A Study To Examine The Feasibility Of Canada's Arctic Tour Agency

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Lutra Associates hd.

JUNE 1984.

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EXECUTIVE SUMMARY: CANADA'S ARCTIC TOUR AGENCY

The following details a summary of findings and series of recommendations made throughout the report with respect to: market, corporate structure, management, training, physical plant, equipment and financing.

Market

Current Market and Characteristics of Package Tours in the Northwest Territories (1983)

*The estimated gross annual revenue of the package tour industry in the N.W.T. is $13.5-15 million with an anticipated increase of 7% in sales through 1987.
*Package tour revenue is divided between: multi-mode group package tours, 23-27%; sport fishing package tours 57-59%; sport hunting/outfitting, 15-16%.
*The total number of visitors arriving on package tours to the N.W.T. is estimated at 8750-9250 with an anticipated increase of 5% annually through 1987.
*Visitation via package tours is: multi-mode group package tours 23-27%; sport fishing package tours 69-73%; sport hunting/outfitting 15-16%.
*Package tour products are concentrated in the summer open water season but increases are being felt in the spring and winter shoulder seasons with the introduction of more sport hunting packages and multi-mode group tours with exclusive and adventure travel themes.

Three Year Forecast of Canada's Arctic Tour Agency Market Share and Service Requirements

*The demand for proposed services of Canada's Arctic Tour Agency is highest amongst those operators not currently involved in product packaging and marketing.
*The type of service requested by northern operators is 1. package tour product development/packaging and marketing and 2. direct product promotion and booking services.

*Commissions offered by northern operators for the above services range between 5 and 15%.
*Multimode group package tour commissions range between 10 and 15%.
*Little interest was shown by multi-mode group package tour operators for the purchase of pre-packaged tours in the Northwest Territories .

Current and Forecasted Competition for Package Tour Marketing Expenditures

*There are few package tour marketing agents operating in Northwest Territories.
*The bulk of marketing is undertaken by multi-mode group tour operator/booking agents , sport fishing lodge or sport hunt/outfit operators or tour agenci_es based in southern Canada, U.S.A. of abroad.
*Marketing expenditures for package tours are estimated at $2 million dollars annually and expected to increase at a 15% per annum ratio to sales from package tours through 1987.

Market Share

*Considering the characteristics of the package tour market segment in the N.W.T., the anticipated growth in visitation as well as sales volumes, the nature of the competition and the level of demand and services required, the following market share is estimated for Canada's Arctic Tour Agency: Year 1-$284,165; year 2-$370,244; Year 3-$450,683.

The above forecasted market share estimates are based on the following recommendations.

1. That aggressive, well developed and imaginative marketing strategies are employed.
2. That a phased introduction of package tour products is accomplished during the three year timeframe. The phasing for each product to include a comprehensive market search, product development and packaging, marketing plan and delivery mechanism. It is recommend that duzing the'-initial operating year one complete package tour be developed and delivered for the major summer season. Yea- two to include expanded offerings for the Spring and/or Minter shoulder seasons , while the third year should round out a complete year round product selection.

3. That consideration is given to delivering package tour products in each of the shoulder seasons and the major summer season .
4. That the current positive environment for the development of the N.W.T. tourism industry will continue for at least the next three years.
5. That quality is a prime component of each and every product marketed by the agency.
6. That the marketing plan include very clear instructions on each of the packages in order that all clients are adequately informed as to the contents of the package.
7. That efforts be incorporated into a work plan to direct market for existing and new tourism operators.
8. That the "travel influencers" market segment be tapped into extensively in year 1 in order to facilitate a year round service.
9. Business start-up to be no later than October 1984.
10. The average per client expenditure for package tours as per tables 6 and 7.

Given the above assumptions and recommendations it is estimated that Canada's Arctic Tour Agency will capture its market share from: 1. the net annual increase of visitors by package tours to the N.W.T., 2. the existing market for operators who either do not have a direct marketing service or would be interested in packaging their product with other operators, and 3. increasing product offerings adjusted to the marketplace and increasing credibility in the marketplace.

Corporate Structure and Legal Considerations

*That COA.T.A. become federally incorporated as a limited private company.

*l'hat in consideration of business financing requirements that C.A.T.A. proponents carefully review shareholder structure options. Should it be necessary to have more than two shareholders , classes of shares (ie. common and preferred) might be established as a means of identifying voting rights of individual inves=ors.

*That over the coarse of C.A.T.A.'S development, that membership in ACTA be ascertained in order to: promote professional standards , inpu~ into industry-wide issues/policies and access professional training programs.

*That C.A.T.A. ~oponents seek assistance to research thorougly legal , insurance and compensation requirements inherent in the tour agency business, using established precedents as a guideline to this research.

Management,Trbining and Employment

*That in consideration of business" financing requirements and the desire of both proponents to be actively involved in the business, that C.A.T.A. co-managers be prepared to invest a substantial portion of 'sweat equity' into the initial years of the business.

*That during the first two years of operation, C.A.T.A. proponents seek professional services (ie. management consultant/tour consultant expertise) to assist in the establishment and development of the business and product offerings. It is suggested that both human and financial resources be sought to develop a business development strategy to include staff training. This strategy should be developed early in C.A.T.A.'s first year of operation. The strategy and some implementation of it can b"& financed (100% of costs) through the Business Management Development Program of the Economic Development Agreement (EDA).

*That during the first two years of operation that specific, on-site training sessions be held to upgrade the skills of the co-managers. This training will follow the business development strategy developed under EDA and may be resourced through the National Industrial Training Program (N.I.T.P.).

*That in addition to on-site technical training sessions that C.A.T.A. proponents assume personal responsibility for upgrading business and industry skills through correspondence courses, participating in familiarization tours, marketing conferences and seminars, etc.

Physical Location and Equipment

*That C.A.T.A. proponents initiate an 'office search' immediately by establishing and maintaining contact with local real estate agents, building contractors and developers. Although storefront and a central location are desirable, cost and availability may require positioning the office elsewhere in the city. "It is noted that as a specialized service, marketplace awareness is of greater import than a highly visible storefront location.

*That upon securing office space, C.A.T.A. proponents plan office layout and design prior to ordering furnishings and equipment in order to ensure an efficient, comfortable environment. It is suggested that the design of the office may incorporate a theme which is compatible with C.A.T.A. products.

*Th~t C-A-T-A. purchase a small business computer for accounting, word processing, mail merge and "inventory (data base) functions and consider utilizing existing computer systems as marketing tools. This approach suggests an emphasis on written materials and personal contact as a means of inputting information into existing systems.

*That office equipment and furnishing be purchased in accordance with cost, comfort, durability and office design.

Financial

The recommended financing scheme is:
*FBDB/SBLF/chartered bank based on best interest rates at time of securing fixed capital and company-eligibility.
*Small Business Development Incentive Program for fixed capital.
*An established bank line of credit to cover working capital seasonal shortfalls.
*National Industrial Training Program.
*Business Management Development Program.
*Industrial and Regional Development program - Marketing cOIlIpOnellt.
*Marketing and Product Development Assistance.

Economic Feasibility

In the first three years of operation, difficulties will be encountered due to debt servicing requirements. Assuming all government assistance is in place and bank financing in the amount of $10,000. is available, the total shortfall is estimated at $ 6,500. Options to overcome this shortfall are:

*secure additional shareholders to offset the shortfall.
*trim budget costs ie. location, office expenses and/or wages.
*contributions by proponents (ie. long term shareholder's loans) to offset the shortfall.

With respect to seasonal revenue distribution, cashflow problems will require supplier credit and adequate working capital to cover initial monthly expenses.

INTRODUCTION

Canada's Arctic Tour Agency is a tourism opportunity concept developed by Ms. Darlene Mandeville and Ms. Kim Warner of Yellowknife, N.W.T. During initial discussions between the principals and Lutra Associates Ltd. it was understood that the broader goal of the business concept is to increase the volume of travel by primarily southern visitors to tourist destinations in the Northwest Territories. The principals envisaged a northern owned and operated viable tour agency established to promote and market tour destinations across the N.W.T. as a method that would accomplish this goal. The strategy of the tour agency would use a "package tour" approach providing quality and varied northern travel destinations to the incoming tourist to the N.W.T.

The viability of a tour agency located in the Northwest Territories is being examined by the principals because of the perception that incoming tourist travel to the N.W.T. is primarily controlled by package tour operators outside of the North and the economic benefits are slipping away. Further the principals are aware of the potential growth in tourist travel to the N.W.T. resulting from the present reorganization and development of tourist business opportunities.

Lutra Associates Ltd. interprets the tour agency concept as encompassing a wide range of services in the marketing of N.W.T. tour destinations, the components being:

1. a linkage for cooperating northern tourism operators to package nothern tourist destinations,
2. a focus primarily on the incoming tourist,
3. the provision of a valuable and much needed marketing service to the rapidly developing tourism infrastructure in the Northwest Territories.

Lutra Associates Ltd. of Yellowknife was contracted in March 1984 to examine the commercial viability of establishing the Canada's Arctic Tour @ency. Lutra Associates Ltd. has prepared this feasibility study in accordance with the <ollowing terms of reference:

1. a Market Assessment of the potential demand for a tour service operating in the Xorth.
2. an Operational Desi~ to meet market conditions, and to satisfy legal liability requirements.
3. Land, Building, ad @uipment necessitated by the operation of the tour agency at given scales,
4. Financial Projectiws including three year pro forma statements: cash flows, balance sheets, and income statements, as well as first year set-up costs.

5. Evidence of Association Affiliation including documenting necessary steps for the Canada's Arctic Tour Agency to become certified. "
6. Evidence of Community Support which will take the form of letters of support.

The principals instructed Lutra Associates to disregard sections 5 and 6 as study requirements. The following work plan designed to meet sections 1 through 4 above, formed the basis of the assignment .

Task 1 Market Assessment

A forecast of the total market potential for incoming tours to the N.W.T. during the next three year period.
An evaluation of the environment for tourism development in the N.W.T. and anticipated effect on the market potential for incoming tours to the N.W.T. during the next three year period.
An assessment of the package tour market segment in the Northwest Territories.
An overview of competition for the package tour market segment in the N.W.T.
A 3 year forecast of the potential market share for Canada's Arctic Tour Agency including a recommended commission rate for the Agency service.

Operational Design

Given the level of operations forecast in the market assessment and the available human resources to meet operational requirements , the study will determine the appropriate management system for Canada's Arctic Tour Agency. Staffing requirements , reporting mechanisms and training are integral to the operational design. A corporate structure to oversee the operation and take advantage of programs designed to assist small business development will be recommended. A forecast of three year operational expenses will be included in an income statement foremat in the financial analysis.

Physical Location and Equipment

An assessment of suitable locations for the Canada's Arctic Tour Agency considering market assessment recommendations, operational design, and availability and comparative costs of real estate in Yellowknife,
An assessment of equipment required to efficiently operate the Canada's Arctic Tour Agency at the levels suggested in the three year forecasts.

Financial Feasibility

An analysis of forecasted revenues, expenses and capital requirements in a three year income statement format,
An indication of financing available and a recommended financing program.
The financial feasibility to make recommendations regarding the viability of the business opportunity.

METHODOLOGY and APPROACH

The Lutra Associates study team conducted both primary and secondary research in order to complete the work assignment . Initial and stibsequent meetings w_ith the principals clarified the parameters of the study and provided personal data on their ability to operate a small business within the tourism industry.

