A Special Place
A Special People
The Future for Newfoundland and Labrador Tourism

Main Report

March 2004
A Special Place
A Special People
The Future for Newfoundland and Labrador Tourism

prepared by
THE ECONOMIC PLANNING GROUP of Canada
in association with
D.W. Knight Associates
March 2004
March 28, 2004

Ms. Mary Taylor-Ash
Executive Director
Hospitality Newfoundland and Labrador
107 LeMarchant Road
St. John’s, Newfoundland and Labrador
A1C 2H1

Dear Mary,

The Economic Planning Group and its consulting team are pleased to submit our final report on the tourism product development strategy and accommodation needs study for Newfoundland and Labrador.

This has been a major undertaking, both for us as well as for the Steering Committee and many people involved in and with the tourism industry across the province. This is not simply a consultant’s study – it is the result of an extensive collaborative effort of many people, involving several rounds of deliberation on the numerous issues addressed in the project. We are honoured to have been involved and to have authored the three final reports, including this Main Report.

We are truly enthusiastic about the tourism prospects for Newfoundland and Labrador. You have ‘what it takes’ in the unique natural and cultural attractions in the province, which provide a strong base on which to build a great tourism future. You have a special place and special people working for you. But you need to aggressively deal with the challenges the industry faces with environmental and cultural conservation, sustainable product development, transportation and tourism infrastructure. While these challenges are considerable, they are manageable, and certainly worth pursuing. We are confident that, with the spirit of Newfoundlanders and Labradorians also working for you, the stakeholders involved are surely up to the task. Good luck.

Respectfully submitted,
The Economic Planning Group of Canada

Gordon Phillips
Managing Partner
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Tourism is growing in Newfoundland and Labrador. That growth is good for the economy and there is much more potential for the future. But there is a very real risk of the homogenization and overdevelopment that is common to so many other destinations. We have a special place and special people, and these are fundamental to our appeal as a tourism destination. If these unique features are lost, then the province’s potential as a tourism destination will be lost as well. Unlike other destinations, we can’t rely on beaches, hot weather, casinos and large markets next door to keep visitors coming in spite of losing the destination’s natural and cultural integrity.

Now is the time to take steps to protect and nurture the unique features of this ‘special place’. This is fundamental to being able to sustain and grow the province’s tourism. The tourism industry has a unique window of opportunity today to really ratchet up the potential of the province in the international tourism marketplace. In this context, we offer the following overall conclusions with respect to strategies for tourism product development in the province:

1. The experiences that draw people here are rooted in the province’s natural and cultural heritage. Visitors have a great time enjoying the dramatic and unique outdoors, wildlife, cultural heritage and the people.

2. As mentioned above, strengthening and growing tourism requires a serious commitment to protecting and nurturing this ‘special place’ - its natural environment, its built heritage and the culture of the people of the province.

3. It also requires, as a priority, building on the tourism features and types of tourism products that generate and influence travel, on destination areas having clusters of tourism assets and services, and on touring routes.

4. The viability of the industry in future will need to come from marketing and growing demand in the shoulder and winter seasons, along with enhancing the quality of our tourism products and services, our professional skills, and our pricing.

5. The industry in the key destination areas in the province is operating at capacity in the peak summer season, but at comparatively low levels most of the rest of the year. For growth in capacity to come, we will have to lengthen seasons to make it feasible for the industry to invest in expansion. We have to be ‘open for business’ in the other seasons offering potential and make a special effort to develop products and packages that can generate demand in these periods.

6. The provincial and federal governments are the province’s largest tourism operators, operating the tourism products that play a large role in influencing travel. As such, they need to strengthen their commitment of resources to these tourism assets.

….cont’d
The Top Ten Conclusions (continued)

7. We need to continue efforts to upgrade ferry services and other transportation infrastructure, as well as provide travellers with more ‘tools’ to assist them in trip planning – a contemporary website, quality trip planning collateral, suggested itineraries and packages.

8. There needs to be a concerted and co-ordinated effort to strengthen both product development and marketing of the province.

9. There needs to be a purpose-built organization established by the provincial government to direct and manage the Province’s various tourism products and to coordinate its efforts to develop the tourism industry in the province.

10. And finally, there needs to be a joint venture relationship established between the federal and provincial governments to pursue tourism collaboratively, with Hospitality Newfoundland and Labrador involved in an advisory role and in professional development.
PART I

The Newfoundland and Labrador Tourism Product Development Strategy
Section 1

Introduction
Section 1
Introduction

Newfoundland and Labrador has made steady progress in strengthening its position in the national and international tourism marketplace and the increasing volumes of visitors to the province over the past five years are indicative of this progress. The province’s unique natural attractions, its communities and its people, and its cultural heritage are powerful assets for tourism, they fit well with contemporary travel trends and they appeal to a number of desirable market segments, providing a strong base on which to grow tourism in the province.

However, there continue to be a number of challenges in further growing tourism and optimizing its economic impacts on the province. Building market awareness and promoting the destination in a very competitive and expensive marketplace will continue to be a challenge requiring a significant investment. As well, there are a number of challenges with respect to the province’s tourism product – ensuring that there are sufficient accommodations of an appropriate character and type, and in the right locations to respond to market demands and expectations; developing multi-season tourism demand to help achieve sustainable, viable tourism products and services; providing products and experiences that meet and exceed consumer expectations and ensuring stable, convenient and affordable access to the province.

Hospitality Newfoundland and Labrador (HNL) in partnership with the Department of Tourism, Culture and Recreation (DTCR) and the Atlantic Canada Opportunities Agency (ACOA), commissioned two companion assignments to address these product development challenges – A Newfoundland and Labrador Tourism Product Development Strategy and An Assessment of Accommodation and Campground Needs in Newfoundland and Labrador.

The Economic Planning Group of Canada was retained as the lead consultant to undertake these studies. D. W. Knight & Associates of St. John’s was a core member of the consulting team. Other consulting team members included Colin Rusch of Rusch & Company who assisted with interviewing tour operators and assessing needs and opportunities for this market segment; Market Quest Research Group of St. John’s who undertook the qualitative research program and Conrad Mead of Tourism Excellence Inc. who completed much of the accommodations and campground field research. We also acknowledge the assistance of Bristol Group who included questions related to product development in the quantitative consumer research program they are undertaking on behalf of the Tourism Marketing Division of the Department of Tourism, Culture and Recreation.

A Steering Committee comprising representatives of the three partners oversaw the study.

Work was conducted starting in the early fall of 2003 through the winter of 2004.
Objectives and Scope of the Study

The objectives and scope are described below for each of the two elements of the study.

The Newfoundland and Labrador Tourism Product Development Strategy

The goal for this element of the strategy was ‘to recommend the optimal tourism product development strategy for the province over the next five years to support the development of Newfoundland and Labrador as a premier tourism destination’.

Related objectives to this overarching goal included:
- Generating increased tourism visitation and expenditures based on products offered
- Increasing lengths-of-stay and extending the seasons and viability of the tourism industry
- Creating jobs for the province’s citizens
- Generating incremental economic activity through tourism-related development
- Stimulating and directing investment in the tourism industry and related sectors of the Newfoundland and Labrador economy
- Providing international quality product and service opportunities in a strategic, sustainable fashion in response to market demand.

An Assessment of Accommodations and Campground Needs in Newfoundland and Labrador

The goal of the second primary study element was to identify saturation points and gaps with the accommodations sector in Newfoundland and Labrador, including both roofed accommodations and campgrounds. The study also assessed the need for future capital assistance for roofed accommodations and campgrounds in Newfoundland and Labrador.

Specific objectives included:
- Assess the market need with respect to accommodations type and quality;
- Assess existing accommodations in the province with respect to type and quality;
- Consider regional differences concerning accommodations needs;
- Prepare an assessment tool with specific criteria and guidelines that can be used to make informed decisions concerning investment in accommodations and campgrounds in the province.

