

Guide to Proposal Submissions:

Tourism Product Diversification and Marketing Program

Background Behind the Program

Tourism is a diverse industry that includes hotels, airlines, vehicle rental agencies, restaurants, tours, and a variety of other services that cater to travelers. From the consumer perspective, there is no single tourism “product”: tourism is an experience composed of a variety of elements, all of which contribute to the overall satisfaction (or lack of satisfaction) of the traveler. And there are many types of travelers, all of whom are included in the definition of tourism; examples include vacation travelers, people visiting friends and family, and people traveling on business.

World Tourism continues to grow – led by significant growth in the market sector that the Northwest Territories participates within: ‘emerging, off the beaten path’, long haul travel destinations. Long haul travel is forecast to grow worldwide by 33 percent through 2020.

Worldwide, and particularly across North America, leisure travel has been changed by the growth of affluent, well-educated adult travelers and the decline of the middle-income family travelers. Extensive, quantitative research indicates that the Northwest Territories (NWT) current and highest potential ‘best’ audiences are:

- The upscale North American ‘Boomer’ Audience: affluent, well educated Canadians and Americans, 40 – 60 yrs old, who regularly spend \$6 - \$8k per person on travel, annually.
- Sector specific audiences for hunting, lodge fishers, Japanese Aurora and ‘outfitted’ outdoor adventure enthusiasts.
- German touring audience, (the Dempster Highway and the Deh Cho Travel Connection).

The priority audiences prefer ‘off the beaten path’ escapes from the stress of daily life for travel experiences that are rejuvenating and intellectually stimulating. They look for a sense of awe and wonder in natural environments.

These travelers are active, looking for a 'suite of activities'. They are knowledgeable and experienced, and they like having choices. The growth of affordable global travel plus on line access for research, trip planning and purchasing has opened the world of possibilities to these travelers – and in turn created global competitors for NWT. We can call this priority audience the experiential market.

For example, the fishing visitor looking for a remote fishing experience surrounded by natural beauty, can chose between New Zealand, NWT or the Amazon River Basin.

The NWT is well positioned to succeed with these audiences. These visitors seek off the beaten path escape, rejuvenating travel experiences and a 'sense of awe and wonder in natural environments. The NWT has all of these credentials, and areas of significant advantage over competitors.

While we have significant advantages, we also face significant challenges. Our current industry package product offerings are heavily weighted toward traditional hunting and fishing packages; the resource base for hunting is becoming increasingly restricted, and research shows that the demand for the traditional fishing lodge package is declining across North America. We have very little product and product packages oriented toward our priority market audiences: those travelers seeking rejuvenating experiences. Our Aurora viewing sector, which relies almost entirely on a Japanese market, is facing stiff competition from Alaska. And, while we have significant business travel to our Territory, we have not yet tapped the potential of this travel segment as a market for non-business tourism activities.

To meet these challenges and take advantage of growing priority markets as well as existing below-potential markets, the Government of the Northwest Territories has introduced a Program to assist businesses in our tourism industry tackle issues of business planning, product and product package development, and marketing.

The Program was developed based on extensive consultation with the NWT tourism industry, and intensive research sponsored by Northwest Territories Tourism (NWTT), the destination marketing organization for our Territory, and research conducted by Industry, Tourism and Investment.

Goals and Objectives of the Program

The primary goal of the Program is to help your tourism business increase revenues derived from developing new products or enhancing existing product.

To achieve this goal, the Program has the following objectives:

1. Grow the volume of product, with an emphasis on product appealing to our priority experiential audience.
2. Increase the variety and regional distribution of tourism products
3. Grab a greater share of the outdoor adventure market from our competitors.
4. Increase the number of clients seeking the products and services from our tourism industry.

