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Strategy - 1994/95 - 1998/99
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NORTHWEST TERRITORIES TOURISM MARKETING STRATEGY

1994/95 - 1998/99



Northwest
Territories Economic Development and Tourism



Northwest
Territories Minister of Economic Development and Tourism

July 26, 1994

Dear Tourism Partner:

I am pleased to release a new Northwest Territories Tourism Marketing Strategy.

The last comprehensive N.W.T. Tourism Marketing Strategy was produced over eight years ago. During this interval there have been substantial changes not only in the market place, but also in terms of the products delivered by N.W.T. operators.

This strategy looks to the future and establishes aggressive targets for growth of the N. W.T.'s principal tourism products. The array of programs designed to support the strategy responds to product demand, the needs of tourism operators, and regional priorities. These programs will be closely monitored and adjusted to meet the evolving needs of the tourism industry.

It is my hope that this new N.W.T. Tourism Marketing Strategy will provide operators with a solid program base which will complement their market development initiatives over the next five years. Although consultation was extensive, we continue to welcome your comments and suggestions.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a long vertical stroke extending downwards.

John Todd

**NORTHWEST TERRITORIES
TOURISM MARKETING
STRATEGY
1994=95 -1998-99**

Prepared for:

**Department of Economic Development and Tourism,
Government of the Northwest Territories**

Prepared by:

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THE NORTH GROUP
NORECON LTD.**

July, 1994

NWT TOURISM MARKETING STRATEGY

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NWT TOURISM MARKETING STRATEGY

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1.0 THE NORTHWEST TERRITORIES NEEDS A NEW TOURISM MARKETING STRATEGY

- ▶ The NWT last produced a tourism marketing strategy in 1986 – eight years ago – for most jurisdictions the shelf life of a tourism marketing strategy is 3 to 5 years.
- ▶ The 1986 tourism marketing strategy focussed largely on building awareness for the NWT in North American travel markets. The NWT has, to a certain extent, accomplished that goal. However, for the 1990's NWT tourism operators desperately need marketing vehicles that create sales.
- ▶ The 1986 tourism marketing strategy was launched at a time when tourism was enjoying near “boom” conditions. Since that time, both the NWT's and Canada's tourism industries have dramatically slowed. In fact, the NWT's tourism industry, as a whole, has experienced little growth since 1989.
- ▶ There have also been organizational changes within the GNWT, with increased emphasis on decentralized decision making and greater regional autonomy.
- ▶ There have been changes in both the marketplace and in the development of new NWT tourism products. A new NWT marketing strategy has to take these changes and trends into account.
- ▶ Since 1986 there has been no comprehensive evaluation of the NWT's tourism marketing strategy and programs. An important element in developing a new strategy is to evaluate the NWT's existing marketing programs and activities – Are they still meeting their program objectives and which programs are performing well and which ones are not? In other words, is the NWT getting the best bang for its marketing dollar?
- ▶ The tourism marketing function in the NWT has been “drifting” since the start of the 1990's. Operators are looking to the Department of Economic Development and Tourism for both leadership and a strategic commitment towards the marketing of the NWT's tourism products. NWT operators need to know that there will be a core set of marketing programs that will be stable over the next five years around which they can build their own marketing plans.

2.0 THERE ARE A NUMBER OF CHALLENGES FACING THE NWT IN BOTH DEVELOPING AND IMPLEMENTING A NEW TOURISM MARKETING STRATEGY

- ▶ First of all the NWT is an enormous geographic area representing one-third of Canada's land/sea mass. The NWT borders six provinces and one territory and each of those jurisdictions has their own unique tourism destination strategy.
- ▶ There are not **only significant** differences in regional tourism products throughout the NWT but there are cultural differences as well as varying levels of product delivery.
- ▶ Marketing programs that might be successful for one region are less applicable in other regions. The western regions rely on more "southern" marketing activities such as a 1-800 number tourist inquiry line, participation at consumer trade shows and point of sale marketing, while eastern regions rely on building linkages with tour wholesalers and retailers located outside of the NWT. As a result, program initiatives to deliver a new NWT marketing strategy will have to reflect the varying needs and **differences** of the regions.
- The needs of NWT tourism operators also vary substantially. Smaller operators, which are generally community-based businesses don't have the financial resources to adequately develop and market their products while larger operators have in many cases sufficient cash flow from their operations for marketing budgets that exceed \$50,000 annually. As a result a tourism marketing strategy has to take into account the needs of all NWT tourism operators, both large and small.
- ▶ Lastly, the biggest challenge facing the NWT is finding and targeting niche markets for the kinds of unique tourism products it has to offer. On the positive side, the NWT's tourism industry does not **really** require much market share to make a substantial difference in its tourism industry. There is a potential tourism market of almost 5 million people in North America for the NWT's tourism products of which the NWT currently captures less than 1%. The NWT could double the size of its current visitor market yet still only have a North American market penetration rate of less than 2%. However, the challenge facing the NWT is finding and eventually converting potential customers into actual NWT visitors.

3.0 THERE ARE LIMITATIONS TO WHAT A NEW NWT TOURISM MARKETING STRATEGY CAN ACCOMPLISH - DON'T EXPECT MIRACLES IN THE FIRST TWO YEARS

- ▶ One of the biggest obstacles facing the preparation of this strategy was accurate and current data about the NWT's tourism industry and, more importantly, its customer base.
- ▶ The last territorial-wide survey of the NWT's non-resident travel markets was undertaken in 1989. This data is very "stale" and tells us nothing about the NWT's current customer base. Secondly, while the 1989 visitors survey was professionally executed, in hindsight, it should have provided more data and information on the NWT's tourist visitors. Consequently we've had to make some educated guesses about the status of the industry's current customer base.
- ▶ It is important that the NWT undertake a detailed territorial-wide visitors survey in the initial years of the new strategy's implementation. A more current survey will ensure that the marketing strategy is on the right track in terms of what products really drive tourism to the NWT and what markets hold the best potential for the industry at both the territorial and regional levels.
- ▶ There are two sides to any tourism industry - market and product. This marketing strategy speaks largely to the market side in terms of implementation. The level of tourism product development throughout the NWT is not uniform. Regions like the Keewatin and Kitikmeot are largely at the developmental stage in terms of tourism product development and delivery, while the Yellowknife/Great Slave areas of the NWT have a critical mass of attractions and tourist industry infrastructure. For the Western Arctic, the Dempster Highway has tremendous market potential, however, there will have to be significant product development before the Western Arctic can more effectively capture this market potential. There are simply not enough developed attractions that will hold the visitor longer and enhance the economic impact of Dempster Highway visitors. As a companion initiative to this marketing strategy, the NWT should initiate a regional product development review process.
- ▶ Lastly, the industry should not expect instant success with this marketing strategy. It will take at least two to three years before the benefits of the strategy's implementation will begin to be felt for tourism operators and communities.

4.0 NON-RESIDENT VACATION TRAVEL TO THE NWT REPRESENTS 30% OF THE NWT'S TOTAL TRAVEL INDUSTRY BUT IT IS THE MOST IMPORTANT IN TERMS OF EXPORT DEVELOPMENT OPPORTUNITY FOR THE NWT

- All travel markets are important to the NWT's economy whether travelers are NWT residents, business/government travelers or tourist travelers. The NWT's travel industry is valued at \$133.8 million annually. It consists of four major travel segments as shown in the following table:

TABLE 1				
ESTIMATED ANNUAL VALUE AND VOLUME OF THE NWT'S TRAVEL INDUSTRY				
Travel Market Segment	Volume in Person Trips	%	Value in Travel Revenues (in millions)	%
NWT Resident Travel Market	90,000	50.3%	\$45.0	33.6%
Non-Resident Vacation Travel Market	32,000	17.9%	\$39.0	29.2%
Non-Resident Travel Market Visiting Friends and Relatives in the NWT	24,000	13.4%	\$17.0	12.7%
Non-Resident Business Travel Market	32,800	18.4%	\$22.8	24.5%
Total	178,800	100.0%	\$133.8	100.0%
Source: GNWT, Department of Economic Development and Tourism.				