The scope of work in this project specifically excluded the hunting and fishing sector. For the accommodations and campground sector, it included 17 of the 20 regional economic zones, excluding the Inukshuk, Hyron and Central Labrador zones. Finally, given that a major tourism development strategy was prepared for Labrador in 2002, the focus of our efforts in Labrador was on identifying opportunities and needs to build on this strategy rather than reworking this earlier effort.
Work Tasks Undertaken

The work program involved an extensive array of field research in the province, consultations with government and industry stakeholders, and primary consumer research as well as secondary research including a review of other reports and an investigation of market trends. As well, several in-depth workshop sessions were held with the Steering Committee.

The specific work tasks included:

- Visits to all regions of the province and interviews with a sample of roofed accommodation operators, campground operators, other tourism operators (both public and private sector) as well as various other key stakeholders involved with the province’s tourism industry. Site visits were also made to numerous tourism establishments including accommodations, campgrounds, visitor information centres, restaurants, parks and historic sites, etc. Still other tourism operators and stakeholders were interviewed on the phone.

- Development of an inventory of accommodations and campgrounds in the province, by region and zone, as well as by type and star grade, drawing on published material. A series of sets of occupancy data were compiled by the Department of Tourism, Culture and Recreation staff and an analysis of supply and demand patterns was undertaken by the consultants.

- Analysis of market trends impacting travel and tourism.

- Several pieces of primary consumer research, namely:
  - Interviews with tour operators, both from within the province as well as a number from other parts of Canada and the United States who currently include Newfoundland and Labrador in their tour products.
  - Qualitative consumer research - four focus groups with people who had recently visited the province. These were held in Toronto and Mississauga, Ontario.
  - Quantitative consumer research on product development and accommodation issues conducted as part of follow-up research being undertaken by the Department of Tourism, Culture and Recreation with visitors to the province in 2003 who indicated that they would be prepared to participate in such research. Preliminary results from this research on product development and accommodation issues are provided in this report.

- Investigation into the experience and activities of other destinations in tourism product development.

- Seven regional meetings with invited tourism industry representatives. Meetings were held in St. John’s, Clarenville, Gander, Grand Falls-Windsor, Corner Brook, Plum Point and Happy Valley-Goose Bay.
Preparation of several background papers on issues, research findings and preliminary strategic directions. These papers formed the basis for progress meetings and workshops with the Steering Committee, the Department of Tourism, Culture and Recreation, and ACOA.

Preparation of reports and supporting documentation.

Organization of the Reports

The results of this work are presented in three separate volumes. An Executive Summary Report, this main report and a separate Technical Appendices report.

This main report is divided into two parts – Part I - The Newfoundland and Labrador Tourism Product Development Strategy and Part II – Opportunities for Product Development, Accommodation and Campgrounds, by Region and Zone.

Part I contains thirteen sections, as follows:

- A synopsis of Newfoundland and Labrador’s tourism markets, market strategy and market trends (Section 2)
- A Situational Analysis covering all aspects of product development and accommodations and campgrounds in the province (Section 3).
- Tourism Product development in other jurisdictions and lessons learned (Section 4)
- Overall Strategic Approach (Section 5)
- Strategies for Building on Tourism Demand Influencers and the Shoulder and Winter Seasons (Section 6)
- Strengthening and Building on Destination Areas (Section 7)
- Strengthening Touring Corridors and Hubs (Section 8)
- Strategies for Accommodations and Campgrounds (Section 9)
- Other Product Development Issues and Needs (Section 10)
- Strategies for Market Readiness (Section 11)
- Strategies for Labrador (Section 12)
- Implementation (Section 13)

Part II includes five sections, one for each region, as follows:

- Avalon Region (Section 14)
- Eastern Region (Section 15)
- Central Region (Section 16)
- Western Region (Section 17)
- Labrador Region (Section 18)

The Technical Appendices report includes the detailed findings of the consumer research as well as a more detailed analysis of accommodation supply and demand in the province.
Section 2

Newfoundland and Labrador’s Tourism Markets, Market Trends and Marketing Strategy
Section 2
Newfoundland and Labrador’s Tourism Markets, Market Trends and Marketing Strategy

Newfoundland and Labrador’s Tourism Markets

Newfoundland and Labrador received some 440,000 non-resident visitors (including visitors on all types of trips – for pleasure/vacation, business, and to visit friends and relatives) in 2002 and they spent over $316 million in the province. This is an increase of over 65% in the number of visitors since 1992, and an increase of almost 150% in direct spending. Some 55% of the province’s visitors arrive between the months of June to September.

Preliminary results for 2003 indicate that the number of visitors and their expenditures was on a par with 2002 levels, with 441,000 visitors. While arrivals by car (ferry) declined (non-resident auto visitors were down 13%), this was offset by an increase in air arrivals in both St. John’s (up 9%) and Deer Lake (up 14%). Other evidence of the strength of the growth in air arrivals is found in car rental revenue statistics for St. John’s airport – up 22% over 2002 levels, and hotel demand in St. John’s where occupancy rates for January to December 2003 were 71%, up 2% from the previous year.

Research indicates that the province’s primary markets are Ontario and other parts of the Maritimes. Other markets include the United States (New England and mid-Atlantic regions are the primary origin regions but the province receives visitors from across the US), and Europe. Reports from industry suggest increasing visitation from western Canada and Quebec in the recent past, as well as increasing visitation from European markets.

Research consistently shows that the province’s pleasure/vacation visitors are older (over 45 years), well-educated with a high proportion of university graduates and from affluent households. Most are travelling with no children and they spend around ten days in the province on average.

The province is in the midst of conducting a 12 month Visitor Exit Survey that will provide an up-to-date comprehensive profile of visitors to the province, their origins, length of stay, party size and reason for the trip and information on regions of the province visited, activities participated in and impressions of their trip as well as demographic information. Follow-up research with those willing to participate will provide even more detailed data on the province’s visitors. The data collection phase of the survey will be completed in the fall of 2004. The results of this research will provide insights into the province’s visitors and their activities and travel patterns that will be particularly valuable in fine tuning this product development strategy.

In addition to the 440,000 non-resident visitors, Newfoundland and Labrador’s tourism activity includes the some 3 million or so trips taken by residents of the province.
Approximately 45% of these trips are overnight trips, with the balance being same day trips of at least 80km one way. Total spending by residents travelling in the province is some $320 million.

**Market Trends**

**Overview**

The 1990s saw strong growth in global tourism markets supported by relatively strong economies, booming stock and real estate markets, and the large baby boom market who sought out a wide variety of travel experiences to compensate for the stresses of managing two income families and high pressure jobs. The events of September 2001 bought an end to this period of growth in the tourism sector, although in retrospect analysts agree that the softening North American economy and the ‘tech market’ bubble burst were impacting travel activity long before September 11. Global and national events of early 2003 (Iraq War, terrorism concerns, SARS, Mad Cow disease) further distressed an industry that was beginning to show signs of recovery following 9-11. Canada, particularly central Canada, was hard hit in 2003 due to the impact of SARS and the decline in the group tour market from the US.

The big question is what will happen to tourism over the next decade or more? And opinions are mixed. On the negative side, concerns about safety and security, future terrorist attacks and a weak economy, low interest rates and relative poor stock market are likely to continue to impact travel activity. Those on fixed incomes, dependent on interest rates, are expected to be one of the segments most negatively impacted; this segment is also likely to have more security concerns. Moreover, as the baby boomer market moves closer to retirement, there are some expectations that a combination of paying for their children’s education and saving for retirement will mean that they have fewer resources for travel.

On the other hand, travel has always been important to the baby boom market (and it is this demographic market segment that will drive travel activity for the next twenty years) – they see travel as almost a birthright. As they start to retire, many early and many more with pensions than was the case for earlier generations, the baby boomers will have more time to indulge in their travel interests. And the baby boomers are interested in experiences, seeking out new destinations and new things to see and do; they are also well-educated. And the well-educated tend to have a higher participation rate in travel. Baby boomers are also much more fit than earlier generations and evidence indicates that this generation is going to do everything in their power to ‘age gracefully’.

