a lodge at Fort Franklin could potentially have a positive net cash flow by 1992. In addition, the high occupancy rates and stability of the other five lodges on Great Bear Lake and the restriction of further expansion of the sportfishing **lodge** industry on Great Bear Lake indicate that there is potential for a lodge at Fort Franklin to have high occupancy rates within its early years of operation. However, prior to development of a lodge at Fort Franklin further research is required with respect to fishing resources in Keith Arm of Great Bear Lake, **community** plan for economic development of Fort Franklin fishing resources, and to an optimal location for the proposed lodge. Based on the results of this additional research, a more detailed financial analysis can be prepared.

PRO FORMA INCOME STATEMENTS
Fort Franklin Lodge
[1991-1993]

Line items:	Year:	1991	1992	1993
Gross sales				
- Package sales		200,000	280,000	380,000
- Outcamp trip sales		2,400	8,400	22,800
- Beverage sales		5,600	7,840	10,640
Total gross sales		208,000	296,240	413,440
[COST OF GOODS SOLD]				
- Beverage sales		2,800	3,920	5,320
- Food sales		22,400	31,360	42,560
Total cost of goods sold		25,200	35,280	47,880
Gross profit		182,800	260,960	365,560
[OPERATING EXPENSES]				
Direct package costs				
- Air transportation		28,000	39,200	53,200
- Guides		48,000	67,200	91,200
Operating expenses:				
-Employee wages		79,034	91,578	105,690
-Employee benefits		11,855	13,757	15,854
-Marketing and promotion		25,000	10,000	10,000
-Commissions on sales		10,000	11,000	11,000
-professional fees		5,000	5,000	5,000
-Sundry expenses		5,000	5,200	5,408
-Utilities		10,000	10,400	10,816
-Insurance		6,000	6,240	6,490
-Depreciation expenses		15,000	14,250	13,533
Total operating expenses		242,889	273,805	323,140
===== ZZ=====				
Operating income/loss ()		(60,089)	(12,845)	37,365
Other Income - St				
Other income - start up expenses		0,000	30,000	21,000
Other expenses - Interest expenses		0,000	50,000	70,000
Profit before tax		(60,089)	12,755	27,365
Profit before taxes		(60,089)	12,755	27,365
Taxes - n/a		\$0,000	\$0,000	\$0,000
Net Income (Loss) ()		(60,089)	12,755	27,365

Fort Franklin Lodge
[1991-1993]

Guest Data:	1991	1992	1993
Total Guests	80	112	152

Other data:

- 8 week season of operation
- Lodge has 10 units /20 beds
- Max guest= 20 per wk/160 per season.

Key Revenue Assumptions:

- Package price will be \$2,500
 - Occupancy data:
- | | | | |
|------------------------|-----|-----|-----|
| Rate of occupancy- % | 50% | 70% | 85% |
| - No of package guests | 80 | 112 | 152 |
- Outcamp trip revenue will be \$300 per day.
- | | | | |
|-----------------------------|-----|-----|-----|
| - % of outcamp trip guests | 10% | 25% | 50% |
| - No of outcamp trip guests | 8 | 28 | 76 |
- Beverage revenue estimated at \$70 per guest per week /pkg. duration

Direct Package Costs per person:

Return air trans. from Yellowknife	350	350	350
Food (\$40 per day)			
Beverage	35	35	35
Guides	600	600	600

Guides will be subcontracted as needed; average \$150 per day in wages+\$50 per day of boat rental (including fuel).

Assume 1 guide per 2 guests; cost therefore will \$100 per guest, per day fishing.

Average number fishing on package will be 6.

Costs:

Salaries- Manager [\$45,000 annual]	\$45,000	\$45,000	\$45,000
- Cook & Chef[\$150/p diem @13 wks, 7 days]	\$13,650	\$13,650	\$13,650
- Maids+waitresses+support staff	\$20,384	\$32,928	\$47,040
- 2 staff 1st yr, 3 staff 2nd yr, 4 staff 3rd yr.			
@ hourly wages \$10-15.12-14 hr days.-8 wks total			
- maintenance person \$100 per diem /8 wks - 8wks start up	\$2,080	\$2,050	\$2,050
Total wages	\$79,034	\$91,578	\$105,690
Employee benefits(15 % of wages)	\$11,855	\$13,737	\$15,854

Commissions on sales = 5% of gross revenue in yr 1.

Will remain constant in following years as repeat visitors increase.

Capital Expenses:

-Construction (cca class 3-5 %)	\$300,000	\$200,000	\$: 50,000
-Start-up	50,000	30,000	20,000
Total	\$350,000	\$230,000	\$170,000

Please note startup costs shown as startup subsidies.

Depreciation expenditures:

-Construction (cca class 3-5 %)	\$15,000	\$14,250	\$13,538
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