- Of the four main travel markets, only the NWT's non-resident vacation travel market can be effectively addressed by a new tourism marketing strategy. This market is currently valued at \$39.0 million and accounts for almost 30% of all NWT travel markets. This does not mean that we are suggesting that the NWT's visiting friends and relatives and business travel markets be ignored. Rather, these travel markets should be targeted by the regions in

their regional marketing activities while the non-resident vacation travel market should be addressed by a territorial-wide tourism marketing strategy.

- > The NWT's non-resident vacation travel market holds the greatest economic potential for the NWT's economy. Like the mining industry, vacation travel is also an export industry where the NWT is "exporting" a tourism experience to North American and overseas markets. More importantly, by developing this market, the NWT can create employment and income opportunity for NWT residents and businesses.
- > However, tourism has not benefited every region in the NWT to the same extent – the Eastern Arctic accounts for only 13% of the NWT's total non-resident vacation travel visitation and 19% of its economic value.

Zones	Number Vacation Travel Visitors	%	% Tourism Revenues
North Slave	11,710	36.4%	
South Slave	7,535	23.5%	
Northwest Territories Inuvik	4,535	14.1%	
Deh Cho	2,854	8.9%	
Shutlough	1,491	4.6%	
Total for Western Arctic	28,125	87.5%	81% (\$31.6 M)
Baffin	1,864	5.8%	
Kawatin	1,552	4.8%	
Kitikmeot	622	1.9%	
Total for Eastern Arctic	4,038	12.5%	19% (\$7.4 M)
Total for NWT	32,163	100.0%	100% (\$39.0 M)
Source: 1989 NWT Visitors Survey and Department of Economic Development and Tourism. This estimate includes visitation estimates from the 1989 NWT Visitors Survey as well as an estimate of tourist visitors not covered in the 1989 survey such as lodge visitors.			

5.0 WHAT PRODUCTS DOES THE NWT HAVE TO SELL IN NATIONAL AND INTERNATIONAL TRAVEL MARKETS?

5.1 There are Major Differences as to What the Regions Consider to Be the NWT's Principal Tourism Products

- One fundamental question to be answered by those involved in the tourism industry for any tourist destination is as follows: "What do you consider to be the region's principal tourist products?" The answer to this question varies significantly from one part of the NWT to the other. If this question were put to the **Baffin** the answer would be outdoor adventure. For some of the western regions it might be auto touring. Still other regions would indicate it is fishing and hunting. Some communities would say it was culture and still others would say events. If the question were put to tourism operators a diverse set of responses would be given such as nature viewing, bird watching, marine mammal watching, canoeing and visiting wilderness areas with outstanding scenery.
- As indicated in a previous section, one of the **major** challenges facing the NWT in preparing a territorial-wide strategy is the diversity of the NWT's regions and their tourism products. Previous NWT marketing campaigns were criticized about marketing images that did not relate to **all** regions. As an example, polar bears and icebergs, while very powerful images, were used in one campaign but those regions without polar bears and icebergs felt that the marketing campaign had nothing to do with their region.

5.2 Three Primary Products Drive the Demand for NWT Tourism Vacation Travel

- We tackled the challenge of defining the NWT as a tourist destination through the eyes of a tourist and not the regions or operators. Very simply we approached this from the perspective of what would motivate travel to the NWT and what tourism products would tourists actually consume. While there are a number of vacation travel activities for NWT visitors to participate in, only three primary products form the basis or motivation for vacation travel to the NWT and they are auto touring, fishing/hunting and outdoor adventure. These three products account for 95% of all non-resident vacation pleasure travel trips to the NWT during the peak summer travel period from May to October.

TABLE 3		
THE NWT'S PRINCIPAL TOURISM PRODUCTS		
Tourism Product	Current Annual NWT Visitor Volume	Current Annual NWT Tourism Revenue
Auto Touring	12,555	\$10.7 million
Fishing/Hunting	9,708	\$14.1 million
Outdoor Adventure	8,286	\$12.8 million
Note: This estimate includes visitation associated with the three principal tourism products which would account for 95% of all non-resident tourist travel to the NWT. An additional 5% of visitors would be accounted for by events, festivals and other tourism products.		

1. AUTO TOURING

- Auto touring is currently the largest single NWT tourist travel market at 12,555 trips annually. However, it's a low spend market and the NWT will have to determine ways and means of improving the visitor expenditure impact of this market. At present, in terms of annual tourism revenue generated by auto touring at \$10.7 million, it has the lowest economic impact of the three principal tourism products.
- Auto touring is a Western Arctic travel product available only in the South/North Slave, Deh Cho and Inuvik Regions. It is largely characterized as an independent travel product with limited packaging or group tours.
- ▶ Auto touring is very characteristic of the market that most southern jurisdictions are now serving and competition is intense. Auto touring is the classic North American vacation and is the single largest tourist market in North America. The NWT will have to position itself as a unique or niche auto touring destination with attendant product experiences including parks, visitor services, roadside services and day use facilities.

2. FISHING/HUNTING

- ▶ Of the estimated 9,708 fishing/hunting visitors, 8,902 visitors are associated with fishing and 806 visitors are associated with hunting. At present, fishing and hunting is the NWT's single largest tourist product in terms of annual revenue at \$14.1 million.

- ▶ It is estimated that 48.1% of all fishing trips to the NWT are lodge packages while almost 100% of hunting visitors are packaged. Fishing is principally a Western Arctic product with specialized locations in the Eastern Arctic. However, there is potential to develop both fishing and hunting products in the east.
- ▶ The primary competition for the NWT's fishing products are fishing lodges in Northern Saskatchewan and Northern Manitoba. Competition is fierce in what could be described as a declining market and the NWT will have to present itself as offering a superior fishing product, available 24 hours a day in the peak summer period. In the case of hunting the NWT enjoys less competition because of the specialized nature of the product and the NWT is seen as a "last frontier" for the North American hunting fraternity.

3. OUTDOOR ADVENTURE TRAVEL

- ▶ In terms of current annual visitor volume of 8,286 visitors, outdoor adventure is the smallest of the three primary tourism products. However, the NWT has experienced significant product growth with an increase in the numbers of outfitters and packaged tours. Outdoor adventure travel is an emerging product for the 90's based on growing market interest in conservation and the environment.
- ▶ Outdoor adventure travel is available throughout most regions of the NWT but in the case of the Eastern Arctic it is the primary tourist product. Unlike auto touring, outdoor adventure travel is largely a "packaged" travel product with at least 60% of all adventure travel to the NWT being tour packages.
- ▶ Soft adventure products account for almost 60% of all outdoor adventure tourists with products such as:
 - Nature Viewing
 - General Outdoor Adventure Packages
 - Photography
 - Visiting Parks/Historic Sites
- Hard adventure products account for 40% of outdoor adventure tourists with activities such as:
 - Canoeing/Kayaking/Rafting
 - Dogsledding
 - Skiing
 - Hiking/Backpacking

6.0 WHAT IS THE MARKET OUTLOOK FOR THE NWT'S VACATION TRAVEL PRODUCTS

6.1 The Current Vacation Market Orientation for the NWT's Tourism Products is Largely North American with Canadian Markets Accounting for 56% and the U.S. 38%

- ▶ As shown in the following table, Canadian and U.S. vacation travel markets account for 56% and 38% respectively of all NWT vacation travelers. However, market orientation varies by tourism product with fishing and hunting products having a decidedly U.S. market orientation at 57% while only 22% of auto touring visitors are from the U.S.

