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Tourism

Canada's International Business Strategy

1996-1997



Team Canada • Équipe Canada

Canada's International Business Strategy

is made up of an **Overview** highlighting Canada's international business development priorities, and a series of **Industry Sector Strategies**, which include lists of planned international activities.

The following documents are available:

Overview

1. Advanced Manufacturing Technologies
2. Aerospace and Defence
3. Agriculture, Food and Beverages
4. Arts and Cultural Industries
5. Automotive
6. Bio-Industries
7. Business, Professional and Educational Services
8. Chemicals, Plastics and Advanced Materials
9. Construction Products and Services
10. Consumer Products
 - Apparel*
 - Textiles*
 - Footwear*
 - Sporting Goods*
 - Pleasure Boats and Equipment*
 - Tools, Hardware and Housewares*
 - Residential Furniture*
 - Business and Institutional Furniture*
 - Giftware and Crafts*
11. Electrical Power Equipment and Services
12. Environmental Industry
13. Fish and Seafood Products
14. Forest Industries
15. Information Technologies and Telecommunications
 - Overview*
 - Telecommunications Equipment and Services*
 - Software Products, Computer Services and New Media*
 - Geomatics*
 - Computers, Peripherals and Instrumentation*
 - Electronic Components*
16. Medical and Health-care Products and Services
 - Medical Devices*
 - Pharmaceuticals*
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17. Metals, Minerals and Related Equipment, Services and Technology
18. Oil and Gas Products and Energy Equipment
19. Resource Equipment and Technology
 - Agricultural Technology, Machinery and Equipment*
 - Ocean and Marine Shipboard Technology*
20. Space
21. Tourism
22. Urban Transit and Rail Equipment

For information on how to receive the Overview, or additional Industry Sector Strategies, please call: 1-800-267-8376.

All monetary figures in this document are expressed in Canadian dollars unless otherwise indicated.

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Aussi disponible en français sous le titre Tourisme.

The tourism industry consists of enterprises, tour packagers and operators that supply goods and services to both 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.

Canadian Position

There are approximately 60 000 enterprises in the tourism industry, directly employing 600 000 people at all levels in a wide variety of companies — from airlines to souvenir shops, and hotel chains to bed and breakfasts. Of these, about 85 percent are small and medium-sized enterprises (SMEs).

In 1993, total receipts were \$27.2 billion, consisting of \$18.4 billion in domestic receipts and \$8.8 billion in foreign exchange.

Tourism ranks fifth among Canada's exports. Major international markets include the United States, Canada's largest export market, Japan, the fastest-growing market, the United Kingdom, France and Germany. While overseas markets are growing at a faster rate, the U.S. has the most potential for increasing visitor volume.

Due to the large number of companies in tourism, no single corporation or small group of corporations is dominant. However, as in any other industry sector, larger corporations have a greater sphere of influence than smaller ones.

Since ownership and management of many of Canada's major attractions are in the public domain, the public sector's role in tourism is larger than in many other sectors.

A major strength of Canada's tourism industry is the partnership between the private and public sector under the Canadian Tourism Commission (CTC).

International Environment

- Worldwide tourism is a US\$335.8-billion industry (excluding international transportation).
- Total worldwide tourist arrivals in the year 2000 will be 937 million, more than twice the 1990 level, a 3.8-percent annual growth rate.

- In 1994, Canada ranked twelfth in the world with 16 million tourist arrivals, down from seventh in 1985.
- In terms of international tourism revenue, Canada's world market share was 1.87 percent in 1994, ranking fourteenth, down from ninth in 1985.
- The country's international receipts were \$10.2 billion in 1994 and are expected to reach \$12.4 billion in 1996-97, a 22-percent increase.
- Competition is intensifying on all fronts. Developing countries look to tourism as a source of foreign exchange and in doing so are attracting tourists and tourism investment from developed countries.
- The increased number of value-for-money tourists is affecting travel patterns and destinations.
- Short breaks and long-haul trips remained buoyant but intra-regional flows are the driving force of tourism growth.

Main Challenges

The main challenges facing Canada's tourism industry include:

- raising the awareness of Canada as a tourist destination;
- dealing with the lack of awareness in the U.S., which makes it difficult to attract first-time vacationers and business meetings and conventions, and overseas where it impedes market penetration;
- coping with the lack of internationally competitive, new and innovatively packaged tourism products;
- dealing with shifting demand and limited air capacity in some overseas markets, such as Japan;

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- overcoming labour and skill shortages through effective training programs.

Strategic Direction

The strategy for meeting the CTC's challenges and achieving its objective of increased international tourism revenue will vary among different types of 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 ten Americans that visit Canada are repeat visitors.

