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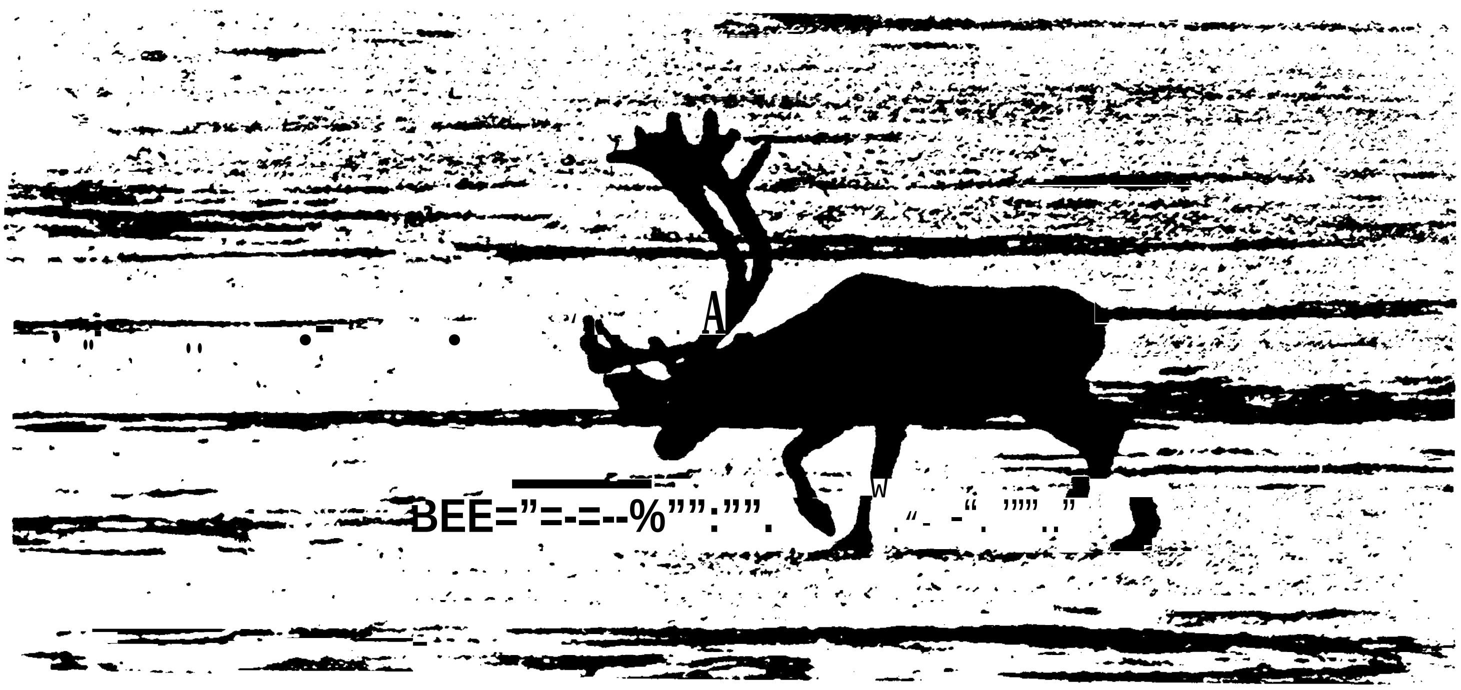
Western Arctic

Tourism Strategy

Interim Report: Phase 2, Market Analysis

Western Arctic Visitors Association
Economic Development and Tourism



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1. INTRODUCTION

The market analysis represents Phase II of the Western Arctic Tourism Strategy and identifies existing tourism markets and their potential for growth in the region. One of the requirements of the study is to divide the tourism market into separate segments based on trip purpose. Market segmentation will thus enable the consultants to develop a marketing plan which targets each market segment.

The objectives of the market analysis are to:

- o identify the volume of tourists to the Western Arctic;
- o identify the various market segments and provide information on the market size, profile and expenditure;
- o analyse the impact and marketing efforts of the competing regions;
- o identify tourism development and marketing trends and their implications; and
- o identify by market segment the potential for short or long term growth.

In order to complete the market analysis the consultants relied on qualitative data. At the present time accurate quantitative visitor data are not available for the Western Arctic. The only survey conducted in the region is the 1985 Dempster Highway Exit Survey which represents only one mode of access to the region.

The primary source of information was obtained through personal interviews and follow up phone interviews with local tourism operators. Very few of the accommodation facilities maintain historical records on their guests and the information obtained from the operators is based on their knowledge of the industry. Additional sources of information included the review of N.W.T. market studies, Yukon market surveys and phone interviews with government officials and various travel intermediaries.

2. EXISTING MARKETS

2.1 TOURISM MARKETS TO THE NORTHWEST TERRITORIES

The last 5 years have seen a definite recognition and acceptance of tourism as a major economic force in the N.W.T. economy. This has been clearly demonstrated at both the government and individual operator and community level. While the GNWT has provided funding and expertise for planning, data collection and marketing, specific communities and several operators have shown real initiatives in providing tourism services.

In 1984, 41,800 visitors travelled to the N.W.T., 71% by air and 29% by road.[1] The average expenditure per party was $600.00/trip with an average of 1.76 people per party.[2] A recent report by the Department of Economic Development and Tourism compiles all the survey data from 1982 through to 1986 and estimates the volume of visitors to the N.W.T. as 52,000.[3] Due to the success of the N.W.T. pavilion at Expo 86 a slight increase in visitor volume is anticipated for 1987.

The value of non-resident expenditure is estimated to be approximately $46 million.[4] This is very impressive when compared against the Yukon for instance, where the volume of non-resident travel is 10 times greater yet the revenue generated is only $90 million.

Most visitors are Canadian (88%) with:

41% from Alberta
10% from Ontario
12% from British Columbia

Unlike the Yukon which has a high American (65%) visitation only 9% of visitors to the N.W.T. are from the U.S. Foreign visits account for a mere 2%, or a quarter of that in most provinces.

Most people arrive by air (71%) while the remaining 29% come by some form of vehicle including:

automobile	-	10%
camper	-	6%
motorhome	-	4%
truck	-	6%
van	-	3%

Again this is different from the high (87%) rubber tire traffic to the Yukon and the relatively high vehicle volume to the Western Arctic (75%).