As the baby boomers age, the 55 – 64 age group will grow faster than any other market segment – averaging 5% per year until at least 2010 in the US. The spending on travel by this market segment today is 20% above the average. For many of those remaining in the workforce, these will be their highest earning years - the high income earning segment of the 55 – 64 year age group ($100,000 per year and more) is expected to double by 2010, reaching over 5 million households in the US.
There are expectations that these wealthy, older consumers will spend money in three areas – travel, luxury products and health care (US). One research company, Ettenburg & Company\(^1\), predicts that there will be a significant decline in overall per capita spending as the boomers age, reaching its lowest levels between 2015 and 2025. Average spending levels traditionally have declined with the aging of the head of the household – there is less that they need to buy.

However, Ettenburg & Company predict five exceptions:
- Health care
- Insurance
- Automobiles
- Luxury goods
- Travel

They are predicting a shift in spending from needs (defined by demographics) to wants (defined by psychographics) – and that people will pay a premium for what they want, travel being included. And research shows that travel remains important even when investments decline - only 6% of investor households plan to cancel a future leisure trip because of decline in investment portfolio, according to one recent consumer survey.\(^2\)

But by no means all potential travellers fall into these high income categories. For many baby boomers, as well as the generations behind them who are still raising young children, price is a critical factor – in fact one survey\(^3\) suggests that 60% of leisure travellers indicate that getting the lowest price vacation is very or extremely important to them. While price is a critical issue, value, quality and personalization of travel experiences are seen to be almost equally important and this is where Newfoundland and Labrador has much to offer.

**Important Travel Experiences and Characteristics in Today’s Marketplace**

- Ettenberg & Company Inc. (*Presentation to the Tourism Industry Association of Canada in 2003*) provides a travel perspective on the “Next Economy” (2006 – 2026) which they see will be based on experience – delighting the best customers (as opposed to the previous 10 years which have been based on Price – Building Visitation). Quality of experience is the key factor for success – the one controllable is service. Their suggestions for success with this Next Economy for Canada’s tourism destinations include:
  - Selling the experience, not the cost
  - Focus on wants, not needs
  - Service the top quintiles of your business – your best customers – they contribute more in sales and profits; and target marketing to reach them. Build a knowledge base to understand them
  - Manage all points of contact with your best customer

\(^3\) Ibid.
- Replace the 4 Ps with the 4 Rs
  - Relationships → Service Experience
  - Retrenchment → Technology Convenience
  - Relevancy → The Product Expertise
  - Rewards → Time Stature

- Over half of the baby boomers are seriously considering slowing down the pace of their life; and consumers generally are concerned that they don’t have enough vacation time. One impact of the time poverty on travel is a continuing increase in more shorter getaway trips. As well, travellers are particularly concerned about the experiences they have on their trip – they are seeking something different and unique, not the ‘same old, same old’.

- There is more demand for different destinations – once in a lifetime trips; longer and more expensive trips – as people in their 50s and 60s start to think about going to places /doing things they have dreamed about, and seeking out unique and memorable experiences.

- Recent world events have created a renewed dedication to family. And family-related travel is on the rise – including three generations travelling together, grand travel, etc. To capitalize on this trend, destinations need to be family friendly – this needs to be reflected in things such as the size of facilities, availability of recreational activities, security, simplicity of planning, flexibility in arrangements. Travel involving an ‘emotional connection’ is also popular, such as trips that involve heritage, family roots, romance, and patriotic sites.

- Price is critical but value will win customers back; repeat customers want recognition, customization and service – they want to be treated in a special way. Customization of travel experiences is becoming increasingly important to consumers who want experiences that meet their needs.

- There is more travel closer to home, a much greater concern about safety and security while travelling and, as a result, a resurgence in driving trips, particularly within the US market. As well, Canadians appear to be taking more and more advantage of the new low cost air travel regime in the country.

- Concern about world events, as well as time pressures are resulting in shorter lead times in booking trips, and more last minute bookings with special promotions helping to generate demand, particularly in the shoulder and off seasons.

- Experiences that do not damage the natural environment are increasingly popular – 75% + of Americans believe it is important that their visit not damage the environment; 62% say it is important to learn about other cultures when they travel. This concern extends to the preservation of heritage and culture as well. 61% of US travellers believe that their experience is better when the destination preserves its natural, historic and cultural site; 41% say their vacation experience is better when they can see and do something authentic.
A recent National Geographic Traveller\(^4\) survey looked at over 100 of the world’s best known places based on criteria pertaining to cultural, environmental and aesthetic integrity. The article comments on the extent to which mass tourism has increasingly challenged the integrity of destinations worldwide and says “unspoiled” is a description you hear less and less. Further discussion of the findings of this survey and how popular destinations have protected themselves against these trends is provided in Section 4.

- Participation in historical and cultural activities continue to be important:
  - A new Tourism Industry Association of America Report – The Historic/Cultural Traveler 2001 found that 32% of historic/cultural travellers add extra time to their trip because of a cultural, arts, heritage or historic activity or event; 81% of travellers desire a cultural, arts, historic or heritage experience while travelling
  - Historic/cultural travellers say longer, are more likely to fly, stay more often in commercial accommodations, and spend more money
  - An American Express study reports that the “ideal vacation” includes historical and cultural activities for 48% of travellers, up from 43% in 2002

- Travel is seen as a “stress-reducing” necessity and must allow time for relaxation. Due to time poverty, stressed out consumers, and the desire for unique travel opportunities, it is expected that consumers will continue to respond to packages and itineraries that “do the thinking for them”\(^5\). Key features of such itineraries and packages should include:
  - Scenic beauty
  - Unique dining and shopping
  - Exciting, fun and unique activities
  - Quality
  - Convenience and enjoyment
  - Realize the consumer is buying an experience – not a ticket or a room
  - Convenience of planning more important than discounts

- Learning and enrichment programs are increasingly popular with retirees, as are performing arts and theatre; there is also more interest and exploration of spirituality

Newfoundland and Labrador is well-positioned to respond to these trends and to the growing interest of travellers in authentic experiences, in culture and heritage, in outdoor activities and in experiencing new, different and unique destinations. It is still a largely unspoiled destination. However, there are numerous challenges that need to be addressed to ensure protection of the uniqueness of the province and its nature, culture and heritage against overdevelopment and homogenization, and to ensure that the province can continue to offer the types of experiences travellers of the next twenty years will be seeking.

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\(^4\) National Geographic Traveller, March 2004
\(^5\) Randall Travel Marketing, Top Ten Travel and Tourism Trends, 2002
Two Revolutions Impacting Travel

There are two ‘revolutions’ that have had, and are continuing to have, a significant impact on travel – the Internet Revolution and Airline Restructuring.

The Internet Revolution has been ongoing for the past decade or more but the use of the Internet for travel planning and, increasingly, booking, is still coming into its own. US data reports that some 60% of leisure travellers use the Internet to plan some aspect of their trip and a recent report by the Travel Industry Association of American indicates that Internet travel bookings increased by 8% in 2003. A recent survey by the Conference Board of Canada (Travel Intentions Survey, December 2003) indicated that 71% of those polled were likely or very likely to use the Internet for researching their trip, up from 52% a year earlier; and the percentage who intended to purchase on line increased to 45% from 30% a year earlier.

Forrester Research believes on-line travel sales will reach close to US$50 billion in 2007 – up from a forecast of US$28 billion in 2003 with airline and hotel bookings accounting for the largest portion of this spending. Research indicates that on-line bookers are more affluent, older, and take more trips than the average traveller. As well, the pattern of more and more later bookings is being largely attributed to the Internet which makes available last minute deals.