TABLE 4

MARKET ORIGIN OF THE NWT'S PRIMARY VACATION TRAVEL PRODUCTS
(in person trips)

	Canadian		U.S.		Overseas		Total	
	#	%	#	%	#	%	#	%
Auto Touring	8,583	48%	2,698	22%	1,274	15%	12,555	100%
Fishing/Hunting	3,792	39%	5,679	57%	237	2%	9,708	100%
Outdoor Adventure	4,855	57%	3,232	39%	199	2%	8,286	100%
	17,230	56%	11,609	38%	1,710	6%	30,549	100%

Source: Based on consultants' estimate of available data from the 1989 NWT Visitors Survey and NWT Quick Facts.

6.2 The NWT's Market Penetration in Canadian Vacation Travel Markets is Very Low at 1.8%

- The entire Canadian travel market for overnight pleasure travel trips greater than 900 miles is 1,368,225 trips. However, of this amount, 70.4% would include travel activities that would match with the NWT's

product base for pleasure vacation travel. The size of the Canadian travel market for these products and the NWT's current market penetration is as follows:

Product	Current Canadian Trip Demand	Current NWT Visitation	Market Penetration
Auto Touring	492,561	8,583	1.7%
Fishing/Hunting	114,931	3,792	3.3%
Outdoor Adventure	355,739	4,855	1.4%
Total	963,231	17,230	1.8%

Source: Statistics Canada, Canadian Travel Survey.

6.3 The NWT's Market Penetration in U.S. Markets is Even Lower at Only .003%

- The U.S. travel market to Canada is currently 12 million trips annually. As shown in the following table, there are two broad U.S. vacation travel markets that the NWT tourism marketing strategy could be directed at and they are auto touring and outdoor adventure, both consumptive and non-consumptive.

Product	Current U.S. Trip Demand	Current NWT Visitation	Market Penetration
Auto Touring	2,940,400	2,698	.001%
Outdoor Adventure *	948,500	8,911	.009%
Total	3,888,900	11,609	.003%

Source: Tourism Canada.

* Includes consumptive and non-consumptive outdoor adventure products and markets.

6.4 While Historically a Small Vacation Travel Market for the NWT, More Recently the NWT Has Enjoyed Real Success in Niche Overseas Travel Markets

- ▶ Traditionally, overseas visitors to the NWT have accounted for 6°A of all NWT vacation travel visitors. Germany has been the largest single market, especially for auto touring and independent travel.
- As a result of attendance at industry travel trade shows such as **Kanata**, some NWT operators have built strategic alliances with Japanese tour wholesalers for such niche travel products as northern lights viewing packages. The Japanese market is now showing interest in other outdoor adventure travel products such as wildlife viewing.

6.5 The Rest of the 1990's Should See More Buoyant Trends for Both Canada's and the NWT's Tourism Industry

- ▶ Canada now has one of the lowest inflation rates amongst industrialized countries and this is just starting to impact on the cost of travel to and in Canada. The value of the Canadian dollar has depreciated relative to other foreign currencies and the exchange rate is beginning to work positively for travel to and in Canada.
- ▶ Canada's and the NWT's future growth will come from value more than volume. High yield tourism products have continued to do well in the U.S. travel markets producing increases in U.S. revenues earned from tourism. High yield customers to which most of the NWT's product base would apply to are looking for quality, value and are less concerned with discounts.
- ▶ Demographics are changing rapidly in North America with an older growth market segment that has the time and income to travel. The "grey travel boom" is only just beginning and the NWT must position itself to capture the growth that this market offers. This will greatly favour the NWT as its customer base could largely be described as older and affluent.

6.6 The Outlook for Outdoor Adventure Travel Products

- ▶ The NWT's outdoor adventure travel products present the best opportunity for current and future growth for the NWT's tourism industry. Outdoor adventure travel inquiries to the NWT increased by 60.5% from 1987-88 to 1991-92. In North America there are 13 million people who

are members of nature, wildlife, conservation, ecology and environmental groups. Outdoor adventure products that include contact with Aboriginal culture would have strong thematic appeal in both U.S. and European markets.

- Adventure travel is forecast to be the fastest growing segment in the travel industry at a growth rate of 15-20% per annum. Outdoor adventure products have been and will continue to be the “key drivers” in “growing” jobs and income opportunities in the NWT’s outfitting industry. The high yield outdoor adventure travel market, unlike other tourism markets has shown itself to be relatively recession-proof. As an example, the **Baffin** continues to sell higher priced tour packages.
- The largest single growth market in North America will be affluent retired seniors, aged 55 and over. This market is especially well matched to the NWT’s outdoor adventure products, especially soft adventure products. By the year 2002 there will be 76 million people in the U.S. who will be above the age of 55. This represents one-third of the entire U.S. population. They will have the time and resources to travel with household incomes in excess of \$40,000 and stay longer and spend more than any other travel segment. Tourism Canada has identified the affluent seniors’ market as Canada’s number one priority market. Lastly, research has shown that U.S. seniors prefer Canada almost two to one over alternate United States destinations. Travel preference includes package touring centred on history, culture, crafts, adventure, learning experiences and eco tourism.
- Over the five year implementation time frame for this marketing strategy, we feel that if properly targeted the NWT’s outdoor adventure products could begin to enjoy annual growth rates of 1570.

6.7 The Outlook for Fishing/Hunting Travel Products

- Fishing and hunting are best characterized as mature products that have limited growth potential. This is particularly the case for fishing as the North American participation rate for fishing has declined. Hunting is actually enjoying a modest increase in participation. The opportunities for hunting in the world are decreasing and the NWT still continues to offer this product.
- In the case of fishing there are various reasons for its declining participation rate such as the rise in other outdoor activities and products. However one of the best explanations is that the sport has failed to replenish itself with younger markets. In the 1950’s and 1960’s, it was very popular for “dad” to take his son fishing. Unlike golf, which has very successfully replenished itself with younger market segments,

in the case of fishing dad quit taking his son fishing in the 1980's. As a result the market matured and there is a limited younger group coming up. However, there are still an estimated 12 million anglers in North America and the NWT needs a very small portion of that market to make its industry viable.

- ▶ Fishing, outfitting and the NWT's lodge products are still an important part of the NWT's pleasure travel industry. As an objective, the new marketing strategy should aim at returning the NWT's fishing product to rates of growth enjoyed prior to 1989. From 1975 to 1987, **fish-ing/hunting** were enjoying annual rates of growth in excess of 7.4%. With more targeted marketing and repositioning the NWT as one of the best places in North America for fresh water fishing, the industry could enjoy market growth towards the end of the five year marketing strategy at 4% to 5%.

6.8 The Outlook for Auto Touring

- ▶ In terms of North America, auto touring is the largest single market with long haul trips estimated at 2.9 million for the U.S. and 0.5 million for Canada. The type of trip most frequently taken to Canada by U.S. travelers is a touring type vacation of 8-10 days in length and planned 3 months in advance. The NWT can offer a very unique auto touring experience distinctive from Alaska/Yukon. However for the NWT to capture a greater portion of the North American touring market will require very selective targeting.
- Over the long term the NWT should continue to develop a destination image for unique auto touring corridors. **This will require improved packaging and positioning of the NWT's auto touring product.** Services and attractions need upgrading and development. The Dempster Highway has tremendous, potential, similar to the Alaska Highway experience.
- The Alberta Market for Northern auto touring has been somewhat overlooked – it is still one of the NWT's largest markets. The NWT should try to position itself as Alberta's "North". This market has excellent potential for the development of Mackenzie Highway corridor auto touring.
- ▶ In the case of auto touring, we feel reaching a targeted rate of growth of 8% per annum towards the end of the marketing strategy's five year life is feasible.

