

Tourism 2015: A Discussion Paper

Introduction

In its 2004 Strategic Plan, the 15th Legislative Assembly of the Northwest Territories identified the expansion of the NWT tourism sector as one of its key priorities. *Tourism 2010: A Tourism Plan* was developed as the guide for investment, and outlined the steps that this government would launch to address this priority. The plan focused investment of \$5 million in five key areas over five years: marketing, product development, infrastructure, human resource training, and research and planning.

Tourism 2010 was a significant commitment to developing tourism in the Northwest Territories. While the term of this plan has not expired, it is time to look beyond its sunset horizon. This discussion paper examines emerging issues pertinent to the industry, and options for meeting this sector's needs in the future.

Purpose

This paper is intended to spark discussion on the future direction of a strategy for tourism. To that end, it provides background information for tourism industry stakeholders to review and consider when formulating opinions and ideas on how to proceed over the next five years.

Background

Tourism 2010: A Tourism Plan was the roadmap for investment in the tourism industry. It was a response to an economy in overdrive from development of non-renewable resources, and an effort to diversify the territory's economy. A healthy economy should

be diverse and stand on a foundation of many sectors. In the NWT, tourism has the potential to fulfill a long-standing vision of increased economic diversity, and a more equitable distribution of wealth to smaller communities.

Tourism 2010 Principles

- 1. The private sector leads tourism development through direct investment and provision of quality products to meet demands.*
- 2. Tourism development should support opportunities in all communities in the Northwest Territories.*
- 3. Tourism development must respect Aboriginal rights, traditions and culture.*
- 4. The GNWT should provide timely and accurate market information to the private sector to facilitate investment for communities and Aboriginal people.*
- 5. Government should invest in areas that will provide broad industry benefit, such as parks and attractions to support and stimulate private sector investment, as well as marketing and training.*
- 6. Maximizing investment in the tourism sector will require a partnership approach between the GNWT, private sector, and other funding agencies.*

Tourism 2010 concentrated on enhancing opportunity where risk was discouraging private investment. It focused on the promotion and development of key leisure markets that were underdeveloped. The plan also addressed the need to improve the information and statistics that allow industry and government stakeholders to guide new investment and monitor success.

The vision of *Tourism 2010* was to: *develop a dynamic partnership of industry and government in support of our vital, viable and sustainable industry by marketing tourism and providing support to the tourism operators and communities in the Northwest Territories in a fair and equitable manner.*

The plan identified partnerships as a means to secure additional funding. The budget supplied by the GNWT for the plan was intended to leverage such funding through a variety of agencies and sources.

Tourism 2010 Results

Tourism 2010 invested in five program areas. Each had specific goals, objectives and targets. The following section reviews the results for each area.

Table 1: Objectives for Tourism 2010 by Program

Investment Area	Objectives	Annual 2010 Budget	Achievements
Marketing	Increase the number of visitors and visitor spending in key market segments.	\$400,000	Growth in industry revenue from \$114 million to a peak of \$140 million in 2006/2007.
Product Development	Distribute visitor spending more widely among regions, seasons and communities. Improve the profitability and number of tourism businesses.	\$125,000	The Product Development program evolved into a series of workshops and roundtables held throughout the NWT. These events focussed discussions on challenges and opportunities to tourism development and brought together diverse members of the industry including tour operators, artisans, accommodation suppliers, and transportation suppliers. As well, a number of tools and studies targeted for industry were produced. These included: <ul style="list-style-type: none"> • A Strategic Overview of Current Markets for the NWT (2008). • Outdoor Adventure Supply Side Analysis (2008). • Tourism Business Development Handbook (2008).
Infrastructure	Attract more visitors to the NWT and entice visitors to stay longer.	\$300,000	Funds have been used to finance joint projects for museums, heritage centres and conference centres, as well as to fund interpretive signs and displays along highways. Examples of projects include: <ul style="list-style-type: none"> • Inuvik conference facilities. • An Aboriginal cultural display and improvements to the Northern Life Museum in Fort Smith. • Jackfish Lake Park infrastructure in Norman Wells. • An interpretive centre in the Roman Catholic Rectory in Fort Simpson.
Training	Spread the benefits of tourism spending more widely through increased employment in the tourism industry. Provide the tourism industry with a well-trained workforce that will improve the customer's experience.	\$100,000	<ul style="list-style-type: none"> • 150 participants in hospitality programs. • Product packaging and pricing workshops delivered to 73 participants. • Business planning workshops delivered to economic development officers, regional tourism officers and tourism operators. • Marine safety training courses delivered to 72 tourism operators and guides. <p>In addition to the training that was offered, several products were produced:</p> <ul style="list-style-type: none"> • Workshop curriculums were developed for product packaging and pricing, product development and marketing. • "Tourism Awareness for Students" package. • Tourism Business Planning Workbook and Instructor's Guide