The Web allows businesses to make their products and services available to world-wide markets for relatively low investments. It allows consumers the chance to “shop” destinations and travel suppliers that are of interest to them, to view pictures and videos and to explore the full range of experiences available, all from the comfort of their home. Consumers believe that Internet travel booking gives them more choice, options and bargains and also see the Internet as aiding “transparent pricing” and providing access to bargains. More and more, small tourism businesses are reporting that a significant portion of their bookings are coming via their website.

Restructuring of the airline industry is happening internationally as well as domestically, with many of the traditional high cost structure carriers in trouble and being forced to restructure to compete with the new ‘discount’ carriers. This transformation will continue over the next few years and have ongoing impacts on both national and international air travel. Airline restructuring in Canada over the past three years or so means that affordable air travel is available to more and more destinations within the country. Discount carriers such as WestJet, CanJet and Jetsgo have all announced significant fleet increases and new routes and Air Canada is being forced to restructure to compete in this new domestic marketplace.

Exchange Rates

Another factor that may well impact travel in Canada is the stronger Canadian dollar. The Canadian Tourism Commission Research Report looked at the potential impact of a stronger Canadian dollar on international travel to and from Canada in a paper released early in 2004. This report acknowledges that it is difficult to look at exchange rates in isolation since
“changes to exchange rates alter the performance of various sectors of the economy … which will impact overall economic growth…changes to economic growth will produce changes to employment, disposable income as well as consumer and business confidence” ⁶, all of which would ultimately impact the tourism industry. The analysis concludes, however, that a further weakening of the US dollar (and thereby a stronger Canadian dollar) would have a dampening effect on Canada’s capacity to increase travel expenditures from the US and other international visitors and also attract more Canadian travellers to the US, thereby deepening Canada’s travel deficit with the rest of the world.

Use of Vacation Packages

Research data on the use of vacation packages in North America is somewhat limited and there is no data available to indicate whether the use of packages for travel within North America is increasing or declining. Two sources are the TAMS research (Travel Activities and Motivation Study) and research commissioned by the National Tour Association (NTA) in 2001 on Packaged Travel in North America. Key findings from these two sources follow:

Travel Activities and Motivation Study

Percent of Population who Took A Trip in Past Two Years Using Packages

- United States Residents
  - For brief vacations – 2.9% always used vacation packages; 24.6% sometimes did
  - For longer vacations – 5.1% always used vacation packages; 27% sometimes did

- Canadian Residents
  - For brief vacations – 3.6% always used vacation packages; 20.1% sometimes did
  - For longer vacations – 7.0% always used vacation packages; 24.3% sometimes did

Characteristics of Those Taking Packages

- Vacation packages for brief trips and for longer trips were more likely to be used by seniors, and be markets with moderate income levels (Household Income $40 - $80,000); affluent and mainstream mature and senior couples also had a higher than average tendency to use vacation packages for both shorter and longer trips

Types of Packages Used

- The most popular types of vacation packages were resort or cruise packages (20% of those who had taken trips during the preceding two years), followed by some other type of package (15%), and then motorcoach touring package (6%), with 4% reporting taking each of an adventure package, ski package and city package.

No information was presented on the destinations visited using package. The conclusions regarding the use of vacation package indicated that “the wide variation in vacation interests across the market segments indicates that a strategic approach will be required to effectively promote particular types of vacation packages” ⁷

⁷ Lang Research, TAMS Overview Report, 2001, page 454
National Tour Association Study

This study define packaged travel as a “a trip arranged by a travel professional that includes at least tow travel elements, such as transportation and accommodations. Packaged travellers may travel independently or as part of a group”.  

This study concluded:

- Packaged travel spending by US and Canadians totalled $166 billion for overnight travel to worldwide destinations in 2001 - $99 billion in the US, $13 billion on travel to Mexico, $9.5 billion on travel to Canada and $45 billion to travel to destinations outside North America.
- Independent travel accounted for 56% of the market with group travel representing 44%; in Canada independent travel was only 51% of the market
- Types of accommodations used on packaged trips were generally higher-end than the overall market
- Packaged trips lasted longer than the average trip in the US – 6.3 nights compared to 5; packaged trips by Canadians were 9 – 10 nights long on average
- The average package was $2,775 per party

Group Tour Trends

The Atlantic Canada Motorcoach Study: 2003 and Beyond identified some key trends in this market. Note that this study was undertaken before Iraq and research did not anticipate the decline in business in 2003.

Some key findings:
- The seniors market is expected to grow by 10% over the next five years
- The major unknown and a major risk, is whether the new seniors (those turning 65 in advance of the baby boomers) will follow the traditional seniors in their use of group tours; this ‘new senior’ market will represent 40% of seniors in 5 years – Will they take group tours? What kind? Will Atlantic Canada appeal to them? Many tour operators do not seem to be ready for this market.
- The number of companies in the North East US offering “Soft adventure” tour product increased from 24% in 1998 to 54% in 2002. The percent of North East US companies offering major tour products in 2002 were:
  - Holidays (44%)
  - Events (68%)
  - Dinner Theatre (74%)
  - Fall Foliage (74%)
  - History/heritage (62%)
  - National Parks (56%)
  - Culture (55%)
  - Soft Adventure (54%)

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8 National Tour Association, Packaged Travel in North America, Executive Summary, On-line, 2002
• Family (41%)
• Learning (36%)

This study has recently been updated but the updated version has not been released at the time of writing this report.

General demographic trends suggest that the group tour market segment may go through some fundamental changes over the next ten to twenty years. The demands and expectations of the baby boom market will likely require group tour operators to significantly adapt their products and tour experiences. More flexibility in tour itineraries, more time at destinations and at individual attractions and less time ‘on the road’, more experiences and activities, and more customization and more opportunities for individual, personal experiences are likely to be important if the baby boomer market is to become clients for group tours. These changes may also include more smaller group, speciality tours offering opportunities for in-depth learning and personalized travel. This will have implications particularly for the accommodation sector as group tours seek out properties that are a better fit with this market segment.

The Province’s Tourism Marketing Strategy

The province’s Marketing Plan and Partnership Opportunities 2004 directory clearly sets out the marketing strategy, objectives and target markets for the province, as follows:

Marketing Objectives
- Increase non-resident visitation and expenditures from our core markets
- Increase travel in the shoulder seasons of early summer and early fall
- Increase in-province resident travel expenditures

Marketing Strategy
- Focus resources on markets and products with the greatest return on investment
- Position the province as “the Destination of Choice”
- Build consumer and trade awareness and increase visitation to Newfoundland and Labrador
- Build on our existing brand icons
- Integrate marketing activities with a consistent look and message

Target Markets
Touring and Explorer Markets
- Ontario
- Maritimes
- Western Canada
- United States
- Overseas
- In-province
- Visiting Friends and Relatives
Activity Markets
- Meetings, Conventions and Incentive Travel
- Hunting and Fishing
- Outdoor Adventure
- Winter

The touring and explorer markets are leisure tourists who participate in sightseeing and soft adventure activities, seeking a broad range of experiences including cultural heritage, soft adventure such as hiking and birdwatching, nature viewing, cultural activities and exploring rural areas and small communities. Within this segment, the province’s priority target markets are residents of Ontario, the Maritimes and Western Canada due to the relative ease of access, affinity or personal connection to the destination and the province’s appeals. From a demographic perspective, the province is targeting those in the 35 to 54 age group, as well as 55 years plus, highly educated and with above average income, as well as travellers with active lifestyles.

Newfoundland and Labrador’s recent provincial budget includes a $1 million increase in the tourism marketing budget, bringing the total annual budget to some $7 million.
Section 3

Situational Analysis
Section 3
Situational Analysis

Overview of the Newfoundland and Labrador Tourism Product

Newfoundland and Labrador offers a range of natural features and attractions that gives it compelling appeal as a destination to a variety of markets, and are the basis for a diverse mix of unique experiences for visitors. Some of these experiences are demand generators – that is, they are the reason that visitors select the province, or a particular region of the province, as a destination for their pleasure trip. These demand generating experiences include several natural icons and natural heritage appeals, cultural and heritage attractions and activities, outdoor adventures and products of appeal to specific niche markets such as the hunting and fishing product.