Market assessment research included a variety of telephone and personal interviews with key personnel in the travel industry both in the Northwest Territories, and southern Canada. In order to estimate group package tour volumes arriving in the N.W.T. group tour operators presently offering tours to the N.W.T. were surveyed. A sample of those offering tours to other northern destinations were surveyed to collect data on the marketability of the Canada's Arctic Tour Agency services . A survey was completed of northern operators that might use CATA'S services.

Interviews were conducted with Government of the Northwest Territories , Department of Tourism and Department of Regional Industrial Expansion personnel to examine the current and future environment for tourism development in the north. Private sector tourism industry personnel, federal and territorial government personnel were consulted regarding business operational design specifications , and the local business community contributed data and information regarding location and equipment.

Published and unpublished reports and surveys regarding tourism markets, travel volumes and future trends in the ~orthwest Territories , Canada and internationally were reviewed.

All data was treated confidentially and the figures and tables contained in this report are cumulative estimates from the data sources . The available secondary data base for tourism research in the N.W.T. is currently being developed and improved but cah only now serve to provide indicators or trends in the industry rather than definitive statements.

The financial feasibility was conducted on completion of the analysis of market, operational design, and physical location. All costs and revenues were synthesized into a complete set of financial pro forma statements followed by recommendations and conclusions .

The Lutra Associates Ltd. study team have organized and presented the research report in a logical sequence commencing with an assessment of current and forecasted tourism markets in the N.W.T, operational design requirements to meet market demands, availability and appropriate equipment and physical location, and evaluation of the financial feasibility of the Canada's Arctic Tour Agency development opportunity.

Part 1: MARKET ASSESSMENT .

Estimates of the current market for incoming package tours to the N.W.T. are based on the 1983 operating season. Where data was not available for the 1983 year we have extrapolated previous years data to 1983. our assumptions are footnoted as required. In some cases 1984 winter and spring "shoulder season" data was available to Lutra and is used in forecasting the market potential for package tours . The data was collected and structured to provide reasonable estimates of current and proposed tours to the N.W.T.

For study purposes we have chosen to define a package tour as a pre-arranged tour which include= 1. a mode of transportation ex. air, rail, boat or bus, 2. a recreation or tourist activity ex . sightseeing , fishing, hunting, or river rafting, and 3. accommodation ex. lodge, or hotel. The logistics of a package tour are, in most cases arranged and paid for in advance . Initial research brought to our attention that the major package tour products in the N.W.T fell into three separate classifications. These are multi-mode group package tours, sport hunting packages and sport fishing package tours. Ancillary segments of the visitor market to the N.W.T. are business travel and "rubber tire traffic". Although our attention was directed, by the terms of reference to the incoming package tour market, we could not ignore the possibilities presented by penetrating the latter two market segments.

1.1 Profile of Current Package Tour Market in the Northwest =ritories

The objective of this section of the study is to establish estimates of the volume of travel and revenue generated by ackaqe zours in 1983 in the N.W.T. and develop a..ra$.io. -ktween ~he.~~gcege..tour market s_@grnen.~_._a9@.tJe total ic to the N.W.?. A'Yfi~ti&i'-obJective of the current market for package tours is to detect trends during the past number of years. We have focussed on incoming multi mode group, fishing, hunting/~utfitting and outfitting package tours . These have traditio~ally represented the bulk of organized travel to the Northwesz Territories. It is not an intentional oversight to preclude local tours from our research, however it is assumed that the packaging of local tours with comprehensive group package ~ours is presently happening in the N.W.T.

A review of group package tours from 1980 to the present in table 1 shows that there has been a steady increase in the number of tours offered ranging from 18 in 1980 to 44 proposed for 1984. The increase in the number of tours is generally due to existing tour operators expanding their trip offerings in the N.W.T. thus the marginal increase in the actual number of tour companies . Local tours have been included to indicate that more northern operators are taking advantage of travelers arriving in the N.W.T.

*Table 1 Group Package Tours Operating in the N.W.T. 1980-84

Year	Tour companies	Number of package tours offered	heal tours
1980	11	18	
1981	9	20	4
1982	13	25	6
1983	12	33	14
1984(proposed)	14	44	8

*Explorers Guide 1980-84 and Explorers’ Guide Travel Industry Supplement , Travel Arctic, Government of the Northwest Territories

A further examination of group tours for 1984 revealed the characteristics listed in table 2. Data discrepancies between those listed in table 1 and table 2 for the number of tours is due to the cancellation of certain package tours.

*Table 2 Group Package Tour Characteristics N.W.T. (1984)

Price Range	Number of Tours	Percentage of Total	Average Duration	Average Tour Cost	cost/ Day
$0-1500	10	24	5 days	1079	215
$1501-3000	26	62	10 days	2250	225
$3001-above	6	14	10 days	6150	615
Total	42	100	8.3 days	3159	380

*source data: telephone interviews with major tour operators offering group package tours in the N.W.T. during 1983 and a survey of tour operators (appendix A)

Other characteristics of group package tours include a 65:35 ratio for origin of trips southern Canada:Northwest Territories, and a 70:30 ratio of summer:spring/winter seasonality. Four types of tours are being offered in 1984: adventure travel 28%, fishing 9%, motorcoach, air/interpretive/sightseeing 60%, and special interest .3%.

In order to determine the current volume of travel via group package tours, telephone interviews were conducted with all major tour companies offering tours in and to the Northwest Territories. (appendix a) The resulting cumulative estimates of travelers via group package tours in 1983 was approximately 2000-2500 people. The total value of the group tour market in the Northwest Territories for 1983 is estimated at between 3.5 and 4 million dollars.

Recognizing that group package to;rs represented one segment of package tour operations in the Northwest Territories in k983, research was conducted on the sport fishing and outfitting/sport hunting sectors of the package tour market. More data was collected regarding general visitation to specific destinations in the N.W.T. and by specific modes of travel by non-package tour visitors. The cumulative effect of this data is our estimate of tourist travel and the net distribution of people and dollars by major segments of the industry in the Northwest Territories during 1983.

In order to estimate package tours in the sport fishing lodge sector, a review of published reports* revealed total gross sales in 1980 of 6.99 million with 87 percent/6.l million derived from package plan revenues. Lodges served 6400 guests with and estimated 40,600 guest/days during the operating season. Extrapolating to 1983, it is estimated that the sport fishing lodge sector represented between 8-8.5 million dollars in total sales with between 7 and 7.4 million dollars as package tours. These estimates are based on: -inflation at an average 9% per annum during each of 1980-81, 1981-82 and 1982-83, (C.P.I. for Canada 1980-83) generating increases in operating expenses, thus increases in package pric<,

-shortened operating season due to late break-u-p in 1982 in the major area for lodges ie. Great Slave, Great Bear, Yellowknife area- these lodges represent 430 of the 780 beds available to the sport fisherman.

-general recession condition through 1981 and 1982 affecting occupancy rates and cost of package tour 1980 to 1983,

* Regional Income Analysis of Northwest Territories Fishing Lodges, D. Topolinski, Dept. of Fisheries and Oceans, 1982

-cumulative affect of general recession, late operating season and inflation, resulting in an estimated 14.5% increase in package tour price during the three year period.

Telephone and personal interviews with big game outfitters and agents and a review of published data* re: big game hunting in the Northwest Territories, provided reasonable data to estimate the volume and value of sport hunting in the N.W.T. An estimated 350 sport hunters travelled to the N.W.T. spending approximately 2 - 2.5 million dollars in 1983.

Table 3 summarizes the estimated package tour volumes and revenue generated during 1983 for the three major market sectors.' If this data is compared with "visito~ survey data" collected during the summer months of June, July, and August in 1983*, the estimated volume of visitor traffic by package tour is 20 % of all summer season visitors to the N.W.T. while revenue ranges from 20-23% of the total revenue.

Table 3 Estimated Volume and Revenue of package Tours in the N.W.T. 1983 by Package Tour Segment

Package Tour Segment	Number of Guests	Percentage	Revenue	Percentage
Group Tours	2000-2500	23-27%	$3.5-4 m	26-27%
Sport Fishing Lodge	6400	73-69%	$8-8.5 m	59-57%
Sport Hunting/ Outfitting	350	4%	$2-2.5 m	15-16%
Total	8750-9250	100%	$13.5-15 m	100%

Table 4 displays comparative estimates of each major package tour segment to the visitor survey data for 1983, while "-table 5 presents a per person trip expenditure comparing all visitor types .

*~partment of Renewable Resources, consultants report, 1983
*~Partment of Economic Development and Tourismt Visitors to the Northwest Territories 19E3

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Table 4 Estimated 1983 Visitation by Major Tour Segments as a Ratio of Total Visitation Summer 1983

Visitor Type	No. Guests	Percentage	Revenue	Percentage
Total All Visitors	44,000	100	65 m	100
Group Tours	2-2500	4.6-5.7	3.5-4 m	5.4-6
Sport Fishing Lodge	6400	14.6	8-8.5 m	12.3-13
Sport I-lunting/ Outfitting	350	.8	2-2.5 m	3-3.8
Total All Package Tours	8750-9250	20-21	13.5-15 m	21-23
Business Travel	15,840	36	23 m	36%

Table 5 Per Person Trip Expenditure 1983

Visitor Type	Per Person Trip Expenditure
Total all Visitors	$1477
Group Tours	$1600-1750
Sport Fishing Lodge	$1250-1328"
Sport Hunting/ Outfitting	$57,14-7143
Total all Package Tours	$1542-1622
Business Travel	$1452

Reporting techniques for surveying visitors to the N.W.T. have improved during the past three years. Growth in visitation is difficult to quantify due to reporting in 1980-81, and 1981-82. Should survey data be reliable then the visitation growth estimate is 24% during the three year period 1980-83 or a straight line growth rate of 8% per annum.

1.2 Forecast of Total Market Potential for Package Tours

Current estimates (1983) of marketing expenditures by each of the above major package tour segments varies. A review of Regional Income Analysis of the Northwest Territories Fishing Lodges, ~estern -ion Dep=tment of Flsherles =;d Oceans: October 1982 kpartment of Renewable Resources, Consultant's Report, interviews with industry operators , and comprehensive surveys (appendix a) of 68 northern operators and 20 group and package tour operators/retailers , was completed. The range of marketing expenditures and commissions offered was from 10% of gross sales (1980)* in the sport fishing lodge industry to commission offerings between 10 and 15% of gross sales*. Our familiarity with the sport fishing lodge industry in the N.W.T. over the past 5 years and general depressed market conditions in 1981, 1982, and 1983 would lead-us to increase the sport fishing lodge marketing expenditure to a 1983 value of 13% of gross sales. It is assumed that as the market tightened up during the recession period, increased dollar efforts were made by operators to maintain their market share of a shrinking market.

The estimated fifteen percent promotion and marketing expense of total gross sales represents a reasonable estimate of market potential (1983 $) from which Canada's Arctic Tour Agency may derive its market share for marketing services to the package tour segment. Using revenue estimates listed in tables 3 and 4 of 13.5-15 million dollars, Canada's Arctic Tour Agency would have competed for a share of 2.0-2.3 million dollars had it operated in the package tour market segment in 1983.

*Regional Income Analysis of the Northwest Territories Fishing Lodges, Department of Fisheries and Oceans, Ocatober 1982

*consultantJs Survey of northern operators and multi-mode group tour operators (Appendix B)

1.3 Three Year Forecast of Total Market Potential, Package Tours

Tables 6 and 7 provides three year forecast scenarios of the package tour market in the Northwest Territories commencing in 1985. In deriving this forecast consideration was given to the following assumptions:

- -growth in the total number of visitors will continue at a minimum of 8% per annum,
- -special events and attractions ie. Expo '86, Rendezvous '85,and Liard Highway will have long term effects commencing in 1984 but largely after 1986,
- -inflation at an estimated 8 percent per annum between 1984 and 1987 will generate price increases thereby increased sales revenues,
- -a positive environment for tourism and small business development currently and anticipated in the N.W.T. as a result of increased funding assistance to build quality tourism infrastructure and develop organization , awareness and long term regional strategies,
- -a recovering economic condition in Canada, United States and abroad , the current exchange rate of the Canadian dollar stimulating foreign and domestic travel.
- -increases to per person trip expenditures will level off.