Investment Area	Objectives	Annual 2010 Budget	Achievements
Research	Provide timely and relevant statistics and information on visitors and trends.	\$75,000	<ul style="list-style-type: none"> • Innovative Trip Diary program to capture data on road travellers • New survey of business travellers to the NWT. • Annual estimates of visitor volumes and spending. • Sector reports on hunting, fishing and aurora viewing. • Study of immigrant attitudes toward camping.
Partnerships	Attract partners and additional funds for program initiatives.		The GNWT investment of \$5 million in <i>Tourism 2010</i> was almost doubled, to a total investment in this sector of over \$9 million.

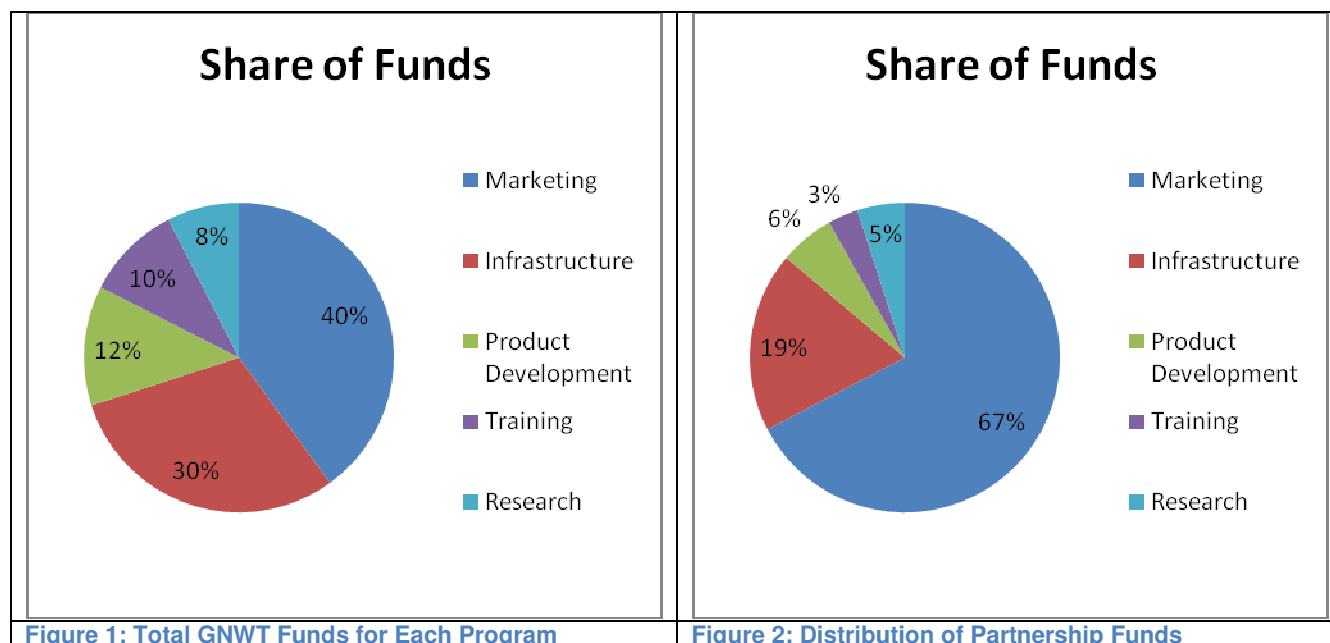
Partnerships and Leverage

One objective of *Tourism 2010* was to leverage partnership funding. Through leveraged funding, primarily from the federal government, the GNWT investment of \$4 million in *Tourism 2010* realized a total investment in this sector of over \$9 million.

Table 2: Funding by Tourism 2010 Program – Four Years

COMPONENT	GNWT FUNDS	PARTNERSHIP FUNDS	TOTAL INCREMENTAL TOURISM FUNDS
1. Marketing	\$1,600,000	\$3,379,310	\$4,979,310
2. Product Development	500,000	290,000	790,000
3. Infrastructure	1,200,000	948,000	2,148,000
4. Training	400,000	163,600	563,600
5. Research	300,000	245,593	545,593
Total New Investment	\$4,000,000	\$5,026,503	\$9,026,503

To date, 40 percent of GNWT funding has flowed to NWT Tourism for marketing. NWT Tourism has received two thirds of all partnership funds, the majority of which came from the federal government's Strategic Investments in Northern Economic Development (SINED) program.



Emerging Issues

Some key conditions have changed since *Tourism 2010* was developed. The experience of implementing that plan has also helped to identify issues that must be addressed to realize continued growth of the tourism industry.