The demand generating experiences are complemented by a wide range of demand influencers – activities, attractions and events that, in combination, help encourage visits to the province and its regions, extend the stay and spending of visitors and contribute to overall trip satisfaction.

A large part of the tourism product is, however, made up of businesses that provide services to visitors – the accommodations, restaurants, craft shops, campgrounds, etc. In themselves they are not, for the most part, a reason or even part of the reason for selecting Newfoundland and Labrador as a destination, but they are an essential and important part of the province’s tourism industry.

The fourth leg of the tourism product is the basic infrastructure needed by travellers – roads, signs, services such as gas and banks, as well as the transportation services needed to get them to and from Newfoundland and Labrador.

Newfoundland and Labrador’s Tourism Experiences

A discussion of Newfoundland and Labrador’s tourism experiences is best introduced by the province’s brand positioning – “An arresting and compelling destination because of the blend of our unique offerings – exclusive products, dramatic seascape and landscape, significant history, distinct culture and genuine people”1. Key elements of the province’s tourism experiences include those things that make it special – its unique selling propositions or USP’s:

- Natural icons – whales, icebergs, dramatic coastal scenery and landscapes, birds, moose and caribou
- Parks and natural attractions such as Gros Morne and Terra Nova National Parks, Cape St. Mary’s Ecological Reserve, the East Coast Trail and numerous other outdoor sites

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1 Department of Tourism, Culture and Recreation, Marketing Plan and Partnership Opportunities 2004
Outdoor activities available independently or as part of guided packages such as hiking, sea kayaking, snowmobiling, cross country skiing, wildlife and flora/fauna viewing, fishing, hunting

Heritage and cultural attractions ranging from significant, internationally recognized sites (L’Anse aux Meadows, a UNESCO World Heritage Site), to a variety of provincial and national historic sites such as the Ryan Premises, Red Bay National Historic Site, Cape Bonavista Lighthouse, Signal Hill and Point Amour Lighthouse Historic Site, to numerous heritage attractions of various scales operated primarily by communities and not-for-profit associations such as the Colony of Avalon, the Grenfell Interpretive Centre, lighthouses, community museums, archaeological digs, etc. etc. There are also a number of heritage and cultural attractions provided by the private sector, such as the GeoCentre in St. John’s and Prime Berth Twillingate Fishing Museum.

Live theatre, music and entertainment including professional companies such as Rising Tide Theatre in Trinity and Theatre Newfoundland & Labrador in Corner Brook and Cow Head, and Spirit of Newfoundland Productions in St. John’s, as well as community groups providing theatre and entertainment in many areas of the province, such as the All Around the Circle Dinner Theater in Twillingate.

Complementing these experiences are a wide range of other activities, attractions and events, including:

- Guided sightseeing and activity tours, both on land and water
- Cultural heritage experiences celebrating both the pre and early-contact cultures of the province such as the Beothuk and Dorset peoples, and living cultures of the province’s Aboriginal people, the Innu, Inuit and Métis Nations in Labrador, and the legacies of the Irish, English and Acadian settlers.
- Winter outdoor activities and adventures including downhill skiing at Marble Mountain, snowmobiling particularly in western and central Newfoundland and in Labrador, and other winter activities and experiences.
- Fishing and hunting (although not covered in this study, this is an important product area for the province).
- Numerous festivals and events, including sporting events and tournaments such as the Corner Brook Triathlon, cultural events such as the Conne River Pow Wow and winter events such as the Labrador Winter Games, as well as special events such as the Junos and the East Coast Music Awards.
- Meeting and convention facilities particularly in St. John’s but also of growing importance in a number of other communities across the province such as Gander, Corner Brook and Rocky Harbour.

Newfoundland and Labrador provides a number of very special experiences for its visitors, experiences that cut across all regions of the province and which are the essence of its tourism.

Prime among these are its natural heritage and environment, scenery and coastal vistas, which, along with its birds and wildlife, are fundamental to its tourism experiences. The outstanding scenery and natural attractions are one of the two features reported by visitors
(the other being the people of Newfoundland and Labrador) as what makes their trip an outstanding experience. Sustaining this natural heritage and environment is clearly critical to the long term sustainability and growth of the province’s tourism industry, as will be explored in more detail later in this section of the report.

Newfoundland and Labrador offers a special ‘sense of place’ to its visitors, something almost spiritual in nature. It emanates from the people of the province and is woven through their sense of humour and relationships with each other, and to visitors. It is derived from Newfoundland and Labrador’s culture, from its connection to the ocean, the way of life and its cultural heritage, and it makes a major contribution to the overwhelmingly positive experience that visitors have in the province.

Another critically important part of the province’s tourism product is its communities – heritage villages, outports, scenic coastal communities and increasingly vibrant urban centres offering a range of activities and events, accommodations and dining. These communities form the backdrop for many of the province’s tourism experiences and sustaining their cultural heritage is also fundamental to the ability of the province to meet visitors’ expectations.

The cultural appeals of Newfoundland and Labrador and its peoples are another of these very special experiences. This is manifested in a wide variety of ways including professional and community-based theatre, dance, music, visual arts and crafts, dinner theatres, Soirees and Times, kitchen parties, interpretive programs offering opportunities to learn about traditional lifestyles and activities, festivals and events. As with the natural heritage and communities, the culture of the province and its peoples needs to be nurtured, strengthened and celebrated, and made accessible to visitors.

There are challenges, however, and they are significant and varied and will be addressed in various parts of this report. Several emerge as critical to the long term success of tourism and its enhanced role as an economic generator for the province.

Newfoundland and Labrador’s tourism experiences are highly seasonal in nature. While the major national and provincial sites are open from June through to late September and in many cases into October, the level of programming is generally scaled back significantly after Labour Day. As well, most of the attractions and entertainment programming offered by community and not-for-profit groups is not available or severely curtailed after Labour Day due to funding constraints and a dependence on students for staffing. Many of the nature-based products, driven as they are by the migratory patterns of the birds, the whales and other wildlife, are primarily summer and early fall experiences (although there are birding opportunities in the winter and early spring as well). An anomaly is icebergs – also seasonal (and sometimes unavailable other than in northern areas) but in the spring and early summer. On the west coast, and to some extent in central Newfoundland and in Labrador, there has been progress in developing winter tourism experiences and it is evident that St. John’s is making good progress at becoming a multi-season city destination, building on its diverse mix of services and appeals, as well as its strong cultural resource base.
The province’s tourism product is also highly dependent on the public sector, particularly at the provincial and federal level. The vast majority of attractions, whether they be heritage, cultural or natural are operated by or depend to a large extent on public sector funding. This is not unusual in Atlantic Canada, nor even in Canada as a whole where relatively small resident markets and highly seasonal tourist markets predominate. But the challenge is more extreme in a destination such as Newfoundland and Labrador that is still developing its tourism industry and is not yet well-established as a destination.

The tourism industry in the province is still relatively young. There is a general lack of knowledge and understanding about tourism markets, about opportunities and the way to respond to these opportunities. This lack of knowledge extends beyond the tourism industry – it includes municipalities, provincial government departments outside tourism, and business and industry, particularly the natural resource-based industry. Actions by forestry and mining companies are threatening the very basis of the province’s tourism industry – the natural environment, wildlife, and scenery.

**Industry Perspectives**

Comments from a variety of tourism industry stakeholders spoke primarily to areas of concern as well as opportunities with respect to the tourism product in Newfoundland and Labrador. A summary of the key points is provided below (note that industry comments on accommodations, campgrounds, traveller services and infrastructure and transportation are provided later in this section).

