Tourism Insights 2007

Grant Thornton

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Grant Thornton has been an advisor and partner to the tourism industry in Canada for many years. Helping to build a case for tourism investment and to mobilize the key stakeholders is what our tourism specialists do best. Our tourism consulting expertise includes:

- tourism strategic and community planning;
- tourism market research and analysis;
- tourism product research and analysis;
- best practice research and benchmarking;
- economic impact assessment;
- tourism investment strategies;
- stakeholder engagement through a variety of means, including: surveys, interviews, focus groups, facilitated workshops, and presentations; and,
- private sector feasibility studies and business plans for a range of facilities, including: hotels/resorts, golf courses, conference/convention/exhibition centres, sports facilities, and tourism attractions.

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Executive summary

Introduction

In response to the growing number of business and government clients involved in tourism, Grant Thornton conducted a national survey to obtain local governments' perspectives on community tourism development across Canada. Grant Thornton Tourism Insights 2007 provides a complete report on the findings from this study.

The online survey sought to gain an understanding of how regional and local governments view tourism as an existing or potential sector within their economies. Specifically, the survey asked questions about:

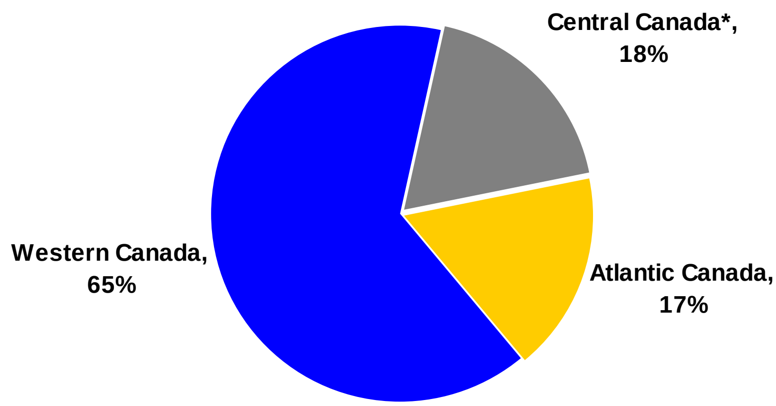
- the current and future importance of tourism to local economies;
- tourism product opportunities;
- tourism development opportunities;
- barriers to tourism growth; and,
- best practices.

We received 164 completed surveys from across Canada. The majority of respondents were from Alberta, British Columbia, Saskatchewan and Ontario, and 28% of respondents were senior government officials (chief administrators); the remainder of respondents included economic development officers, tourism managers, destination marketing/management organization ("DMO") managers and visitor information centre managers.

This first Grant Thornton national survey on local governments' perspectives on community tourism development has provided a range of perspectives as well as many common themes from respondents in communities from across the country. The enthusiastic response to the survey, coupled with the fact that many senior-level people took the time to respond to the survey, is indicative of the high degree of interest in community tourism development and marketing by local governments. Overall, the survey results reveal that:

- many local governments view tourism as a growing priority within their local economies;
- key tourism opportunities for communities are: cultural/heritage tourism, sport tourism, nature-based and adventure tourism, convention/conferences, and agricultural tourism;
- key barriers for tourism growth are: insufficient development and marketing funding, lack of facilities, and a lack of a destination management plan and a marketing plan; and,
- partnerships – between communities, between communities and the different levels of government, and between government and tourism operators – are very important to the success of tourism growth.

Respondent profile: distribution of respondents by region



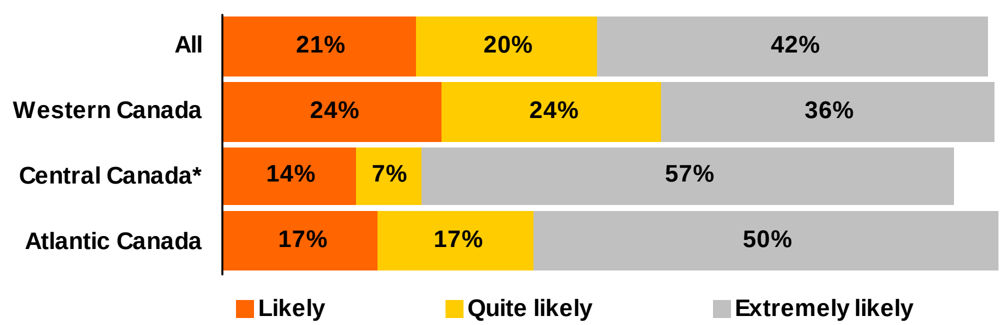
* Does not include Quebec

Future outlook for tourism

Overall, respondents felt very positive about the future role of tourism in their community's economy. When asked about the **likelihood that tourism would play a significant role** in the respondent's community over the next three years:

- 42% of respondents indicated 'extremely likely'
- 20% indicated 'quite likely'
- 21% indicated 'likely'

Likelihood that tourism will play a significant role in respondent's community over the next three years (by region)



* Does not include Quebec

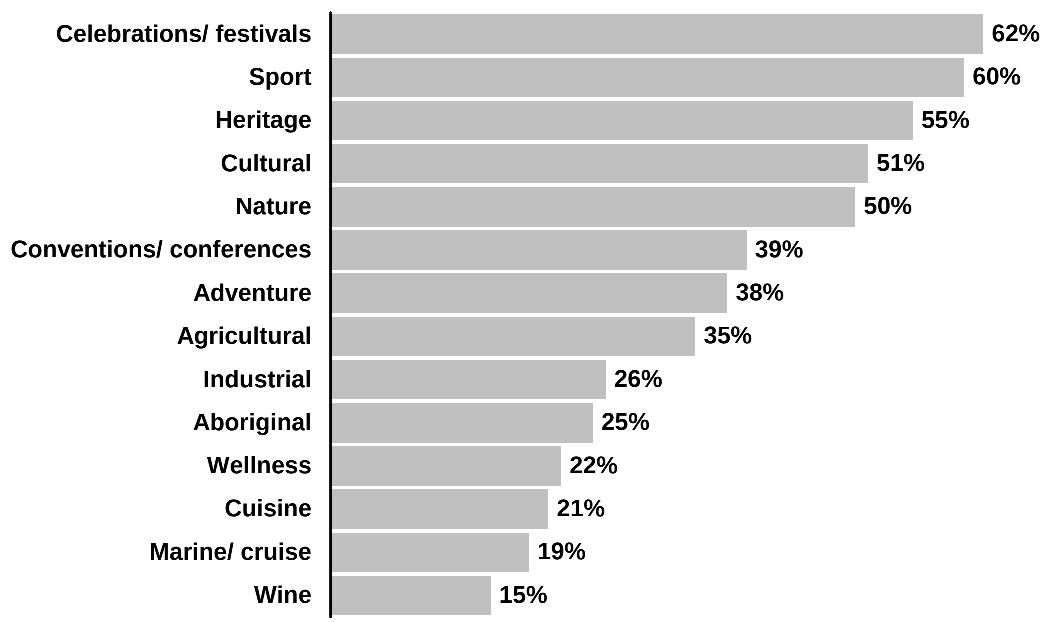
Top tourism product opportunities

Respondents were asked to identify specific forms of tourism that they were either currently pursuing or intending to pursue. The following graph indicates that:

- cultural tourism and heritage tourism are viewed as priorities – celebrations/festivals (62%); heritage (55%); and cultural (51%);
- sport tourism is viewed as a priority (60%);
- nature tourism (50%) and, to a lesser extent, adventure tourism (38%) are viewed as priorities;
- conventions and conferences (39%) are priorities for many communities; and,
- agricultural tourism (35%) is a priority for many communities.

It should be noted that certain types of tourism are specific to geography (marine/cruise tourism) or the presence of certain industries (wine tourism), and therefore may not have been indicated as priorities for many communities that are not located close to water or within a wine region.

Percentage of respondents pursuing or intending to pursue opportunities in specialized forms of tourism



Top development priorities

Respondents were asked about their communities' development priorities with regard to tourism facilities. The top five development priorities (reported as 'high' or 'very high') include:

1. cultural/heritage sites (50%);
2. outdoor facilities (49%);
3. sports facilities (47%);
4. accommodation (42%); and,
5. golf courses (37%).

Top barriers to tourism growth

Respondents were asked to rank their top five barriers to tourism growth. Collectively, the top five barriers as reported by survey respondents are:

1. insufficient development funding (62%);
2. insufficient capital investment (48%);
3. insufficient marketing funding (47%);
4. lack of a destination management plan (45%); and,
5. lack of a tourism marketing plan (45%).

"Our biggest obstacle is lack of funding….we do not have the necessary funding to hire a full-time employee and to effectively market our tourism attractions. Smaller municipalities, such as ours, do not have sufficient financial resources to develop a productive marketing plan. Federal and Provincial grant programs are direly needed to enhance tourism programs in more remote or "off the main track" communities."

The importance of partnerships

A clear theme that emerged from the open-ended questions is the importance of partnerships to successful tourism development and marketing. Respondents indicated that:

- smaller communities can achieve greater return on marketing investment by partnering with other neighboring communities on joint marketing that promotes the regional destination;
- partnerships between various levels of government are important; and,
- partnerships between government and operators are important.

"[We] must work in partnership with all levels of government and with local operators."