Marketing

Over the past five years, combined average annual growth for the four key leisure markets (general touring, outdoor adventure, European, and Japanese) was -6.7 percent. Outdoor adventure did show modest growth in annual revenue generated at 3 percent. General touring did not show any average increase in revenue, but did show small positive annual average increases in the number of visitors.

At the time the goals and objectives for *Tourism 2010* were set, the outdoor adventure market had been growing at almost five percent annually, and the aurora market had seen a remarkable recovery after the shock of the terrorist attacks of 9-11. Also, the general touring market was growing at a very healthy rate of 13.5 percent annually.

NWT Tourism embraced the goals and objectives of *Tourism 2010*, and shifted more resources to the outdoor adventure, Japanese, German and road touring market segments. However, growth in all three markets was challenged by a number of factors beyond the control of the marketing organization. These factors included:

- Competition from Alaska for aurora viewing, and the failure of two out of three major Yellowknife aurora operators severely affected the number of Japanese visiting the NWT.
- The number of truly market-ready outdoor adventure products has not increased significantly in the last four years.
- There has been minimal growth in packaged products that would appeal to fly-in or driving general touring markets.

Emerging issues that industry stakeholders should consider include:

- The importance of the business traveller market.
- Parks and campgrounds as tourism products that should be marketed directly to travel consumer markets.
- A gap in terms of marketing regions and municipalities.

Infrastructure

Providing more incentives, facilities and opportunities for visitors to the Northwest Territories serves two purposes. First, it increases the number of businesses actively generating revenues from tourists. Second, it increases revenues to existing operators who can take advantage of increased visitation, particularly in the Northwest Territories' smaller communities.

Emerging issues include:

- A lack of criteria for ITI's investment with partners in infrastructure.
- The need for partners to invest in large infrastructure projects.

Human Resources Training

The training program has an annual budget of \$100,000, which was administered through a multi-year contract with a firm that delivers training programs determined prior to the start of each year.

Ultimately, the program would result in a better-trained workforce and a corresponding increase in tourism awareness. This would contribute to an overall positive visitor experience.

ITI has a mandate for business and economic development, and focused much of the *Tourism 2010* training funds on business-oriented programming. However, there was, and is, industry demand for hospitality training for front-line staff in the accommodation and food services industries.

Emerging issues include:

- The need to coordinate training with the territorial Department of Education, Culture and Employment and the federal Canadian Tourism Human Resources Council.
- Continued demand for hospitality training among food services and accommodation front line workers.
- Low levels of business skills among tourism operators.
- The lack of credit courses and certification for tourism-based curricula at the secondary and post-secondary levels in the NWT.
- A low awareness of the benefits of tourism development among communities and at municipal political levels.
- No formal mechanism to determine tourism industry training needs.
- A requirement for a Tourism Education Council in the NWT.

Research and Planning

Research is an activity that most small and medium sized businesses cannot afford to do, but which is necessary for growth. From that perspective, research is an area where government can provide a unique product that is extremely useful to the private sector.

Emerging issues include:

- Delivery of results on a timely basis.
- Communication of research products to industry.
- The requirement for sector specific market intelligence.

Product Development

ITI believes that the role of government is to work with the private sector to facilitate product development. ITI's efforts proposed in *Tourism 2010* focused primarily on broad-based initiatives that would benefit the industry in general.

One barrier for growth in the tourism industry is the difficulty in obtaining capital because of the high risk of failure inherent in the industry. In response to this, ITI introduced the Tourism Product Diversification and Marketing Program (TPDMP) in 2007/2008. The program offers contributions of up to \$250,000 for development of tourism products. This program was developed in addition to *Tourism 2010*, and was developed in response to concerns expressed at industry workshops and meetings held under the *Tourism 2010* product development program. The program has been critical in achieving the results identified for product development under *Tourism 2010* – investment to create or expand products.

Emerging issues include:

- The elimination of tags for caribou sports hunt outfitters.
- The ban on import polar bear hides into the U.S.
- A lack of commissionable products.
- A lack of packaged tourism products.

Options

Since the creation of *Tourism 2010*, numerous issues and ideas have been raised through discussions with NWT tourism operators and other members of the industry. Many of these resulted from the tourism product development program's series of workshops and roundtables held across the territory. Based on these, and on the experience of ITI staff in delivery of all the *Tourism 2010* programs, two new areas have been identified as priorities for ITI in the following years.

The first of these is creation of a viable Aboriginal cultural tourism sector. Aboriginal culture is one of the Northwest Territories' greatest and most unique assets, and if marketed correctly could be a very viable sector in the future, especially given the demand for authentic aboriginal tourism product in traveller markets.