7.0 THE ECONOMIC DIVIDEND FOR THE NWT IN ACHIEVING MARKET GROWTH TARGETS FOR ITS TOURISM PRODUCTS IS SIGNIFICANT

- The following table summarizes targeted rates of growth established for each of the NWT's tourism products.

TABLE 7							
MARKET GROWTH TARGETS FOR THE NWT'S PRINCIPAL TOURISM PRODUCTS -1994-95 TO 1998-99							
Product/ Visitor Volume	Baseline	1994- 1995	1995- 1996	1996- 1997	1997- 1998	1998- 1999	Baseline to 1998-99
Auto Touring % Growth	12,555	12,806 2%	13,318 4%	14,117 6%	15,247 8%	16,467 8%	3,912 31.2%
Fishing/Hunting % Growth	9,708	9,903 2%	10,200 3%	10,608 4%	11,032 4%	11,584 5%	1,876 19.3%
Outdoor Adventure % Growth	8,286	8,452 2%	8,959 6%	9,855 10%	11,333 15%	13,033 15.40	4,747 57.3%
Total	30,549	31,161	32,477	34,580	37,612	41,084	10,535
Annual Growth	0.0%	2.0%	4.2%	6.5%	8.8%	9.2%	34.5%
Source: Consultants' estimate.							
Note: Baseline year is 1993-94.							

- It will take up to two years, at least, before the impact of a new marketing strategy will be felt. As a result it is not until later years that more accelerated growth, for example in the case of outdoor adventure products, will occur.

The following table indicates the resulting economic impact over the five year period from achieving these product growth targets:

TABLE 8		
ECONOMIC IMPACT OF ACHIEVING TARGETED TOURISM PRODUCT GROWTH		
	Current Value	1998-99 Value
Auto Touring @\$850/Trip	\$10,671,750	\$13,996,950
Fishing/Hunting @\$1,453/Trip	\$14,105,224	\$16,831,552
Outdoor Adventure @\$1,544/Trip	\$12,793,584	\$20,122,952
Total @\$1,213/Trip	\$37,571,058	\$50,951,454
Direct NWT Employment (in person years)	546	740
Total Direct and Indirect Employment(in person years)	710	965
NWT Wage Income (@44.8% of Tourism Expenditure)	\$16,831,834	\$22,826,251
Total Direct and Indirect Wage Income	\$25,398,874	\$34,444,320
Source: Based on Tourism Canada's Impact Model.		

8.0 DIRECTIONAL STATEMENT FOR THE NWT'S TOURISM MARKETING STRATEGY, 1994-95 TO 1998-99

1. As a Target Objective the GNWT Should Aim at Increasing the Value of Its Pleasure Vacation Travel Industry by 34.5% from the Current Baseline of \$37.6 Million to \$50.9 Million by 1998-99

The net economic outcomes of moving the NWT's industry from its current baseline to the targeted objectives for growth by the 1998-99 fiscal year are as follows:

- ▶ Additional net tourism revenues captured by the NWT of \$13,380,396.
- ▶ Additional net direct and indirect employment of 255 person years.
- Additional net direct and indirect wage income of \$9,045,446.
- Additional net territorial Government tax revenues of \$1.6 million.

2. To Achieve Market Growth Targets, the NWT Should be Spending at Least \$2.2 Million Annually in Marketing Its Tourism Industry

Based on the level of the tourism revenues generated by the NWT's principal tourism products (outdoor adventure, auto touring and fishing/hunting) of \$37.6 million, the direct/indirect return to the GNWT in the form of territorial tax revenue is \$4.5 million. At \$22 million in marketing expenditure, it would account for 48.9% of Territorial revenue from the industry. Clearly the GNWT can afford to reinvest close to one-half of its revenue into the marketing of the industry. The cost benefit to the Territorial Government on tax revenue alone is 2 to 1.

Secondly, no provincial or Territorial jurisdiction in Canada spends less than \$2.1 million in marketing their respective tourism industries. Canadian tourist jurisdictions with similar industries in size to that of the NWT's (i.e. the Yukon, P. E. I., Newfoundland) spend \$2.1 million to \$2.5 million annually on marketing. As a result, just to stay competitive within the marketplace, the NWT should be spending a minimum of \$2.2 million annually on tourism marketing.

3. **The NWT's Tourism Marketing Strategy Should be Product-Based**

There was virtual consensus between operators and Regional Superintendents that the NWT's marketing strategy should move from awareness to a substantially greater product focus. Further, geographic or regional boundaries mean very little to potential visitors to the NWT. Rather, potential visitors want to know what products there are to consume, where they are located, how to get there and what will it cost them to consume those products and what value will they derive from consuming them. In this regard, we identified three principal tourism products that will drive marketing and future tourist visitation to the NWT:

PRESENT AND PROJECTED GROWTH RATES FOR NWT TOURISM PRODUCTS (in person trips)			
	Baseline (1993-94)	1998-99	% Increase Baseline to 1998-99
Auto Touring	12,555	16,467	31.2%
Fishing/Hunting	9,708	11,584	19.3%
Outdoor Adventure	8,286	13,033	57.3%

4. **The GNWT Will Need to Substantially Improve Its Research and Evaluation Capabilities in Order to Better Target Its Marketing, Otherwise the Targets Set Out in the Strategy Will Not be Attained**

The NWT's tourism industry is comparatively small. We have estimated the potential North American market demand for the NWT's principal tourism product is 4,857,131 trips of which the Canadian market represents 963,251 or 19.9% and the U.S. market 3,888,900 or 80.1%. At present the NWT's non-resident visitation for these products is 30,549 for a market penetration rate of .006%. The projected growth target by the year 1998-99 is 41,080 and this would increase the NWT's market penetration rate to only .009%. As a result, the NWT needs only a very small increase in market penetration.

However, while moving the NWT's market penetration rate from .006% to .009% sounds like a very modest goal, it is not. The marketing challenge facing the NWT is contacting and converting 41,084 out of a potential North American market of 4.8 million prospects.

Most of the market research conducted by the GNWT is largely industry performance data with very little market intelligence data. In our survey of industry operators, they indicated a real need for market data as to where they would best expand their customer base as they have very limited marketing budgets. The GNWT needs to refine and enhance its entire research and evaluation function in order that marketing campaigns are more targeted. At the present time, it is simply costing the GNWT too much money to generate travel inquiries. While the Department's co-operative marketing campaign has improved considerably over previous campaigns, it is costing the GNWT \$81 per travel inquiry generated. This cost of generating travel inquiries is too high and has to be brought down considerably if the NWT hopes to achieve the targets set out in this strategy within the budget established for it.

5. **The NWT Needs to Develop a Balanced Set of Marketing Programs that Reflect the Independent and Package Tour Markets, The Needs and Priorities of the Regions and Both Small and Large Tourism Operators**

All tourism jurisdictions use the same types of tourism marketing programs or tools. There are just so many types of proven marketing tools that are available. However, depending upon each jurisdiction's market and product base, the mix and emphasis of marketing programs will vary. In other words, each jurisdiction will apply a mix or balanced set of marketing programs depending upon the nature and type of tourism product and markets as well as how tourism products are actually delivered. In the NWT's case, there are four key criteria that must be accounted for in developing the best mix of marketing programs.

Independent Travel Market

The independent touring market is more characteristic of southern jurisdictions as well as the Yukon. Services such as a 1-800 number and fulfillment information like the Explorer's Guide are important. This is the largest single customer market for the NWT and provides a major source of clients for small tourism operators and operators engaged in initial start-ups. Like other jurisdictions, the GNWT should be principally responsible for marketing programs directed at this market. These programs greatly assist in building awareness for the NWT in travel marketplaces.