"Building the local tourism community – individual operators seem to access new opportunities and customers when they work together. This also helps to build the local tourism product that drives visitors to our area."

"We have formed a joint tourism partnership of municipalities in the region where we are located, and we hope that through some joint marketing efforts we can see an improvement in the number of tourists coming to our area. It is difficult for a small population town to justify spending a large amount of money to attract tourists or potential residents to our community."

The importance of planning

The survey results revealed that 58% of respondents do not have a destination management plan. The good news is that 20% have plans in development, 4% have completed plans and are waiting for implementation and 11% have implemented their plan. Qualitative comments suggest that respondents see the importance of planning for tourism.

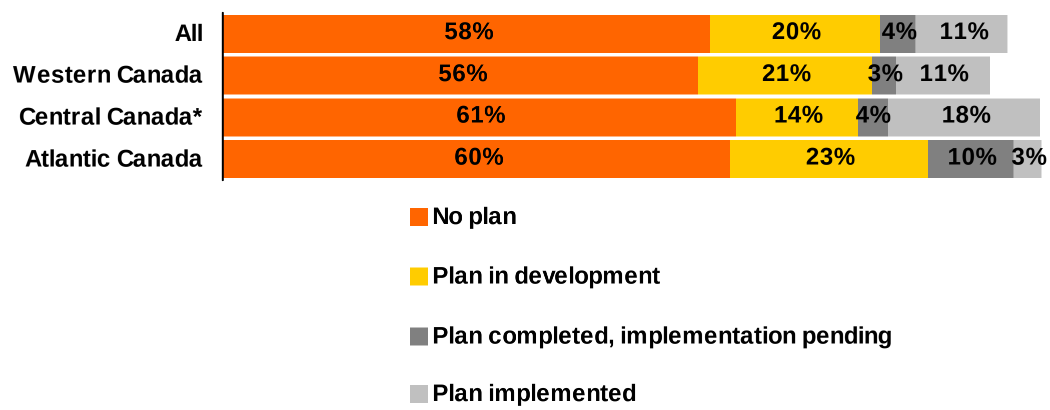
"Tourism is the driving force of our economy. I would recommend that you communicate the plan for the development of tourism well in advance."

"Strategic planning documents, project charters, and other business planning have helped to shape tourism here."

"We need a proper regional plan so as not to compete with the neighboring communities for our tourism market. We also need a properly-managed marketing program for our existing events."

"Having a tourism plan developed with input from community stakeholders was essential to secure the limited funding…"

Status of destination management plan by region



* Does not include Quebec

Best practices and lessons learned

Survey respondents provided examples of what has worked well in their communities in their efforts to develop and market tourism, in addition to lessons learned. Common themes emerging from the survey for best practices and lessons learned include:

- the importance of partnerships;
- the importance of planning;
- the need for community support and recognition from local residents about the value of tourism to communities;
- the need for local government support;
- the need to conduct strategic marketing;
- the importance of volunteers;
- the power of assembling key user groups to collectively address competing tourism and recreational uses of the land;
- the need to manage the assets and resources that tourism relies upon;
- the need for professional and passionate leaders for tourism development; and,
- the need for private sector investment.

Following are a few examples of the best practices and lessons learned that were reported by survey respondents:

"We have learned that "if you build it, they will not come" unless you also build community support, training, and awareness, have a diverse group of attractions to support it, and have the focus and expertise to market it to the right market. These things take time and money."

"Seek community input. Obtain support from Council. Unify [the] business community. Develop well-rounded tourism products before marketing. Create unified messaging//brand(ing) for tourism product(s). Identify target markets. Track marketing results."

"Keeping volunteers motivated has been the backbone of our success in whatever event we hold or facility we promote."

"We need to work on customer service – the gas stations and restaurants are the first point of contact for tourists and they must have a pleasant experience."

"Forming groups of users together to address issues [collectively] – snowmobile club, ATV club, industry, all levels of government—[has worked well]."

"Local municipal support for joint regional tourism promotion and development with neighboring communities – this has greatly enhanced the ability of the community to market its products to larger markets and become a destination attraction."

Conclusions

The first Grant Thornton national survey on local governments' perspectives on community tourism development has provided a range of perspectives and many common themes from 164 respondents in communities across the country. This enthusiastic response to the survey, coupled with the fact that many senior-level people took the time to respond to the survey, is indicative of the high degree of interest in community tourism development and marketing by local governments. Overall, the survey results reveal that:

- many local governments view tourism a growing priority within their local economies;
- key tourism opportunities for communities are: cultural/heritage tourism, sport tourism, nature-based and adventure tourism, convention/conferences, and agricultural tourism;
- key barriers for tourism growth are: insufficient development and marketing funding, lack of facilities, and a lack of a destination management plan and a marketing plan; and,
- partnerships – between communities, between communities and the different levels of government, and between government and tourism operators – are very important to the success of tourism growth.

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Introduction

In response to our growing number of business and government clients involved in tourism, Grant Thornton has recently completed our **first national survey on local governments' perspectives on tourism development in their communities**.

Tourism is big business in Canada. With revenues of over $62 billion a year, it represents two percent of our gross domestic product, and employs 700,000 directly and another one million people indirectly[1]. This survey was issued early in 2006 and generated an excellent response, with a **total of 164 respondents** from across Canada. Tapping into current tourism trends, the survey results identify the potential threats and opportunities in the tourism industry at the community level.

The survey also confirmed some key constraints that communities face with regard to tourism industry development. Not only are communities challenged with the lack of funding for planning, marketing, and capital investments, but a number of respondents identified that the lack of a destination management and/or a marketing plan was also a major obstacle to their tourism development efforts. The research sought to capture local governments' and communities' input on tourism development 'best practices' and the results include many lessons learned, best practices in tourism development, and more.

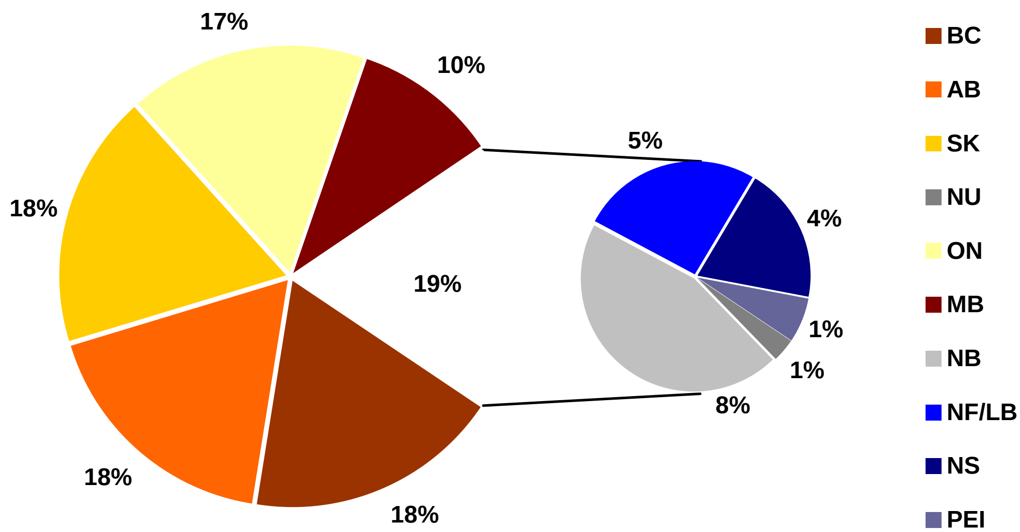
Overview of respondents

The enthusiastic response to this survey, as well as the significant volume of qualitative input, reflects a substantial degree of interest in understanding the challenges and opportunities in this important sector. The total number of respondents was 164, and many of these respondents provided a significant amount of qualitative data in response to the open-ended questions in the survey instrument. Our intention was to obtain a national sample which was reflective of multiple provinces and regions in Canada, as well as capturing input from not only the larger communities, but also the smaller, often geographically-remote, communities in Canada. The survey was sent to representatives at local and regional district government levels across Canada. Many of the respondents were senior government staff, Councilors as well as Mayors of large and small communities.

[1] "Canada Must Promote Itself". London Free Press (Aug. 31, 2006)

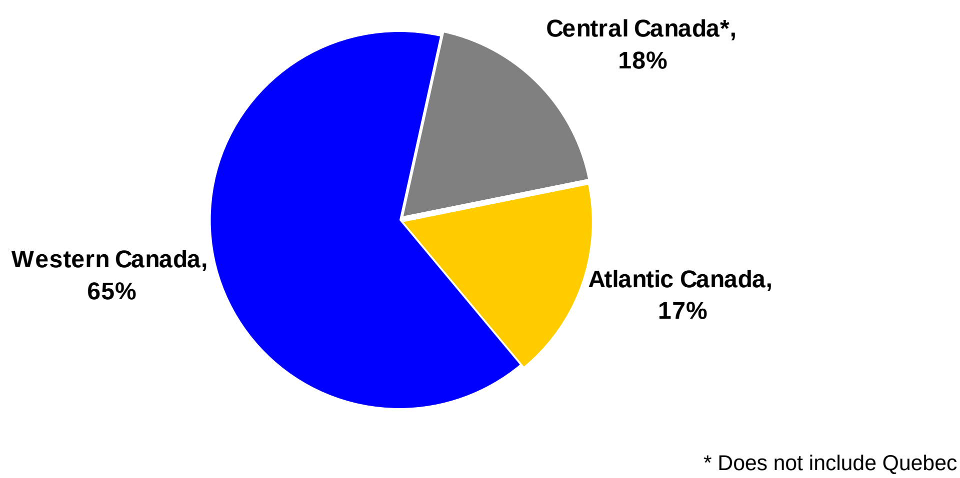
The large proportion of very senior-level people who took the time to respond to the survey is indicative of the high degree of interest in this topic across Canada. Below are several charts illustrating the distribution of the respondents by province, region, size of community, organization type, and role of respondent.