Tourism will unquestionably continue to grow in the N.W.T. It has grown at approximately 4% to 6% in the past few years and is expected to become a $90 million industry by 1992 an increase of 33%.

Although 70% of the traffic actually comes to the N.W.T. by the Big River and Northern Frontier Zones continued growth is expected to be experienced in the Western Arctic which is also accessible by road.

Tourism growth in the Western Arctic is also closely tied to that of the Yukon. In fact, changes in market segments, volume, and expenditures in the Yukon would have a greater impact on the Western Arctic than overall shifts affecting the N.W.T.

2.2 TOURISM MARKETS TO THE HESTERN ARCTIC

The Western Arctic's travel market can be divided into several segments. By identifying the traveller by market segment the region will be able to develop a marketing plan which target the individual segments. The market segments identified for the Western Arctic are:

- o rubber tire/(recreation vehicle, automobile, motorcoach);
- o air pleasure travel;
- o hunting;
- o sportfishing;
- o adventure travel;
- o business; and
- o visiting friends and relatives.

2.2.1 Rubber Tire

In 1986, approximately 4,000 "rubber tire" travelers entered the Western Arctic along the Dempster Highway via the Yukon by either their personal or rented automobile R.V. or by motorcoach. These visitors primarily travel led to the region to sightsee.

volume

Based on the information available, it appears that the traffic volume on the Dempster Highway has remained somewhat static over the past 5 years. Differences in traffic counts taken at the Ferry crossing on the Peel River in 1985 and 1986 are marginal.[5, 6] They indicate that 89.7% of vehicles on the Dempster are tourist vehicles. In 1986 approximately 1,250 visitor vehicles entered the Western Arctic Region via the Dempster Highway during the summer period (June-September). An estimated party size of 2.8 results in a total estimate of 3,500 highway visitors. This estimate does not include bus traffic, which totalled 580 visitors for 1986.[7]

Expenditures

The 1985 Dempster Highway Exit Survey showed that 78.5% of the travelers were primarily pleasure travelers with an average trip expenditure of $150.36 per person while in the N.W.T. As well, 11.2% of the travelers were combining their Dempster Highway trip with "other" reasons and claimed an average trip expenditure of $356.71 per person.

Visitor Profile

The Dempster Highway Exit Survey is the only survey for the Western Arctic which provides demographic information. The Dempster Highway traveller is evenly divided between professional, retired or skilled labourer occupations. The majority (80%) of these travelers have incomes over $30,000.00. All age groups are evenly represented with a slightly higher percentage of visitors between 25-39 years of age. Visitor origin was only determined by license plate. Table 2.1 lists the license plate breakdown for the 1986 Dempster Highway Exit Survey. These data do not account for rental vehicles and consequently do not reflect the true visitor origin of the Dempster Highway segment.

In Inuvik and Fort McPherson there are two campgrounds where Dempster Highway travelers can overnight. Both of these campgrounds have guest books and Table 2.2 lists the guest book entries by origin.

Table 2.2 also provides the guest book entries from the Inuvik Visitor's Centre. When one compares these 3 guest books several similarities and differences can be noted.

In descending order all 3 guest books indicate the following market origins:

- Canadians: the 3 major provinces are B.C., Alberta and Ontario;
- U.s.: western and eastern states have highest percentages including California, Washington, Florida and New York (Texas is also an important state);
- Europeans: Germany and Switzerland are key European markets; and
- Pacific Rim: Australia and New Zealand are key countries.

The campground guest books represent the rubber tire sightseeing traveller and the Inuvik Visitor's Centre represents the overall sightseeing traveller. The difference between the campground and Visitor's Centre reflect the influence of air only sightseeing travelers to the Western Arctic;

TABLE 2.1 ORIGIN OF LICENSE PLATES FROM DEMPSTER HIGHWAY VEHICLE SURVEY, 1986

CANADA		56%
Yukon	27%	
B.C.	27%	
Alberta	21%	
Ontario	13%	
Other Prairie Provinces	9%	
Other Eastern Provinces	3%	
	100%	
U.S.		42%
Alaska	18%	
California	21%	
Washington	9%	
Texas	5%	
Michigan	5%	
Remaining States	42%	
	100%	
EUROPE		2%
TOTAL:		100%

TABLE 2.2 VISITOR ORIGIN BASED ON THREE GUEST BOOKS

	NUTUILUIE CAMPGROUND		CHUCK CAMPGROUND		INUVIK VISITOR'S CENTRE	
		% TOTAL		% TOTAL		% TOTAL
CANADA		61%		49%		43%
	% CAN.		% CAN.		% CAN.	
N.W.T.	10		3		6	
Yukon	5		8		4	
B.C.	29		31		25	
Alberta	10		22		22	
Ontario	39		27		24	
Other Prairie Provinces	5		5		10	
Other Eastern Provinces	2		4		0	
	100		100		100	
U.S.		18%		29%		30%
	% U.S.		% U.S.		% U.S.	
Western U.S.	32		40		34	
Midwest U.S.	9		7		9	
Mideast U.S.	24		25		22	
Eastern U.S.	35		28		35	
	100		100		100	
EUROPE		13%		11%		25%
	% EUROPE		% EUROPE		% EUROPE	
Great Britain	7		0		9	
Germany	30		53		25	
Switzerland	16		26		43	
France	20		10		6	
Others	27		11		17	
	100		100		100	
PACIFIC RIM		8%		11%		2%
	% PACIFIC		% PACIFIC		% PACIFIC	
Japan	1		3		12	
Australia	70		79		54	
New Zealand	28		18		17	
Others	1		1		17	
	100		100		100	

- the Visitor's Centre guest book has higher proportion of U.S. and European travelers indicating that more long-haul travelers arrive by air to the Western Arctic; and
- the Visitor's Centre guest book has a lower proportion of Pacific Rim travelers with fewer Australians and New Zealanders, however the proportion of Japanese is higher. This might indicate that the Australians and New Zealanders have a greater tendency to camp than Japanese travelers.

2.2.2 Air Pleasure Travel

This segment consists of those travelers arriving to the region by air primarily for pleasure travel. This segment includes the visiting friends and relatives component. Very little information is known about the activities these visitors participate in, however it is assumed that these visitors are primarily arriving into the region to sightsee and cannot be identified under any of the other market segments.