Who Can Apply

The Program was designed to take advantage of the experience and investment of our current participants in the NWT tourism industry. To that end, you can apply under this Program if you meet at least one of the following conditions:

- You have owned or operated a tourism business for at least one year in the last five years (a tourism business is defined as a business licensed to operate in the Northwest Territories and receives at least 75 percent of its revenues from travelers).
- You or your business has been licensed for at least one year in the last five years under current *Tourism Act* or the previous *Travel and Tourism Act*.
- You have been employed in management by an NWT tourism business or a licensed tourism operator for at least five years in the last ten years.
- You intend to develop a tourism product package on behalf of a number other businesses that meet one or more the conditions above.
- You are the destination marketing organization, NWTT.

When you make an application under the Program, you must provide proof that you meet one or more of the eligibility criteria above. Documentation could include:

- Copies of business licence(s) for your business.
- Copies of your licence(s) issued under the *Tourism Act* or the previous *Travel and Tourism Act*.
- Copies of employment contracts or a signed letter from your employer that demonstrate that you have been employed in a management position by an NWT tourism business for at least five years within the last ten years.

- Copies of business licence(s) and/or licence(s) issued under the *Tourism Act* or the previous *Travel and Tourism Act* for businesses that you intend to include in a tourism product package, and/or a copy of signed letter from the appropriate Regional Superintendent of Industry, Tourism and Investment indicating that the business or operator has a valid Tourism Operator licence.

How Long Does the Program Run

The Program is available from fiscal year 2007/2008 and ends on March 31, 2011/212. Funding resources for the Program are subject to approval each year by the Legislative Assembly of the NWT.

What You Can Apply For

There are three schedules that as an individual tourism operator or tourism business that you may be eligible for, and one schedule reserved for NWT Tourism. A description of each schedule follows:

Schedule 1: Business Planning and Transition Assistance

Purpose of Funds:

Funds may be applied toward development of business plans intended to enhance existing product or develop new product with the intent of increasing revenues to tourism businesses and/or attracting new visitors to the NWT.

Eligible activities could include:

- Costs associated with consulting related to obtaining a Tourism Operator Licence; and
- Consulting fees and costs for development of a business plan.

The business plan must:

- Clearly articulate project goals and objectives and how the business plan will achieve these;
- Describe the purpose to which the funds will be applied;
- Demonstrate how the project will attract new visitors to the NWT, and/or increase spending within the NWT by visitors (including markets, such as business travelers, which may be induced to spend on activities not related to their main purpose of travel);
- Identify local benefits in terms of jobs created for residents and revenues flowing to NWT businesses providing goods and services to the project;
- Provide profile(s) of the target market(s);

- Describe the product/market match;
- Describe marketing strategy and tactics;
- Provide pro forma financial projections over a 5 – year forecast period, including cash flow projections (these projections must include the volume of expected clients or visitors over the forecast period);
- Identify any spending flows to other NWT businesses; and
- Identify current project assets the applicant will bring to the project.

Funding Limits:

The maximum available per applicant is \$25,000.

Equity Requirements:

The equity requirement under this Schedule is 15 percent of eligible project costs, including sweat equity.

Proposal Requirements and Evaluation Criteria:

For all purposes, the applicant must indicate which markets and products the plan will target. Priority will be given to applications that target high-yield growth markets for experiential non-consumptive tourism products.

Applications under this Schedule should include a proposal from a qualified consultant solicited in response to a Terms of Reference that describes the scope of work. The proposal must include a price quote broken out by task. A sample Terms of Reference is attached as an Appendix to this Guide which you are encourage to use to obtain proposals and quotes.

All applications will be evaluated to assess the degree to which, if any, the project will adversely affect currently operating NWT businesses competing for the same market. The current size of the market and the degree to which the tourism industry has penetrated this market will be considered in evaluating proposals for market disruption.

Schedule 2: Product Development and Enhancement

Purpose of Funds:

Funds may be applied toward development of new tourism product or enhancement of existing product with the intent of attracting new visitors to the NWT.

Funds may be applied to:

- Start-up costs such as working capital, engineering, and technical feasibility assessments;
- Capital acquisition;

- Skills upgrading;
- Upgrading services or amenities to attract a new market or expand appeal to an existing market;
- Website development; or
- Development costs associated with new tourism product packages (transportation, accommodation and other costs associated with travel to communities to organize package components).