Analysis of these variables, discussions with industry operators in the sport fishing, hunting andcgroup package tour segments and a review of survey responses from northern and southern operators have provided data which suggests tourism travel via package tours will experience growth in the magnitude of an estimated 5% per annum to the Northwest Territories during the period 1984-87. It is anticipated that northern operators will not raise their rates at the 8% inflation rate annually but will maintain increases at 3-5% annually. It should be noted that some growth will occur as a result of new product offerings during the three year period 1985-87 in the N.W.T. tourism industry. These conditions give way to an anticipated average client expenditure annual increase of 7% throughout the entire package tout market.

Tables 6 and 7 scenarios are based on growth rates of 5% annually, and 7% price increase for package tours. Scenario 1 uses 1983 estimates of volume and sa.es at 8750 and 13.5 million dollars, while scenario 2 (table 7) uses 1983 estimates of volume and sales at 9250 and 15 million dollars.

Table 6 Lower Scale Three Year Forecast of Market Potential Package Tours in the Northwest Territories

	1983	1984	1985	1986	1987
Number of Clients	8750	9188	9647	10129	10636
Average Client Expenditure	$1542	$1650	$1765	$1889	$2021
Forecast Revenue Package Tours	$13.5 M	$15.2 M	$17.0 M	$19.1 M	$21.5 M

Table 7 represents the upper end of the revenue estimate for package tours between 1985-and 1987.

Table 7 Upper Scale Three Year Forecast of Market Potential Package Tours in the Northwest Territories

	1983	1984	1985	1986	1987
Number of Clients	9250	9713	10198	10708	11243
Average Client Expenditure	$1622	$1736	$1857	$1987	$2126
Forecast Revenue Package Tours	$15 M	$16.9 M	$18.9 M	S21.3 M	$23.9 M

1.4 Demand For Package Tour Marketing Services

The demand for Canada's Arctic Tour Agency service was tested by means af two surveys (see appendix a), one directed at northern operat=r and the other directed at group tour agents. The object.ve of each of these surveys was to determine the extent of interest in a variety of services proposed for Canada's Arctic Tour Agency.

From =he northern operators surveyed, 71% of the respondents indicated that their product had not been packaged in 1983, while

90% indicated that packaging their product would benefit their sales. 48% of the respondents offered 5-10% commission and 38% offered 10-15% commissions, 48% of respondents indicated a willingness to become a client of Canada's Arctic Tour Agency while 52 % of respondents indicated that they would consider becoming a client but with more information. The range of services desired by respondents included: arrangement of details of package tour with other matched tourist operators including price, scheduling, duration of tour-25%, marketing plan directed at appropriate target groups-18%, a booking service for the arranged package tours-20%, a booking service for the tourist product-23%, travel consultation services-13%.

From the tour agent survey directed at package tour operators and agents offering products in the Northwest Territories, Yukon and Alaska, 50 % of the respondents indicated a willingness to use the Canada's Arctic Tour Agency, 33% indicated no and 17% indicated maybe. Specific services required by the willing respondents included advertising abroad and help in securing reasonable rates for accommodations and attractions.

Northern operators surveyed responded positively to packaging their products and were receptive to the type of service which Canada's Arctic Tour Agency might provide. The primary interest was in package development and marketing and the commission offering was up to 15% for these services. Group tour operators were more reticent in responding to the survey questionnaire and those that did were less inclined to pay for a wholesale mass mode group package tour. Group tour operators oiffered commissions of an average 11% for clients booked on their existing tours.

1.5 Competition

Since our research has focussed on the three major package tour markets our analysis of competition for marketing dollars follows each segment. Table 8 provides a three year forecast of marketing dollar expenditures for the delivery of package tours. These estimates are based on a commission offering of 15%"through 1987 and represent the net dollars available to marketing agencies for the sale of package tours.

Table 8 Three Year Forecast of Expenditures for Marketing Services-Package Tours in the Northwest Territories

	1983	1984	1985	1986	1987
Lower Scale	2 m	2.3 m	2.6 m	2.9 m	3.2 m
Upper Scale	2.3 m	2.5 m	2.8 m	3.2 m	3.6 m

Currently competition for the marketing expenditure listed in table 8 falls into the following package tour segments.

MULTI-MODE GROUP PACKAGE TOURS
-marketing primarily by tour agents/retailers located Closs to areas of high density populations throughout western and eastern Canada ,
-the tour agent in essence is a wholesaler of the mass-mode group package tour,
-some efforts are being made by Northwest Territories based tour operators to market directly, but these efforts represent a small percentage of the market,
- N.W.T. market domination of the group package tour segment is by 3-4 large tour operators with the Northwest Territories advertised as one of a series of tour destination offerings either in Canada or North America,
-local group tours are marketef either as a component of a larger, all inclusive group tour by the tour operator or marketed directly to the incoming traveller,
-current marketing efforts vik-a-vis travel influencers ie. corporate meeting planning and incentive travel planning is almost non-existent although travel agencies, public relations companies and Chambers of Commerce are providing services to ease market demands,
-travel agencies in the N.W.T. are primarily involved in the marketing of airline seats and outgoing package tours.

Analysis
-in the multi-mode group package tour market high volume/budget-moderate priced tours are covered off by large tour operators who will adjust their product offering according to the demand,
-each of the road systems has motorcoach tours originating in major centres across Western Canada,
-the adventure travel market is developing in the Eastern Arctic and exclusive adventure travel market in the High Arctic, with point of origin either in the closest major southern city or Frobisher or Resolute Bay,
-a large number of new outfitting/land based proCucts are being offered in the Northwest Territories by native northerners which packaged as low volume moderate-high priced mass-~~de grdup tours have appeal to the U.S.A. and select international markets,
-efforts in the Eastern Arctic are currently f=ussed in the Spring and Summer season while in the Western Arct~c goup package tours are heavily concentrated in the summer seasm the exception being the Fort Smith/Wood Buffalo National Park rqion.

Recommendations

-that there is room for marketing penetration of the mass-mode group tour market considering: 1.- the type of mass-mode group tour product offered, ie. focus on low volume moderate-high priced, exclusive land based/cultural adventure travel
2.-initial marketing efforts for a group package tour are structured to capture travel volume increases forecasted for the 1985, 1986, and 1987 package tour market
3.-subsequent marketing and product offerings to compete with current package tour products after initial success in delivering a credible product 4 .-initiation of marketing efforts directed at travel influencers ie. the conversion of business travel into tourist travel

SPORT FISHING PACKAGE TOUR MARKET

-marketing for sport fishing lodg~ in the N.W.T. varies with the nature of the establishment but ranges from an "in-house " approach to the use of marketi~ agents,
-many of the larger more successful lodges on Great Bear and Great Slave Lakes compete for clients via the "sportsman show " circuit and via "word of mouth. "

Analysis

-it is viewed that marketing penetration in this segment can be accomplished by directing efforts at the smaller northern owned and operated lodge and developing a marketing program which co-operatively markets a number of destinations, different styles of . service and selection of fish species,
-fishing lodge packages might vary from a one location all inclusive product to a fly-in fishing, sightseeing , land-based adventure travel approach,
-specific target markets should be further investigated at the implementation stage of inventorying prospective clients.

SPORT HUNTING PACKAGE TOUR MARKET

-marketing is currently facilitated through the outfitter/agent and southern based ar international retailers
-there is little opportunity to break into this market now, due to a limited resource base , highly competitive ● nd well established marketiag, and selective sport hunt clients,
-marketing opportunities will occur as more N.W.T. operators exercise class B outfitting licences thereby accessing the high volume low cost spo-t hunt market,
-the sport hunting client market traveling to Northwest Territories destinations experienced a down swing during the major part of the =ecent recession however a recovery 1983/84 is in progress in 1983'84.

Analysis
-a limited opportunity will arise to compete in this market,
-the net result of CATA's involvement would be marketing operations targetted at the fall shoulder travel season,

Other Markets
-with business travel contributing most to volumes and consequently revenues in terms of all travel to the Northwest Territories and limited competition in the 'travel influencers market ' there exists localized opportunitites throughout the N.W.T.,
-as the inventory of events and attractions in Yellowknife and environs develops, opportunities exist to convert business and trade dollars into tourism dollars through the creation of specialized group package tours,
-competition to market products-in the travel influencer area will increase,
-other direct marketing o~portunities exist to send clients on existing mass-mode group package tours thereby complimenting the efforts of these tour operators to reach optimum levels of occupancy on the tours.

1.6 The Canada's Arctic Tour Agency Three Year Forecast of Market ~ r =

The development of a realistic estimate of market share for Canada's Arctic Tour Agency is difficult given that the agency has not performed in the market place and management does not have a track record. The analysis of data presented in the previous sections provides an indication of l.how the market will develop, 2. market segments that are currently receiving little attention and 3. demand for services from a northern based tour agency . Our estimation of market share forecast is therefor based on a number of assumptions and recommendations.

The assumptions and recommendations are:

1. Aggressive, well developed and imaginative marketing strategies are employed.
2. A phased introduction of package tour pr~ducts is accomplished during the three year timeframe. The phasing for each product to include a comprehensive market search , product development and packaging, marketing plan and delivery mechanism. It is recommend that during the initial operating year one complete package tour be developed and delivered for the major summer season. Year two to include expanded offerings for the Spring and/or Winter shoulder seasons , while the third year should round out a complete year round product selection.

3. Consideration is given to delivering package tour products in each of the shoulder seasons and the major summer season .
4. That the current positive environment for the development of the N.W.T. tourism industry will continue for at least the next three years.
5. That quality is a prime component of each and every product marketed by the agency.
6. That the marketing plan include very clear instructions on each of the packages in order that all clients are adequately informed as to the contents of the package.
7. That efforts be incorporated into a work plan to direct market for existing and new tourism operators.
8. That the "trave1 influencers" market segment be tapped into extensively in year 1 in order to facilitate a year round service.
9. Business start-up to be"–no later than October 1984.
10. The average per client expenditure for package tours as per tables 6 and 7.

Given the above assumptions and recommendations it is estimated that Canada's Arctic Tour Agency will capture its market share from: 1. the net annual increase of visitors by package tours to the N.W.T., 2. the existing market for operators who either do not have a direct marketing service or would be interested in packaging their product with other operators, and 3. increasing product offerings adjusted to the marketplace and increasing credibility in the marketplace.

The following three market share forecast scenarios were prepared in accordance with the above market assessment.

Three Year Market Share Forecast Scenario 1

Year 1

-a 1% penetration of the estimated 1984 market for all pack age tours equivalent to booking 92 clients into existing package tours , lodges etc.,

-a 15 % penetration of the net forecasted increase in package tour users, representing 69 clients on new package tour produc=s,

-the estimated Canada's Arctic Tour Agency total gross sales in year one are $284,165.

Year 2

-a 1.2% penetration of the estimated 1985 market for all packqe tours equivalent to booking 116 clients into existing grrup package tours, lodges etc.

-a 16.5% penetration of the net forecasted increase in package tour users, representing 80 clients on new package tour produc=s.

-the estimated Canada's Arctic Tour Agency total gross sales in year two are $370,244.