Packaged Tour Travel Market

The development of this market will be driven by NWT tour operators and non-resident tour operators or wholesalers with marketing support from the GNWT. It consists of outdoor adventure, fishing and hunting packages. The co-op marketing program has been designed to allow for participation by NWT operators who make direct sales through the program. NWT operators

like this approach. The Department should continue to build on this program involving greater operator input in its development. Further, operators should be encouraged to share data with the Department about their customer base in order to better target media placement and advertising.

Other programs suited to the packaged tour market include travel trade programs designed to link NWT operators with tour wholesalers and the consumer show program that enables tour operators to sell packages directly at consumer shows. The development of travel trade programs will be one of the best vehicles for the Eastern Arctic and Zones like the Baffin to assist their operators in developing linkages with tour wholesalers and retailers in key travel marketplaces. Non-resident tour operators already have an established client base, but continue to require new and unique product offerings. These tour wholesalers/retailers are constantly on the lookout for new and exciting products that will match the interests and travel motivations of their client base.

Regional Priorities

It is extremely difficult for the NWT to develop a marketing strategy that meets the needs of all NWT regions. While we have defined three principal products to form the basis of all Territorial marketing initiatives, the balance and distribution of those products is very different throughout the NWT. As examples, some regions have fishing and hunting products while others do not. The Western Arctic has an auto touring product, while the Eastern Arctic does not. Finally, the rate of tourism development or readiness to market is also very different. Regions such as the Keewatin and Kitikmeot have a largely underdeveloped product base.

Given these differences, a marketing strategy for the NWT has to take regional differences and priorities into account. One mechanism to deal with this could be through the creation of a Regional Initiatives Program. A regional initiatives program could allow regions to buy into territorial-wide programs or complement them with their own initiatives that better reflect regional priorities.

Large and Small Tourism Operators

Most of the NWT's marketing programs are geared towards established operators. The small operators offering new or emerging tourism products require both market and product development. They require training and skills in developing and pricing packages and a better understanding of market entry points and developing networks with established operators or tour wholesalers.

Marketing programs like a consumer show program can greatly assist small operators in being introduced to a consumer marketplace. Media relations can also enable smaller operators to successfully develop linkages with the marketplace. Familiarization trips have allowed operators in the Baffin, for example, to establish marketing relationships with North American and overseas tour companies who have the market clientele for the unique kinds of outdoor adventure travel experiences the Eastern Arctic has to offer.

Lastly, a regional marketing initiatives program would better enable small operators and community-based tourism businesses to obtain assistance in developing and marketing their tourism products. For these operators, the most critical form of assistance would be in developing and packaging their products for sale by specialized tour wholesalers and retailers with established client bases. Product upgrading is also important to those operators serving independent travel markets. However, it will be important that the efforts of both the Regions and Headquarters be coordinated and complement one another.

9.0 PROGRAM ELEMENTS REQUIRED TO IMPLEMENT THIS STRATEGY

The previous chapter provided a directional statement for the NWT's tourism marketing strategy over the next five years. This chapter describes the program elements that will be necessary to implement that directional statement. There are only a limited number of program elements that tourism jurisdictions can use in marketing themselves as tourist destinations. While the types of marketing elements are fairly universal, it is how each jurisdiction will strategically tailor and adjust its own mix of marketing program elements to best meet its own product and market base that is the key to any successful tourism marketing strategy. The application of marketing program elements will vary from one jurisdiction to another. Program elements that may work for the Yukon or Alberta may not be as successful for application to the NWT which has its own unique product and market base. In the case of the NWT we identified five key program elements along with a suggested budget over the life of the tourism marketing strategy as shown in the following table:

TABLE 9				
SUGGESTED MARKETING STRATEGY BUDGET SUMMARY				
CURRENT BASELINE TO 1998-99				
Marketing Strategy Program Elements	Baseline (1993-94)	%	1998-99 Budget	%
1. Consumer Advertising	\$970,000	45.3%	\$1,309,000	50.0%
2. Tourism Publications/Visitor Information	498,000	22.2%	498,000	19.0%
3. Consumer and Industry Trade Development	305,000	13.0%	305,000	11.7%
4. Media Relations	100,000	4.5%	100,000	3.8%
5. Marketing Inquiries, Research and Evaluation	366,000	16.4%	406,000	15.5%
Total	\$2,239,000	100%	\$2,618,000	100%
Less Federal EDA Contribution	\$1,915,800		\$2,294,000	100%
Note: Consumer advertising includes magazine, newspaper and direct mail marketing of NWT tourism travel products.				

9.1 Consumer Advertising

- This is the single largest area of expenditure to be made in the strategy's implementation, accounting for 45% of the total budget for all marketing program elements and rising to 50% by 1998-99. However, it is the only significant consumer targeted activity contained within the budget. Consumer advertising is critical to any marketing strategy. Aside from having direct contact with potential consumers, advertising can create longer term awareness for the NWT as a tourism destination.
- › The most important objective for consumer or tourist advertising is to generate tourism travel to the NWT. We have estimated that 40% of tourism vacation travel to the NWT is repeat business. As a result, advertising must replenish each year's new "prospects" for NWT tourism travel. It often takes between 2 to 3 years to target, convert and capture a new tourist customer through tourist advertising. As a result, if a tourist destination has not been actively and consistently marketing itself through targeted consumer advertising, it could find itself in substantial trouble. As an example, we can cite the case of one large tourism operator who through effective advertising had built his seasonal occupancy up to over 80%. Upon reaching that level, he greatly reduced his advertising. Unfortunately a good portion of his business came from the southwestern U.S. which subsequently underwent a recession. The operator had not been replenishing his client prospect list through advertising and as a result faced dwindling occupancy levels and the prospect of facing three successive years of low occupancy until the effects of new and substantial advertising initiatives took hold.
- For the NWT effective consumer advertising depends on the selection and mix of media. There are several types of advertising media available such as TV, radio and print media. Print media includes magazines, newspapers and direct mail. Direct mail advertising can utilize the Department's own house list of prospect inquiries or purchase targeted consumer mailing lists.
- › The NWT faces a classic textbook case for niche marketing. Unlike other tourism jurisdictions that are seeking to impact over one million potential tourist visitors, the NWT is looking at a much smaller market. As a result, for the NWT, advertising vehicles such as television or radio are simply not effective as they are far too expensive and hit far too many households that are not remotely interested in traveling to the NWT. However that does not completely rule out the use of some form of electronic media marketing such as video production for individual operators or a collaborative of operators with businesses in a tourist destination area such as the Nahanni.

1. The Department's and Regions' Tourist Advertising Will Have to Initially "Produce" 6,110 New Visitors to the NWT, Rising to 8,217 Visitors in 1998-99

- In the course of preparing this strategy we have tried to be quantitative by way of targets and goals. The following table, while largely an estimate, attempts to "quantify" the marketing challenge that will be faced by the Department's and Regions' tourist advertising.