Funding Limits:

The maximum available per applicant is \$250,000. The amount of funds for which an applicant is eligible will be determined based on the magnitude of local benefits, which the project generates.

The following ratios provide a general guideline for determination of funding levels for individual applicants; however, each application will be considered on a case-by-case basis, and factors such as the provision of services critical to the development of the industry as a whole, or regional distribution of benefits will also be considered in evaluation of proposals:

- (1) \$50,000 in contribution assistance for every 100 new visitors the project is likely to attract to the NWT, as projected over a five-year period and measured on a cumulative basis and identified in the business plan, to a maximum of \$150,000; and/or
- (2) \$10,000 in contribution assistance for every \$20,000 which the project is likely to generate in new revenue cumulatively over five years for itself and/or NWT businesses which provide goods or services to the project or which will realize revenues as a result of activities of the project, to a maximum of \$100,000 in assistance.

Multi-year contribution agreements will be considered, subject to the maximum funding limit of \$250,000 per applicant in this Schedule over the lifetime of the of the Program.

Equity Requirements:

- The equity requirement under this Schedule is 15 percent of eligible project costs.
- Up to \$10,000 in existing equity (capital infrastructure for which no previous contribution funds have been received from the GNWT) and/or sweat equity may be applied toward the equity requirement).

Proposal Requirements and Evaluation Criteria:

Applicants must submit a business plan that addresses specific characteristics of the target market(s) and how the new or enhanced product and the use of funds will appeal to, and attract these markets. The plan must:

- Clearly articulate project goals and objectives and how the business plan will achieve these;
- Describe the purpose to which the funds will be applied;
- Demonstrate how the project will attract new visitors to the NWT, and/or increase spending within the NWT by visitors (including markets, such as business travelers, which may be induced to spend on activities not related to their main purpose of travel);
- Identify local benefits in terms of jobs created for residents and revenues flowing to NWT businesses providing goods and services to the project;
- Provide profile(s) of the target market(s);
- Describe the product/market match;
- Describe marketing strategy and tactics
- Provide pro forma financial projections over a 5 – year forecast period, including cash flow projections (these projections must include the volume of expected clients or visitors over the forecast period);
- Identify any spending flows to other NWT businesses; and
- Identify current project assets the applicant will bring to the project.

All applications will be evaluated to assess the degree to which, if any, the project will adversely affect currently operating NWT businesses competing for the same market. The current size of the market and the degree to which the tourism industry has penetrated this market will be considered in evaluating proposals for market disruption. Priority will be given to plans that:

- Focus on high yield, experiential, non-consumptive tourism markets.
- Demonstrate high levels of local benefits.
- Incorporate Aboriginal culture into the product.
- Have benefits that are distributed regionally.
- Incorporate a number of products into market ready packages.
- Are based on sustainable resources and growing markets.
- Show high potential for financial sustainability as demonstrated in the business plan.
- Leverage other sources of investment, including other contribution partners and lending institutions.

While priority will be given to non-consumptive products, other business plan elements such as high levels of local benefits, package development

and a strong financial plan all contribute toward the overall strength of the business plan.

Where other funding sources are available, the applicant must demonstrate that applications have been made for these complementary programs. Examples could include assistance made available through Aboriginal Business Canada, Indian and Northern Affairs Canada, Arctic Energy Alliance, and others.

Schedule 3: Marketing Assistance for Tourism Businesses

Purpose of Funds:

Funds may be applied toward marketing efforts for projects approved in Schedule 1 and 2, consistent with the key markets identified in the marketing strategy of the NWT's Destination Marketing Organization, NWTT. Where sufficient funds exist, assistance may be provided to tourism businesses and tourism operators who do not have projects approved under Schedule 1 and 2, but who require assistance to promote product that matches the demand identified for the high yield, experiential, non-consumptive tourism markets.