Based on phone interviews with airline officials, it is estimated that 780 visitors arrived to the region by air in 1986 for pleasure travel. An average trip expenditure of $340.00 per person can be applied to these visitors. This expenditure is derived from the overall N.W.T. average party expenditure of $600.00 assuming an average of 1.76 people per party.[8]

2.2.3 Hunting

Big game hunters to the Western Arctic can be divided into 2 categories based on their destinations: Beaufort and Bear area hunters. At present time there are no hunts occurring in the Delta area.

The Beaufort area hunter flies into Inuvik and from there is transported to one of three communities; Tuktoyaktuk, Sachs Harbour, or Paulatuk. These visitors hunt for polar bear and muskox in the spring (March to May) and for caribou and muskox in the fall (September to November).

Most Bear area hunters fly into their base camp from Norman Wells; one outfitter interviewed uses Watson Lake out of the Yukon. These hunters are primarily hunting for dall sheep, caribou, moose and wolf. The hunting season in the south is from July to October.

volume

The number of hunters to the north has increased dramatically (76%) over the past two years. In 1986 Guided Arctic Expeditions registered 54 hunters. It is anticipated that the number of hunters will increase in 1987.[9] In the Bear area, the outfitters registered approximately 180 hunters in 1986.

Expenditure

Hunters traveling to the Beaufort area pay between $10,000.00 - $15,000.00 for a 10 day trip. In 1986 the 54 northern hunters generated $400,000.00 in the spring and $270,000.00 in the fall. In the Bear area the hunting expenditure is $900,000.00. This is based on an average trip cost of $5,000.00 (range is $3,000.00 - $7,000.00). The total hunting expenditure for 1986 was $1,570,000.00.

In the Beaufort area all of the hunters are from the U.S. and although U.S. hunters are the prime market for the Bear area outfitters, the number of Canadian hunters is increasing. Using the 1983/84 GNWT tag registration the overall breakdown of the hunters by origin is:

- 67% U.S. - west coast 15%, California
  central 41%, Texas, Louisiana
  east coast 11%, Florida
- 28% Canadian - Alberta 22%
  British Columbia 4%
  Other 2%
- 5% European - West Germany 3%

While information regarding the income and age of the Western Arctic hunters is not available, a recent Yukon study provides detailed hunter profile data. The typical hunter in the Yukon is male, aged 35-60 and earns $40,000.00 a year or more and typically a senior business executive or professional. The study also classified the hunters based on experience.

The northern region of the Yukon tends to attract the veteran hunter as opposed to the southern region which attracts a wider variety of hunters (novice to veteran). The veteran hunter is not price conscious, is interested in trophy hunting and is looking for the exotic hunt (remote locations, rare species, unusual equipment). Repeat visitation tends to be higher with the more experienced hunter provided his expectations are met (quality guide and accommodation play an important role).

2.2.4 Sportfishing

There are two types of sport fishermen who travel to the Western Arctic; the trophy fishermen and the wilderness fishermen. The trophy fishermen travels to Great Bear Lake where he can select from five fishing lodges, one of which is in the Western Arctic (Great Bear Trophy Lodge). The wilderness fishermen can fly to one of four lodges within the Western Arctic to fish for a variety of northern freshwater species. The four lodges are Colville Lake Lodge, Sitidgi Lodge, Drum Lake Lodge and Eskimo Lakes Lodge.

volume

All of the lodges operate over a short season, from July 1 to August 31. In 1986 Great Bear Lodge was in receivership and was not fully operational. As a result, the occupancy was low and the lodge attracted 285 guests. The others also experienced low occupancies due to a variety of factors (new ownership, limited marketing and limited operations) and the four lodges registered 35 guests.

Expenditures

Great Bear Lodge traditionally offers 7 day all-inclusive packages ranging from $2,200.00 to $2,700.00 depending on the gateway (Yellowknife, Edmonton and Winnipeg). In 1986, due to financial problems, the lodge offered 4 day packages at a reduced rate and generated $448,000.00. The fishermen to the 4 wilderness lodges spent at total of $50,000.00 in 1986.

Visitor Profile

Visitor profile data are limited for the sportfishing segment. In the past the fishermen to Great 8ear Lodge have primarily come from the U.S. (approximately 80%) with a small Canadian component (20%, Alberta and Ontario). The owners are noticing an increase in the number of females as more fishermen are traveling with their spouses.

2.2.5 Adventure Travel

In 1986 the adventure travel market segment in the Western Arctic was limited. It is estimated that 50 visitors entered the region for adventure travel consisting of hiking the Canol Trail, biking the Dempster Highway and canoeing the Firth and Mackenzie Rivers. Due to the nature of the product, their expenditure is low and estimated to be $280.00 per trip (4 days x $70.00). Thus resulting in a total expenditure of $14,000.00. No information is available on the visitor profile.

2.2.6 Business Travel

In 1986 the oil and gas industry was still operating in Inuvik. In September the companies halted exploration and business travel to the region decreased. Current statistics on business travel are not available and the following volume and expenditure data only applies to 1986 and does not reflect 1987 numbers (which will be lower).

volume

Business travel to the Western Arctic accounts for 68% of the total trips to the region. Business travelers enter the region by air at Norman Wells and Inuvik, and by automobile during the summer via the Dempster Highway. It is estimated that 12,000 business people arrived by air and 360 arrived by the Dempster Highway in 1986. These numbers are based on Statistic Canada's airport entry data and the 1985 Dempster Survey.

Expenditure

The 1985 Dempster Highway study showed that 10.3% of the travelers on the Dempster are business travelers with an average trip expenditure of $499.89. This expenditure has also been applied to the business traveller arriving by air as there is no information available on business travel in the N.W.T. The total 1986 expenditure for business travelers is $6,181,000.00.