Chart 1 - Distribution of respondents by province



The majority of the respondents in the survey were from Alberta, British Columbia, Saskatchewan and Ontario. Quebec was not included in this survey.

Chart 2 - Distribution of respondents by region



The Western provinces make up 65% of our respondent pool, followed by Atlantic Canada with 17%, and Central Canada with the remaining 18%.

Chart 3 - Distribution of respondents by size of community (population range)

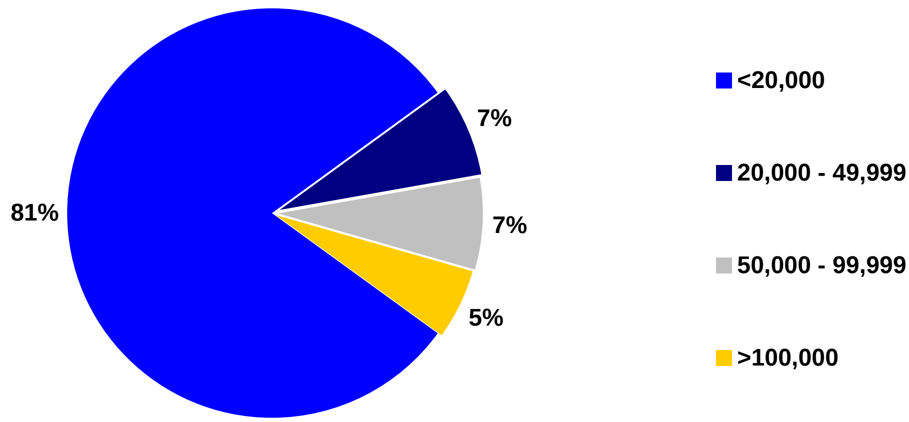


Chart 3 indicates that 95% of survey respondents are located in smaller centres, with populations under 100,000. Note that respondents in larger communities have been grouped because sample sizes in the upper ranges are small (<10 respondents).

Chart 4 - Distribution of respondents by organization type

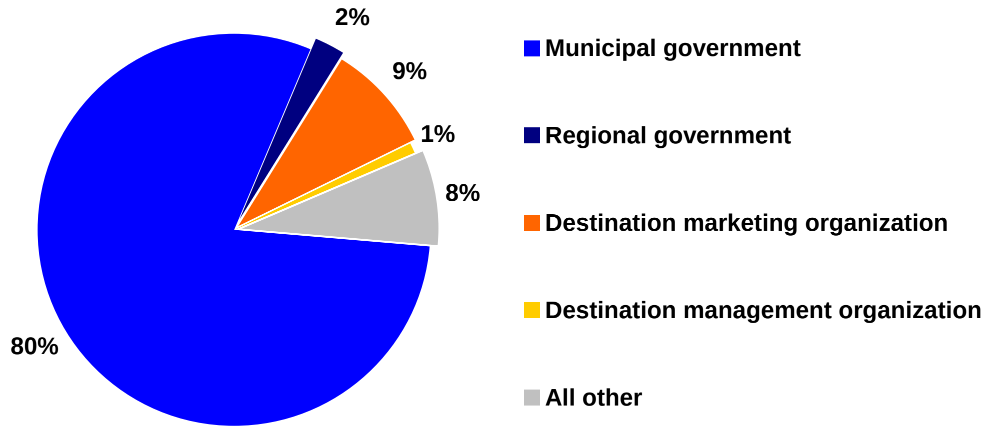
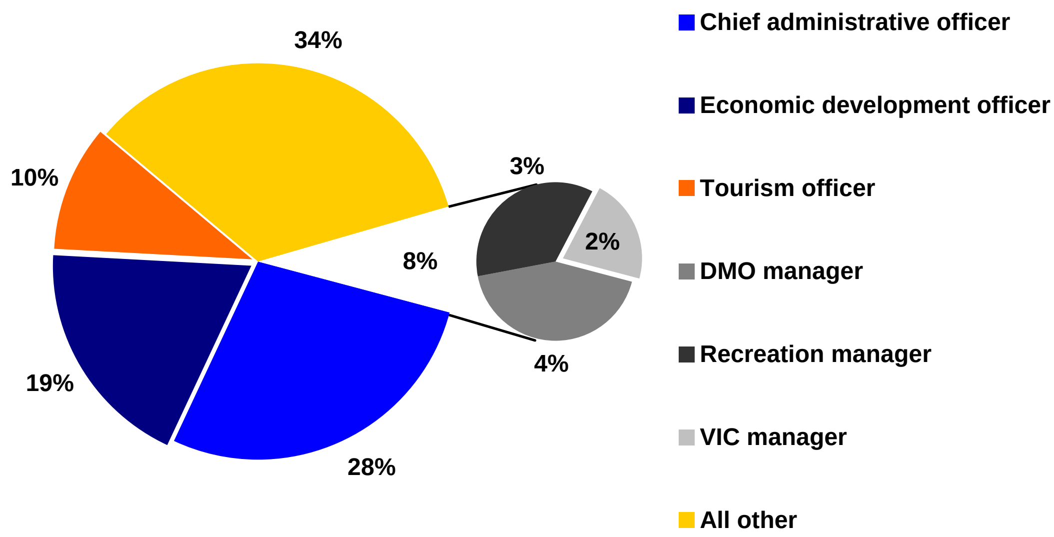


Chart 4 indicates that the vast majority of respondents (80%) were from Municipal governments.

Chart 5 – Distribution of respondents by role



Twenty-eight percent of respondents are Chief Administrative Officers; 19% are Economic Development Officers; and 10% are Tourism Managers, followed by smaller numbers of DMO Managers, Recreation Managers, and Visitor Information Centre (VIC) Managers. Other respondents indicated that they performed a combination of the above roles or selected 'other'.

Outlook for tourism in Canada

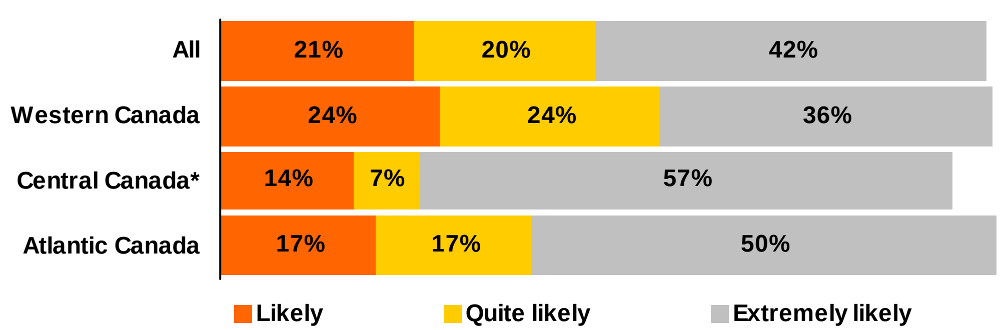
The Grant Thornton survey included several questions related to the role and importance of tourism in the local economies of communities over the next three years. In addition, respondents were asked about their level of satisfaction with the amount of economic activity generated by tourism in their communities, as well as questions related to the measurement and degree of satisfaction regarding their tourism marketing plan.

A larger proportion of respondents in Central and Atlantic Canada reported that tourism was 'extremely likely' to play a significant role over the next three years (57% and 50%, respectively) than reported by those in Western Canada (36%). For many communities, tourism is viewed as a critical economic development tool, as indicated by the following quotations from respondents:

"Our community has embraced tourism as an economic development tool and will continue to do so."

"Tourism is the driving force of our economy. I would recommend that communities plan for the development of tourism well in advance. The community must plan for tourism accommodation and establish the bylaws to control the industry to encourage the development of the community as they wish to have it."

Chart 6 - Likelihood that tourism will play a significant role in respondent's community over next three years (by region)

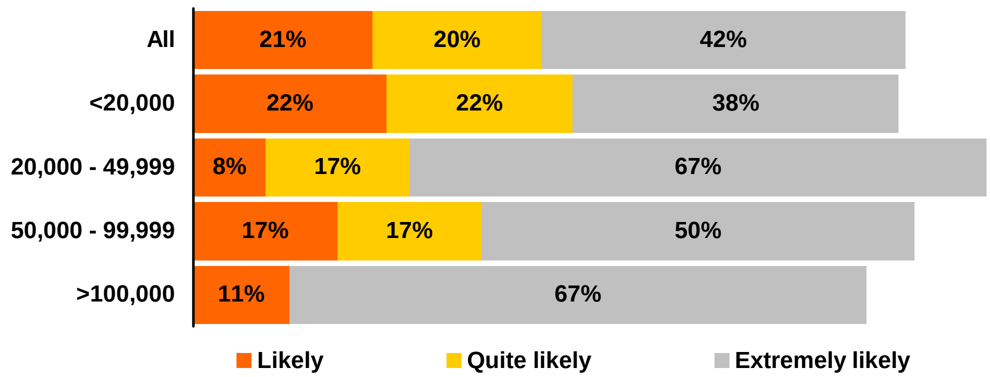


* Does not include Quebec

Overall, 42% of respondents indicated that it is ‘extremely likely’ that tourism will play a significant role in their communities over the next three years, and 41% indicated that tourism is ‘likely’ or ‘quite likely’ to play a major role in their communities. These statistics indicate that tourism is viewed as an important element in communities across Canada, with the highest level of importance attached to tourism in Central Canada.