Where their efforts support projects approved in Schedules 1 and 2, or appeal to priority markets but where the applicants did not receive funds under Schedules 1 or 2, applicants may be funded to:

- Attend travel trade and consumer shows;
- Participate in coop marketing programs with Destination Marketing Organizations or industry associations;
- Develop brochures and pamphlets;
- Develop and launch campaigns or tactics targeted at the priority high yield, experiential, non-consumptive tourism markets; or
- Develop or modify websites.

Funding Limits:

- For tourism businesses and tourism operators, the maximum available per applicant annually is \$10,000; and
- Applicants are eligible to apply for funds each year that the Program is available.

Equity Requirements:

- The Equity requirement under this Schedule is 15 percent of eligible project costs.

Proposal Requirements and Evaluation Criteria:

All applications must identify the target market to which the marketing effort will be applied, the use of the funds, and the expected benefits in

terms of the number of new clients and/or new revenue, which the marketing effort will generate.

Priority will be given to applications that:

- Focus on high yield, experiential, non-consumptive tourism markets.
- Are consistent with the Marketing Plan for NWT Tourism approved by the Minister of ITI.
- Support projects approved in Schedules 1 and 2 of this Program.

Schedule 4: Marketing Assistance for NWTT

Purpose of Funds:

Funds may be applied toward marketing efforts to assist NWTT to promote projects approved in Schedule 1 and 2, consistent with the key markets identified in NWTT's marketing strategy.

NWTT may be funded to:

- Attend travel trade and consumer shows;
- Participate in coop marketing programs with other Destination Marketing Organizations, industry associations or individual tourism businesses; and
- Develop and launch campaigns or tactics targeted at the priority high yield, experiential, non-consumptive tourism markets.

Funding Limits:

- The maximum available annually is \$350,000.
- NWTT may apply annually for funds each year that the Program is available.

Equity Requirements:

- None.

Proposal Requirements and Evaluation Criteria:

Applications from NWTT will be considered within the context of the degree to which the proposal furthers the goals and objectives of this Program.

Priority will be given to projects that:

- Focus on high yield, experiential, non-consumptive tourism markets.

- Are consistent with the Marketing Plan for NWTT approved by the Minister of ITI.
- Support projects approved in Schedules 1 and 2 of this Program

How and When You Can Apply

Application packages are available through your community and regional Economic development officers and your regional tourism officers. You can also download applications from the Tourism and Parks webpage located in the webpages for the Department of Industry, Tourism and Investment under the Government of Northwest Territories website (www.gov.nt.ca).

Completed applications must be submitted to the Regional Superintendent of ITI in the region in which your business or tourism operation is registered. Applications must be received by specific days set each year, called banking days, for review within 30 days of the banking day by a committee composed of all Regional Superintendents of ITI. You will be informed in writing concerning the status of your proposal after all the applications received by a specific banking day have been reviewed.

Banking days will be posted on the Tourism and Parks website (Industry, Tourism and Investment, Government of the Northwest Territories) or you can contact your Regional Superintendent of Industry, Tourism and Investment for this information.

Critical Elements of a Proposal

The content and structure of your proposal are critical in determining your success in reaching your business goals and objectives under this Program. Be sure that you include all supporting documentation, such as copies of business and Tourism Operators Licences to avoid delays in processing your application. The following guidelines are offered to guide you in developing your proposal:

- State the goals and objectives of your proposal clearly and as specifically as possible.
- Describe your target market(s) in as much detail as your research provides (demographics, origin, product preferences, etc).
- Provide reasons and data to justify the markets you are targeting relative to your business goals and the objectives of the Program.

- Describe how your proposal specifically matches your product development or marketing efforts with your target market(s).
- Describe in detail your project, including descriptions of any new equipment or buildings to be acquired or constructed, training, marketing tactics, etc.
- Clearly identify any revenues flowing to other NWT businesses resulting from your project.
- Clearly identify the number of new visitors or clients you expect to attract for your own operation and/or other businesses as a result of your project.