TABLE 10		
IMPACT OF CONSUMER ADVERTISING ON NWT VACATION TRAVEL VISITATION		
	Baseline (1993-94)	Market Growth Target for 1998-99
Total Vacation Travel	30,549	41,081
Less Annual Repeat Visitation @40%	12,220	16,432
Less Visitation Generated by Positive Referrals, Word-of-Mouth and Other Department Programs and the Industry's Own Marketing @40%	12,220	16,432
Visitation to be Generated by the GNWT'S Advertising @20%	6,109	8,217

- The 1989 visitors' survey indicated that 40% of all pleasure travelers to the NWT were repeat visitors. This was particularly the case for Canadian visitors. This does not mean that the NWT'S advertising efforts should ignore these visitors as they will still require some level of service in terms of tourism information and advertising to maintain awareness about the NWT.
- Visitation generated by word-of-mouth and positive referrals has been the single most effective marketing tool for NWT tourism operators and in most cases accounts for more than half their sales. It is also a market that requires constant servicing through direct contact and follow-up with print materials such as the Explorers' Guide and marketing literature from individual operators. Other Department programs such as trade shows, media relations and responses to travel

inquiries and other activities not directly related to media placement, together with NWT operator advertising, would impact on 40% of vacation travel. This leaves a residual of 20% of annual vacation travel to the NWT that must be generated by ad-related visitation. In other words it will be the Department's own advertising (in cooperation with regions and operators) that will generate, either through advertising in magazines or targeted direct mail, an estimated 6,110 visitors and rising to 8,217 visitors by 1998-99.

2. The Department's Tourism Advertising in the Past **Has**
Not Been Cost Effective and Will Have to be Improved
Substantially Through More Effective Targeting

- At first glance, it does not appear to be a substantial challenge for the Department's advertising to produce 6,110 visitors and increasing that to 8,217 by 1998-99. However the real challenge is the cost of producing those inquiries for what is a highly segmented tourism product market. The following table compares the costs of "producing" visitors from advertising at the current inquiry rate of \$81 as experienced by the cooperative marketing program and at \$32 per inquiry, which is a reasonable cost of inquiry for the NWT to target and is more comparable with other jurisdictions.

	Advertising Budget Required at \$81/Inquiry		Advertising Budget Required at \$32/Inquiry	
	Current	1998-99	Current	1998-99
Target Objective for Advertising	6,110	8,217	6,110	8,217
Number of Inquiries Needed at a 10% Conversion Rate •	30,550	41,085	30,550	41,085
Total Budget Required	\$2,474,550	\$3,327,885	\$977,600	\$1,324,720

• Assumes average party size of 2 persons per household inquiry (i.e., 20,550 inquiries @ 2 persons per household = 61,100 x conversion rate of 10% = 6,110 visitors).

- The point of this illustration is that the GNWT is going to have to be more effective in targeting its tourist advertising over the course of the marketing strategy's implementation period. At \$81 per inquiry, the Department will not have a sufficient advertising budget. It should be noted that even at \$81 per inquiry the cost/benefit impact for the Department is still positive. However, the Department will not have the budgetary resources to continue advertising at that cost. Through targeting its advertising, the GNWT can greatly improve the efficiency and impact of its advertising and as a result reach the targeted goals outlined in this strategy. As a goal the Department should be working over the course of the marketing strategy to reduce the cost of producing inquiries from its marketing activities to \$32 per inquiry. If this goal does not occur, the targets outlined in this strategy will not be realized at expected budgets.

3. The Department Will Have to Move Away from Total Reliance on Traditional Magazine Advertising

- The NWT has in the past relied heavily on magazine placement for its tourist advertising. The problems with past magazine/newspaper advertising for the NWT is that it's too expensive per inquiry and hits large segments of the population that are not interested in traveling to the NWT.
- Over the course of this strategy's implementation the Department should aim at developing its own qualified lists of potential tourist visitors for the type of niche tourism products the NWT has to offer. This should be more effective and cost less money to produce tourist inquiries. All previous tourist inquiries to the NWT over the last three years should form the core for the Department's own database which can be used for direct mail marketing. This core database should be segmented by type of inquiry and visitor product interest. Each visitor inquiry should be kept in the database for 3 successive years and if no response has been received, that household should be deleted.
- In addition to its own house list the Department should be purchasing mailing lists that match the NWT's visitors' demographic profile and product interests. Purchasing mailing lists can be a very cost-effective way of getting to potential visitors for the NWT.
- The Department, in consultation with NWT tourism operators and Regional Superintendents through its cooperative marketing program should continue to use various forms of magazine advertising but not to the same extent that the Department has relied on in past marketing

campaigns. Based on our own **cost/benefit** analysis, the Department could drop a number of publications it has used in the past. Each year the Department **should** be conducting conversion studies of the effectiveness of its media placement. In this manner the Department, through evaluation, can refine a list of "proven winners" of the various publications it uses for magazine advertising.

- › It will be important to continue to use magazine advertising as it will continue to generate fresh inquiries for the Department's own house list of potential NWT visitors. By **qualifying** and producing profiles of these inquiries the Department can then purchase "qualified" mailing lists that could be used for less expensive direct mail campaigns that are highly targeted.

9.1.1 - Outdoor Adventure Product Segment - Co-operative Marketing Program

- › The NWT's outdoor adventure products will lead all NWT products in market growth over the five year life of the new marketing strategy. It should be the priority product for growth and development. The target for this product is 57.3% growth by the year 1998-99.
- Outdoor adventure is currently a "hot" product and available in every region of the NWT. A co-operative marketing program directed at the outdoor adventure travel market will provide substantial benefits to many NWT tourism operators. Outdoor adventure provides a focus for industry development and market awareness throughout the NWT.
- Based on an analysis of all travel inquiries to the NWT for outdoor adventure product information from 1987 to 1993, advertising should be allocated between U.S. and Canadian markets at a ratio of 60% U.S. and 40% Canadian. A combination of magazine and direct mail marketing should be used. Magazine advertising should be restricted to publications used previously that have been cost effective with the occasional testing of new publications. All advertising placement should be followed up by conversion studies to determine their real effectiveness. Additionally, the Department should make greater use of direct mail advertising based on previous outdoor adventure inquiries and purchasing **qualified** outdoor adventure mailing lists from list brokers. The Department can also work through Canadian Consulates and use their outdoor adventure inquiry lists. The Chicago Consulate has already developed an excellent "prospect list" for Canadian adventure travel.

9.1.2- Fishing Product Segment - Co-operative Marketing Program

- Fishing is a mature market for the NWT. It is expected to have the lowest market growth at 19.3% of the NWT's three primary tourist products over the period 1994-95 to 1998-99. However, it is still a very significant tourism travel product for the NWT.
- A co-operative marketing program aimed at fishing markets will be of maximum benefit to NWT tourism operators offering packaged fishing products such as lodges and outfitting camps.
- Based on an analysis of all fishing product inquiries to the NWT, the U.S. dominates interest in the NWT's fishing product at over 80% of all inquiries and advertising should be prioritized accordingly. A combination of magazine and direct mail advertising should be used.

9.1.3- Auto Touring Product Segment - Advertising Campaign

- Auto touring is the NWT's largest market. It is a product only available in the Western Arctic. It is best characterized as an independent "rubber-tire" touring market. While volume is substantial, it is a comparatively lower spending market than in the cases of outdoor adventure or fishing. The optimal growth for the product over the term of the marketing strategy is 31.2%.
- Based on an analysis of all travel inquiries to the NWT from 1987 to 1993, auto touring magazine advertising should be allocated between the U.S. and Canadian markets at a ratio of 60% U.S. and 40% Canadian. The Department already has a fairly "proven" list, of publications that have worked. This should be supplemented by direct mailing to auto/RV clubs and buying into Yukon-Northern B.C. direct mail marketing.

9.1.4- Regional Marketing Initiatives

- For 1994-95, the Department's Tourism Committee has targeted \$50,000 per year of the Department's advertising promotions budget for regional marketing initiatives. This will allow each Regional Superintendent to develop a regional marketing plan that can better respond to regional priorities and the needs of the region's tourism operators. It allows flexibility for the region to "buy-into" territorial-wide initiatives or to develop their own marketing initiatives for products like hunting. Marketing initiatives for the NWT's hunting products could be handled at the regional level where hunting forms part of the region's product base. This will allow regions like the Baffin to expand programs that work for its tourism operators such as media/familiarization trips and linking operators

with tour wholesalers/retailers through attendance at international travel trade shows. In the case of Inuvik, that region could build on the territorial auto touring campaign with its own regional marketing initiatives specifically directed at Dempster Highway visitors.