**Issues and Concerns**

- Seasonality of the tourism industry in the province was identified by many of those interviewed as a primary concern with insufficient capacity in the summer and virtually empty from late fall through mid-spring. A related issue is the importance of keeping attractions, events and programs open and ongoing well into the fall, and to offer more product generally in the shoulder and off season so as to support the growth of an economically sustainable tourism industry;
- Protection of the province’s natural environment and natural resources, as well as of its culture and heritage are critical to the tourism sector and have to be addressed. The economic sustainability of cultural tourism experiences such as theatre and entertainment was also identified as a concern.
- There is a need for more evening entertainment in communities, and for more animation and interpretation generally at attractions and in communities. Comment was also made about the importance of offering diverse cultural and entertainment products for visitors, and not everyone trying to ‘do the same thing’.
- The level of professionalism within the tourism industry and the quality of service generally is still perceived to be a major concern. At the same time, the importance of not losing the unique character and friendliness of staff was also emphasized.
- The general lack of packaging in the province was identified as a major concern. Industry commented on the importance of packages not only to help grow shoulder and off-season...
activity but also to provide more value-added and higher yield experiences during the peak season.

- Quality assurance and market readiness were also identified as areas of concerns. Industry commented that many tourism products were not at an appropriate standard of market readiness, and also identified a need for quality assurance efforts and/or certification for types of tourism businesses other than the accommodations and campground sector.

- A need for more training and mentoring was identified at both management and staff levels. A need to help tourism operators and not-for-profit groups involved in tourism understand the types of things the markets are seeking, and to develop plans that respond to market interests was also identified.

- A number of industry players spoke of concerns regarding pricing, specifically that many tourism products, including accommodations, were under-priced for the quality of experience being offered and that low prices were hurting the ability of the industry to deliver the quality of tourism experiences expected by the marketplace.

- The importance of being strategic in tourism development, in having a business case for initiatives and building on existing and known destination areas and sites was identified.

- Concerns were expressed about the quality of the visitor information services being provided in the province particularly with respect to staff not having sufficient product knowledge.

- In some areas of the province, there is a need for more attractions and activities to encourage visitors to spend more time. These are addressed in the regional discussion included in Part II of the report.

- Industry members expressed concern about the unrealistic expectations of funding agencies that cultural and heritage tourism attractions could be financially self-sustaining, and identified the importance of treating these types of facilities as infrastructure, in need of ongoing public sector support.

Opportunities

- Fall colour particularly in western Newfoundland
- Coastal adventure cruising and home porting of smaller cruise ships in the province
- Incentive travel packages
- A major, coordinated effort around lengthening the summer tourism season at least to the end of September and into October, with a full mix of attractions, programs, accommodations and visitor services open for business, with appropriate programming.
- Development of several major new spring or late fall festivals to help generate demand in the shoulder seasons.
- Expanded effort around events, particularly in the early/late shoulder and winter seasons, and including cultural, sports and winter activity-based events
- Expanded effort around the winter tourism product particularly in western Newfoundland, Central Newfoundland, and Labrador and including snowmobiling, downhill skiing at Marble and unique attractions such as the Northern Lights
- Facilities to serve the growing recreational vehicle market, including RV caravans.
- A major effort to develop and market packages, particularly during the shoulder and off-seasons
Market perspectives on Newfoundland and Labrador’s tourism product were obtained from primary research with tour operators (in and outside the province) and consumers (both qualitative and quantitative research).

Tour Operators

Tour operators from Newfoundland and Labrador as well as from other parts of Canada and the United States were interviewed to obtain their comments on Newfoundland and Labrador’s tourism product including accommodations, attractions and activities and infrastructure issues such as transportation services. A report describing the findings from these interviews is included in the separate Technical Appendices document.

Overall, tour operators were positive about the province and its tourism product although they identified challenges with accommodations, food and beverage service and transportation infrastructure as will be discussed later in this section of the report. They reported that the vast majority of their clientele love the province, particularly the natural sites and the people, who are consistently mentioned as the province’s greatest tourism asset. As a result, many shortcomings that would be an issue elsewhere often appear to be accepted by the visitors.

Tour operators were generally positive about the quality of cultural and heritage attractions in the province but did identify a need and opportunity for more cultural product that provided opportunities for groups to experience the local lifestyle, and a general enhancement in the delivery of the cultural products and experiences.

They were more positive about the natural and outdoor attractions, particularly in western Newfoundland and the whalewatching in the Avalon region. They did express concerns that the quality of the interpretive programs varied from location to location and that more interpretive programming is needed in many places. They also identified a need for more evening entertainment in many communities to serve the group tour market.

One area of particular concern was the season and hours of operation of many attractions. Tour operators identified that the hours of operation at many attractions outside St. John’s were sometimes problematic for coach operators and that facilities were not flexible in accommodating group tours. Tour operators were asked about the potential for extending the season and indicated that, from their perspective there were some major challenges. Some of the comments made in this respect were:

“We love the culture of the whole area … We would hate to see this change”

“The major positive experiences are the people and the awesome natural sights”

“There are great opportunities for cultural products, but the product is pretty stale”

“We would like to see more development of programs that illustrate local lifestyles, such as fishermen at work, etc.”
“There is a classic Catch 22 where tour operators cannot extend the season because the local infrastructure shuts down and local operators don’t open because they have no guarantee or expectation of business”

“Unless there is some more upscale accommodation or some really good events, shoulder season programs are out of the question in the short term”

“Autumn colours are a seasonal opportunity not recognized…”

“There is not enough doing – all activities seem to be scheduled in the summer, when we arrive in September, nothing is happening, no whales, no icebergs”

Tour operators also commented that the lack of destination awareness remained a huge problem for the province and was a limiting factor in growing travel activity. Several indicated that promotional campaigns needed to broader – with promotions in different target markets using local people to convey the spirit and essence of the province, as well as a broader range of icons and appeals. The tour operators expressed a number of significant concerns about transportation issues – motorcoaches, the ferry service, car rentals, air access. These are discussed later in this section of the report.

Consumers: Qualitative Research

Four focus groups were conducted in the Greater Toronto area with persons who had recently visited Newfoundland and Labrador. Copies of the report can be found in the Technical Appendices Report. Attendees at the focus groups represented a good mix of ages, income levels, and type of employment as well as trip characteristics in terms of their length of stay in the province (5 – 30 nights, most had stayed 14 – 17 nights) and types of accommodation used. The discussion was designed to explore visitors’ overall satisfaction with their trip and how it exceeded or fell short of expectations.

Participants were overwhelmingly positive about their trips to Newfoundland and Labrador, describing the province as “majestic” and “first class”. Furthermore, when asked to rate their trip, almost all participants gave the trip an “A” grade, with a number of participants assigning it an “A plus”. Notably, not a single participant gave the trip less than a “B” rating. Participants praised the scenery, landscape, people and hospitality of the province, and the majority of participants revealed that they plan to return to the province to finish their vacation. Indeed, the biggest complaint by many participants was simply “not having enough time”. The unique landscape, culture and hospitality are the key elements that drew visitors to the province.

Participants had difficulty identifying ways in which the province fell short of their expectations (other than they did not have enough time) or in identifying negative experiences or activities. However, they were able to indicate several problematic issues, mostly related to transportation including:
Transportation to and from the province, particularly the ferry (dirty, expensive, long lineups, hard to make reservations), and there were some concerns about the cost of flying;

Difficulty finding rental cars and the expense of renting cars during the summer season;

Problems with highway and directional signage in the province. The signage system received the most complaints being described as confusing and inadequate.

Attractions that were not open when visitors arrived, despite information to the contrary. This was a particular concern for visitors travelling in June or September who expressed surprise about the number of attractions and information centres that were closed for the season. It was a common sentiment that if the province wants to draw people to the province during these months then an effort should be made to open the tourist facilities.

A small number had negative comments to make about their accommodations.