Interestingly, there were some differences across communities based on their size, with a higher proportion of communities with populations of 20,000 – 49,999 and over 100,000 indicating that tourism is ‘extremely likely’ to play an important role in their communities in the next three years (see Chart 7 below).

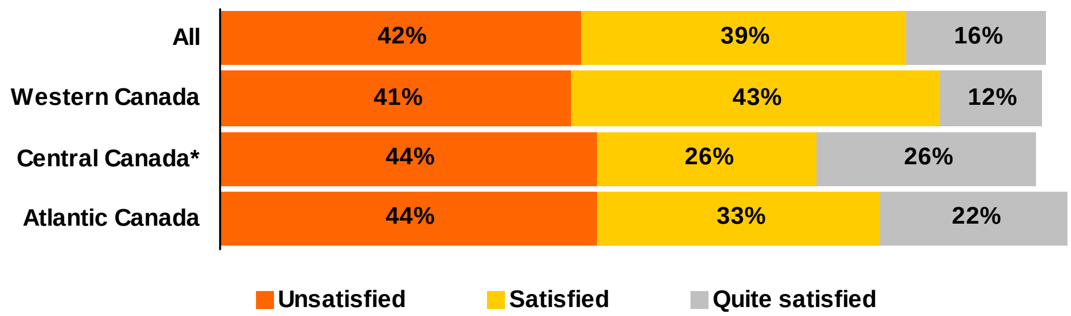
Chart 7 - Likelihood that tourism will play a significant role in respondent’s community over the next three years by community size



In larger communities (population >100,000), tourism is reported as ‘extremely likely’ to play a significant role by 67% of the respondents, with an additional 11% reporting tourism as ‘likely’ to play a significant role. Interestingly, in smaller communities (population >20,000) tourism is reported by 42% as ‘likely’ to play a significant role in their communities over the next three years.

Respondents were asked about their level of satisfaction with the economic benefits generated through tourism in their communities. Although there were some minor regional differences (see Chart 8 below), 42% of all respondents reported that they were 'unsatisfied' with the level of economic activity generated through tourism, and only 16% reported that they were 'quite satisfied'.

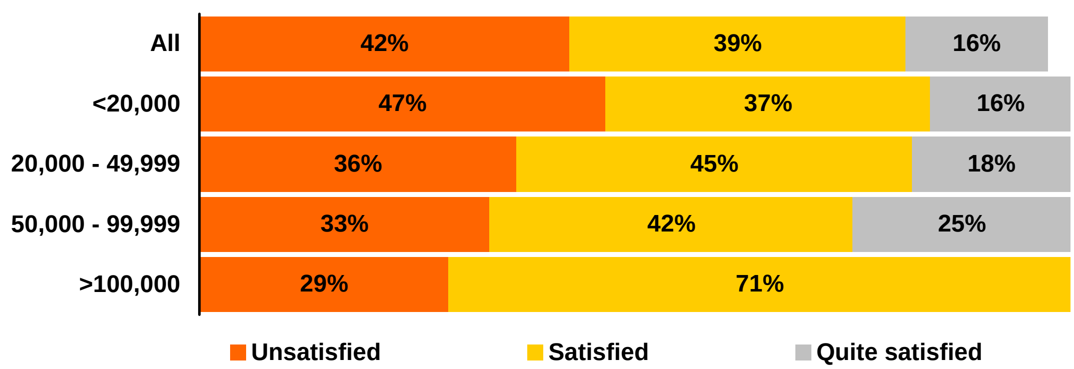
Chart 8 - Satisfaction with level of economic activity generated through tourism by region



* Does not include Quebec

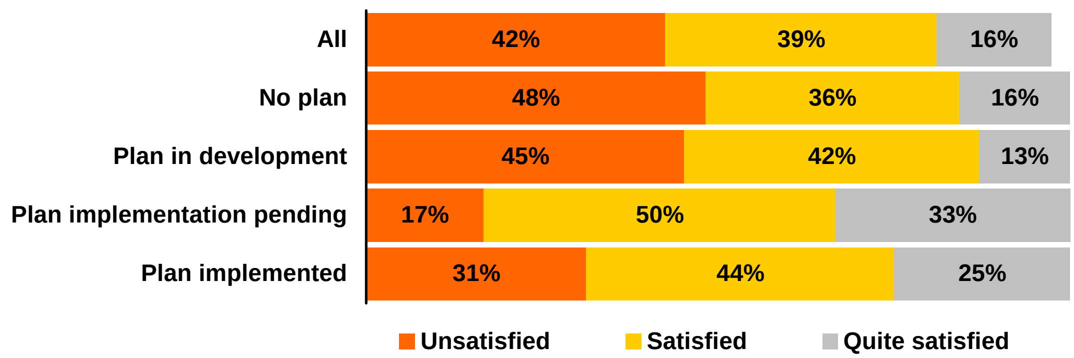
There were some differences in satisfaction levels based on community size, as illustrated below in Chart 9. In smaller communities (population <20,000), a higher proportion of respondents reported that they were 'unsatisfied' than in larger centres. Communities with populations between 50,000 and 99,999 had the highest proportion of respondents that reported they were 'quite satisfied', while none of the respondents in the largest communities (>100,000) reported that they were 'quite satisfied'.

Chart 9 - Satisfaction with level of economic activity generated through tourism by community size (population range)



Dedicating resources to the development of a destination management plan is a relatively recent concept for many communities and local governments. Interestingly, as illustrated in Chart 10 below, those respondents with a destination management plan implemented or pending were more likely to report being 'quite satisfied' with the level of economic activity from tourism than those with no plan or a plan in development. A relatively high proportion of respondents with no plan reported that they were 'unsatisfied' with the level of economic activity generated through tourism.

Chart 10 - Satisfaction with level of economic activity generated through tourism by status of respondent's destination management plan

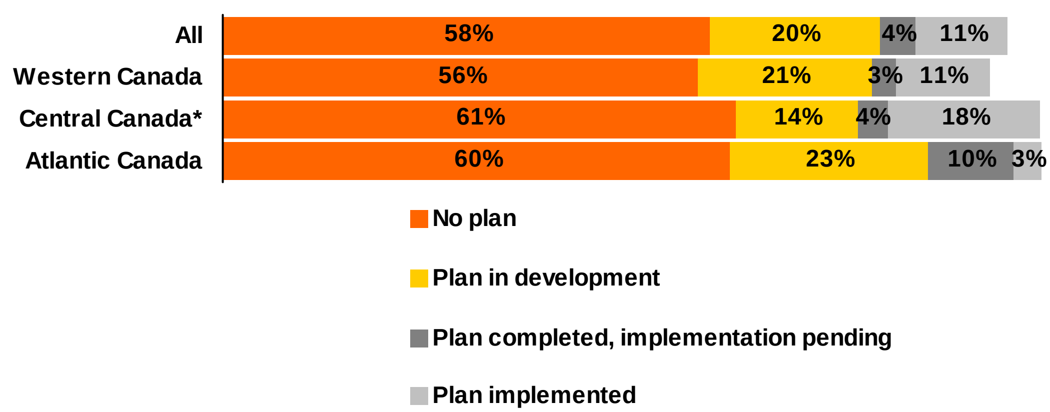


The Grant Thornton team's experience working with communities to develop tourism, particularly over the last ten years, is consistent with many of these findings. Overall, we have seen a substantial increase in communities' and local governments' interest in tourism development and marketing, and growing recognition of how tourism can contribute to the growth and diversification of local economies. Some communities are responding to this opportunity by developing destination management and marketing plans.

Planning in the tourism sector

A number of questions were included in the survey regarding the status and effectiveness of destination management plans, as well as destination marketing plans. The chart below indicates the proportion of respondents, by region, with respect to the status of destination management plans. Regardless of community size, well over half of respondents indicated that a destination management plan did not exist in their community, with Central Canada having the highest proportion of respondents without a plan.