Year 3
-a 1.3% penetration of the estimated 1986 ITIarket for all package tours equivalent to booking 132 clients into existing group package tours, lodges etc.
-a 18 % penetration of the net forecasted increase in package tour user, representing 91 clients on new package tour products.
-the estimated Canada’s Arctic Tour Agency total gross sales in year three are $450,683.

At the above market shares the annual increase in sales between year 1 and year 2 is 30% and year 2 and year 3 is 21%.

Three Year Forecast of Market Share Scenario 2

Adjustments to arrive at scenario 2 are the use of upper range data listed in table 7 and the above market share percentages. The market share for year 1 is $315,690, year 2 is $411,309 and year 3 is $499,610.

It is concluded that scenario 1 is a more realistic estimate of market share for Canada’s Arctic Tour Agency given that the first year will ultimatley test the company’s capacity to develop and market its product and subsequent years will build credibility for the Canada’s Arctic Tour Agency name.

PART 2: OPERATIONAL DESIGN

The Dur Dose of this section is to provide information on the optimum operational system, given bo~h the nature and volume of business anticipated . The components of this operational system are: corporate or ownership structure ; legal considerations ; and management training and employment.

2.1 Corporate Structure

C.A.T.A. proponents identified the following criteria as essential to the ownership structure of the proposed business venture :

-ensure joint ownership by the two proponents;
-ensure eligibility for Federal/Territorial business assistance;
-ensure adequate levels of owner/client/customer protection; and
-ensure eligibility for membership in travel industry associations .

Given the above, it is most desirable for C.A.T.A. to become an incorporated entity as opposed to an unincorporated proprietorship or partnership. The latter two business forms place owners in a position where they are legally responsible for all obligations of the business to include satisfying, from their personal funds , any outstanding claims. Given the anticipated volume of business and the nature of the C.A.T.A. operations, a private business (limited private company) corporation is perhaps most desirable. This structure offers the following advantages:

ADVANTAGES

-limited liability
(a shareholder can only lose his/her investment in the firm: noz personal assets).

-potentially lower income tax than non-incorporated .-business forms as based on the current corporate tax structure.

-co? tinuity despite changes in personnel and/ or ownership be:ause incorporation creates a separate business entity.

-ownership transfer is easy and can be accomplished through the Board of Director.

-caqital is more readily available to incorporated bodies especially private business, through reinvestment of profits, shareholder loans and government incentive loans and grants. Limited private companies allow 'for up to 50 shareholders.

-personal incentives/motivation is normally higher in private companies as the managers and the shareholders are usually one and the same.

The two main disadvantages of incorporated business over partnerships or proprietorships are:

DISADVANTAGES

-the expense involved in forming this entity ie. legal fees , research and registration can start at $800.

-the requirement to comply with a-greater number of regulations and accountability exercises with respect to shareholders and government.

It is noteworthy that limited private companies can be incorporated under Federal or Territorial jurisdiction. Since it is anticipated that C.A.T.A. will ultimately be carrying out its business in various provincial jurisdictions, it is advisable that it be incorporated federally under the Canada Business Corporation Act.

2.2 Recommendations: Corporate Structure

-That C.A.T.A. become federally incorporated as a limited private company.

-That in consideration of business financing requirements that C.A.T.A. proponents review shareholder structure options. Should it be necessary to have more than two shareholders , classes of shares (ie. common and preferred) might be established as a means of identifying voting rights of individual investors.

2.3 Legal Considerations

Unlike many jurisdictions in Canada, no legislation exists to regulate the N.W.T. travel and tour industry. However, as the travel industry develops; the trend toward industry professionalism increases; and deregulation of air travel impacts the travel industry a need to regulate the industry on a territorial-wide b~sis may become apparent. It is therefore, the intent here to raise legal issues which should be considered over the course of C.A.T.A.'S development.

In jurisdictions where the travel/tour industry is regulated by an Act of government, travel and tour agencies can be required to employ only fully licensed agents; to be bonded: and to maintain a trust fund from prepayed services. Similarly, those agencies requiring and/or wishing membership in the Alliance of Canadian Travel Associations (ACTA), the Air Transport Association of Canada (ATAC) and the International Air Transport Association (IATA) must also meet a specific set of criteria to gain access to these organizations.

Given the proposed nature of C.A.T.A.'s operation it is not necessary for it to be a member of ACTA, ATAC or IATA. However, should C.A.T.A. pursue airline ticketing rights for the purpose of earning commissions, membership in both ATAC and IATA is required. Additionally, should the trend toward the profess-ionalization of the industry co~lete with codes of ethics and standards of conduct be developed, it will become increasingly more difficult for any agency to operate outside of the auspices of ACTA. Membership in ACTA would allow C.A.T.A. access to a variety of professional tr'aining programs, market information and a forum for addressing industry concerns.

Consideration should also be afforded to liability insurance for C.A.T.A., its products and clients. For example, many travel agencies do not carry liability insurance due to exorbitant costs, choosing instead to pursue the stance of providing waivers for delays and/or cancellations resulting from northern conditions, failure of operators to provide certain levels of service, etc. As such, C.A.T.A. operators must ensure a clear understanding of hotel, lodge, airline, etc. cancellation insurance and bonding policies prior to marketing any products. Legal advice should be sought on these matters.

2.4 Recommendations: Legal Considerations

- That over the course of C.A.T.A.'S development; that membership in ACTA be ascertained in order to: promote professional standards; input into industry- wide issues/po.icies; and access professional training programs.

- That C.A.T.A. proponents seek assistance to research thoroughly legal, insurance and compensation requirements inherent in the tour agency business, using established precedents as a guideline to this research.

2.5 Management , Training and Employment

The tour agency business is highly competitive, causing some difficulties for small agencies to gain a competitive edge over larger tour agencies. As such, small tour agencies must offer a very personalized, professional and unique service to engage and maintain clientel. Although professional standards and requirements are not universally available for persons working in the tour agency business, Lutra's information sources generally agree that the following skills are basic to developing a small tour agency in the N.W.T.

-business management
-personnel management
-sales and sales processing
-marketing : advertising and promotion
-evaluatory and assessment –
-planning and forecasting
-costing
-product development and packaging
-communications - written and verbal
-financial and accounting.

Further, it is suggested that tour agency management seek to develop a comprehensive knowledge of the travel agency and airline businesses in order to deal effectively with these. As well, tour agency staff should have a fine appreciation for legal requirements related to tour packaging and a deep personal understanding of both the product and the market place.

Based on discussions with the proponents, it is our understanding that the two C.A.T.A. proponents will share equally in the management and operation of this enterprise. Resumes submitted by the proponents suggest the following skill areas (see Appendix D) are available to the business:

-office management and general office administration
-communications and public relations
-organization, lmistical planning and implementation
-N.W.T. lodge expediting, day to day operational and public relation skills
-N.W.T. travel association decision making processes.

Further , these r esumes suggest both awareness and basic skill levels in:

-the northern environment: land, resources , people and public/ private sector economy
-the lodge indust~y; marketing and business management.

These resumes indicate that ultimately some division in business functions can occur between the two proponents ie: a co-manager/ tour consultant responsible largely for product development , packaging and marketing; and a co-manager/tour consultant responsible mainly for office management/ administration,and liaison/ client relations. Joint resp~nsibility ideally will be assumed for financial, planning, assessment and legal functions.

The success of C.A.T.A. is strongly contingent on professional expertise, skills and industry understanding available within the agency. Given some skill deficiencies in the area of business management, marketing, product development , planning and forecasting, C.A.T.A. proponents are well advised to ensure a training component become an inherent part of the operation , particularly in the initial years -of the business. For the most part, training resources are available to facilitate training if -a well-defined training plan is outlined prior to application for training resources.

Specialized courses for persons involved in the tour and travel industry are generally limited to community college and university business administration programs, some of which focus on specific aspects of the tour/travel industry. For persons seeking training to enhance knowledge and skills in the workplace, the options are even more limited to in-house, 'on-the-job' training and/or short specialized course training, government sponsored workshops and correspondence courses.

Given an economic environment conducive to the development of a northern tour agency, C.A.T.A. proponents would be advised to seek professional services to facilitate the in-house development of products as well as business management and tour agency administration skills. In-house training should also be supplemented on an on-going basis with specialized training sessions and programs. An overview of training sources is provided in Appendix E while financing of such resources and programs is identified in section four of this report.

2.6 Recommendations: Management, Training and Employment

-That in consideration of business financing requirements and the desire of both proponents to be actively involved in the business, that C.A.T.A. co-managers be prepared to invest a substantial portion of 'sweat equity' into the initial years of the business.

-That in the first two years of operation, C.A.T.A. proponents seek professional services (ie. management consultant/tour consultant expertise) to assist in the establishment and development of the business "and product offerings. It is suggested that both human and financial resources be sought to develop a business development strategy to include staff training. This strategy should be developed early in C.A.T.A.'S first operational year. The s~rategy and some implementation can be financed (100% of costs) through the Business Management Development Program of the Economic Development Agreement (EDA).

-That during the first two years of operation that specific, on-site training sessions be held to upgrade the skills of the co-managers . This training will follow the business development strategy developed under the EDA and may be resourced through the National Industrial Training Program (N.I.T.p.).

-That in addition to on-site technical training sessions that C.A.T.A. proponents assume personal responsibility for upgrading business and industry skills through correspondence courses, participating in familiarization tours , marketing conferences and seminars, etc.

PART 3: PHYSICAL LOCATION AND EQUIPMENT

The following section details considerations for the acquisition of business premises, equipment and furnishings.

3.1 Physical Location

The location of the C.A.T.A.'S operation should be @elected in light of the following variables:

-accessibility
-visibility
-space and overhead costs
-location of competition
-leasing arrangements
-size and lay-out.

The proponents of C.A.T.A. intend to establish their operation in Yellowknife. At the time of writing, office space within the city and in particular, in the downtown core of the city is extremely limited. Pending current construction schedules, a limited amount of office space will be available in the fall of 1984 in the downtown area of Yellowknife. Office space within the city currently ranges from $12.-$25. per sq. ft. and may or may not include utilities. New office facilities currently under construction in the downtown core will be available for $15.–$16. per sq. ft. exclusive of overhead costs. We are advised that overhead costs should be approximated at $1.50 per sq. ft.

Office layout and design is also an important consideration. Office layout and design should:

-be simple to minimize costs
-incorporate all equipment requirements
–enable efficient use and access to equipment
-provide adequate workspace fcr employees
-provide reception, private office and counter space . .
-create an air of confidence and comfort among the client group
-create a warm, relaxed and fr~endly atmosphere.

Given basic equipment and furnishing requirements detailed in following portions of this reprt, 2 staff and 1 trainer, and the general layout and design of local travel agencies, we have estimated the maximum space r~uirements for C.A.T.A. at 800 sq. feet . Office layout should accommodate a display window/display racks , a private office, counter space for staff and clients, and a comfortable reception area.

3.2 Recommendations: Physical Lo~ation

-That C.A.T.A. proponents initiate an 'office search' immediately by establishing and maintaining contact with local real estate agents , building contractors and developers . Although storefront and a central location are desirable, cost and availability may require positioning the office elsewhere in the city. It is noted that as a specialized service, marketplace awareness is of greater import than a highly visible storefront location.

-That upon securing office space , C.A.T.A. proponents plan office layout and design prior to ordering furnishings and equipment in order to ensure an efficient, comfortable environment. It is suggested that the design of the office may incorporate a theme which is compa-tible with C.A.T.A. products.