A number commented on the lack of variety of menu choices at restaurants outside the larger centres and outside St. John’s generally. They also identified a lack of awareness about restaurants and difficulty obtaining recommendations on where to eat. A shortage of rest stops and/or gas stations along the Trans Canada Highway was also identified.

The need to make trip reservations (e.g. for rental cars, accommodations) well in advance was emphasized by participants. They also indicated a need for tools to help visitors better organize their trip and manage their time, particularly given the size of the province and abundance of things to see and do.

Several participants indicated that there were misperceptions about the province that, they believed, represented one of the key reasons that many people decide not to visit the province. They indicated that many Central Canadians perceive Newfoundland and Labrador as a region of immense poverty, isolation, and lack of things to do and also as an expensive to travel to, and therefore are not interested in visiting the province.

Consumers: Quantitative Research

The province is in the process of conducting a 12 month exit survey and in February 2004 undertook research with a sample of non-resident visitors who, when questioned as they were leaving the province after their trip during the summer/early fall of 2003, indicated that they were willing to participate in follow-up research. Almost 800 phone and email interviews.

Note: This data is preliminary and unweighted; it is a sample of non-resident visitors who indicated a willingness to participate in follow-up research and includes only those who responded to the telephone and on-line portion of the follow-up survey. It is not known at this time how representative this sample.
were completed in this follow-up research including questions related to this product development and accommodation needs study. It is important to note that, at this time, the findings are preliminary and also the extent to which this sample represents all visitors to the province will not be evident until the 12 month exit survey is completed later this year.

Respondents were asked about their levels of satisfaction with a series of features of historic sites, museums and heritage interpretation centres, and with similar features for sightseeing tours and natural attractions. The results of this research, summarized in Exhibit 1, indicated a very high level of satisfaction with all elements, reflecting a similar finding to the qualitative research. Visitors from all four main origins (Maritimes, Ontario, Other Canada and the US/International) had similarly positive experiences.

Respondents were also asked whether there were any historic sites, museums or interpretive centres that they were hoping to see or participate in that were not available. Only 8% of respondents (approximately 60 persons) indicated this was the case, and the most frequent mentions were museums (16% of the 60 respondents) and lighthouses (8% of the 60 respondents). A similar question was asked about sightseeing tours and natural attractions with 10% of respondents (almost 80) indicating that there were attractions/activities of this type that were not available. The most frequent mentions were icebergs (35% of the 80 respondents), whales (14%) and boat tours (12%).

Respondents were also queried about their interest in purchasing different types of packages of planned activities/itineraries. Overall, some 18% indicated they were very interested in package purchases and 31% were somewhat interested, with 20% being not at all interested and 28% not very interested. The proportion of US/International visitors very interested in purchasing packages was higher, at 23% compared to the overall average of 18%. The table below summarizes the level of interest in different types of packages.

<table>
<thead>
<tr>
<th>Percentage of respondents indicating they were very or somewhat interested in package purchases generally (N=294), expressing interest in specific types of packages.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>Very Interested</td>
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<tr>
<td>-----------------</td>
</tr>
<tr>
<td>Scenic rural or coastal tour package</td>
</tr>
<tr>
<td>Historic/cultural tour package</td>
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<tr>
<td>City tour package</td>
</tr>
<tr>
<td>Adventure package</td>
</tr>
<tr>
<td>Educational tour package</td>
</tr>
<tr>
<td>Motorcoach touring package</td>
</tr>
<tr>
<td>Dinner theatre and local entertainment package</td>
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</table>

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- 22 -

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| Percentage of respondents indicating they were very or somewhat interested in package purchases generally (N=294), expressing interest in specific types of packages. |
|--------------------------------------------------|-----------------|-----------------|-----------------|
|                                                   | Very Interested | Somewhat Interested | Not at All or Not Very Interested |
| Scenic rural or coastal tour package              | 52.7%           | 41.5%             | 5.8%             |
| Historic/cultural tour package                    | 41.8%           | 50.7%             | 7.5%             |
| City tour package                                 | 22.8%           | 40.1%             | 36.7%            |
| Adventure package                                 | 37.8%           | 35.0%             | 26.5%            |
| Educational tour package                          | 18.7%           | 48.6%             | 32.6%            |
| Motorcoach touring package                        | 15.0%           | 21.2%             | 63.9%            |
| Dinner theatre and local entertainment package    | 41.2%           | 39.1%             | 19.7%            |

and on-line portion of the follow-up survey. It is not known at this time how representative this sample is of all non-resident visitors since the 12 month exit survey program currently underway is not yet complete.
### Exhibit 1

**Satisfaction Levels with Historic Sites, Museums and Heritage Interpretation Centres and with Various Sightseeing Tours and Natural Attractions**

#### Rating of Various Features of Historic Sites, Museums and Heritage Interpretation Centres

Respondents who Visited a Museum, Park, Archaeological Site, Lighthouse or Interpretation Centre on their visit to NL in 2003 – N=700

(Note: 1 is not at all satisfied; 10 is extremely satisfied)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Mean Score All Respondents</th>
<th>Percent Rating 10</th>
<th>Percent Rating a 9</th>
<th>Percent Rating 6 or under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of Information, Directions &amp; Appropriate Signage</td>
<td>8.4</td>
<td>36.0%</td>
<td>17.9%</td>
<td>10.6%</td>
</tr>
<tr>
<td>Convenient Hours of Operation</td>
<td>8.6</td>
<td>36.1%</td>
<td>20.0%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Availability/Quality of Programming/Interpretation</td>
<td>8.6</td>
<td>32.7%</td>
<td>23.6%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Quality/Level of Customer Service</td>
<td>8.9</td>
<td>45.0%</td>
<td>24.0%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Value for Money</td>
<td>8.9</td>
<td>43.3%</td>
<td>23.4%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Overall Quality of the Experience</td>
<td>9.1</td>
<td>46.1%</td>
<td>26.7%</td>
<td>3%</td>
</tr>
</tbody>
</table>

#### Rating of Various Features of Sightseeing Tours and Natural Attractions

Respondents who partook in either a whale or seabird watching boat tour, iceberg viewing tour, guided fishing trip, sightseeing boat tour, or visited national/provincial/historic park or went whalewatching – N=639

(Note: 1 is not at all satisfied; 10 is extremely satisfied)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Mean Score All Respondents</th>
<th>Percent Rating 10</th>
<th>Percent Rating a 9</th>
<th>Percent Rating 6 or under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of Information, Directions &amp; Appropriate Signage</td>
<td>8.6</td>
<td>39.4%</td>
<td>19.9%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Convenient Hours of Operation</td>
<td>8.8</td>
<td>41.9%</td>
<td>21.8%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Availability/Quality of Programming/Interpretation</td>
<td>8.8</td>
<td>41.6%</td>
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<tr>
<td>Value for Money</td>
<td>8.9</td>
<td>46.3%</td>
<td>19.7%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Overall Quality of the Experience</td>
<td>9.1</td>
<td>51.8%</td>
<td>24.6%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>
For those interested in purchasing a package, the most popular were packages involving scenic rural or coastal tours, historical/cultural tours and dinner theatre and local entertainment. Visitors from Other Canada were more interested in scenic rural or coastal tour packages, in city tour packages and in motorcoach touring packages, and less interested in dinner theatre and local entertainment packages, with those from the Maritimes more interested in adventure packages and dinner theatre and local entertainment packages.

Other Reports

Over the past ten years, there have been numerous studies and reports completed on Newfoundland and Labrador’s tourism sector. A few have been broadly-based province-wide studies (Newfoundland and Labrador Product Market Match Study and the Tourism Marketing Strategy Review Study), some have been sectoral in nature (e.g. on golf, snowmobiling, group touring, conventions and meetings), many have been local area or regional tourism development strategies (e.g. Destination Labrador Tourism Development Strategy, Twillingate Islands Tourism Master Plan) and others have covered specific aspects of tourism within a region or a particular attraction or initiative. As well, the provincial Department of Tourism, Culture and Recreation has prepared numerous papers and strategic issue documents, many related to transportation and infrastructure issues as well as to product development and marketing. Hospitality Newfoundland and Labrador and the various sector associations have also prepared position papers and reports on various issues.