2.2.7 Summary of Market Segments

Table 2.3 summarizes the 1986 visitor vo" ume and expenditure for each market segment to the Western Arctic. Approximately 5,131 tourists visited the region in 1986 and spent $2,924,200.00. The percent market share for each of the five tourist market segments is:

72% Rubber Tire (61% R.V./car, 11% motorcoach)
15% Air Pleasure
5% Hunting
7% Fishing
1% Adventure Travel

2.3 REVIEW OF TOURISM MARKETS TO OTHER NORTHERN DESTINATIONS

2.3.1 Tourism Markets in the Yukon Territorv

Tourism in the Yukon has consistently been experiencing growth rates of approximately 9.5% over the past 5 years. While these rates were down to 4% in 1986, in part due to Expo 86, growth can be expected to continue between 5% and 8% annually over the next 5 years.[10]

Tourism visitation was 486,000 in 1986 with approximately 50,000 tourists visiting Dawson City (the main point of entry to the Western Arctic).[11] This one community handles approximately the same number of visitors to the entire N.W. T.

TABLE 2.3

1986 VISITOR VOLUME AND EXPENDITURES FOR THE HESTERN ARCTIC

MARKET SEGMENTS	VISITOR VOLUME	EXPENDITURE TRIP
Rubber Tire		
Car/R.V.	3,140	$ 500,000.00
Bus	580	87,000.00
Air Pleasure	750	$ 255,000.00
Hunting		
Beaufort Area	54[4]	$ 670,000.00
Bear Area	180[4]	900,000.00
Fishing		
Trophy	285	$ 448,000.00
Wilderness	92	50,000.00
Adventure Travel	50	$ 14,000.00
TOTAL TOURIST TRAFFIC:	5,131	$2,924,000.00
Business		
Dempster	360	$ 181,000.00
Air	12.000	6,000,000.00
TOTAL:	17,491	$9,105,000.00

Source:
- Dempster Highway Exit Survey, 1985.
- The Market for Motoring Visitors to the N.W.T. 1985.
- Telephone Interviews with Western Arctic Tourism Operators.

Like the Western Arctic, most people come to the Yukon by personal vehicle (87%) and stay for more than one night. The party size (2.45) is however twice that in Inuvik (1.6) because of the higher family and two couple groups in these vehicles.

Individual expenditure ($186.00/person) is significantly lower than the N.W.T. and the average 5.3 day length of stay is less than 1/2 of the N.W.T.

The origin of visitors to the Western Arctic more closely resembles that of the Yukon. In the Yukon 26% come from Canada with British Columbia, Alberta and Ontario being the major markets. License plate counts on the Dempster suggest similar markets.

While 65% of tourists to the Yukon are American compared to 42% on the Dempster and perhaps 45% overall to the Western Arctic the geographic origin of both is similar. They include California, Alaska, Washington, Michigan, Texas and Florida.

Mode of access to Yukon is very similar to the Western Arctic.

73% - personal vehicle (approximately 70% by R.V.'s)
14% - motorcoach
12% - air

This is similar to mode of access statistics to the Western Arctic where 61% arrive by vehicle, 28% by air (includes hunters and anglers) and 11% by motorcoach.

In summary, the profile of tourists to the Western Arctic more closely resembles that of the Yukon than that of the N.W.T. As tourism on the Dempster increases, this factor will become even more significant and result in a very particular focus to the Western Arctic Development and Marketing Strategy.

2.3.2 Tourism in Alaska

Since 1982 Tourism in Alaska has been increasing by approximately 4% per year except for 1986 when traffic increased by 12%. The high growth rate for 1986 reflects the increase in cruise ship activity due to Expo 86. In 1985 700,000 non-residents visited Alaska and 787,000 in 1986 generating $659,000,000 and $700,000,000 in revenue respectively.[12]

Unlike the Yukon and Western Arctic the majority of the visitors arrive by air (66%) and cruise ship (21%). Only 9% or 71,000 of the visitors[13] arrive by personal vehicle. There is not information available to indicate how many of the visitors who arrive by air rent an automobile or R.V. to tour the State and Territories. There are 12 car rental agencies in Alaska and all operators are experiencing growth. Visitors to Alaska stay an average of 8.1 days.

The origin of the visitor to Alaska is primarily west coast U.S. (55%), with California (19%) and Washington (17%) being the dominant states. The remaining visitor breakdown by origin is:

Midwest U.S.	-	15%
South U.S.	-	15%
East U.S.	-	8%
Canada	-	4%
Overseas	-	3%

The average age is 47 years, and 46% of the vacation travelers are employed and 44% retired.

Alaskan visitors are primarily interested in sightseeing and visiting the Alaska coastline. The spectacular glaciers have been the main drawing card to Alaska. Freshwater fishing and hunting are available but are secondary market segments.

2.4 TOURISM MARKETS TO AOJACENT N.W.T. REGIONS

2.4.1 Arctic Coast

In 1984 it was estimated that the total number of pleasure visitors to the region was 1,000 representing 50% of the total number of visitor trips to the region.[14] A recent synopsis of all of the tourism data for the N.W.T. indicates a lower number of 1,200 visitors (business and pleasure) to the Arctic Coast and $1,700,000.00 in expenditures. When compared to the total N.W.T., the Arctic captures 2% of the total visitor volume and 4% of the total visitor expenditure. Average per diem expenditures in the Arctic Coast region are 25% to 38% above the N.W.T. average and reflect the higher cost of travel.

The average length of stay is 16 days for business visitors and 10 days for pleasure visitors. The average party size is the same as for the N.W.T. as a whole. Approximately 40% of the visitors stay with friends and relatives and 60% commercial accommodation.[15]

2.4.2 Big River/Northern Frontier

In 1984 it was estimated that the total number of pleasure visitors to these adjoining zones was 6,147 representing 58% of the total of 10,598. Of this total, 55% arrived by air with the balance arriving via the two highways serving the area. Nearly half of the total arrivals to the areas are from Alberta which is logical considering Edmonton is the major gateway north.[16]

Forty-eight percent of the visitors had Yellowknife as their primary destination.

The average length of stay was 16 days for business travelers while vacationers spent an average of 10 days in the region. The average party size is the same as for the N.W.T. as a whole. Approximately 38% of visitors stay with friends and relatives with the balance split between roofed accommodation (42%) and camping/R.V. sites.

Applying the same familiar of 58% of the total traffic being pleasure visitors we come up with an area total of $3,654,000.00 in expenditures. This indicates an expenditure of $594.00 per person which compares with an overall $600.00 per person average for the N.W.T.