3.3 Equipment and Furnishings

Like other sectors of the economy, the travel and tour agency business is rapidly becoming computerized. A fully computerized office allows the tour agent to be more efficient in meeting client needs as the agent has immediate access to travel/tour operators and suppliers. Beyond travel industry inventory data and reservation services, computer systems can be used to maintain client profiles; facilitate agency accounting; provide mailing lists; etc. Computers are a useful marketing tool for the travel industry. As a marketing tool , the computer can immediately avail agency information to a wide range of perspective clients.

Discussions with industry representatives verify the trend and value of computers in the tour/travel business. Information sources indicate however, that small tour business may be best advised, at the outset, to pursue the acquisition of a small business computer as opposed to a comprehensive computer marketing system for the following reasons:

-Comprehensive computer systems are quite costly.
-Computer purchases should be made only after a cost/benefit analysis of the business is undertaken and the business has been in operation for a period of time.
-A small business computer with accounting, word processing, mail merge,and data base capabilities is appropriate for almost any small business and is available at a relatively 1 Ow cost .
-Mw businesses with new products can market effectively through personal contact and well-designed, written materials. This information can be input into existing computer marketing systems (ie. northern air carrier systems).

A further consideration with respect to a comprehensive marketing computer should be afforded to the availability of these systems. The most popular of these systems are the Air Canada ReserVec II and CP Air's Pegus. These systems are leased to travel and tour agencies who are members of IATA and ATC as based on the nature and volume of their trade. Given this criteria, C.A.T.A. would not be eligible to lease these systems.

Assuming a staff of two, other equipment considerations should include:

-telephones with rotational lines
-desk calculators
-office typewriter
-telex machine
-postage meter
-photocopy machine.

Furnishings for the office should include at minimum desks, chairs, filing cabinets, display shelves, reception area furnishings. Furnishings should be acquired based on: cost, comfort, durability and office design.

3.4 Recommendations: Equipment and Furnishings

-That C.A.T.A. purchase a small business computer for accounting, word processing, mail merge and inventory (data base) functions and consider utilizing existing computer systems as marketing tools. This approach suggests an emphasis on written materials and personal contact as a means of inputting information into existing systems.

-That office equipment and furnishing be purchased in accordance with cost, comfort, durability and office design.

PART 4: ECONOMIC FEASIBILITY

Lutra's review of available funding sources included chartered lending institutions and special government programs. Eligibility, current interest rates and overall limiting factors were considerations in this review. The financial analysis indicates the most expeditious combination of financing programs to meet capital and operating requirements.

The following details the relevant components of available funding sources.

Capital Financing

Federal Business Development Bank (F.B.D.B.)

*F.B.13.B. will loan money to limited companies.
*Company shareholders must demonstrate an equity involvement in the enterprise (suggested equity is 20% of amount borrowed).
*F.B.D.B. requires a demonstration of commitment by shareholders either through a 'management track record' and/or financial equity to back the loan.
*FOB.D.B.'s borrowing terms are a 5 year fixed term with interest rates ranging between 2–3% above prime. Prime rates in June 1984 are 12 1/4%.
*The bank has much the same guidelines as other charter banks but is, however, generally considered to be a lender of last resort ie. businesses which have been refused by other charter institutions.

Small Business Loan Fund (SBLF)

*SBLF is administered by the Dept. of Economic Development and Tourism, G.N.W.T.
*A maximum of $500,00(). per venture is available-
*SBLF requires an equity contribution of 15-20% of amount borrowed.
*SBLF requires a demonstration of commitment for loan reb-ayment.
*SBLFos ~urrent interest rate is 14 1/4% c-n a 5 year term.

Small Business Development Incentive Program

*This Proqram is administered bv the Dept. of Regional Industrial Expansio~ (D.R.I.E.) and is a"program under the Domestic Market Development Sub-Agreement of the Economic Development Agreement.
*Eligible capital costs include the to=al cost of buildings, equipment and machinery, site servicing and improvement.

*The program may provide Up to 40% of eligible Costs tO a lllaXimulll of $100,000. for the establishment of a new facility.
*Eligibility for funding requires an applicant equity contribution of 20% of the eligible costs of the proposed budge t.
*The project must show eVIdeIICe of commercial viability.
*ln the case of joint ownership, there must be evidence that 51% of the shares are held by N.W.T. residents.

Operating Capital Financing

Chartered Banks

*In most cases, a chartered bank will advance operating funds only as a 'line of credit' which is secured by outstanding receivables .
*Eligibility is governed by the financial status of the business and 'track record' or risk.

National Industrial Training Program (NITp)

*NITP is administered by the Canada Employment and Immigration Commision (CEIC).
*A contribution of 50% of wages to a maximum of $250./week for employees sponsored by NITP.
*Eligibility criteria include an approved training program, qualified instructors and positions identified for the trainees within the organizational structure of the business.
*NITP Will contribute up to an average of 75% for the delivery of training programs to include instructor's fees, travel and accommodation .

Business Management Development Program

*Thi,s is a program of the Human Resource Sub-Agreement of the Economic @velopment Agreement.
*The program is administered by the Canada Employment and Immigration= Commission (CEIC).
*Funding Wi.1 be made available for: a needs assessment'-of human resource r equirements for the business; the development of a training alan and training materials; and a limited amount of implementation.
*The level of funding is a 100% contribution for eligible costs up to $103,000. and will be limited to a 12 month period. The maximum l=mit for funding for any project is $300,000. over a maximum of a 36 month.

Industrial and Regional Development Program - Marketing Component

*The program is administered by the Dept. of Regional Industrial Expansion.
*Assistance may be made available to persons arranging for the first time, a special event of a continuing nature and likely to attract tourists and/or for organizing conferences likely to attract a substantial number of international delegates.
*Maximum level of assistance available is 75% of eligible costs.
*The future direction of this program is uncertain at the time of writing.

Market and Product Development Assistance

*Funds are available from zone travel associations to help defray the costs of bringing tour operators to the region to finalize their package tours offerings (ie". product development) and co-operative advertising with zone and attendance at tradeshows (ie. marketing) .
*Funds are available from the G.N.W.T. ,Dept. of Economic Development and Tourism to help defray the costs of sponsoring 'fare tours' to N.W.T. travel destinations for travel writers and package tour wholesalers ; for brochure mail-outs via Tra'vel Arctic inquiries; and for co-operative print advertising with the G.N.W.T. ; and for sponsorship at trade shows ie. Rendez–vous Canada .

4.2 Recommendations: Financing

In consideration of financing program availability and the nature of the recommendations made in parts 1,2 and 3 of this report , the following financing scheme is suggested. We have ordered the assistance and financing according to fixed and operating capital. We further encourage the proponents to take full advantage of all operating capital assistance in subsequent years, as it becomes available.

The recommended financing scheme is:

*FBDB/sBLF/chartered bank based on best interest rates at till'le of securing fixed capital and company eligibility.
*small Business &velopment Incentive Program for fixed capital.
*An established bank line of credit to cover working capital seasonal shortfalls.
*National Industrial Training Program.
*Business Management Development Program.
*Industrial and Regional Development Program - Marketing cO1'llpOneKlt
*Marketing and Product Development Assistance.

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NOTICE TO READER

We have compiled the accompanying operating projections and balance sheets for the first three years of operations of the proposed Canada's Arctic Tour Agency from information supplied to us. The principal assumptions and estimates, which were made by project management and upon which the projected financial statements are based, are set forth in the assumptions to the projected financial statements. In order to compile these projected financial statements, we made a review which indicates that the projected financial statements have been compiled on the basis of the assumptions and estimates referred to above. Inasmuch as the projected financial statements and the assumptions and estimates relate to the future and may be affected by unforseen events, we can express no opinion of the projected financial statements or on how closely they will correspond with the actual results, or on the assumptions on which they are based. No representation may be made or implied that we take any responsibility for the accuracy of the projected financial statements.

MacKay & Partners

Yellowkni fe, Northwest Territories
June 28, 1984

CHARTEREC ACCOUNTANTS

CANADA'S ARCTIC TOUR AGENCY

OPERATING PROJECTIONS

PROJECT COSTS AND SOURCE OF FINANCING

	Estimate	Over-run	Total
Eligible Costs			
Equipment	$ 11,723	$ 1,277	$ 13,000

Proposed financing of the project:

EDA Grant @ 40% of eligible costs	$ 5,200
Long-term debt for balance	7,800
	$ 13,000

Capital Funds Required for:

Quantity	Equipment	Unit Cost	cost
2	adding machines	$59.99	$119.98
1	Memorywriter 610	1995.	1995.
1	personal computer	4000.	4000.
1	software package	1000.	1000.
3	desks	350.	1050.
9	chairs	86.	774.
1	couch	500.	500.
2	display racks	140.	280.
1	8′ counter	loo./ft.	800.
1	bookcase	94.	94.
1	sign	500.	500.
2	4-drawer filing cabinets	179.99	359.98
2	2-drawer filing cabinets	124.99	249.98
Total			$11722.94

*Adjusted to 1985 prices , inclusive of freiqht charqes and contingency. An additional 11% brings the total to $13,000.

*The equipment listed above is a minimum package to fugnish an office with a maximum of three people. The computer and software package is optional but is considered a valuable asset towards the long term operation of the agency.

*cost estimates for office equipment were derived from catalogues put out by Sears, Ikea, Radio Shack, Apple Computers and discussions with Don Jossa and Associates, Yellowknife.

CANADA'S ARCTIC TOUR AGENCY

OPERATING PROJECTIONS
PRO-FORMA BALANCE SHEET

AS AT OCTOBER 1, 1984

ASSETS

Cash	$ 2,300
Fixed Assets	
Equipment	13,000
Incorporation costs	1,000
	$ 16,300

LIABILITIES AND EQUITY

Accounts payable	$ 1,000
Operating bank loan, 14 1/4%	2,200
Long-term debt, 14 1/4%	7,800
Deferred Incentive Grant	5,200
Share capital	100
	$ 16,300

Notes to operating projections as of October 1,1984

Assets

Start-up working capital of $3,300. comprised of accounts payable for incorporation at $1,000. (incorporation $100.) and $2,200. for operating expenses at start-up.

Liabilities and Equity

Accounts payable of $1,000. for incorporation to form a limited company.
The operating bank loan at 2,200. is a short term liability and is a bank line of credit/demand loan based on proponents ' personal security. The long term debt at $7,800. is 'equivalent to 60% of fixed asset cost amortized for 5 years at a 5 year fixed term.
The proponent equity is comprised of $10,000. bank finariclng thus , constitutes 77% of fixed asset requirements.

CANADA'S ARCTIC TOUR AGENCY

OPERATING PROJECTIONS

FIRST THREE YEARS' OPERATIONS

	Year 1	Year 2	Year 3
SAL ES	$284,165	$370,244	$450,683
COST OF SERYICES	223,182	292.039	353,941
COMMISSIONS	60,893	78,205	96,742
EXPENSES			
Salaries and benefits	18,528	29,392	41,856
Rent	12,000	12,000	12,000
Telephon~, telex and postage	9,600	10,800	12,000
Advertising, promotion and travel	9,408	9,410	20,821
Equipment rental	4,125	4,455	4,811
Insurance	2,094	2,348	2,682
Professional services	4,500	4,380	1,166
Utilities	1,200	1,200	1,200
Office supplies	1,200	600	600
Licences, dueS and memberships	300	325	350
Interest charges	1,294	1,009	724
Depreciation	2,600	2,080	1,664
	66,849	77,999	99,874
INCOME (LOSS} FROM OPERATIONS	$ (5,956)	$ 206	$ (3,132)

Notes to Financial Statements

Revenue and expenses were derived" from research completed in May, 1984. Estimates are to be construed as approximations of each folio listed, given Canada's Arctic Tour Agency's involvement in marketing package tours.

