

TOURISM

The tourism industry is composed of thousands of businesses that supply goods and services to business and leisure travellers, including accommodation, transportation, food and beverages, souvenirs, financial services, arts and crafts, attractions, equipment for camping, hunting and fishing, luggage, car rentals and travel management.

Main Challenges

The challenges facing Canada's tourism industry include:

- raising international awareness of Canada as a tourist destination;
- overcoming the lack of internationally competitive, innovatively packaged tourism products;
- expanding consumer demand geographically and seasonally;
- expanding product availability and capacity geographically and seasonally;
- dealing with shifting demand and limited air capacity in some overseas markets;
- increasing business opportunities for small and medium-enterprises (SMEs); and
- overcoming labour and skill shortages through effective training programs.

Strategic Direction

The main objective of the private-sector-led Canadian Tourism Commission (CTC) is to market Canada as a desirable tourist destination. The following sections outline Canada's strategic approach to specific international markets.

United States

The strategy is to increase the number of first-time U.S. visitors to Canada while maintaining a high volume of repeat visitors. Nine out of 10 Americans who visit Canada have been here before. Only a sustained, concerted public- and private-sector awareness campaign will be sufficient to meet this challenge.

As awareness of Canada as a travel destination builds in the northern states, growth markets in the central and southern states will be targeted, as will new market segments in the traditional northern region. Market opportunities resulting from improved air access will continue to be pursued.

Target market segments include retired people, the working mature (aged 55-64), middle-aged couples, selected baby-boomer segments and selected product niches such as skiing, golfing, touring and visiting cities.

For 1997, the CTC, in co-operation with the industry, will work toward achieving the following goals:

- increasing revenue by 24 percent, from \$3.71 billion in 1995 to \$4.6 billion;
- increasing the number of visits (person-trips) by 14.4 percent, from 11.1 million in 1995 to 12.7 million;
- maintaining average per-day spending of \$98 to \$100 per visitor;
- increasing long-haul airplane traffic by 10 percent, from 12.5 percent of total leisure visits in 1995 to 13.8 percent;
- obtaining \$19 million in partner funds from the public and private sectors for a tourism communications program; and
- obtaining a response of 6 percent and a conversion rate of 25 percent on partnered direct-mail communication products.

Europe

The strategic emphasis will be on improving consumer awareness of Canada as a preferred destination. A revitalized image of the country will be promoted, aimed directly at targeted customer segments in the United Kingdom, France and Germany. In secondary and developing markets, the focus will be on expanding distribution networks and consumer awareness of Canada's diverse product offerings.

An innovative "infomercial" television campaign was undertaken in France in the spring of 1995; the success of this venture can be measured, in part, by the tremendous number of callers who responded to the toll-free number featured on the ad. By the end of the three-week campaign, over 50 000 calls had been received.

Consumer promotions are on the rise in all markets; investments are being doubled and many non-traditional partners are being involved to reach wider audiences with the message. An example of this type of partnering was the six-month promotion with the giant and prestigious department store "Le Printemps" that was held in Paris to showcase Canada. Another example was the week-long promotion conducted in November 1995 in Dusseldorf at Schadow Arkaden — Europe's award-winning new shopping mall. The success of these projects is measured not only in the enormous exposure Canada received, but also by our partners' willingness to repeat this type of event in the future.

For 1997, the CTC, in co-operation with the industry, will work toward:

- increasing receipts by 11.7 percent to reach \$2.68 billion;
- increasing overnight visits by 8.5 percent to reach 2.5 million;
- increasing overnight visits during the winter and shoulder seasons by 10.1 percent to reach 1.4 million; and
- obtaining \$19.5 million in partner contributions for the implementation of the European marketing program.

Asia-Pacific

Recognizing the maturity level of each market, the Asia-Pacific program will aim at increasing awareness and sparking consumer and trade interest in Canada as a travel destination, using thematic clusters of products and experiences for a better product-market match.

Japan will continue to receive the major marketing investment, with the largest effort being targeted at consumers. Enhanced efforts will be required to fully capture the growth potential of the secondary markets (Australia, South Korea and Taiwan). The focus will be on consolidating distribution networks and triggering the interest of consumers for specific Canadian products and experiences.

Given the emergence of new high-potential markets in Asia, seed funds will be allocated to improve the Canadian industry's knowledge of the consumers, build an adequate line of Canadian products and develop Asian awareness of Canadian products. Further development of the secondary and emerging markets will expand Canada's base in the Asia-Pacific market and decrease concentration.

The 1997-98 program will continue to be a comprehensive and integrated partnership marketing program, incorporating sufficient flexibility to accommodate stakeholder interest in various markets and product lines. New products will be introduced, keeping in mind the need to avoid eroding demand for existing popular products while shifting demand toward available capacity in both peak and off-peak seasons. Marketing partnerships will be formed to tailor tourism products to match customer needs.

Target market segments include female office workers aged 20-29, "fullmooners" (couples, aged 45-59), families, incentive niches (students, businesses), honeymooners and selected product niches such as skiing.

For 1997, the CTC, in co-operation with the industry, will work toward:

- increasing revenue from Asia-Pacific markets to \$2 billion, an increase of \$500 million from 1995. More specifically, revenues from priority markets are forecast to increase as follows: Japan by 14 percent, to \$867 million; Australia by 11 percent, to \$170 million; Taiwan by 20 percent, to \$196 million; and South Korea by 20 percent, to \$189 million;