Chart 11 - Status of destination management plan by region

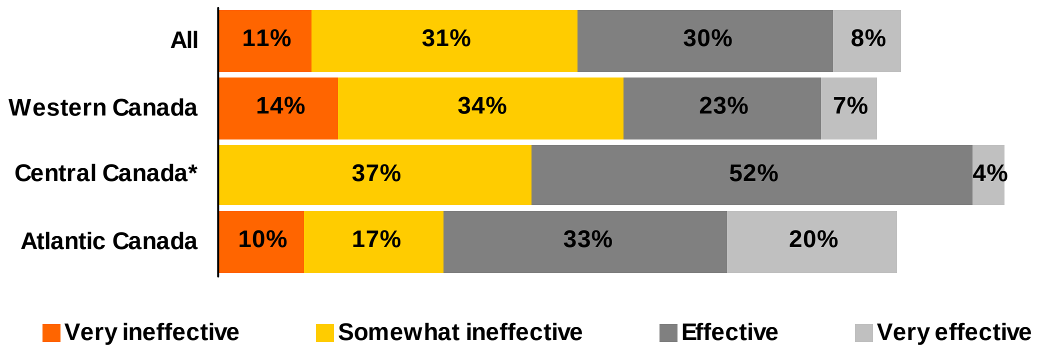


* Does not include Quebec

The size of the community seemed to have an impact on the likelihood of having a destination management plan. The results indicate that, perhaps not surprisingly, smaller communities are less likely to have a destination management plan in place. On the other hand, perhaps surprisingly, 44% of larger communities (population >100,000) reported that they did not have a plan in place – a percentage which is higher than communities in the 20,000-99,999 population groups.

Another question in the survey related to the effectiveness of tourism marketing plans, and the chart below indicates the respondents' assessments of the effectiveness of their tourism marketing plans, by region. A greater proportion of Central Canada respondents reported that their tourism marketing plans were 'effective', although 37% reported that their plans were 'somewhat effective'. Respondents in Atlantic Canada represented the highest proportion in the sample that reported their plan is 'very effective' (20% of respondents).

Chart 12 - Effectiveness of tourism marketing plans by region

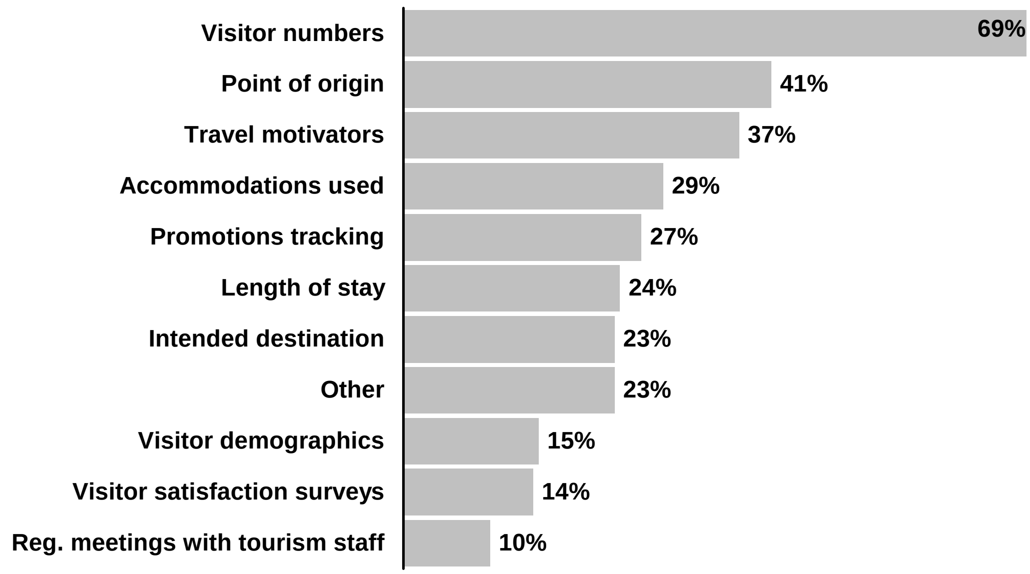


* Does not include Quebec

Again, community size seemed to be a factor in respondents' assessment of the effectiveness of their tourism marketing plans. The results indicated that respondents in smaller communities (population <20,000) were more likely to report that their plan was 'very ineffective'; while 67% of respondents in mid-sized communities (population 50,000-99,999) reported that their plans were 'effective'. Surprisingly, an equal proportion of respondents in the larger communities (population >100,000) reported that their marketing plans were 'somewhat ineffective' or 'effective'.

Our question regarding metrics for assessing the effectiveness of the tourism marketing plan generated some interesting data, as summarized in the chart below. Number of visitors is deployed as a key metric by the highest proportion of respondents in the survey. Visitor satisfaction is used by a relatively small proportion of respondents in our survey, possibly due to the fact that gathering visitor satisfaction data can be very expensive.

Chart 13 - Percentage of respondents using marketing plan effectiveness measures (figures rounded to nearest whole number)



As reflected above, understanding existing and potential visitor markets by tracking visitor information such as numbers, point of origin, and travel motivators assists communities to develop effective, focused marketing plans that retain or attract key visitor markets, and are crucial to growing a community's tourism industry.

Partnerships in the tourism sector

Although the survey did not contain explicit questions about the importance of partnerships in the tourism sector, it became clear within the open-ended data that partnering was critically important to tourism development and marketing in this sector. The partnerships referenced in the data comprised multiple forms with various stakeholders in this sector, including collaborative efforts by multiple municipalities in a regional structure, and engaging all levels of government as well as tourism operators in the community. Following are some quotations from respondents which illustrate the importance of 'partnering' to achieve success in the sector, especially in smaller communities:

"Must work in partnership with all levels of government, and with local operators."

"Our community has partnered in the development of a regional Tourism Marketing Association, which has created a greater local awareness of tourism opportunities. Our community subsequently developed their own volunteer Tourism/Promotion group who are working to develop tourism attractions within our own area. This group is working with the Marketing Association and with Tourism Alberta to promote tourism initiatives and to obtain financial assistance."

"We have established a regional tourism authority that is a partnership of five municipalities, which promotes tourist attractions, services and programs in our region."

In the smaller communities, it seemed that partnerships with other communities and other stakeholders were an important element in their plans:

"We have formed a joint tourism partnership of municipalities in the region where we are located, and we hope that through some joint marketing efforts we can see an improvement in the numbers of tourists coming to our area. It is difficult for a small population town (2,700) to justify spending a large amount of money to attract tourists or potential residents to our community. We find that doing joint promotions with some of the local businesses have some potential for both parties. An example would be participation in a tourism or home show type of trade show in the large city to make attendees aware of our small community and what it has to offer."

"[The] community needs to agree on common goals and work together to pursue those goals."

"We are realizing the importance of regions working together to attract tourists."

Through the Grant Thornton team's experience working in the tourism industry with communities, businesses and organizations, we have found that mutually beneficial partnerships are critical to the success of tourism-related projects, destination development and marketing. Organizations in both the public and private sectors are forging innovative partnerships with each other to further tourism development and marketing. The Grant Thornton team has observed that:

- businesses recognize the advantages of partnering with other businesses to create a thriving and diverse destination, rather than viewing other businesses as competition;
- communities recognize the advantages of partnering with neighboring communities to create a regional destination with pooled marketing resources, enabling more extensive marketing, rather than viewing neighboring communities as competition;
- businesses and various levels of government are recognizing the benefits of working together to develop and market their tourism products and destinations; and,
- First Nations and non-First Nations businesses and communities are working together to develop interesting tourism products that respond to market demand.

Facilities to support the tourism sector

Respondents were asked to provide data on the variety of tourism facilities that are present in their communities. The chart below illustrates the prevalence of different types of tourism facilities in the communities included in the survey. Of particular note is that the highest proportion of respondents indicated the presence of outdoor facilities, convention facilities, ski hills, food/beverage services and sports facilities; this is not inconsistent with the perception of Canada as a tourism destination with a preponderance of outdoor venues, and sports and outdoor activities opportunities.