SECTION 2: FOOTNOTES

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16. See footnote 1.

3. COMPETITION

As a northern destination, located in the northwestern region of North America, the Western Arctic must compete with two of the most aggressive and sophisticated northern destinations in the world - the Yukon Territory and Alaska.

They have established both individual and joint marketing programs, for the past decade, resulting in extensive recognition throughout the United States and Canada. They are also perceived as true northern destinations and have generated a strong image of providing quality northern activities, attractions and experiences.

For instance, the Yukon Visitors Association attended 45 trade shows per year over the past three years and advertises in many R.V. and west coast leisure living magazines. It is within this context that the Western Arctic must promote its own unique character as well as collaborate, when appropriate, with the established Yukon and Alaska northern travel product.

3.1 THE YUKON TERRITORY

Like the Yukon, whose high tourism volume is closely linked to Alaska, so too is Western Arctic tourism closely associated with that of the Yukon. Discussion with tourists indicate that traveling the Dempster and visiting the Western Arctic is only part of a trip to the north - the Yukon being an important part of that experience. Both the competitive and cooperative links with the Yukon are significant.

Market Segment Comparison

The Yukon and the Western Arctic basically share the same market segments:

- o R.V. and automobile travelers;
- o sportfishermen;
- o hunters;

o motorcoach passengers;
o air travelers; and
o adventure travelers.

They are even very similiar in terms of percentage of volume as the following figure suggests.

SEGMENT	HESTERN ARCTIC	YUKON
R.V., Auto	61%	73%
Fishing	7%	3%
Hunting	5%	.5%
Motorcoach	11%	12%
Air Pleasure	15%	12%
Adventure	1%	6%

Of course the Yukon enjoys approximately 100 times the visitor volume of the Western Arctic which means that 3% for fishing in the Yukon translates into 1,600 anglers while the 7% in the Western Arctic represents 377 anglers.

It therefore becomes important to compare travel to the Yukon with that to the Western Arctic on a segment by segment basis.

Recreation Vehicle/Automobile

The Yukon has aggressively pursued the R.V. market over the past five years. They advertise in Milepost Magazine and are now represented in 5 major U.S. camping magazines. This has resulted in a significant 356,300 R.V. and auto visitors. Many of them are definitely enroute to Alaska, (there are 212,000 entries into the Yukon at the Alaska border crossing).[1]

With an average length of stay of 5.3 days, it can be assumed that this segment has a substantial impact on the economy.

The Yukon's success with the R.V. market is due to its marketing efforts but also to its quality campgrounds and attractions. Campsites are larger and have more services than in the Western Arctic. There are better roads and many more attractions, especially in Whitehorse (M.V. Schwatka, Frantic Follies) and Dawson City (Diamond Lils, Yukon Belle, etc.).

In summary the costs are lower and the product is better. This is the environment in which WAVA must compete. Nevertheless the potential for growth to the Western Arctic is impressive. For instance, there are approximately 50,000 visitors to Dawson City, of which 35,000 arrive by R.V. and automobile.[2] While the Yukon may have convinced them to come to Dawson City, WAVA is in an excellent position to encourage them to drive the Dempster to Inuvik and the Arctic Ocean.

Motorcoach Traffic

There were 58,500 overnight bus tour passengers to the Yukon in 1986.[3] Ninety percent of this volume is due to cruise/coach packages. A portion of this volume visited Dawson City and represent potential traffic to Inuvik. There are 5,850 bus passengers who are not on a cruise itinerary and most go to Dawson City. Inuvik receives only 10% of this total (and only 1% of all the motorcoach traffic to the Yukon). There is an opportunity however to sell to these existing tour groups and increase the bus traffic to the Western Arctic by aggressively marketing the fly/bus packages.

For as long as the Yukon continues to sell aggressively to this group, it can put more motorcoach traffic on the Western Arctic doorstep. Cooperative packaging with the Yukon represents an opportunity to combine an Arctic/Dempster experience with the increasingly successful Yukon bus tours.

Hunting

Hunting is a well established segment in the Yukon and hunters increased from 405 in 1985 to 446 in 1986.[4] The Western Arctic has a certain competitive edge in that it can also sell Polar Bear and Muskox hunts. Growth in demand for these two species resulted in an overall increase of 33 hunts from 1985 to 1986 (230 hunts).

Hunting in the Yukon is extremely well organized and competitive. All operators live in the Yukon and they actively engaged in cooperative marketing with Tourism Yukon through their Outfitters Association. The operators in the MacKenzie Mountains on the other hand are mainly non-resident.

Guided Arctic Expeditions on the other hand is doing an admiral job in organizing and training the local HTA guides in the Beaufort Area. Since the Yukon and the Western Arctic largely compete in the same markets for the hunter any improvement on product will enhance their competitive position.

Fishing

Like hunting, the Yukon has a well established sportfishing product. Operators are residents and cooperative marketing has given Yukon sportfishing an international reputation. While the Yukon attracts more anglers (1,600 total, 150 trophy), the Western Arctic offers more opportunity for trophy fishing (320 total, 285 trophy) on Great Bear, Drum, and Sitidgi Lakes.

Wilderness/Adventure Travel

The Yukon totally dominates the canoeing, hiking, kayaking, photography, nature interpretation market. This is because there has been virtually no product development of this type in the Western Arctic. No more than 50 people came to the Western Arctic in 1986 for a wilderness/adventure experience. The Yukon on the other hand had approximately 1,650.

3.2 ALASKA

Alaska is the most popular northern destination in North America receiving approximately 790,000 visitors annually. Unlike the Yukon, it is not a direct competitor with the Western Arctic. Firstly, 66% of tourists to Alaska arrive by air. Flights to Anchorage, for instance, are considerably less expensive than to the Western Arctic and the state benefits from the intense competition between Alaska Airlines, Delta and Northwest Orient.

The market segments are consequently very different from both the Yukon and the Western Arctic. Only 9% arrive by R.V. or automobile and the remainder arrive by cruise ship.

The product offering is also considerably different with most visinitors interested in marine-based activities such as cruises, coastline tours and saltwater sportfishing.

There is however, a shift towards the new outdoor adventure products and in the long term this may have an impact on Canadian North destinations.