For Schedule 2, Product Development and Enhancement, the quality of your business plan is critical to your success. Remember that you will be competing for limited funds with other applicants. While your project may possess considerable merits, the degree to which you can demonstrate benefits to the NWT in terms of potential revenue generation for other NWT businesses, and the number of new visitors which your plan is forecast to attract will be considered when your proposal is reviewed. Also, the degree to which your business plan supports the goals and objectives of the Program will be an important factor when your proposal is compared to other proposed projects.

As well as demonstrating the benefits described above and the fit with the Program goals and objectives, a strong business plan should provide the following elements:

- A current net worth statement, which demonstrates the need for a contribution from this Program.
- A financing plan (sources of funds, including equity, debt and non-repayable contributions).
- Pro-forma cash flows over a five-year period.
- A development and permitting plan that identifies any development permits and licences required, including a Tourism Operator Licence.
- A product development plan that describes in detail how the new or enhanced product will be developed and what resources will be required (human, physical, working capital, etc).
- A marketing plan, which identifies specific markets and tactics that will be used to reach these markets, and addresses any concerns that your proposal may adversely affect other businesses already offering your services.
- Identification of any resources extraneous to your business, which will aid in the success of your plan: local visitor infrastructure (transportation, accommodation and food services available locally; cultural, heritage and natural resource attractions, etc).

Resources for Developing Your Proposal

Industry, Tourism and Investment is committed to working with industry to strengthening the tourism sector of the NWT economy. Toward that end, we have identified a number of resources that can aid you in developing a proposal and/or a business plan to go forward with an application under this Program.

The process of developing a business plan will still prove invaluable in helping you more clearly articulate your business goals and determine the feasibility of your ideas.

Provided with the application package is a booklet that provides an overview of current and potential markets for our industry, including case studies of successful tourism operations in the NWT, in Canada and internationally. This study, "*Visitor Markets: Strategic Overview*", was drafted independently by a third party consultant and draws together the latest relevant market research from a variety of sources.

In addition, ITI provides detailed profiles of over seventy market segments in Canada and US, as well the latest statistics on visitors coming to the NWT.

This information is available at the following web address:
http://www.iti.gov.nt.ca/parks/tourism/research_and_statistics.htm.

The Canadian Tourism Commission is also an excellent source on tourism statistics and trends. This information is available on their website,
<http://www.corporate.canada.travel/en/ca>.

Contacts:

For more information on this Program, please contact the Regional Superintendent of ITI in your region.

Mr. Kevin Todd, Regional Superintendent
Industry, Tourism and Investment - North Slave Region
PO BOX 2668
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Phone: (867) 920-3230 Fax: (867) 873-6230

Mr. Lloyd Jones, Regional Superintendent
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PO BOX 231
FORT SMITH NT X0E 0P0
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Mr. Don Craik, Regional Superintendent
Industry, Tourism and Investment - Inuvik Region

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Mr. Gerd Fricke, Regional Superintendent
Industry, Tourism and Investment – Dehcho Region
PO BOX 240
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Phone: (867) 695-7520 Fax: (867) 695-7501

Appendix: Sample Terms of Reference **Business Plan Development**

PURPOSE:

(Business Name or Name of Owner/Manager) is considering the expansion of its tourism business operations in the Northwest Territories to include other tourism products and/or markets that are showing a positive demand growth trend. (Business Name or Name of Owner/Manager) requires the services of a consultant to investigate this opportunity and provide advisory services as to the financial and operational feasibility of this endeavour / expansion. These advisory services are to be documented through the development of a comprehensive business plan of sufficient quality that it may be submitted for funding under the Tourism Product Diversification and Marketing Program offered by the Department of Industry, Tourism and Investment (ITI), Government of the Northwest Territories (GNWT).

BACKGROUND:

The scope of current business operations is ... (describe the ownership of the business, current operations, current products, location etc.)

The business would like to investigate the expanding or improving of its current products in the following ways. (describe in detail the planned new products/services envisioned).