Revenue

Sales :

Sales are derived from the market assessment, using a lower and upper range in the estimates of volume and dollars spent on package tours. The market share is estimated to increase from 1.7% - 2.2%, (1985-1987) representing a 25-30% annual increase in C.A.T.A. sales (1985-87) given ~irst year sales commencing 6 months into business with subsequent years volume of sales occuring in late winter through early summer.

Cost of Goods Sold:

Since Canada's Arctic Tour Agency does not operate its own tour product component ie. aircraft, lodge, outfit, etc. , it will be necessary to purchase goods to be sold from northern operators. Operators will offer an average of 15% for client bookings to their tour destinations with an anticipated 30% for clients booked to Canada's Arctic Tour Agency package tours. The overall cost of goods sold is a combination of these two percentages and is 21-22% annually.

Gross Margin:

Net increase in gross margin annually 1985-87 is 28-29%.

Expenses

Wages :

Wages are based on two part-time positions for year one ; one full-time and one part-time in year two; and two full~time in year three . $1600/month is a mid-range for travel consultants based on experience and duration of employment in Yellowknife. Annual increment is estimates at 5%.

Employee Benefits are based on 9% annuallY.

Training Grants:
Based on criteria of Employment and Immigration, National Industrial Training Program, contributions are based on 50% of

wages or maximum of $250. weekly for the duration of the training program, if employees are considered trainees. In year 1, three training sessions are anticipated (12 weeks for each part-time trainee);in year two, two training sessions (8 weeks); and in year three, professional development courses can be accessed at a nominal charge through the Government of the Northwest Territories.

Office supplies :
An initial inventory of stationery, letterhead, computer disks, business cards, etc. will equal purchases in the following two years.

Telephone, Telex and Postage:
Since the agency is distant from densely populated markets in the south, a reliance on **telephone and** mail **modes for delivering products to the marketplace is for-ecasted.**

Heat, Power, Water:
costs are based on estimates of $1.50 per square foot in a centrally located, leased office, assuming a three - year lease arrangement .

Equipment Rental and Service:
Telex, xerox and 3 - line telephone exchange make up these costs.

Promotion, Advertising & Travel:
Marketing is estimated at 10% of gross sales in the first year to include telephone, telex and postage. Costs-are reduced by 2% in year two, levelling off at 7% in year three as volumes increase and mass product promotion techniques are employed. G.N.W.T. Dept . of Economic Development and Tourism will provide assistance on mail-outs of company brochures and requests for information to Travel Arctic.

Marketing and Product Development Assistance:
Currently the Dept. of Tourism and the Northern Frontier Zone Association offer limited assistance to tourism incustry business through co-operative print advertisements, sponsoring of "fare" tours and liaison meetings "Tour North" series between operators and wholesalers/retailers .
Additional assistance is provided through the reso~rce expertise of regional tourism officers. The Dept. of Regicnal Industrial Expansion via the Industrial and Regional Developm~nt Program has provisions for tier 3, (maximum level of assistance at 75%,) for marketing of new tourist products. This program's dlreCtlOn was uncertain at the time of study research.
An assumed 50:50 share (ie. assistance to business equity) is used to derive marketing and product assistance, using a two year time-frame for the introduction and initial marketing of products.

Income from Operations:
Year 1 shows a loss from operations totalling $5956. including operating assistance from government programs, and revenue on tour sales, year 2 is an income year including operating assistance from government and revenue on tour sales, while year 3 reverts to a loss largely due to a lack of on-going government assistance .

CANADA'S ARCTIC TOUR AGENCY

OPERATING PROJECTIONS

YEAR END BALANCE SHEETS

	Year 1	Year 2	Year 3
ASSETS			
Cash	$ 44	$ 330	$ 262
Fixed assets	10,400	8.320	6,656
	$ 10,444	$ 8,650	$ 6,918
LIABILITIES & EQUITY			
Operating loan	$ 200	$ -	$ -
Long-term debt	7,800	6, ;:0	4,6:0
Advances from shareholders	3,100	3,100	6,500
Deferred Incentive Grant	5,200	5,200	5,200
Share Capital	100	100	100
Retained Earnings (Deficit)	(5,956)	(5,750)	(8,882)
	$ 10,444	$ 8,650	$ 6,918

CANADA'S ARCTIC TOUR AGENCY

ASSUMPTIONS TO OPERATING PROJECTIONS

FIRST THREE YEARS OF OPERATIONS

(Unaudited - See Notice to Reader)

1. SALES, COST OF SERVICES AND EXPENSES

These figures have been supplied by Lutra Associates Ltd. and management from research completed in May, 1984. Their assumptions and findings are also attached for the reader's consideration.

CANADA'S ARCTIC TOUR AGENCY

OPERATING PROJECTIONS

YEAR ONE MONTHLY FUNDS REQUIREMENTS

	October	November	December	January	February
Start-up costs:					
Incorporation	$ 1,000	$ -0-	$ -	$ -0-	$ -0-
Brochures	-0-	-0-	3, ;:0		-0-
Travel and mass mailings		-0-	-0-	2,;:;	-0-
Training sessions	5,;;0	-0-	-c)-	5,000	-0-
	6,000	-0-	3.500	7,500	-0-
Operating expenses:					
wages and benefits	1,744	1,744	1,744	1,744	1,744
Office rental	1,000	1,000	1,000	1,000	1,000
Office supplies	100	100	100	100	100
Equipment rentals	344	344	344	344	344
Telephone	800	800	800	800	800
Utilities	100	100	100	100	100
Insurance	174	174	174	174	174
Advertising	901	901	901	901	901
Licenses and dues	25	25	25	25	25
4ccounting	291	291	291	291	291
bank interest	117	115	113	111	109
Cost of services	-0-	-0-	-0-	-0-	-0-
	5,596	5,594	5,592	5,590	5,588
Total costs and expenses	11,596	5,594	9,092	13,090	5,588
Bank loan principle	166	166	166	167	167
TOTAL FUNDS REQUIRED	$ 11,762	$ 5,760	$ 9,258	S 13,257	$ 5,755
OP:?ATING FUNDS AVAILABLE					
Training b'ages grant	$ 200	$ 200	200	200	200
Trainin9 assistance	-0-	5,000	-0-	-0-	5,000
!{arketing assistance	784	784	784		lsa
Revenue on tour sales	-0-	-0-	-0-	28,:;:{1	28,416
	$ 984	5,934	984	29,400-	34,400
OTHER FUNDS REQUIRED	$ 10,778	s (zz4)	$ ~,274	$(16,143)	$(28,645)

March	April	May	June	July	August	September	Total
-0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ 1,000
-G:	-0-	-0-	-0-	-0-	-0-	-0-	3,500
2,000		-0-	-0-	-0-	-0-	-0-	4,500
-0-	5, ;:0	-0-	-0-	-0-	-0-	-0-	15,000
2,000	5,000	-0-	-0-	-0-	-0-	-0-	24,000
1,744	1,744	1,744	1,744	1,744	1,744	1,744	20,928
1,000	1,000	1,000	1,000	1,000	1,000	1,000	12,000
100	100	100	100	100	100	100	l,~oo
344	344	344	343	343	343	~Ci	4,125
800	800	800	300	800	800	Soo	9,600
100	100	100	100	100	100	Inn	1,200
175	175	175	175	175	175	!7:	2,094
901	901	901	901	902	902	~04	10,81?
25	25	25	25	25	25	25	300
291	291	291	291	291	291	299	3,500
107	105	103	101	98	96	119	1,294
-0-	J 37,197	37,197	37,197	37,197	37,197	37,197	223,182
5,587	42,782	42,780	42,777	42,775	42,773	42,806	290,240
7,587	47,782	42,780	42,777	42,775	42,773	42,306	314,240
167	167	167	167	167	167	162	2,000
7,754	$ 47,9+9	$ 42,947	$ 42,944	S 42,942	$ 42,940	$ 42,972	$316,240
200	200	200	200	200	200	200	2,400
-0-	-0-	5,000	-0-	-0-	-0-	-0-	15,000
78A	784	784	784	784	785	784	9,409
28,416	33,153	33,153	33,153	33,153	33,153	33,152	284,165
29,400	34,137	39,137	34,137	‘_ _ 3 L m	34,138	34,136	310,974
(21,646)	$ 13,812	$ 3,810	S 8,807	$ 8,805	s 8,802	S 8,336	$ 5,266

Notes to Cash Flow: First Year Operations October–September

Start-up Costs:

Brochure costs are allocated in December, year one in order to introduce the agency's products to wholesalers, general public, northern operators, etc. This provides lead time to commence product packaging and northern operator liaison. The cost is estimated based on a first run of 5-10,000 copies, full-colour, 8 1/2 X 11, 3-fold brochure.

Travel and mass mailing costs are allocated to January and March to take advantage of travel trade shows and an early initial mailout of company materials.

Training session costs are allocated to the initial 6 months. Product search and development "~s well as market search and planning are necessary during the initial start-up phase.

Equal distribution of operating expenses and operating funds except for revenue on tour sales and costs of services provide for a net cash inflow over 4 months and an outflow over 8 months.

4.4 Recommendations and Conclusions: Economic Feasibility

The financial analysis (section 4.3) indicates that the project will encounter difficulties in meeting debt servicing requirements during the initial three year period. The total shortfall is estimated at $6,500. for that timeframe, assuming that all government assistance is in place and bank financing of $10,000. is available.

Several options remain available for C.A.T.A. to overcome the $6,500. shortfall. These are:

*secure additional shareholders to offset the shortfall.
*trim budget costs ie. location, office expenses and/or wages.
*proponents contribute (long term shareholders' loan) to offset the shortfall.

It is also cautioned that seasonal revenue distributions will cause cash flow problems requiring supplier credit and adequate working capital to cover initial monthly expenses.

APPENDIX A

SURVEY
MAILING LISTS

Mailing list for Survey to Northern Operators

Hotels

-Ikaluktutiak Hotel, Cambridge Bay, N.w. T-
-Igloo inn, Coppermine, N.W-T.
–Arctic Char Inn, Holman Island, N.W.T.
-Pelly Bay Hotel, Pelly Bay, N-W-T.
-Grise Fiord Lodge, Grise Fiord, N.W.T.
-Hall Beach Hotel, Hall Beach, N.W.T.
-Peyton Lodge, Pangnirtung, N.W.T.
-Toonoonik-Sahoonik Hotel, Pond Inlet, N.W.T.
-International Tourist Home, Resol”ute Bay, N.W.T.
-HRY Holdings, Fort Liard, N.W-T.
-Snowshoe Inn, Fort Providence, N.W.T.
-Maroda Motel, Fort Simpson, N.W.T-
-Pelican Rapids Inn, Fort Smith, N.W=T.
-Hay River Hotel, Hay River, N.w-T-
-ptarmigan Inn, Hay River, N.W.T.
-Iglu Hotel, Baker Lake, N.W-T.
-Tugalik Motel, Eskimo point
-Siniktarvik-Rankin Inlet Lodge, Rankin Inlet, N.W.T.
-Explorer Hotel, Yellowknife, N.W.T.
-Twin Pine Motor Inn, Yellowknife, N.W.T.
-Yellowknife Inn, Yellowknife, N.W.T.
-Great Bear Lake Motel & Restaurant, Fort Franklin, N.W.T.
-Finto Motel, Inuvik, N.W.T.
-Beaufort Inn, Tuktoyaktuk, N.W.T.