Chart 14 – Percentage of respondents with tourism facilities in their community

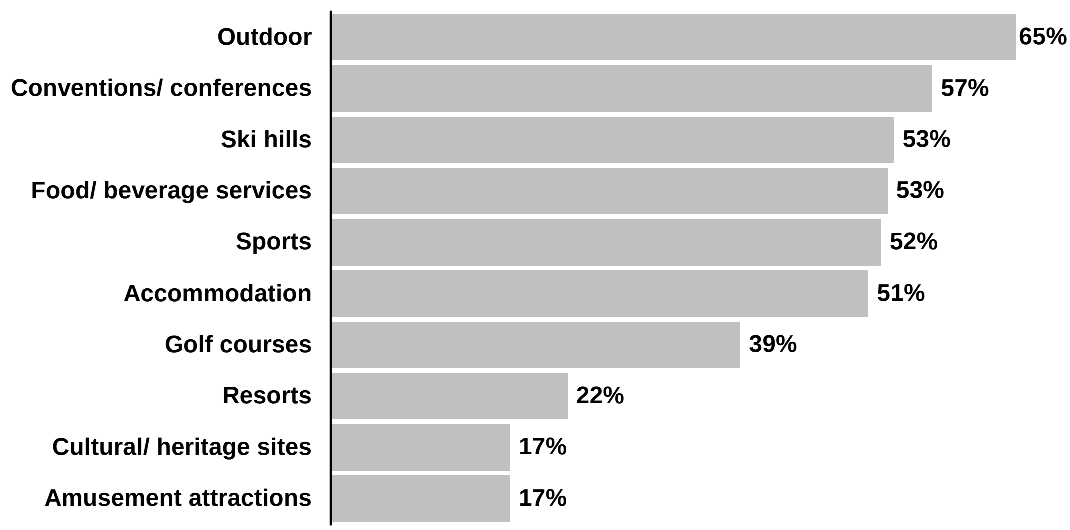
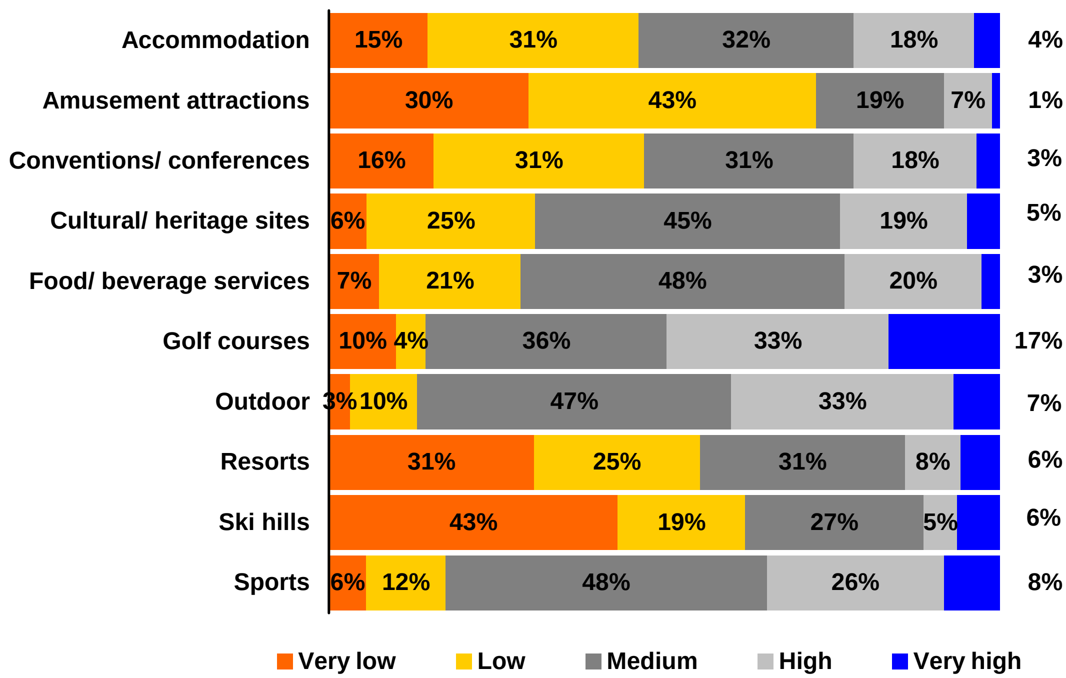


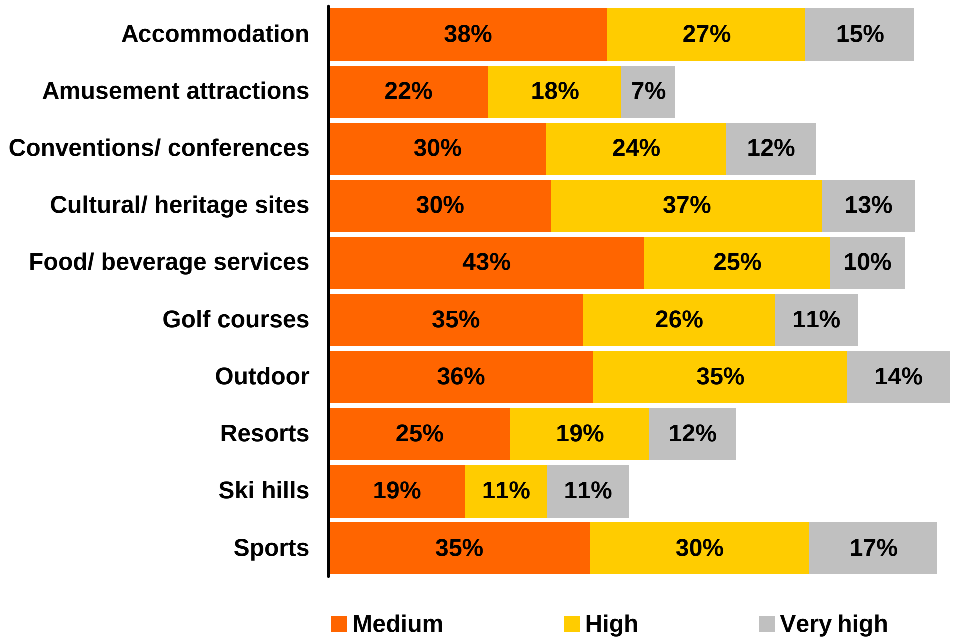
Chart 15 indicates respondents' level of satisfaction with their communities' current tourism facilities. Interestingly, respondents with golf courses were generally pleased with their golf facilities (86% reported satisfaction levels of 'medium', 'high' or 'very high'), and those with sports facilities indicated similar levels of satisfaction (82% reporting 'medium', 'high' or 'very high' levels of satisfaction). Respondents from communities with outdoor facilities reported high levels of satisfaction as well, with 87% reporting 'medium', 'high' or 'very high' levels of satisfaction with these facilities. Those with ski hills reported relatively high levels of dissatisfaction, with 43% reporting 'very low' satisfaction levels, and 19% reporting 'low' satisfaction levels. This may be related to the typically high level of investment required to maintain and enhance ski industry infrastructure, in addition to this sector's heavy reliance on weather (snow conditions) to create viable businesses allowing re-investment in capital upgrades.

Chart 15 – Respondents' satisfaction levels with communities' current facilities



An additional question was asked regarding respondents' development priorities with respect to their tourism facilities. The chart below reveals that the largest proportion of respondents reported that sports facilities were a very high development priority (17% reporting it as a 'very high' development priority), with accommodation a close second (15% indicating as 'very high' development priority). Overall, the top five development priorities (reported as high or very high) are: cultural/heritage sites (50%), outdoor facilities (49%), sports facilities (47%), accommodation (42%), and golf courses (37%).

Chart 16 – Facilities: Respondents' top development priorities



Opportunities in the tourism sector

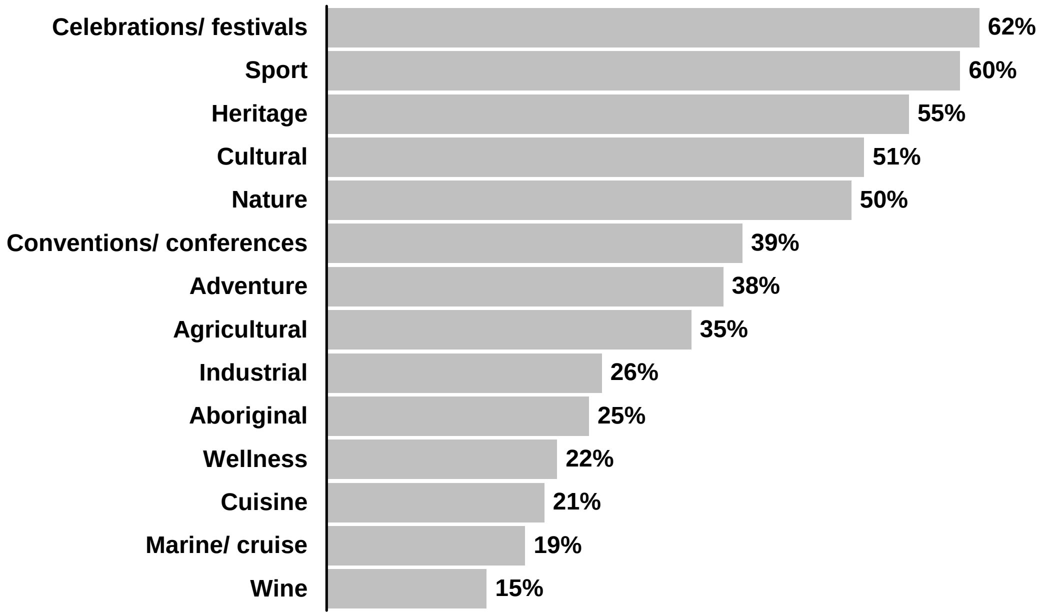
A key objective of this research was to identify emerging areas of specialized tourism opportunities in the Canadian marketplace. Respondents were asked to identify those specialized forms of tourism that they were either currently pursuing, or intending to pursue. Chart 17 below indicates the proportion of respondents reporting current or planned pursuit of various specialized tourism opportunities.

The chart indicates that:

- cultural tourism and heritage tourism are viewed as priorities – celebrations/festivals (62%); heritage (55%); and cultural (51%);
- sport tourism is viewed as a priority (60%);
- nature tourism (50%) and, to a lesser extent, adventure tourism (38%) are viewed as priorities;
- conventions and conferences (39%) are priorities for many communities; and,
- agricultural tourism (35%) is a priority for many communities.

It should be noted that certain types of tourism are specific to geography (marine/cruise tourism) or the presence of certain industries (wine tourism), and therefore may not have been indicated as priorities for many communities that are not located close to water or within a wine region.