Only a sustained, concerted public- and private-sector awareness campaign will be sufficient to meet this challenge.

Growth markets in the middle and southern states will be targeted, as will new market segments in the traditional northern region. Market opportunities resulting from Open Skies will also be pursued.

Target market segments include retired people, the working mature (ages 55-64), middle-aged couples, select baby-boomer couples and select product niches such as ski and golf.

The Government, in co-operation with the industry, will work toward achieving the following goals:

- increasing revenue by 32 percent, from \$3.4 billion in 1994 to \$4.5 billion in 1996-97;
- increasing the number of visits (person-trips) by 12.1 percent, from 10.7 million in 1994 to 12 million in 1996-97;
- increasing average spending per day by 8 percent, from \$91 per day/per visitor in 1994 to \$98 in 1996-97;
- increasing southern market penetration by 10 percent, to 11.5 percent of total leisure visits by 1996-97;
- increasing long-haul/airplane traffic by 13 percent, from 19 percent of total leisure visits in 1994 to 21.5 percent in 1996-97;
- obtaining \$9.5 million in partner funds from the public/private sector for a tourism communications program;

- obtaining a 6-percent response and a 25-percent conversion rate on partnered direct mail communication products.

Europe

Given the success with the travel trade in Europe, the strategic emphasis will shift to improving consumer awareness of Canada as a preferred destination. A revitalized image of the country will be promoted, aimed directly at target customer segments in the U.K., France and Germany as well as in select secondary markets.

The CTC will foster the development of business opportunities that will increase penetration of the European tourism market.

Target market segments include culture and nature enthusiasts (ages 25-54), sports and outdoor travellers (ages 25-44), high-margin culture and comfort customers (age 45 plus).

The Government, in co-operation with the industry, will work toward achieving the following goals:

- increasing receipts by 19.6 percent, to reach \$2.2 billion in 1996, an increase of \$360 million over 1994;
- increasing overnight visits by 15 percent so that total visits in 1996 are 2 300 000, an increase of 300 000 from 1994;
- increasing overnight visits during the winter and shoulder seasons by 10 percent, to reach 925 000, an increase of 84 000 during the off-peak period;
- obtaining \$4.4 million in partner contributions for the implementation of the European marketing program.

Asia-Pacific

A three-pronged strategy has been developed for the Asia-Pacific region:

- selectively target high-margin tourists to increase arrivals;
- increase the duration of stay;
- build awareness of Canada as a high-quality, four-season tourism destination.

Regional product clusters and brands such as the Atlantic Canada tour route, the Ontario/Quebec Maple Kaido tour route and the Beaver Kaido route in Western Canada will be developed.

Other new products will be introduced keeping in mind the need to avoid eroding demand for existing popular products while shifting demand toward available capacity both in peak and off-peak seasons.

Partner relationship marketing will be used to tailor tourism products that better match customer needs.

Target market segments include female office workers (ages 20-29), fullmooners (couples, ages 45-59), family travel, incentive niches (students, business), skiing and honeymooners.

The Government, in co-operation with the industry, will work toward achieving the following goals:

- increasing revenue from Asia-Pacific markets by 24 percent, from \$1.2 billion in 1994 to \$1.47 billion in 1996-97. More specifically, priority market revenues are forecast to increase as follows between 1994 and 1996: Japan by 23 percent, to \$673 million; Australia by 22 percent, to \$132 million; Taiwan by 36 percent, to \$103 million; South Korea by 24 percent, to \$84 million;
- increasing overnight visits from Asia-Pacific by 200 000 to a total 1.36 million visits, an increase of 17 percent over 1994;
- increasing overnight visits from Asia-Pacific in the shoulder and off-peak seasons by 110 000, an increase of 15 percent;
- increasing spending per trip of Asia-Pacific visitors by \$61, to \$1079, a 6-percent increase over 1994 levels;
- obtaining \$6 million in funds from private- and public-sector partners for the 1996-97 Asia-Pacific Marketing Program.

Business Travel

Marketing will be extended beyond the United States to new markets that include France, Germany and the United Kingdom.

The strategy is to identify and solidify Canada's existing, loyal customer base and create partner relationship opportunities.

The local market infrastructure's sales development role will be redefined and account management systems responsive to customers needs will be put in place.

Characteristics will be identified that differentiate Canada from its competitors, and that are better integrated with leisure travel.

Target market segments include association meetings and conventions, corporate meetings, incentive travel trips and international congresses.