9.2 Tourism Publications/Visitor Information

9.2.1- Explorers' Guide

➤ Almost 70% of all visitors to the NWT use the Explorers' Guide in planning their trip to the NWT and in selecting specific tourism activity participation while in the NWT. Further, over 55% of visitors found the Guide to be good to excellent in planning their trip. While over 6070 of NWT operators indicated that their customers use the Guide for travel planning, it was felt that the Guide should be more product specific. Given our overall recommendation that the NWT's marketing strategy be product focussed, it follows that the Explorers' Guide be product-focused and segmented into sections such as:

- General Information about the NWT and Tourism Zones
 - NWT Auto Touring
 - NWT Fishing
 - NWT Hunting
 - NWT Outdoor Adventure
 - NWT Accommodation
- Eventually separate product guides could be developed for each of the NWT's principal travel products. In the case of hunting, we would recommend that, as a pilot, a separate hunting product guide should be produced. The Department of Renewable Resources should be approached to participate in the production of the guide. It would stress the uniqueness of the NWT's hunting products and the NWT's sound conservation practices.

9.2.2- Zone Tourism Associations

- The principal activities for Zones should be visitor information, servicing visitor inquiries and facilitating communication between operators and the Department. They should be acting in an advisory or consultative fashion to the Regional Superintendents in terms of tourism market and product development plans. The primary marketing vehicle at the regional level

will be the new regional marketing initiatives program which will be directed by the Regional Superintendents' offices. With respect to zone marketing, it should only be "gap" filling in relation to regional marketing plans developed by the Regional Superintendents' Offices. This will ensure that funds are maximized and targeted very directly at regional initiatives.

9.3 Consumer and Industry Trade Show Development

9.3.1- Consumer Show Program

- ▶ The consumer show program has been consistently evaluated for five years and continues to prove an effective program in terms of its positive cost to benefit relationship. NWT operators like the program and it has consistently high ratings. Its principal value is for full-service operators who need assistance in marketing their products to very targeted marketplaces in key North American markets for the NWT such as Toronto, Minneapolis and Chicago. With the exception of some RV and auto touring related consumer shows, the program is of minimal value to the independent touring market and of maximum value to the packaged tour operator offering packaged and adventure tour products, both non-consumptive and consumptive.

9.3.2- Industry Travel Trade Show Program

- ▶ As 60% of the NWT's vacation travel visitors are drawn from overseas markets, the NWT should be spending a comparable portion of its budget in this market and attendance at the travel trade shows is one of the most cost effective vehicles to do this. European and Asian markets are also forecast to have the strongest market growth over the term of the marketing strategy. These are expanding markets particularly for the NWT's outdoor adventure products.
- The program is of particular benefit to operators offering a fully packaged and commissionable product with a proven overseas market. At present, the Baffin's approach to tourism marketing is based on providing support to its operators in developing packages and linking those operators with tour wholesalers. Attending travel trade shows where tour wholesalers are looking for product is a good vehicle to address the Baffin's approach.

9.4 Media Relations

- Our program evaluation of the Department's media relations activities was very positive. Over the period, 1987 to 1989, media relations expenditures of \$102,000 produced economic benefits of \$4.9 million in advertising value. Some Regional Superintendents indicated that media relations was one of the best marketing tools to stimulate awareness and eventually tourist travel to the regions/zones. The Department should be spending \$100,000 annually on media relations, given the excellent cost/benefit impact this marketing activity has produced historically.
- Media relations typically involve establishing contacts at media market-places, and hosting those contacts or other media on press trips within the NWT. Media relations provide the long term benefit of generating awareness of the NWT as a tourist destination. This activity should be developed and evaluated separately.

9.5 Marketing Inquiries, Research and Evaluation

9.5.1- Tourist Inquiry and Fulfillment

- For most tourist jurisdictions, the operation of a 1-800 number inquiry and fulfillment service is regarded as the key or core of their tourism marketing programs. Not only does it create the opportunity for customer contact and hopefully conversion of that customer, it provides a very important strategic database on which to evaluate and target marketing programs. Inquiries by phone or mail will form the basis for the Department's house list or database for prospective tourist visitors to the NWT.
- A 1-800 number inquiry and fulfillment service is particularly critical to the NWT's independent travel market, which represents 69% of all tourist visitors to the NWT. It should be closely linked with the management of the Department's marketing and evaluation activities.
- The NWT needs to substantially improve the performance of the existing service. The entire service needs to be rebuilt to the same standards as the 1-800 number and fulfillment services operated by southern jurisdictions. This includes hiring operators who are familiar with the NWT's tourism products, experienced at qualifying travel inquiries and can respond quickly to requests for accurate travel and tourism product information.

9.5.2- Market Research

- Market research is very important to the successful marketing of the NWT's tourism industry. We have provided several examples and illustrations as to why this is important. The NWT has to be very niche market-orientated and the **major** task facing the NWT is finding those niche markets within a very limited budget. Market research can greatly improve the effectiveness of the NWT's marketing programs. At a minimum, the Department should be budgeting approximately \$80,000 annually on **specific** tourism market research activities.
- The research activities of the Department should be strengthened in order to give strategic support and analysis **to** identifying how best **to** evaluate and target the NWT's marketing initiatives. This would include strategic management of both 1-800 number tourist inquiries and fulfillment **services** such as:
 - Developing a database system for direct mail marketing.
 - Researching and identifying key tourist segments in order to assist in media selection and in purchasing mailing lists from list brokers.
 - Producing annual marketing program evaluation reports.
 - Developing the Department's "prospect" or house list of consumer inquiries for direct mail marketing.
- The Department should continue to carry out research previously conducted such as annual monitoring of ferry crossings, **hunting/fishing** license sales, hotel occupancy data and other industry performance indicators, as well as coordination of research activities with other jurisdictions, the Tourism Research Institute and Statistics Canada. However, it should expand its research base to include the production of data and information that is of more critical importance to NWT tourism operators. Headquarters research staff should visit each zone/region at least once a year to determine priorities for research and market intelligence as well as establishing systems for reporting on regional program activities.
- ▶ An important activity will be to prepare for annual marketing campaign strategy planning sessions. This will include the preparation of the following:
 - Individual marketing program evaluation reports.

- Cost/benefit analysis of overall advertising such as cost per inquiry and cost/benefit analysis for individual marketing program elements.
 - Preparing directional statements for each year's marketing campaign.
- Lastly, research activities should also include conducting specific product sector market studies and analyzing trends in consumer preferences and what they will mean for NWT operators and the Department's marketing initiatives.

9.5.3- NWT Visitors Survey

- It is recommended that over the course of the new NWT tourism marketing strategy the Department undertake a Territorial-wide visitors survey. The last NWT Visitors Survey was conducted in 1989. This survey provides the Department and the regions with an important and accurate baseline performance analysis of the NWT's tourism industry. We would recommend modifying the survey substantially. While it will have to align with previous surveys to produce consistent information about all travelers, we feel the survey should ask only minimal questions of non-pleasure travelers and greatly enhance demographic data and information capture for pleasure travelers.

9.5.4- Program Evaluation

- The Department needs to significantly increase and improve its program evaluation activities. Prior to 1993, the only program evaluation undertaken by the Department was the consumer show program. Over 90% of the Department's marketing programs and activities have never had any formal evaluation as to each program activity's effectiveness in meeting objectives. The Department should be conducting conversion studies of its consumer advertising annually to improve the targeting of its advertising budget. The Department should be spending a minimum of \$40,000 annually to evaluate the effectiveness and efficiency of its marketing activities. At \$40,000 it represents only 2% of the entire budget for marketing activities contained in the Strategy. Program evaluation should really be regarded as a program implementation cost.