Chart 17 – Percentage of respondents pursuing or intending to pursue opportunities in specialized forms of tourism



Cultural tourism and heritage tourism are viewed as top opportunities which respondents are currently pursuing, or intend to pursue, with regard to specialized forms of tourism. These results reflect the fact that cultural tourism is among the mix of tourism products that continues to grow in popularity and develop as a tourism sector globally. The World Tourism Organization estimates that cultural tourism is growing at a rate of 15% per year and that 37% of all international travel includes a cultural component. As stated by the Canadian Tourism Commission, “Canada’s cultural scene is mature and innovative, offering cultural activities with strong market appeal to tourists”. Such activities include:

- performing arts (theatre, dance, music)
- art galleries and schools, gardens and crafts
- historic sites, villages and reconstructions
- museums and related attractions
- festivals and events
- literary arts
- Aboriginal culture
- learning English and French
- cuisine

In addition, the Canadian Tourism Commission states that, “arts and culture make an enormous contribution to the quality of life of communities…benefits arising to both cultural organizations and tourism businesses from cultural tourism include:

- increased audience size and revenues;
- enlarged potential market for artistic cultural productions to a more international group of tourists;
- increased awareness of Canada’s creative talent both at home and internationally, thus bettering opportunities for support, sponsorship, and cost-sharing marketing initiatives;
- increasing business opportunities for the shoulder season and short getaway travel;
- benefiting from the higher spending levels and longer visits typical of cultural tourists; and,
- responding to the growing demand for cultural and learning travel experiences”[2].

In addition to cultural and heritage tourism, sport tourism is considered a priority product opportunity with 60% of the survey respondents indicating they are currently pursuing, or intend to pursue, this type of tourism. According to the Canadian Sport Tourism Alliance, Canada’s sport tourism sector is worth approximately $2.4 billion and benefits a wide range of both small and large communities. As stated by the Canadian Sport Tourism Alliance, “the recent increase in activity in the sport tourism industry is a phenomenon that has been evident not only in major metropolitan areas, but in smaller communities across Canada as well. Although major international events such as the Olympic Games tend to receive most of the media profile, the critical mass of activity in sport tourism continues to occur at the community level”[3].

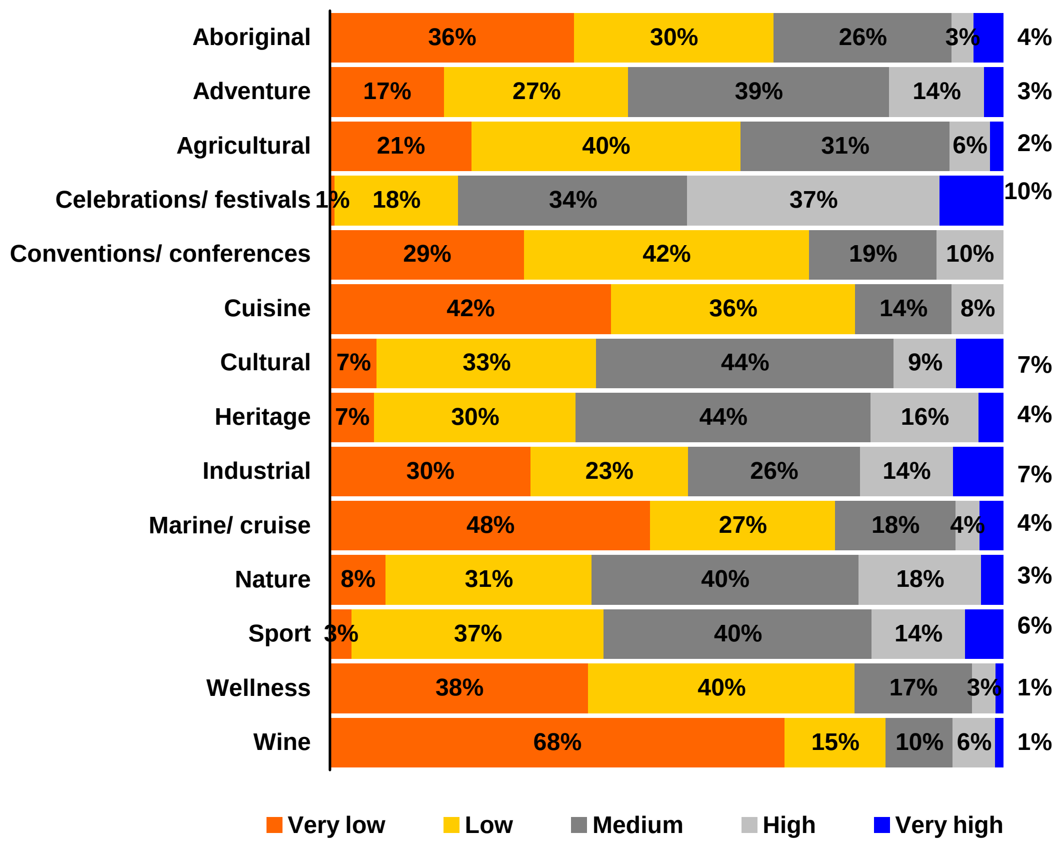
Respondents were asked to indicate their satisfaction levels with the current level of economic activity generated by each area. The chart below indicates satisfaction levels for a variety of specialized tourism opportunities.

[2] Canadian Tourism Commission. Cultural and Heritage Tourism in Canada: Packaging the Potential”.

[3] Canadian Sport Tourism Alliance. http://www.canadiansporttourism.com

When compared to the most important areas of specialized tourism opportunities (on previous chart); it is clear that investments will be required in order to capitalize on the expected growth in some of these specialized areas. For example, sport tourism is ranked as a top priority in this survey; however, satisfaction with current capabilities is quite low, with 40% reporting 'low' or 'very low' satisfaction levels. A similar situation exists regarding cultural tourism, as although it is ranked as a high priority, the satisfaction with current capabilities is again quite low (40% 'low' or 'very low').

Chart 18 – Satisfaction levels with community's current tourism opportunities

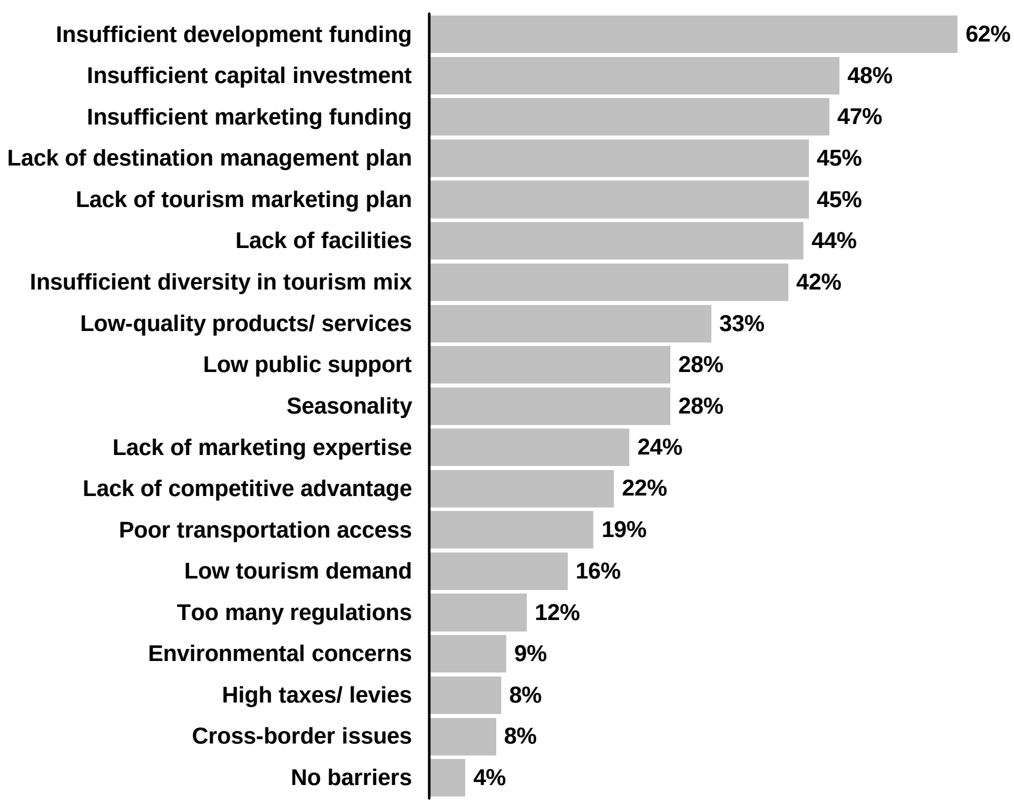


Barriers in the tourism sector

Although respondents generally feel that there are significant opportunities for expansion in the tourism sector in Canada, there are also some formidable obstacles that have been identified by the respondents in our survey. The chart below illustrates these barriers, and the proportion of respondents who ranked each of these barriers as one of their top five challenges. Funding tops the list in terms of barriers, with 62% of respondents ranking this as one of their top five obstacles to tourism growth in their communities.

In fact, the top three barriers are all related to the financial aspects of supporting tourism development, with respondents also identifying insufficient capital investment (48%) and insufficient marketing funding (47%) as top barriers to tourism growth. The lack of a strategic plan, for both destination management (45%) and marketing (45%), was identified as a significant barrier. Encouragingly, demand for tourism was not identified as a significant barrier (16%), and neither were high taxes/levies (8%), or regulatory burdens (9%).

Chart 19 –Top barriers to tourism growth in respondent's community (percentage of respondents ranking a given barrier in their top five)



"Gas prices and the value of the loonie have reduced American tourism in our area. One of our concerns is that we have no accurate method, or the money to pay for accurate demographic/origins statistics of tourists in our area. We also require assistance in international marketing / advertising to bring the European and Asian tourists to make up the lack of American visitors to our area. We also need this strategy to increase tourism over and above the decline in American tourists. Suggest our provincial DMO make a concerted effort to establish methods to expand their current research procedures to outside of the province and into the rural/northern regions."

