

Business best practices of the outdoor adventure industry

prepared for GNWT
Outdoor Adventure Conference

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Methodology

- This study was conducted in two phases in late 2007:
 - Secondary research and key informant interviews with operators, government officials, and tourism organizations in the NWT, Alberta, Ontario, B.C., Yukon, and Alaska
 - Survey findings from the 2007 NWT Operator census study

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Best Practice Operator profile

The following composite Best Practice Operator (BPO) profile includes most operational aspects:

- Start-up / business structure
- Planning
- Product development
- Branding / marketing
- Financing
- Partnerships
- Regulations / insurance / environmental practice

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Business planning

- Operators *requiring* a business plan tend to be those that need operational and infrastructure financing up front
- Other operators found they were forced to produce one upon expanding their offering in a way that needed financing or registration (and wished they had done it initially)

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business planning...

- The key to securing liability insurance is for operators to demonstrate they have:
 - A financially sound business
 - A comprehensive business plan
 - A risk management plan
- Financial records from the previous several years coupled with a solid business plan, have proven essential to future success

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business planning...

- A strong business plan will:
 - Delineate the future direction of the operation
 - Yield growth projections based on solid data
 - Articulate a clear return on investment
- It is important for operators' business plans to explain the seasonal aspect of the business and highlight the positive aspects of operating seasonally

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business planning...

- Cash flow is an integral part of ongoing business planning
- Being unaware of the importance of cash flow in financial planning has resulted in the inability to look beyond short-term needs

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Marketing competitive advantage – Aboriginal operations

- Aboriginal-run businesses that self-identify as such and promote their business as a unique Aboriginal product/experience are achieving success, attracting new customers, and securing additional resources
- In the Yukon, Däna Näye Ventures investment consortium has a mandate to fund First Nations businesses
- The Aboriginal Tourism Association of British Columbia (ATBC) has created an *Aboriginal Cultural Tourism Blueprint Strategy* for the province. “This is the first-ever comprehensive provincial Aboriginal tourism plan created in Canada. ATBC is working with partner agencies, at both the federal and provincial government levels, to secure the necessary funding to implement the first three-year tactical phase of the plan.” (from www.Aboriginalbc.com).

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Moving from consumptive to non-consumptive

- Many operators have been offering eco-tourism products, but do not brand themselves and so do not reap the benefits
- Benefits of shifting to eco-tourism offerings tend to offset the drain on operators' resources
- Offering an eco-tourism product expands the target market to include a greater age span, tourists from coast-to-coast and from outside the country
- Eco-tourism can extend operations into the shoulder seasons and mid-winter

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Moving from expedition style to “soft” adventure

- Growing interest in and emerging markets for winter adventures and activities
- Successful BPOs are developing educational trips, especially related to birding, Aboriginal themes, and local culture and history
- Move to health- and wellness-related travel; trade and convention visitors who add on adventure activities before, after, or as part of a convention;
- Bus tour participants who engage in “soft” adventure (especially park-based adventures in which operators provide day trips into the wilderness in national and territorial parks)
- Geologic activities such as “rock hunting”; fly-drive packages (especially for the European market)

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Seasonal expansion

- BPOs are giving more consideration and action to offering products that extend into the shoulder season, such as wildlife viewing and “picture hunting”
- Yukon operators have had great success developing winter products around the Yukon Quest

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Language, new technology and other service offerings

- BPOs providing multilingual services have an advantage in accommodating Europeans, strengthening buy-in with European travel agencies
- BPOs are taking advantage of technology advances in order to provide Internet access in remote lodges
- “Green” certification in BC enables operators to show off environmentally-friendly offerings and reach desirable markets
- NWT BPOs say that use of composting toilets, solar and wind energy, and four-stroke motors represent desirable features to their clients

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language, new technology and other service offerings...