10.0 THE NEXT FIVE YEARS - WHAT THE NWT WILL HAVE TO DO TO SUCCESSFULLY DEVELOP ITS TOURISM INDUSTRY

The NWT faces an enormous challenge in marketing its tourism products. The principal challenge for the NWT will be finding its niche within national and international tourism markets. While the NWT only requires a small portion of those markets to sustain a viable tourism industry, the biggest challenge will be finding those niche travel market segments that are interested in the unique tourism products that the NWT has to offer.

The previous sections have presented an analysis of the NWT's tourism products and markets, a directional statement for marketing the industry's products and the programs that will be necessary to implement the strategy along with a budget framework for each program. While we have provided a plan and budget for the NWT's marketing strategy, it should be recognized that this plan is not an inflexible one. Changing market conditions, the results of future program evaluations or the results of a new territorial-wide visitors survey will require some program modifications. Over the next five years the Department and its industry partners should keep the following guidelines in mind.

1. Continuously Strive for the Ideal Mix of Marketing Program Initiatives

Based on our analysis of the NWT's current situation we proposed a mix of marketing programs that balances program initiatives directed at independent and packaged tourists, allows for regional flexibility and will meet the needs of small and large operators. The mix of these programs, and in particular the budgets assigned to them, may change over the course of the Strategy's implementation. We weighted each program's ability to "produce" visitors. Based on future evaluation, this mix could change. It will be important to continuously strive for the perfect mix. There are only so many program tools the NWT can use in marketing its tourism products. Programs that work for some regions and operators may not work as well for others. As a result a constant process of evaluation will be required to produce the best set of balanced marketing programs for the NWT's tourism industry.

2. Target! Target! Target!

One of the major problems facing previous marketing campaigns and the choice of media to influence visitation was that they weren't targeted. Previous advertising hit far too many households that were not interested in visiting the NWT. It was simply costing far too much money to produce travel inquiries.

The NWT faces a bigger challenge than most Canadian tourism jurisdictions and that is finding a very select market niche out of a potential market of 5 million people. The NWT has to do a much better job of researching, evaluating and locating its market base otherwise its tourist advertising will always be compromised. Over the course of the strategy's implementation, the NWT should place greater importance on database marketing to highly targeted households that best match the characteristics of the NWT's tourism customer base. Magazine advertising should be focused on a much narrower base of publications that have been evaluated as cost effective and consistently have proven to be "winners".

3. Evaluate! Evaluate! Evaluate!

The NWT has rarely evaluated the effectiveness of its marketing programs. As far as we could determine the NWT has never carried out any formal conversion study to evaluate the impact of its advertising and its effectiveness in "producing" visitors. Each year conversion studies should be carried out before financial commitments are made for individual program and media placement. Evaluation should be one of the most important tools that the NWT uses in adjusting its mix of marketing programs.

4. Tourist Advertising and Marketing Should be **Product-Focussed**

We believe that NWT tourists are first drawn to actual tourism products. The NWT's tourism zones and regions mean very little to tourists. The NWT's tourist marketing should be substantially more **product-focussed** than in the past. We identified three primary travel products: auto touring, fishing and hunting and outdoor adventure. It is these three products that drive the demand for the NWT's tourism industry and both territorial and regional marketing should reflect this from the Explorers' Guide to regional visitor guides.

5. Continue to Seek Input from NWT Tourism Operators

At the early stage in preparing this strategy we surveyed NWT operators throughout the NWT to solicit their views and input. The Cooperative Marketing Program is an excellent vehicle for operator input. Based on our analysis, the NWT's packaged tourism market, which directly involves NWT operators in product delivery, accounts for half of the NWT's tourism revenues while the independent travel market accounts for the other half. Given this NWT tourism operators should be very much involved in the targeting, design and delivery of marketing programs. We would recommend that the Department set up tourism product advisory committees with NWT operators to continuously seek their input.

6. Take Advantage of Unique Opportunities to Build Awareness About the NWT When They Occur

While all advertising creates an opportunity to build awareness about the NWT, there are other opportunities or situations where the NWT can create awareness very effectively. The creation of Nunavut, Canada's "newest" territory is already creating interest in Canada. The NWT can continue to build on this. It will create curiosity in the market place. The NWT should capitalize on this.

There are other unique or creative ways in which the NWT can create awareness other than advertising. A number of jurisdictions have approached this through the film and video industry. In the NWT's case, we feel there is likely an opportunity to make an IMAX format film. A film title for this project could be "The Search for the Northwest Passage". It could prove to be a very effective vehicle for creating awareness about the NWT for the following reasons.

- The audience for IMAX/OMNIMAX Theatres is older, educated and interested in travel. As an example, the Grand Canyon is still one of the most popular IMAX format films.
- People are curious about the Arctic. It's also the kind of subject matter that presents itself well in terms of big screen theatre and the presentation of powerful images.
- IMAX films have a substantially longer life than regular films, they are shown again and again.
- For the NWT IMAX/OMNIMAX theatres are in all the right marketplaces — most major urban centres in North America have big screen theatres.

Lastly, while production of such a film would have a major impact on awareness for the NWT, it could be an economic generator for the NWT in its own right in terms of employment income and investment opportunity in the film's production and distribution.

7. Initiate a Companion Product Development Process in the Regions

A tourism marketing strategy is not a panacea for the entire NWT tourism industry. Secondly, it addresses only the marketing side and not the product side of the NWT's industry. We have noted that there are product deficiencies at the regional level that will have to be addressed. Each region should prepare its own product development initiative that inventories the region's product base and provides an approach to prioritize and stimulate the development of a range of quality tourism products.

TOWARDS THE YEAR 2000

At the outset of this document where the reasons were stated as to why the NWT needs a new tourism marketing strategy, one of the reasons given was that the NWT last produced a marketing strategy eight years ago. There have been many changes since the NWT launched its first tourism marketing strategy in 1986. During that period both Canada and the NWT went from what could be described as a buoyant tourism economy to one hard hit by a general North American recession. While the NWT's tourism industry has not enjoyed much growth since 1989, it did well to hold its own level of tourist visitation during tough and uncertain economic times.

Aside from a recession, from which North America is now lifting itself, there were also major shifts in the marketplace. Largely as a result of demographics, the NWT and its tourism operators now face an older tourism market where growth will come from age segments over 45. This trend, which will continue throughout the nineties, will be a positive one for the NWT as its customer base has traditionally been both older and affluent. There have also been shifts in product preferences with outdoor adventure travel products experiencing strong growth. This trend will also continue throughout the 1990's. This presents a real opportunity for the NWT. A favorable exchange rate and low level of inflation will greatly help the NWT's consumptive tourism product sector in rebuilding its U.S. market base that was hard hit during the latter part of the 1980's and early 1990's.

Changes have also occurred within the NWT since 1986. With regard to the Government of the NWT, it is now much more decentralized bringing decision-making closer to the regions and communities throughout the NWT. Towards the latter years of the implementation of this tourism marketing strategy, the creation

of Nunavut, Canada's newest territory, will occur. This will create new awareness for the Eastern Arctic which will have a positive impact for tourism operators.

Changes have also occurred for NWT operators since 1986. NWT tourism operators are now more sophisticated in both marketing and delivering tourism product experiences for both national and international markets.

This marketing strategy was developed through consultation with the NWT's tourism operators, departmental headquarters and the regions. It will be important for the regions, tourism operators and the Department to work cooperatively in implementing this strategy. This strategy should "rearm" the NWT with a set of marketing tools that can "grow" both employment and income opportunity from the development of the NWT's tourism industry to the end of this century.