As indicated above, communities are facing significant funding challenges related to tourism development, capital, and marketing. Governments have, and continue to, create programs to assist communities in their tourism development efforts. One current example is the Community Tourism Program in BC. In 2004, the BC provincial government initiated this program with the Union of BC Municipalities "to assist local governments in increasing tourism activity that, in turn, will build stronger economies". The program provides funding to local governments in BC for projects related to tourism planning activities, visitor information centre improvements, community marketing initiatives, leveraging funding for larger scale projects, small capital improvements, and festivals and events. With assistance from the Community Tourism Program, the following has occurred as of December 2006:

- 32 local governments utilized the funding toward small capital improvements;
- 37 planning projects have been undertaken;
- 29 Visitor Information Centres have been upgraded or built;
- over 100 marketing projects have been undertaken; and,
- funds have been utilized toward 30 festivals and events[4].

[4] Community Tourism Program, Status Report. Union of British Columbia Municipalities. January, 2007

There are interesting regional differences in responses with respect to the top five barriers to tourism growth, as indicated in the chart below. Although insufficient funding was reported as a common problem across the three regions (insufficient capital investment, insufficient development funding, and insufficient marketing funding), lack of facilities was a greater problem in Atlantic Canada (53%) than in other regions (Western Canada 44%; Ontario 36%).

Table 1 – Top five barriers to tourism growth by region

	Western Canada	%	Central Canada	%	Atlantic Canada	%
#1	Insufficient development funding	62	Insufficient marketing funding/Insufficient development funding	54	Insufficient development funding	73
#2	Insufficient capital investment	51	Insufficient diversity in tourism mix	50	Lack of facilities/Insufficient marketing funding	53
#3	Lack of TM plan	50	Lack of TM plan/Lack of DM plan	43	Insufficient capital investment	47
#4	Lack of DM plan	48	Insufficient capital investment	39	Insufficient diversity in tourism mix	43
#5	Insufficient marketing funding/Lack of facilities	44	Lack of facilities	36	Lack of DM plan	37

“There is a lack of tourism services provided during the winter months, and unfortunately there is not a lot for visitors to do coming to the area during the winter months, based on the fact that the area is a seasonal tourism destination. There needs to be changes made to advise visitors that there are a lot of things closed during the winter months, as they travel from all over the world, and have absolutely no idea that there is very little open unless you are into nature.”

“Several areas of Eastern Ontario within 2 hours of our Nation’s Capitol are without essential telecommunication service i.e. cellphones and broadband. These are serious economic development deterrents. How can communities expect to attract tourism and economic development if they do not have these services?”

Lessons learned

Survey respondents provided examples of what has worked well in their communities in their efforts to develop and market tourism, in addition to lessons learned. Common themes emerging from the survey for best practices and lessons learned include:

- the importance of partnerships;
- the importance of planning;
- the need for community support and recognition from local residents about the value of tourism to communities;
- the need for local government support;
- the need to conduct strategic marketing;
- the importance of volunteers;
- the power of assembling key user groups to collectively address competing tourism and recreational uses of the land;
- the need to manage the assets and resources that tourism relies upon;
- the need for professional and passionate leaders for tourism development; and,
- the need for private sector investment.

Following are a few examples of the best practices and lessons learned as reported by survey respondents:

"We have learned that "if you build it, they will not come" unless you also build community support, training, and awareness, have a diverse group of attractions to support it, and have the focus and expertise to market it to the right market. These things take time and money."

"Hire professional, passionate people to implement and manage all tourism plans."

"Seek community input. Obtain support from Council. Unify [the] business community. Develop well-rounded tourism products before marketing. Create unified messaging//brand(ing) for tourism product(s). Identify target markets. Track marketing results."

"Success can destroy the things that originally attracted people into the area. An attractive wilderness area that develops to accommodate tourism can turn into an unattractive urban centre that is no longer appealing."

"Keeping volunteers motivated has been the backbone of our success in whatever event we hold or facility we promote."

“We need to work on customer service – the gas stations and restaurants are the first point of contact for tourists and they must have a pleasant experience.”

“A real concerted effort by the private sector to invest in enhancing the tourism product in the area [is essential].”

“Forming groups of users together to address issue [collectively] – snowmobile club, ATV club, industry, all levels of government—[has worked well].”

“We are learning very quickly that, even if you have a quality event, if it is not properly marketed and/or advertised, its success will be limited.”

“Local municipal support for joint regional tourism promotion and development with neighboring communities – this has greatly enhanced the ability of the community to market its products to larger markets and become a destination attraction.”

Conclusions

The first Grant Thornton national survey on the topic of local governments' perspectives on community tourism development has provided a range of perspectives as well as many common themes from respondents from across the country. This enthusiastic response to the survey, coupled with the fact that many senior-level people took the time to respond to the survey, is indicative of the high degree of interest in community tourism development and marketing by local governments.

Overall, the survey results suggest the following important findings:

- key tourism opportunities for communities are: cultural/heritage tourism, sport tourism, nature-based and adventure tourism, convention/conferences, and agricultural tourism;
- key barriers for tourism growth are: insufficient development and marketing funding, lack of facilities, and a lack of a destination management plan and a marketing plan; and,
- partnerships – between communities, between communities and the different levels of government, and between government and tourism operators – are very important to the success of tourism growth.

Many of these results are consistent with the Grant Thornton team's experience working with communities over the last ten years. In particular, we have seen a growing interest in tourism development by local and regional governments. This is very encouraging, as this interest can translate into the dedication of resources – both human and financial – to the important tasks of proactive tourism and destination planning, management and marketing. We have also witnessed how organizations in both the public and private sectors are forging innovative partnerships with each other to further tourism development and marketing. We have seen how effective partnerships can result in more diverse product offerings, more market-ready tourism destinations, interesting cycle routes, festivals, and product trails (such as golf or cuisine tourism trails), and enhanced marketing through the pooling of resources.

The Grant Thornton team would be pleased to speak to you about your tourism development and marketing opportunities and challenges. Through our extensive experience in Canada and internationally, we are able to share best practices with you that may be beneficial for tourism development in your community or region.

Appendices

Appendix 1: About the survey

This web-based survey was conducted in first quarter 2006, and resulted in a total respondent base of 164 respondents from across Canada. The questionnaire contained a mix of quantitative questions (rating and ranking) as well as open-ended qualitative fields. For a copy of the questionnaire, please contact: Donna Carmichael at donnacarmichael@GrantThornton.ca

Appendix 2: About the authors

The authors of this report are senior members of our tourism consulting practice, and work with clients across Canada.

Doug Bastin, CMC

Doug is a partner in the Business Consulting Practice and is a Certified Management Consultant with over twenty years of tourism, hotel, resort and real estate related industry experience. Doug's expertise is focused in the areas of market feasibility studies, hotel/resort development strategies, business plans, and valuation studies. Doug has directed a variety of business planning studies, feasibility studies and economic and social impact studies and has been directly involved with the successful development of several multi-purpose and recreation facilities through P3 arrangements. Recent projects in which Doug has been involved include a business case development for a 2010 Olympic venue, feasibility studies for multi-purpose commercial and residential developments, and feasibility studies and/or business case studies for a variety of sports and entertainment complexes. Doug also has considerable expertise in developing tourism strategies.

Jennifer Nichol, CMC

Jennifer is a Certified Management Consultant and Senior Manager in the Grant Thornton Business Consulting Practice in Vancouver. Jennifer has over fourteen years' experience working in the tourism field. Her areas of expertise include workshop facilitation, community tourism planning, strategy development, market research and analysis, policy development, market feasibility assessment, and business plan development. Her experience is broad and includes work in both the public and private sectors. Jennifer's public sector experience includes seven years with Tourism British Columbia and the Provincial Government where she held positions such as Manager of Community Tourism Planning and Manager of Tourism Product Development. Her private sector experience includes marketing and sales in one of Taipei's foremost business hotels and providing tourism development, strategic planning and hotel feasibility assessment services to various clients in India. Examples of recent projects Jennifer has completed include the development of a Tourism Strategy for the Corporation of Delta, a Provincial Tourism Growth Framework, a Business Case for a 2010 Olympic venue, a BC Cruise Industry Strategy, a Wine Tourism Planning Framework, a Wine and Culinary Centre Business Plan, a National Mountain Centre Feasibility Study and a Cultural Tourism Economic Impact Study and Development Plan for the Langley area.

Sara Mimick, MPA

Sara is a Consultant in the Grant Thornton Business Consulting Practice in Vancouver. Sara has more than ten years' experience working in various aspects of planning, research and development. In 2001, Sara earned a Masters Degree in Public Administration from the University of Victoria, complementing her Honours Bachelors Double Degree in Outdoor Recreation, Parks and Tourism / Geography from Lakehead University in Thunder Bay, Ontario. Sara brings varied experience as a Consultant, having spent two years assisting with ecotourism development and environmental planning projects in the Eastern Caribbean. Prior to this experience, Sara worked for the Ministry of Environment, Lands and Parks, BC Parks and Grant Thornton LLP in Victoria, where she was involved in various policy development projects, tourism and land use strategies, and feasibility and business plans, many of which required in-depth analyses of markets and industry trends.