Outfitters

-Arctic Paradise Enterprises, Pelly Bay, N.W.T.
-Bathurst Inlet Lodge, Bathurst Inlet, N.W.T.
-Ikaluktutiak Co-op, Cambridge Bay, N.W.T.
-Ipiutaliq Outfitting, Pond inlet, N.W.T.
-Aurora Marketing Ltd., Fort Providence, N.W.T.
-Nahanni National Park Tours, Fort Liard, N.W.T.
-SubArctic Wilderness Adventures Ltd., Fort Smith, N.W.T.
-Canoe Arctic Inc., Fort Smith, N.W.T.
-Eskimo Point Outfitter, Eskimo Point, N.W.T.
-Joe Scottie, Baker Lake, N.W.T-
-Hugh Tulurialik outfitters, Baker Lake, N.W.T.
-Bluefish Services, Yellowknife, N.W.T-
-Great Slave Sledging Co. Ltd., Yellowknife, N.W.T.
-Snowcraft Cruises, Yellowknife, N.W.T.
–True North Outfitters, Rae, N.W.T.

-Yell owknife Traders, Yellowknife, N. W.T.
-Banks Island Lodge, Yellowknife, N. W.T.
-Bear Island Outfitters, Norman Wells, N.W.T.
-Dempster Patrol Outfitters, Fort McPherson, N.W.T.
-East Three Tours & Outfitting, Inuvik, N.W-T.

Lodges

-Koluktoo Bay Camp, Pond Inlet, N.W.T.
-Lake Hazen Lodge, Resolute Bay, N.W.T.
-Brabant Lodge, Hay River, N.W.T.
-Deegahni Lake Camp, Hay River, N.W.T.
-nonacho Lake Camp, Hay River, N.W.T.
-Rutledge Lake Lodge, Hay River, N.W.T.
-Thubun Lake Lodge, Hay River, N.W.T.
-Trout Lake Indian Lodge, Fort Simpson, N.W.T.
-Ekaluk Lodge, Yellowknife, N.W.T.
-Lynx Tundra Camps, Hay River, N.W.T.
-Blachford Lake Lodge, Yellowknife, N.W.T.
-Indian Mountain Fishing Lodge, Yellowknife, N.W.T.
-Namushka Lodge, Yellowknife, N.W.T.
-Prelude Lake Lodge, Yellowknife, N.W.T.
-Stagg Lake Lodge, Hay River, N.W.T.
-Trophy Lodge, Yellowknife, N.W.T.
-Watta Lake Lodge, Yellowknife, N.W.T.
-Yellowknife Lodge, Yellowknife, N.W.T.
-Colville Lake Lodge, Colville Lake, N.W-T.
-Oldsquaw Lodge, Whitehorse

Local Tours

-Raven Tours, Yellowknife, N.W.T.
-The Milehouse, Inuvik, N.W.T.
-Midnight Arctic Tours, Inuvik, N.W.T.
-Kitikmeot Arctic Tours, Cambridge Bay, N.W.T.
-Kingalik Tours, Holman Island, N.W.T.

Mailing list for Survey to Package Tour Operators

-Atlas Tours Ltd., Whitehorse, Yukon
-Canada North Outfitting Inc., Waterloo , Ontario
-De West Tours Ltd., Vancouver, B.C.
-Goliger's Tours Ltd., Toronto, Ontario
-High Arctic International Explorer Services Ltd., Resolute Bay, N.W.T.
-Holidays by Majestic, Edmonton, Alta.
-Horizon Holidays of Canada Ltd., Toronto, Ontario
-Pacific Western Airlines, Vancouver, B.C.

-**Qaivvik** Ltd. , Yellowknife, N. W.T.
-Society Expeditions, Washington
-Special Odysseys, Medina, Washington
-Tuullik Wilderness Adventures, Ottawa, Ontario
-Funtours Travel International, Edmonton, Alberta
-Travelways Tours, Markham, Ontario
-Universal Fun Finders Tours, Calgary, Alberta
-UTL Holiday Tours, Toronto, Ontario
-American Motor Coach Tours, Minneapolis
-Johansen Royal Tours, Seattle
-Princess Tours, Seattle
-Senior Citizens Recreation Club, North Dakota
-Westours, Seattle

Dear Northern Operator, April 3, 1984

THE CANADA'S ARCTIC TOUR AGENCY is a new northern business being developed by two long time northern residents, Kim Warner and Darlene Mandeville of Yellowknife. The tour agency concept involves the packaging of northern tourism opportunities and marketing of the resulting package tours to appropriate domestic and/or international markets. It is the intent of the principals to design a service which will allow both the traveller and the operator wider flexibility in achieving a quality northern vacation.

The potential features of CANADA'S..JRCTIC TOUR AGENCY may offer marketing benefits to your northern operation not already achieved by your present marketing program. Consider:

* the opportunity for your tourism operation to become part of a package tour with other quality northern operations

* the opportunity to participate in the planning of your package tour

* the agency location in Yellowknife close to all regions of the north and southern markets

* well trained knowledgeable staff, who will make it their business to be familiar with the quality of the product offered

* reasonable commissions charged for the sale of package tours

* commencement of agency activities in mid-1984 providing lead time for the 1985 booking season, Rendezvous '85 and Expo '86

The intent of the questionnaire is to estimate the support for this service and to gather data on northern operator's expectations of such a service. This questionnaire will form part of a market study and feasibility study for CANADA'S ARCTIC TOUR AGENCY.

Your cooperation in completing and returning this questionnaire in the postage paid envelop will greatly assist our clients, Darlene and Kim in further developing their northern business concept.

All data collected in this questionnaire will be treated with confidence by Lutra Associates Ltd. Lutra Associates Ltd. of Yellowknife, a northern consulting company, has been engaged to conduct market research and feasibility analysis by the CANADA'S ARCTIC TOUR AGENCY proponents.

Regards,

Lutra Associates

Lutra

1. What is the name of your northern operation?________________

____

2. Which travel zone do you carry on most of your activities? Northern Frontier___, Big River___, Arctic Coast___, Western Arctic Visitors Association____, Keewatin____, Baffin____

3. What is the primary service provided by your operation? accommodation; hotel/motel____, fishing lodge/camp____, naturalist lodge____, hunting camp/outfit_ f charter air travel____, outfitting; boat/dog team/river rafting/canoe/cross country skiing____, bu s tour/interpretive tour/sightseeing___, other________________________________

4. What is your principal season of operation? Year round___, summer only____, spring only____, winter only____, fall only___, other or combination________________________

5. Is your service primarily related to tourists____, business travel____, other________________________?

6(a)- Was your service part of a northern package tour in 1983? Yes____, No____

(b) If yes, was this tour packaged in the Northwest Territories? Yes___, No ____ Were you satisfied with the arrangements and marketing for your package tour? Yes____, No____

7(a) Do you think that packaging your service would benefit your sales? Yes___, No____

(b) What commission would you be willing to pay for the packaging and marketing of a package tour? 5-lo%___, 11-15%____, 16-20%____, 21-25%____, 26-30%____

(c) Would you consider becoming a client of CANADA'S ARCTIC TOUR AGENCY? (Your response to this question will not be considered a commitment.) Yes____, Perhaps/with more information____, No____

8. For the commission listed in question 7, please check the services you would expect CANADA'S ARCTIC TOUR AGENCY to provide?

a. Arrange details of package tour with other matched tourist operators including price, scheduling, duration of tour____

b. A marketing plan directed at appropriate target groups____

c. A booking service for the arranged package tours____

d. A booking service for your toursit product____

e. Travel consulting services for travelers wanting to come north with no particular interest in the pre-packaged tours presently available or offered by CANADA'S ARCTIC TOUR AGENCY____

f. Other____

____

____

____

Thank-you

Dear Tour Agent,

April 4, 1984

Our client, CANADA'S ARCTIC TOUR AGENCY, is a new tourism business developing in Yellow knife, Northwest Territories. It will offer a variety of services to northern operators and those travelers interested in experiencing the many splendid features of the north. Due to its central location in Yellowknife and proximity to the many tourism opportunities offered in the surrounding regions, we feel that CANADA'S ARCTIC TOUR AGENCY'S successful development may offer future benefits to your tour and travel company.

The CANADA'S ARCTIC TOUR AGENCY will be designed to provide the following services:

* organization of quality [lorthern tour operators into exclusive nortnern tour packages targetted at select market segments

* well trained kr]owledgeable staff, who will make it their business to be familiar with the quality of the product offered

* commencement of agency activities in mld-19~4 provldln~ lead time for the 1985 booking season, Rendezvous 'b5 and Expo '86

* liaison between northern tour operators and your tour/travel company to ensure a smooth flow of services to prospective northern travelers

The intent of the following questionnaire is to estimate the support for this service amongst package tour retailers. Since we feel that there may be future benefits to your company, we are further requesting information on your expectations of this northern based tour agency.

Your cooperation in completing and returning this questionnaire in the postage paid self addressed envelop will greatly assist our clients in further developing their new northern business.

All data collected in this questionrlaire will be treated with confidence by Lutra Associates Ltd. Lutra Associates Ltd. of Yellowknife, has Deen engaged by CANADA'S ARCTIC TOUR AGENCY to conduct market research and feasibility analysis.

Regarus,

Lutra Associates Ltd.

1. What is the name of your tour agency? ______________________

____

2. Did you offer package tours in the Northwest Territories during your 1983 operating season? yes____, n o ,

If you answered yes to question 2, please complete questions 3-8 in section A. If you answered no to question 2, please complete questions 9- in section B.

Section A

3. Did the number of clients increase on your Northwest '1'erritories package tours over the previous season? yes___,
no_ ~ no change____

4. What percentage increase /decrease was experienced by your K.W.T. package tours over the previous season? increase____,
decrease_ ~ no change____

5. tihat would you attribute the increase/decrease to?

Increasi[lg/decreasing your Northwest q"erritories package tours_____

Ct]anging market conditions____

Increased efforts by operators in the N.W.T. to offer quality services_____

Other ____

____

6. Will the number of Northwest Territories package tours offered by your company increase/decrease in 1984? increase___, decrease____, no change___; 1985 increase____, decrease___, no change____; 1986 increase___, decrease___, no change_____

7. What percentage change of client participation in your N.W.T. package tours do you anticipate? 1984____, 1985____, 1986 ____

8. what is your primary tour package type in the N.h.T. adventure travel___, sightseeing/interpre tive___, hunting/fishing___, speical interest____, other________________

On completion of section a please continue with question 11.

Section B

9. Is your company interested in extending its package tours to the Northwest Territories? yes____, no___, had not thought about it____

10. Are there reasons why your company has chosen not to offer Northwest Territories package tours? lack of information and contacts in the N.W.T.____, poor marketability of N.w.T. destinations___, expense of N.k.T. package tours___, high cost of providing quality service in the north____, oversaturated market for N.h.T. package tours____, other____________________

11. Would your company consider working with CANADA'S ARCTIC TOUR AGENCY in the development and marketing of Northwest Territories DaCkaae tours? ves . no____

12. What features of CANADA'S ARCTIC TOUR AGENCY would benefit your company? northern liaison____, quality tour packaging designed to meet future travel trends____, other____________________

____

____

____

13. What is your commission rate for retailing package tours?____

14. M you have any further cc)mmer]ts reqardlng CANADA'S ARCTIC TOUR AGENCY?____________________________________

____

____

____

____

ACKNOWLEDGEMENTS

APPENDIX B

We would like to thank the following persons who were interviewed for this study.