The second emerging priority is improving the promotion of the NWT parks system. With the probability of improved road access to the territory in the coming years, and the growing trend in driving holidays, the NWT tourism industry can stand to benefit from directly marketing parks and campgrounds as tourism products.

In addition to these two priorities, the following options have been proposed for consideration in a renewal of the *Tourism 2010* plan:

- Creating more tourism products – marketing has created expectations that cannot be currently met.
- Continuing community and industry roundtables on tourism.
- Educating local political bodies such as town and band councils on the benefits of tourism.
- Providing more funding for tourism officers to deliver programs in communities.
- Encouraging and supporting development of packaged products.
- Continuing to educate the industry on the benefits of market-ready, export-ready tourism products.
- Increasing marketing support to promote regions and municipalities as visitor destinations.
- Developing products that appeal to independent travelers.
- Strengthening the linkage between tourism programs and the arts/crafts sector.
- Supporting tourism business development through a mentorship program that matches new or inexperienced tourism businesses with more experienced businesses.

Feedback on a New Tourism Plan

As a stakeholder in the tourism industry, we are looking for your ideas on how the *Tourism 2010* plan has worked over the past four years, and how it could be improved.

This questionnaire is intended to provide a framework for your input. You can fill it out, and send it back by mail, e-mail or fax. Alternatively, you can just drop us a line by e-mail with your thoughts, to parks@gov.nt.ca.

Please return the completed questionnaire:

Via e-mail: parks@gov.nt.ca

Via fax: (867) 873-0163

Via mail: Tourism & Parks
Industry, Tourism & Investment
PO Box 1320
Yellowknife, NT X1A 2L9

You can also go online and fill out the survey at the following web address:

<http://www.zoomerang.com/Survey/WEB22B6JULC9F4>

We are looking forward to hearing from you.

1. Which organization do you represent?

- ☐ Private business
- ☐ Aboriginal organization
- ☐ Municipal, town or hamlet council
- ☐ GNWT Department
- ☐ Non-governmental organization

Please provide the name of your business or organization:

2. Which region of the NWT do you reside in?

- ☐ North Slave
- ☐ South Slave
- ☐ Sahtu
- ☐ Inuvik
- ☐ Dehcho

3. In your opinion, how important are the following areas for future efforts?

(Please rate on a scale of 1 to 5, where 1 is “not at all important” and 5 is “very important”)

	Not at all important				Very important
Educating industry on how the tourism industry operates	1	2	3	4	5
Educating community members on the benefits of tourism	1	2	3	4	5
Educating youth on the benefits of tourism	1	2	3	4	5
Offering tourism businesses the chance to meet and discuss tourism opportunities and issues, and to network	1	2	3	4	5
Accurate research results delivered to the tourism industry in a timely manner	1	2	3	4	5
Educating the public about the benefits of tourism research	1	2	3	4	5
Marketing the NWT as a whole	1	2	3	4	5
Marketing regions and communities	1	2	3	4	5
Aboriginal cultural tourism	1	2	3	4	5
Interpretive displays and heritage centres	1	2	3	4	5
Providing direct financial support for development of tourism products	1	2	3	4	5

4. Assume that you have \$300 to spend on a plan to support the tourism industry, and you have already spent \$200. Please assign a dollar amount in the second column to each of the following areas (your total cannot exceed \$100).

Areas for investment	<u>Already spent</u>	<u>To be spent</u>
Marketing the NWT to the rest of the world	\$100	\$
Marketing parks and campgrounds		\$
Product development funds to private sector for equipment and buildings	\$100	\$
Research (visitor numbers, trends, market profiles)		\$

Industry education and training		\$
Industry roundtables		\$
Aboriginal tourism product development		
Museums, heritage centres, and interpretive displays		\$
Other priorities: _____		\$
Total	\$200	\$ 100

5. How strongly do you agree with the following statements? *(Please rate on a scale of 1 to 5, where 1 is “completely disagree” and 5 is “completely agree”)*

	Completely Disagree				Completely Agree
Arts and crafts are an important part of the tourism industry	1	2	3	4	5
A mentorship program would benefit tourism businesses in the NWT	1	2	3	4	5
Parks and campgrounds are important attractions for tourists visiting the NWT	1	2	3	4	5
Tourism businesses need the opportunity to meet to discuss issues affecting the industry	1	2	3	4	5
Products like brochures for self-guided community walking tours are important to independent travellers	1	2	3	4	5
The NWT tourism industry needs more package tours	1	2	3	4	5
Community tourism infrastructure such as museums, heritage and cultural centres are important for attracting and educating tourists	1	2	3	4	5

6. Comments: Please use this space to offer any other comments you may have on the direction a renewed tourism plan should take.

Thank you for your feedback!