The Government, in co-operation with the industry, will work toward achieving the following goals:

- increasing total international business travel receipts by 18 percent, to \$1.9 billion in 1996, an increase of \$289 000 over 1994;
- increasing the volume of international overnight business travel arrivals by 8.7 percent, to 2.5 million person-trips;
- increasing business travel receipts from the U.S. by 23 percent, from \$1 billion in 1994 to \$1.2 billion in 1996;
- increasing business travel receipts from the U.K., France, and Germany by 18.4 percent, from \$134 million in 1994 to \$158 million in 1996;
- achieving a public- to private-sector funding leverage ratio of 1:1.05 overall.

Marketing Projects

At the time of writing, the CTC was in the process of developing the operational plan for 1996-97 in consultation with the industry and the provinces. The plan's objective is to bring as many tourism interests as possible under a common marketing umbrella.

For a comprehensive list of marketing projects that the CTC will undertake in 1996-97, or to obtain information on partnerships, please communicate with one of the contacts identified below.

Acronyms and Initialisms used in Canada's International Business Strategy

(This list does not include sector-specific references.)

		DATE DUE	DATE DE RETOUR		
AAFC	Agriculture and Agri-Food Canada				International Business Opportunities Centre
ACOA	Atlantic Canada Opportunities Agency				Industry Canada
APEC	Asia-Pacific Economic Cooperation forum				International Development Research Centre
ASEAN	Association of South East Asian Nations				international financial institution
BBS	Business Development Bank				International Standards Organization
BOOT	Build, Own, Operate, Transfer				International Trade Advisory Committee
BOSS	Business Operating System				International Trade Centre
CCC	Canada Council for the Arts				Ministry of Agriculture, Fisheries and Food of Quebec
CIBS	Canada International Business Strategy				multilateral development bank
CIDA	Canadian International Development Agency				multinational enterprise
CIS	Commonwealth of Independent States				North American Free Trade Agreement
CSA	Canadian Standards Association				North Atlantic Treaty Organization
DFAIT	Department of Foreign Affairs and International Trade				National Research Council
DFO	Department of Fisheries and Aquaculture				Natural Resources Canada
DND	Department of National Defence				Natural Resources Canada — Canadian Forest Service
EC	European Community				National Sector Team
EDC	Export Development Canada				Organization for Economic Co-operation and Development
EU	European Union				Program for Export Marketing Development
FITT	Forum for International Trade Technology				
FORDQ	Federal Office of Regional Development — Quebec				
FSU	former Soviet Union			R&D	research and development
FTA	Canada-U.S. Free Trade Agreement			S&T	science and technology
GATT	General Agreement on Tariffs and Trade			SAGIT	Sectoral Advisory Group on International Trade
GDP	gross domestic product			SME	small and medium-sized enterprise
GNP	gross national product			UNEP	United Nations Environmental Program
HRDC	Human Resources Development Canada			WED	Western Economic Diversification
				WTO	World Trade Organization



Acronyms and Business Strategies

(This list does not include)

International

AAFC	Agriculture and Agri-Food Canada	IBOC	International Business Opportunities Centre
ACOA	Atlantic Canada Opportunities Agency	IC	Industry Canada
APEC	Asia-Pacific Economic Co-operation forum	IDRC	International Development Research Centre
ASEAN	Association of Southeast Asian Nations	IFI	international financial institution
BBS	electronic bulletin board system	ISO	International Standards Organization
BOOT	build, own/operate, transfer	ITAC	International Trade Advisory Committee
BOSS	Business Opportunities Sourcing System	ITC	International Trade Centre
CCC	Canadian Commercial Corporation	MAPAQ	Ministry of Agriculture, Fisheries and Food of Quebec
CIBS	Canada's International Business Strategy	MDB	multilateral development bank
CIDA	Canadian International Development Agency	MNE	multinational enterprise
CIS	Commonwealth of Independent States	NAFTA	North American Free Trade Agreement
CSA	Canadian Standards Association	NATO	North Atlantic Treaty Organization
DFAIT	Department of Foreign Affairs and International Trade	NRC	National Research Council
DFO	Department of Fisheries and Oceans	NRCan	Natural Resources Canada
DND	Department of National Defence	NRCan-CFS	Natural Resources Canada — Canadian Forest Service
EC	Environment Canada	NST	National Sector Team
EDC	Export Development Corporation	OECD	Organization for Economic Co-operation and Development
EU	European Union	PEMD	Program for Export Marketing Development
FITT	Forum for International Trade Training	R&D	research and development
FORDQ	Federal Office of Regional Development — Quebec	S&T	science and technology
FSU	former Soviet Union	SAGIT	Sectoral Advisory Group on International Trade
FTA	Canada-U.S. Free Trade Agreement	SME	small and medium-sized enterprise
GATT	General Agreement on Tariffs and Trade	UNEP	United Nations Environmental Program
GDP	gross domestic product	WED	Western Economic Diversification
GNP	gross national product	WTO	World Trade Organization
HRDC	Human Resources Development Canada		



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