As well, there are plans for a road to Point Barrow. This would remove Inuvik's exclusive claim to having the only route above the Arctic Circle and to the Arctic Ocean. However additional quality attractions at Inuvik should offset any potential competition arising from this new Alaska route.

3.3 BIG RIVER/NORTHERN FRONTIER

From a competitive standpoint the key concern is in trophy/sportfi shing. With the lodges on or near Great Slave Lake, plus the lodges in Big River Zone and those within Northern Frontier located on Great Bear Lake there is a definite competition. In total there are 3 times as many lodges in these zones as in the Western Arctic. In addition they are generally located closer to major population centres and in the case of Great Bear Lodges are on direct charter routes from Alberta with its resulting cost savings for air.

SECTION 3: FOOTNOTES

1. Yukon Tourism Highlights. 1986. Department of Tourism.

2. Don Weisbeck, Department of Tourism, Whitehorse.

3. See footnote 1.

4. Yukon Outfitters Association Marketing Plan. 1986. McKay & Partners.

4. EXISTING MARKETING PROGRAMS

4.1 MESTERN ARCTIC MARKETING PROGRAMS

The Western Arctic Visitor's Association has become slightly more aggressive in promotion of the region. During the past year, they have been actively pursuing the R.V. Market and have strengthened their coverage of the Dempster Highway which accounts for 75% of its non-resident visitor count. Specifically, they participated in a series of R.V. shows with Yukon Visitors Association throughout the southern U.S. in the spring of 1987. They also participated in 4 travel consumer shows with TIA - N.W.T. For the first time they joined in the Whitehorse Travel Show in May 1987 and as well have produced a new four colour brochure on the Dempster.

In addition to this R.V. promotion, they have placed ads in a variety of consumer magazines in Canada and the U.S. in order to assist in selling their other market segments which are also-promoted in the 'World Class Fishing Guide' and 'The Explorers Guide'. WAVA also acts in a liaison role to ensure that inquires are answered. For instance, they answer inquires from travel writers and sponsor an average of 4 per year for various market segments. This activity will be continued and expanded and a formal monitoring method needs to be established.

They have effectively used 'operator assistance funds' to support the printing of additional operator brochures. This needs to be continued, but as well there should be increased assistance for external promotions. For example, assistance is required on how to access and follow up on potential client mailing lists.

The region has been weak in contacting potential tour operators. In order to strengthen other market segments, direct linkages need to be developed wtih various types of operators. For instance a tour operator who specializes in wildlife or Inuit culture, could connected with an existing ground operator for joint promotion of special group travel such as canoeing, zodiac trips, fishing, river boat touring, rock hounding, arts and crafts workshops, etc.

4.2 COLLABORATIVE MARKETING

WAVA is now working closely with TIA - N.W.T. and is participating in the three year marketing plan and the one year implementation plan.

The distinction between the efforts of TIA - N.W.T. and Travel Arctic are now more clearly defined. For instance all consumer travel shows are now coordinated through TIA - N.W.T. and this allows WAVA to pick and choose their participation. If a show covers a market segment of interest they can participate, otherwise they may decide to abstain if it is not immediately relevant. This enables WAVA to efficiently disperse its financial and human resources across a number of target markets.

TIA - N.W.T. is coordinating those joint consumer advertising programs that include multi-zones. WAVA therefore has the option to participate depending on the specific target 'market of the publication. This assists the zone on overall budgetting as the funds for these ads flows from EDA to the zones.

Through both TIA - N.W.T. and Travel Arctic, their full participation provides them with a better understanding of what other zones in the N.W.T. are doing and allows them to better position themselves. In other words if the Arctic Coast has had some success with Arts and Crafts workshops, then there may be the potential for similar activities in adjoining communities in the Western Arctic.

Travel Arctic is handling most of the Travel Trade promotion for the zones. It is one area that WAVA has not been as active as it should have been and this linkage needs strengthening. One of the problems has been lack of tour operator/travel agent product. Travel Arctic and WAVA will work closer in the future to develop new product to at least satisfy existing demand especially as requests come in through the new 800 number.

During 1987 the first ad agency will be appointed by Travel Arctic. This is a very important step and will assist the department and the zones in the quality and consistency of the message directed at consumers. The consumer advertising campaign will continue as Travel Arctics responsibility. In the future there needs to be increased emphasis on market segment advertising.

4.3 MARKETING BY THE COMPETITION

The major competitor for the Western Arctic is the Yukon Territory and to a much lesser degree other N.W.T. zones. Because of the high percentage of arrivals on the Dempster highway, Tourism Yukon marketing efforts have a greater impact (on the Western Arctic) than any other N.W.T. zone.

The Yukon Visitors Association is responsible for attendance at consumer shows and in 1986 covered, either by themselves, or with private sector partners, over 40 shows. They also coordinated consumer advertising but generally only when cooperative programs were in place. They are not responsible for general image advertising.

Tourism Yukon, as with Travel Arctic, handles all of the travel trade advertising and travel trade shows. They have been aggressive in this area and particularly so in the R.V. and other rubber tire markets. For instance, they usually cover 30 to 40 automobile club offices each year with training seminars for the auto trip planning staff. Recently they have started to promote in Australia and New Zealand. This region has been a developing market for them in their adventure travel segment. Tourism Yukon handles all the consumer advertising through their ad agency and it has been very professionally carried out.

Tourism Yukon is particularly effective in supporting various market segments. For instance in 1986 they assisted the Yukon Outfitters Association in analyzing the Big Game Hunters and then created a 4 year marketing plan directed at their target markets. At the same time they also took a thorough look at the Outdoor Adventure Market and came up with a single brochure to cover these important market segments such as canoeing, back packing, fishing, trail riding, etc. With this brochure in place they then target marketed the product offerings to specific media.

5. MARKET POTENTIAL

The market and product potential for each of the four market segments is identified in the following text. This information is based on a review of market trends, and interviews with over 25 wholesalers, associations and travel influencers.

5.1 PLEASURE TRAVELLERS

5.1.1 R.V. owners

Although their was no growth in 1986 R.V. sales in the U.S. the demand for R.V. rentals has increased steadily over the last several years.[1] According to David Humphreys, President of the R.V. Industry Association, rental figures have almost doubled every year for the past few years.[2] It is estimated that approximately 75% of the non-resident traffic on the Dempster Highway is R.V.' traffic. These visitors can either drive their vehicle or rent a vehicle from one of the 5 agencies in the Yukon or 12 agencies in Alaska.