- -Cheryl Grant-Gamble, Travel Consultant, Yellowknife
- -W. Sanster, Business Analyst, Alberta Tourism
- -Roy McNeill, Sales Rep., Air Canada
- -Enge Van Traa, ex-Sunflight and Holiday House tour manager
- -Leisja Horseman, Igloo Real Estate, Yellowknife
- -Jack Walker, Yellowknife Inn
- -Ter Haemer, YK Super A Foods
- -Vie Konsor, Pitney Bowes, Edmonton
- -Dave Davies, Northwestel, Yellowknife
- -Gord Roberts, Leipsig Insurance, Winnipeg
- -Charlie Livingston, G.N.W.T. , Yellowknife
- -Keith Thompson, G.N.W.T. , Yellowknife
- -Alan Kaylo, G.N.W.T. , Yellowknife
- -Cecile Ward, G.N.W.T. , Yellowknife
- -Elizabeth Thomas, D.R.I.E. , Yellowknife
- -Eileen McMillan, D.R.I.E. , Yellowknife
- -Don Jossa & Associates, Yellowknife
- -Qaivvik Ltd., Yellowknife
- -Atlas Tours Ltd., Whitehorse
- -Canada North Outfitting, Waterloo
- -De West Tours Ltd., Vancouver
- -Faber Travel Services, Brantford
- -Goliger's Travel Ltd., Toronto
- -High Arctic International Explorer Services, Resolute Bay
- -Holidays by Majestic, Edmonton
- -Horizon Holidays of Canada Ltd., Toronto
- -Society Expeditions, Washington
- -Special Odysseys, Washington
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APPENDIX C

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Business Resources: Tourism/Hospitality/Recreation, 1982, DRIE

Luia

APPENDIX D

R E S U M E

PRESENT ADDRESS:
P.O. 60X 820
Yellowknife, N.W.T.
XIA 2T2

DATE OF BIRTH:
August 7, 1959

MARTIAL STATUS:
S.ingle~

NWT RESIDENT:
23 Years

BUS. PHONE NO:
920-8530 or 873-2595

HOME PHONE NO:
873-2401

EDUCATION: My formal Education commenced in Cambridge Bay, NWT and continued on through Churchill, Hay River and Ye~lowknife.

COURSES TAKEN: I have completed courses in Effective Writing, Assertiveness, Superannuation (GNWT) and Public Speaking.

WORK EXPERIENCE:

November 1983 - Present

BATHURST INLET LODGE - Office Manager/Expeditor (1/2 time)

- Advertising, Promotion, follow up correspondence, booking of guests, meeting planes/buses, Yellowknife Familiarization trips, and sending them further north for an Arctic experience.

CANADIAN WILDLIFE SERVICE - Administration Clerk (1/2 time)

- Processing data on Computerland Word Processor machines for a staffof 5.
- Editing all documents for processing and final revision.
- General office duties.

September 1983 - November 1983

LEGAL REGISTRIES (GNWT) - Companies Clerk

receiving and editing Annual Statements and Returns for processing.
amending any changes to either Limited Companies, Extra-Territorial Companies or Societies.
ensuring completeness of all documentation
rejecting documents if incomplete
- answering costumer inquiries both verbally and in writing.
- dealing with Law Firms for receiving and returning documents processed.
- maintaining an accurate and updated card system for Societies, Limited Companies and Extra-Territorial Companies.

July 1981 - August 1983

DEPARTMENT OF PERSONNEL (GNWT) - Pay & Benefits Clerk.

investigating pay queries and problems for employees of the Kitikmeot Region.
preparing authorization forms for new employees with informat on obtained in documentation interviews.
preparing termination authorization forms for terminating emp" oyees after ensuring documents have been properly completed.
maintained an up-to-date establishment list of all positions.
maintained salary cards for 197 employees taken on strength, struck of strength.
receiving and processing Performance Appraisals for pay action.
receiving casual Staff Requisitions from various departments and assigning the correct pay level for the pos+tion.
maintained statistical records of casual employees.
processing and issuing travel claims.
processing Travel Warrents.
assisted Personnel Manager in hiring of staff.
assisted Personnel Manager in termination of staff.

October 1980 - March 1981

NORTHERN CAREERS PROGRAM - Personnel Clerk

duties as a Personnel Clerk was basically similiar to the above position with the exception that it was with the Government of Canada, and Policies and Procedures were a little different.

October 1979 - October 1980

NORTHERN CAREERS PROGRAM - Inventory and Information Clerk

routing applications to file room for preparation of file folders and filing.
responsible for issuing Clearance numbers to various Federal Dept's. '-
making travel arrangement for staff memebers.
responsible for supply inventory and ordering of supplies.
knowledge of office machines.

November 1978 - March 1979

MIKES TRUCKING AND MOVING LTD. - Office Manager

Acting as Office Manager for this firm I was responsible for the daily operation of the business such as, preparing invoices, paycheques, daily deposits, operation of office machines, bookings and confirmation of short and long distance moves.

ADDITIONAL INFORMATION:

My work experience has been in the Northwest Territories and a good percent of it is directly related to tourism. For the past 15 years I have been directly involved with Bathurst Inlet Lodge. I am aware of the aspirations of people wishing to visit the Northwest Territories as I have talked to hundreds of them personally from all parts of the world.

I have been employed with Bathurst Inlet Lodge while attending school for the summers, at all levels of the industry starting from, Chamber Maid through cooking, dishwashing, hostess andmy present position as Office Manager/Expeditor.

In conclusion I feel I have a wealth of “hands on experience” in the Tourist Industry considering my background.

PERSONAL REFERNCES:

Esther Braden - Yellowknife
John-Anderson Thompson - Yellowknife
Don Strang - Yellowknife
Don Stewart - Hay River, N.W.T.

BUSINESS REFERENCES:

Anthony Whitford - Yellowknife
Connie Henderson - Yellowknife
Alice Isnor - Cambridge Bay, N.W.T.
Ric Cole - Yellowknife

Phone numbers and addresses available upon request.

RESUME

Address: 5527 - 44th Street, Yellowknife, N.W.T. XIA 1H8

Phone: 873-6121

Age: 32 years

Marital Status: Married - 13 years

Present Emplo~ent (April 1983 to present)

Self-employed working through Indigenous Languages Development Funding Agreement as co-ordinator for the Athapaskan Language Steering Committee (ALsC). The ALSC is a committee to work for the preservation and maintenance of N.W.T. Dene languages. The duties of this position include the management of the business of the ALSC, preparing tidgets, preparing and distributing information packages to relative N.W.T. communities, preparing activity reports, preparing and distributing newsletters, monitoring language projects, maintaining liaison between ALSC and: government officials; goverment agencies; N.W.T. communities; and native organizations. For the past year I have been involved largely with co-ordinating and the hosting of several large conferences involving professionals and resource people dealing with native language education and linguistics. I am presently assisting with the co-ordination of the Athapaskan Languages Conference, an international conference which will be hosted by the ALSC in Yellowknife, June 1985.

1978 - 1983

Part-time position as administrative assistant to the Chief of the Dene Language Program, Department of Education, Government of the Northwest Territories. Duties included organization and maintenance of program records and program budget, preparing written correspondence re the activities of the program for the information of the public. Provided the public with information and publications necessary to assist cmunities with their language projects. Performed general office duties as required. An understanding of native culture "and education needs was required as wll as the ability to wrk in a cross-cultural situation.

1977 - 1978

Executive Secretary for the Clerk of the Legislative Assembly. perfomed secretarial duties at an executive level. Gained a good understanding of politics and functions of Territorial Government departments.

1975 - 1977

Acted as Girl Friday in Edmonton while spouse was attending N.A. I.T.

1971 - 1974

Administrative Assistant for the Superintendent of Akaitcho Hall, GNWT.

1970 - 1971

Secretary for the Clerk of the Legislative Assembly, GNWT.

1969 - 1970

Trained in GNWT stenographic pool. Acted as assistant supervisor for 6 months of that term.

Education

Grades 10 - 12	Sir John Franklin High School - Graduated with diploma in 1969
Grades 5 - 9	Yellowknife Public School
Grades 1 - 4	Elementary School - Entwistle Alberta

Additional Courses

1976	6-week Interior Decorating course - NAIT night school (certificate)
1982	120-hour intensive tourism course delivered byUBC at A.V.T.C. (Certificate) This course was taught by5 UBC professors who provided instruction on marketinq, public relations and business management.

Other Involvement

1st Vice-President of Travel Industry Association of the N.W.T. (TIA)

Member Northern Frontier Visitor's Association of the Western N.W.T.

Member of Board of Directors for Travel Industry Association (TIA)

Partner in Yellowknife Lodge Ltd. (tourist fishing lodge). Act as hostess/manager when required and assist with all other aspects of the business. Responsible for public relations with respect to clientele, gov't agencies, tour agencies, etc.

Particular Areas of Experience and Skills

1. Ability to communicate with senior government officials both by written and personal contact.
2. Ability to produce written materials which provide detailed information on activities of programs.
3. Familiar with media contacts and avenues for relating information through media.
4. Ability to effectively organize meetings and conferences and do required follow-up.
5. Ability to organize contracts for projects including identifying resource persons.
6. Experience and ability in dealinq with 90vernment officials> industry and native organizations.
7. Experience in relating to the public through written correspondence and public contact.
8. Familiarization with government departments and programs.
9. Understanding of native issues.
10. Experience with producing effective pamphlets and booklets.
11. Experience in speaking to the public.
12. Experience with arranging displays and exhibits for exposure to the public.
13. Knowledge of public relations and advertising.

l'RAINING SOURCES

APPENDIX E

- Alliance of Canadian Travel Associations (AC'1'A)

~rovides member agencies with professional tour/travel industry training courses.

130 Albert St., Suite 1207, Ottawa, OI]tario KIP 5G4

*Canadian Government Office Of Tourism (CGOT)

provides operators with information regarding national and international marketing and promotion opportunities which involve certain levels of 'experiential' learning.

Tourism Canada, DRIE, 235 Queen St., Ottawa KIA OHtJ

*Federal Business Development Bank (FBDB)

provides a series of one-day business management seminars for small business at a nominal fee.

- provides CASE co{lnselling assistance to small business to include both technical advice ar)d assistance and a written report summarizing recommendations. A nomi])al fee is charged.

FB DB, Yellowknife, N.W.T.

*Athabasca University

offers correspondence courses in administrative sturjies (ie managerial accounting, small business management, administrative law, commercial law, marketing).

10324-82 Ave., Edmonton, Alberta T6E 1Z8

*Government of the N.W.T.

- thp Dept. of Personnel offers evening study programs leading to a Management Development Certificate Programme to inclu~e courses in personnel administration, business policy, advertising, business communications.
- the Dept. of Economic J)eveJ.opment and Tourism offers some opportunities for participatiotl in marketing and other industry specific seminars and conferences.

*Ryerson Polytechnical Institute

- provides a one year correspondence course leading to a certificate in travel counsellil]q. Tuition fees approx. $40ti.

Distance Education Prnqrams, Continuing Education Division, S(.) Gould St., '1'ororIto, 0ntario"M5B 1E8

Lutio

u~~urism Organization

f:+"'

$~des correspondence courses in. tourism with special
"basis on tourism marketing and promotion, tourist services
forecasting techniques.

ternational Centre for Advanced Tourism Studies (cIEsT)
artado pOstal 88-85, San Jeronomo Lidice, Mexico 22 D.F.,
[,gxico

,e~canadian School of Travel

provides correspondence courses in travel/tourism studies.

2221 younge St., Toronto, Ontario M4S 2B1

Z-Canadian Travel College

- provides correspondence training for travel agents.

1157 Melville St., Vancouver B.C. V6E 2X5

*~avel Training Centre (TTC)

- provides travel counselor and tour director training on a correspondence basis.

2-1583 PembertOn Ave. N, North Vancouver, B.C. V7P 2S4

*~estervelt Business School

offers a combination of correspondence/residential training courses in tourism to include sales, public relations, tour packaging, etc.

190 Worthley Rd., London, Ontario N6C 4Y7