PROPOSAL REQUIREMENTS

All proposals must provide the following information:

- 1) Resume(s) of all the team members that would be employed to complete this project.
- 2) A listing of other similar or relevant work done for other clients by these team members.
- 3) A detailed schedule and timeline of when various tasks in the assignment would be completed and the number of days estimated for each task for each team member
- 4) The methods proposed to complete this assignment
- 5) The anticipated costs, including daily fees for each team member, the number of days of work anticipated for each team member, travel costs, and administration costs

RESOURCES

The contractor will be expected to work closely with (Name of Person(s)) throughout all stages of the development of the business plan.

It is expected that the contractor will consult with (Name of Person(s)) prior to the start of the assignment to review and ensure a thorough understanding of all contract requirements.

The contractor will review the first draft of the business plan with (Name of Person(s)) to ensure joint understanding of document's content and conclusions and make required amendments as required.

The contractor is expected to review the final document with (Name of Person(s)) to ensure all required amendments required to complete the project have been undertaken and approved.

Resources available to the contractor include guidelines for the Tourism Product Diversification and Marketing Program, and planning documents available through ITI, including the *Tourism Development Handbook*, the *Strategic Overview of Visitor Markets to the Northwest Territories*.

SCOPE OF WORK:

The Business Plan must address the following

Goals and Objectives

- Clear statement of the goals and objectives of the business proposal

Business History and Current Financial Health

- Description of past and current business operations
- Three years of the most recent financial income statements and balance sheet.

Strength of Current and Proposed Management and Ownership

- Detailed information about the business ownership including a listing of all shareholders with over a 5% share of the business
- Information on management with a significant role in operations
- The share structure for any incorporated businesses

Financial Plan

- Five years of pro-forma monthly cashflow and income statements.
- Sources of financing, including debt, equity and non-repayable contributions from all sources
- Monthly income statements and cashflow statements from the last year-end to the present.

Markets

- Target markets and demand characteristics (demographics, size, geographic location, trends, and travel product demand)

Marketing Plan

- Strategic focus and tactics, including details on type of media and distribution channels

Product

- A complete listing and description of the tourism products to be offered and at what price these products are to be offered.
- A description of how the tourism products will be produced/provided.
- Details on pricing for product components and elements of product packages.
- A costing of all assets purchased and the location of suppliers of these assets.

Competition

- Competitive analysis of competing products and businesses (product, pricing, market share)

Other Resources

- Description of human resources (staffing requirements and skills)
- Human resource acquisition and retention

Regulatory Requirements

- Does the business require a valid Tourism Operators Licence (TOL)
- Has a TOL been approved?
- Does the TOL need to be amended?
- Plan to obtain all necessary regulatory and licensing approvals

Risk Management

- Identification of major risks and plans to mitigate or avoid these risks, including safety and first aid training and certification for staff, equipment and building standards, and equipment handling standards and training

- Proof of all insurances required for proposed operations, or identification of timelines to obtain such insurances

Benefits and Positive Impacts

- Volume of new visitors attracted to the Northwest Territories
- New spending generated by the business both for its own operation and for other NWT businesses
- Distribution of benefits within the region and throughout the NWT
- Positive or negative effects on other businesses or the industry in general

Environment, Sustainability and Energy

- Measures that promote environmental sustainability and reduce reliance on fossil fuels

Deliverables

1. The contractor will be expected to provide a first draft of the business plan by (insert date); a final draft will must be completed by (insert date here).
2. The contractor will provide 10 hard copies of the final business plan and an electronic version in Word format within one week of approval of the final draft.

PAYMENT SCHEDULE:

First invoice of no more than ___% after completion of initial consultation.
 Second invoice of no more than ____% after completion of the first draft.
 Third invoice of remainder of contract after acceptance of the final document.

PROPOSAL DUE DATE

Six copies of the proposal and one electronic version must be submitted by (INSERT DATE HERE) to:

Name of Contact:	Email Address:	
Title:	Phone:	() -
Name of Business	Fax:	() -
Mailing Address:		
Community, Province or Territory, Postal Code		