Approximately 30 North American R.V. Clubs and Associations were contacted. Of these, 20 groups representing 624,220 members have members who have travelled to the North. All 20 clubs are interested in the Dempster Highway and requested information. The R.V. owners travel to Alaska either along the B.C. - Yukon - Alaska highway route, or take a ferry to Alaska one way and highway another, or rent R.V.'s in the North. They are also combining their R.V. trip with air excursions or a cruise along the Inside Passage.

Over 15 R.V. caravan operators were contacted representing over 74 trips each year (1,660 R.V.'s) along the B.C. - Yukon - Alaska route. Only two of these operators offer trips on the Dempster Highway. Many of these operators offer air excursions to the Western Arctic in their itinerary.

The overall interest in the Dempster Highway ranged from 30% to 70% of the individual and group travel. The majority of R.V. traffic is independent travel. Even though there is a strong interest in the Dempster Highway the majority of people contacted are concerned with the road conditions and lack of facilities, in particular gas pumps. The caravan operators also identified the need for:

- o arts/cultural festivals in Inuvik;
- o trained local tour guides/operators;
- o short flight excursions from Alaska;
- o R.V. rentals in Dawson City;
- o collaboration with existing tour operators in Alaska to upgrade facilities;
- o alternatives to driving back down the same route; and
- o Promotion of the Dempster.

The lack of awareness of the Dempster Highway was evident with the majority of interviews. All clubs, organizations and tour operators requested information for their newsletters. There is a strong demand for promotion of the highway and the uniqueness of the Arctic Circle including wildlife, native culture and arts. Several marketing avenues were identified:

- o newsletters;
- o club and association rallies;
- o brochures in R.V. rental and sales outlets; and
- o discounts for facilities and activities to club/association members.

5.1.2 Motorcoach Operators

There are two operators who offer trips on the Dempster Highway. Horizon and Atlas tours do not anticipate substantial growth in this product over the next few years. Horizon predict an increase of 3-5% over the next 5 years. Atlas is indicating a decline after a difficult year in 1986, however they are now hauling for Wells Gray Tours based out of Kamloops and this will revise the decline by 1988. In order to expand this market, the highway needs to continue its upgrading of services with particular emphasis on the N.W. T. portion. Additionally there needs to be more attractions/activities at the Inuvik end of the trip.

There is potential for growth in the type of program being offered on a more formal basis this year by David Howe of Rainbow Adventure Tours out of Whitehorse. He is offering a small van program for up to 10 passengers per trip. This tour may be increasingly popular because of its its reduced risk to the operator and attractive to consumers who want to stop along the route. Rainbow Adventure Tours have built up a strong European market over the past 10 years for the Yukon smal˙ van adventure market (300 in 1986). There is excellent potential for this product, along the Dempster however due to the limited capacity o˙ the package a projected increase to zoo passengers by year 5 is anticipated.

5.2 HUNTERS

5.2.1 Beaufort Area

There has been an increase of over 100% in Polar Bear/Muskox hunts from 1985 to 1986. This rate of increase will slow down in 1987 but will probably reach 80 hunters (up from 54 in 1986). This market has been controlled by Guided Arctic Expeditions who currently have a strong marketing campaign. The growth in this market segment is however restricted by the number of permits available as well as the expertise of the guides and the quality of dog teams.

Hunting in the Banks Island and the areas around Paulatuk and Tuktoyaktuk is a unique experience for the exotic hunter and demand will increase as long as tags are available.

Bear Area

In the unit "E" area which falls within the Western Arctic there are 6 registered big game outfitters. They cover areas E/l-l through E/1-6. This area supports dall sheep, caribou and moose as the main species. The peak for this market was in 1981 when 297 hunters were in that area but this decreased to 180 hunters in 1986 because of lack of marketing and low level of interest by the non-resident operators. Yukon has experienced a decrease in hunters from 1981 to 1984 for the same specie due to the drop in the European currencies. In 1985 and 1986 however there was an increase of 10% each year.

There is room for growth in this hunting area and it is possible to increase the volume back up to the 1981 level. Two of the ways to achieve this is through more N.W.T. ownership of these hunting areas and increased marketing efforts.

Hunting and Trappers Association

There is a potential for an increase in hunts in areas outside of the two covered above. With involvement by the communities of Aklavik, Fort McPherson, Arctic Red River and Fort Franklin there is potential for new non-resident hunting development. Marketing is one of the key factors and a joint effort with Guided Arctic or Canada North Expeditions is the route to go. Because there are sufficient tags, 12 hunters are projected for 1988 and 40 hunters by 1992.

5.3 ANGLERS

This market segment is dominated by the one lodge in the Western Arctic - Great Bear Trophy Lodge - which is now owned by locals. Fully 90% of the total fishing activity in the area is centered around this one operation. It operated below capacity in 1986 due to a receivership problem but is expected to partially recover in 1987 and to be up to full capacity of approximately 400 anglers in 1988.

The balance of the fishing activity is sport and not trophy oriented and centers around four other lodges, two of which are considered more overnight oriented than day trip oriented. The two overnight are Colville Lake Lodge and Drum Lake Lodge both in the Bear Area. Both are experiencing low occupancies due to limited marketing. By the end of year five they could both increase 180 anglers with existing facilities (80 Drum Lake, 100 Colville Lake). The two lodges in the northern area, Sitidgi and Eskimo Lakes certainly have room for growth. Sitidgi has a greater long range potential with a target of 10 overnight guests by the end of year five.

There is new potential for the Hornaday River's char run because of the opening of Gilbert Thrashers Hotel in Paulatuk. Packages need to be developed, with the hotel serving meals, at least dinner. Ten overnight guests are projected in 1987 rising to 60 by the end of year five.

5.4 CANOEING/ZODIACS/RIVER BOATING - WILDLIFE VIEWING

There are no operators based in the Western Arctic who are offering visitors the opportunity to go canoeing, take zodiac or other kinds of river boat trips and view wildlife. On the other hand, the leading request at both Chuck Park and Inuvik Visitor Center is for these activities.