- Smaller, flexible, less-packaged operators custom-design outdoor packages for their clients, based on the clients' skill levels
- BPOs in BC, Ontario and the Yukon report success from understanding that clients want outdoor adventure during the day, and five-star accommodations and meals in the evening.
- GPS systems and satellite telephones allow more remote BPOs to maintain communication links to the rest of the world
 - Such technology allows clients to stay in touch with essentials back home, and also enables the operator to do business while in the backcountry

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Word-of-mouth recommendations

- Successful BPOs often state that their best marketing strategy is to ensure word-of-mouth recommendations
- These operators recognize that clients have close relationships with other individuals who are their potential customers

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word-of-mouth recommendations...

- Fundamental tactics in using word-of-mouth to build a solid customer base include:
 - asking clients what they think of their experience
 - making changes to the business to better reflect client expectations
 - communicating such changes to clients
 - making meaningful efforts to stay in touch with clients after the trip is over
- These tactics increase the chances of turning first-time clients into repeat customers, and ensure the strongest advertising possible to potential customers

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Risk management / legal and financial issues

- Successful BPOs take safety seriously and understand that risk goes hand-in-hand with outdoor adventure; they take measures to manage their risk
- BPOs will use a risk assessment tool to assess their level of risk and use that information to implement safety policies and procedures
- Staff are trained on safety policies and procedures to ensure clients are safe and staff are prepared for an emergency
- Liability insurance must be secured and should include comprehensive waivers

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risk management / legal and financial issues...

- The State of Colorado is seen as a best-practice example of a government involved in risk legislation
- The New Zealand model is viewed as a best practice of decreasing liability insurance costs, requiring clients to sign a waiver that prevents them from suing operators or the government

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Educating tour operators, guides and hospitality staff

- BPOs ensure their tour operators and guides are well trained
- BPOs agree that guide certification is growing in importance
- The Canadian Tourism Human Resource Council in Ottawa offers courses on marketing, Internet marketing, getting products market ready, and package pricing. Also other resources like HR toolkits, research publications, recruit and retention assistance
- Industry and the GNWT looking at the possibility of developing a Tourism Education Council

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educating tour operators, guides and hospitality staff...

- BPOs are increasingly aware of their need for education regarding legal and financial issues associated with the Internet
- Liability laws associated with booking and accepting payment online can be difficult to navigate if/when buyer's jurisdiction's laws apply in the event of an accident

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Sales and marketing

- Successful BPOs are increasingly reaching clients online, including the use of social networking websites and interactive virtual worlds
- Operators gather important market data through Direct Marketing Organizations to better understand how their target market plans trips, and how best to sell their product
- Partnering with other operators who offer different but complimentary services (bundled products) increase marketing reach

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Industry activism / community partnerships

- Successful outdoor adventure operators actively participate in the industry, like being involved in oil and gas management practices
- Active involvement allows operators to:
 - Build relationships and create partnerships with other tourism operators
 - Understand upcoming industry trends
 - Identify potential opportunities for their operation / niche markets not currently being serviced

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industry activism / community partnerships...

- Wilderness Tourism Association of the Yukon (WTAY) efforts are seen as a best practice as one of the most forward-thinking and established in the industry
- Committed to improving the quality of Yukon's products, and helps educate operators and clients using the wilderness in:
 - appropriate wilderness behaviour
 - leave-no-trace camping
 - river use

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industry activism / community partnerships...

- Successful operators engage in advocacy with government
- Feds have imposed marine safety training for tourism operators who use boats. Training requirements are onerous. Industry in the NWT is advocating the development of a northern marine safety program that is relevant and applicable to the north.

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industry activism / community partnerships...

- BPOs are active in their community, and by creating strong community ties improve the reputation of their operation
- In the Yukon, operators are partnering with First Nations to develop products
- GNWT and Industry are initiating greater partnerships and relationships with First Nations (2015 Tourism Plan)
- In BC, in response to a spike in insurance rates in 2002-03, the Council of Tourism Associations organized an insurance plan for BC operators to ensure affordability

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