Over the years the Yukon have built this section in to a fairly strong part of their outdoor adventure experience. There is an opportunity to do the same for the Western Arctic although the volumes will not reach the Yukon's total. Both segments, the canoeing/zodiacing for the more activities-oriented and the river boating for the more passive person show growth potential. The people coming up the Dempster by car, R.V. or coach are strong potential for water based activities.

In order to plug this product gap and expand the market potential, this area should be addressed as soon as financially feasible.

6. MARKET PROJECTIONS

The proposed emphasis on target marketing suggests that market projections wi 11 be most accurately developed on a market by market basis.

The following markets are considered to be the most relevant to the Western Arctic.

- o Rubber Tire
  - Recreation Vehicle
  - Automobile
  - Motorcoach
- o Sport Hunting
- o Sportsfishing
- o Adventure Travel Packages
- o Independent Air Travel

The anticipated growth over the next five years is projected on Table 6.1.

The following reasons or supporting assumptions are given for the projected growth in each segment.

GROWTH PROJECTIONS RATIONALE

Rubber Tire

- Recreation Vehicle

R.V. Growth will be based on aggressive marketing of the scenic values, safety and services of the Dempster Highway.

This will result in a 15% annual growth or a 10% market share of R.V. traffic to Dawson City by 1990 and 13% of that traffic in 1992.

TABLE 6.1

MARKET PROJECTIONS FOR THE WESTERN ARCTIC

	1987	1988	1989	1990	1991	1992
MARKETS						
Rubber Tire						
R.V.	2,350	2,760	3,175	3,[illegible]50	4,200	4,830
Auto	790	830	870	[illegible]15	960	1,110
Coach	5[illegible]0	650	720	[illegible]90	860	930
Hunting						
Beaufort Area	80	[illegible]8	96	104	112	120
Bear Area	80	[illegible]4	228	252	276	300
HTA	-	-	10	20	30	40
Fishing						
Trophy	285	400	450	475	525	600
Wilderness	92	140	180	220	260	300
Adventure Travel						
Hiking		30	60	120	240	480
Canoe/Kayak/Zodiac		45	54	64	76	90
Boat Cruise	50	60	72	88	106	140
Wi dlife/Photo		120	240	360	480	600
Culture/Arts and Crafts		20	40	60	80	120
[illegible]	750	790	830	870	9[illegible]5	960
TOTAL:	**5,157**	**6,137**	**7,025**	**7,988**	**9,120**	**10,620**

- Automobile

Automobile traffic growth will probably not exceed that in the Yukon Territory. It only represents 25% of the vehicular traffic on the Dempster and will not be subject to the intensive R.V. promotional efforts. Growth will be 5% per annum.

- Motorcoach

Motorcoach growth is less optimistic than other segments. The small van component could be expected to grow to 200 passengers over the next 5 years and an additional motorcoach (30 passengers) each year is a reasonable estimate.

Fishing

- Trophy

By 1998 Great Bear Trophy Lodge should be back to operating at the same occupancy as other lodges on the lake and therefore attracting 400 anglers. By 1990 the Fort Franklin Lodge could be in operation and starting from an initial 50 anglers it could reasonably grow to 200 by 1992. Total trophy anglers would then be 600.

- Wilderness

There are at least 3 wilderness lodges that can actively pursue this market. If they maintain the 10% growth similar to that experienced in other northern destinations, the total for 1992 will be 225. If one other new lodge were to be developed there is growth potential for an additional 75 anglers by 1992 for a total of 300.

Hunting

- Beaufort Area

From a base of 80 hunters in 1987, approximately 8 to 10 tags could be added for sports hunting each year for a total of 120 hunts in 1992.

- Bear Area

The Yukon has experienced 10% growth in wilderness hunting segment similar to the Bear area. Increased marketing and more resident-based operations could maintain this growth resulting in 300 hunts by 1992.

There are four other communities interested in becoming involved in hunting - particularly in the MacKenzie and Richardson Mountains.

The HTA in these communities will take several years before they build up an expertise and clientele. If they start with a conservative 10 hunts in 1989 and grow by 10 hunts per year, this will result in 40, 7 to 10 day hunts by 1992.

Adventure Travel - Package Tours

Since there is no existing adventure travel market, projections are based on the high growth rates in other areas of the north. Again this vast market should be considered on a segment by segment basis.

- Hiking

The Canol Trail will start from a base of 30 in 1988. Based on improvements and marketing the facility as a world-class hiking trail, volume should grow to approximately 1/3 of that on the Chilkoot Trail, i.e. 480 by 1992. This can be achieved by doubling this visitation each year for five years.

- Canoe/Kayak/Zodiac Trips

This segment has shown the greatest growth in Alaska and the Yukon according to interviews with the wholesalers. A growth rate of 20% per year is in keeping with industry standards for a total of 90 by 1992.

- Boat Cruise

While the R.V. traffic will make up most of the boat cruise volume, there is an opportunity for specific packages (Delta, Hereschel Island and whalewatching).

From a base of 60 in 1988 it could grow at 20% per annum to 140 by 1992.

- Wildlife Tours/Photo Safaris

The resources such as Banks Island and Richardson Mountains have a high drawing potential. Travel industry interviews suggest a potential for at least 4 operations including a lodge at Sachs Harbour. Visitation is targetted at a modest 600 by 1992.

- Culture/Arts and Craft

Interviews with tourists indicate a definite interest in native culture. Other northern destinations have demonstrated a potential to promote arts and craft workshops, archaeological tours, etc. but interest and product capacity is modest. If two tours/workshops were available in 1988 and two added each subsequent year, this would result in 120 participants by 1992.

Independent Air Travel

Air travel is largely based on visiting friends and relatives and independent travelers. There is no breakdown of the estimated 720 travelers to Inuvik but growth is not expected to exceed overall growth to the N.W.T. It is projected to grow at 5% per annum.

suMMARY

Growth rates vary by market segment from a low of 5% for air travel to a high of 20% for certain popular package tours. Assuming the necessary marketing programs and product is in place, it is anticipated that visitor volume will more than double to 10,620 by 1992.

While the Western Arctic's overall market share of the N.W. T. market will be approximately 15%, it will have the second largest share of visitors to the N.W.T.