The consulting team has reviewed the findings and recommendations in many of these documents and, where relevant, incorporated them in appropriate sections of this report.

Conclusions

Newfoundland and Labrador offers a diverse range of experiences to visitors, and the visitors report being extremely satisfied with these experiences. In part, this may be due to the fact that their expectations are not clear, and perhaps not that high. As one tour operator put it, “Expectations are usually met because people have no idea what to expect in the first place”. And attendees at the focus groups in Ontario commented on the perception in Central Canada (where most of the province’s visitors come from) that Newfoundland and Labrador is full of poverty and an unattractive province.

Obviously visitors are having a great time, their expectations exceeded. This is great news. But these comments also signal a lack of awareness about what the province really has to offer. How many people never bother to consider Newfoundland and Labrador as a destination for their vacation trip? Are we understating or overlooking the real things that make the trip a success?

Clearly the province has numerous ‘tourism experience’ strengths on which to build and enhance so as to support growth of the tourism sector, both in the peak season and in the shoulder and off-seasons. However, there are challenges to be overcome particularly in seasonality, and in maintaining sustainable and viable experiences with operators and managers that understand what the market is seeking and how to deliver on the promise.
Roofed Accommodations

Supply

An inventory of roofed accommodation in the province was compiled in the fall of 2003 drawing from master listings for the 2004 Travel Guide, the Canada Select Listings and the Accommodation Listings. Accommodations were grouped into four categories – Hotel/Motel, Cottages, B&Bs and B&Bs/Inns. This latter category combined the 10 or so country inn properties in Newfoundland and Labrador with Bed & Breakfast properties that had 5 units or more, as well as smaller B&Bs that offered dining for guests (Note that this definition is not the same as that used by Canada Select). This category was used following discussion with the Steering Committee so as to be able to compare the supply and demand for smaller, more traditional B&B properties to that for the B&Bs that are more similar to inns.

As of fall 2003, there were 550 properties in Newfoundland and Labrador providing over 7,100 units of accommodation. Almost 70% of the accommodation units are found in the 130 hotels. The province has almost 200 B&Bs (36% of the supply of properties) yet they provide fewer than 600 units – only 8% of the total available. Some 100 properties fell into the B&B/Inn category as defined above, providing some 625 units of accommodation.

The average property size overall is 13 units but this is impacted significantly by the hotel/motel sector - when this category is excluded, the average property size is only 5 units indicative of the very small scale of most of the accommodation businesses in the province.
Avalon region has 1/3 of the accommodation units in the province, with almost 30% in the Western Region where the average property size is only 10 units. Labrador has fewer than 10% of the accommodation properties and units in the province.

A majority of properties and accommodation units in the province – close to 60%, are either 2 or 2.5 star properties. This is in part a reflection of the high proportion of hotel/motel properties, many of which are at this star grade level. Some 25% - 30% of the accommodation product in the province is at a 3 – 3.5 star level with about 10% at the 4 or 4.5 star level and less than 5% at a 1 to 1.5 star level. Newfoundland and Labrador has no 5 star properties.

The Avalon region has the vast majority of the higher quality accommodation product with 84% of the four star units. This region also has the largest properties with an average size of 17 units. The Central region has the lowest number of 4 – 4.5. star properties on the Island; the Western region has the highest number of 1 – 1.5 star properties and also the smallest sized properties on average.

A regional and zone analysis of the supply and demand for accommodation properties is found in Part II of this report; with more detailed tables on accommodation supply and demand in the Technical Appendices Report.

There has been a significant increase in the supply of accommodation in the province in the past few years. Data from the province for 2002/3 indicates a total of 470 properties and 6,650 units – some 17% fewer properties and 6% fewer units than in our data base (note that not all properties are in the Travel Guide due to early deadlines; also some properties in the data base may have closed). Based on our field work for this project, it appears that there are active plans/proposals or projects under construction for a significant further increase in supply in the next one to three years, if all projects/plans materialize. In fact, data provided to us in late January 2004 by Canada Select indicates that the number of properties is now up to just over 600 with most of the new supply in smaller B&B and cottage properties.

Comparison to Other Provinces

New Brunswick is the only other province that requires all accommodation properties to be rated by Canada Select before they can be listed in the provincial guide, and it is also similar in population to Newfoundland and Labrador, making it relevant for comparison. In both
Nova Scotia and Prince Edward Island, Canada Select is a voluntary program and participation is not currently required for travel guide listings.

New Brunswick has some 640 accommodation properties providing over 11,000 units, over 50% more than in Newfoundland and Labrador. Almost 9,000 of these units are in hotel/motel properties. Other than the total supply, there are three notable differences in the mix of accommodations. First, New Brunswick has over 50 inns providing almost 500 units of accommodation. This is a reflection of an aggressive strategy by the province in the early 1990s to encourage the development of quality inns, recognizing that this was the type of product tourism markets were seeking. Many of these inns (22 with over 200 accommodation units) are 4 – 5 Star properties – in fact the province has over 2,000 units at these star grade levels. New Brunswick also has a much higher proportion of properties at the 1 – 1.5. star grade level –12% of properties and 6.5% of units compared to the 3.5% of properties in Newfoundland and Labrador.

Nova Scotia has almost 600 properties in the Canada Select program and 12,000 accommodation units; there are another 500 properties or so that are not in Canada Select. Almost 40% of the graded properties are at the 4 – 5 Star level; this includes several 5 star inns and a 5 star resort.

**Demand**

Staff of the Department of Tourism, Culture and Recreation prepared a number of sets of occupancy data, for the province overall, by region, by zone, by star grade and by type. This data was summarized and analysed by the consultants. Since the analysis was done in the Fall 2003, the most complete data available was for 2002 and this year, along with data for 2000 and 2001 have been used in our analysis.

It is important to note that there has not been a 100% reporting rate of occupancy data by accommodation operators. In fact, the reporting rate is quite low in some cases – e.g. less than 50%. Reporting rates seem to be generally lower than average for the cottage sector, for B&Bs (particularly the B&B/Inns) in the Avalon, and generally higher than average for the hotel sector and for better quality properties. Differences in reporting rates from one year to the next can easily skew changes in both supply and demand as measured by occupied room nights and, as such, we do not recommend that the data be used in this manner. As the reporting rate increases, analysing the change in the supply and demand of room nights, rather than occupancy rates, could become a useful way of assessing whether overall tourism activity in a region is growing or declining.

For the province overall, the average annual occupancy was in the 47% - 48% range for 2000 through 2002. Peak season (July/August) occupancy has been around 70% (slightly lower in 2001) with a June through September occupancy rate of close to 63% for all three years. Our field work during the fall of 2003 suggested that, in many regions of the province,

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3 A recent change in the policy and penalties for failing to report data is expected to increase the reporting rate significantly.
accommodation properties had performed well in 2003, with some areas reporting that many properties were full in the summer, and well into September. This was particularly true in St. John’s, which outperformed the rest of the country in terms of hotel occupancy rates in 2003.

Outside of the June through September period, province-wide monthly occupancy rates are generally close to or below 40%.

The Avalon region outperformed the rest of the province quite significantly in terms of accommodation occupancy rates, with an average annual rate of 60% - 63% (15 points above the provincial average), and peak season rates of close to 80%. Even during the October through May period, Avalon region occupancies are generally over 50%.

The four other regions had annual occupancy rates at or below 40% with peak season rates reaching close to or just over 70% in Eastern and Western regions but only 60% or lower in the Central region and in Labrador.

From October through May, these other regions frequently had monthly occupancy rates below 30%, with two or three months in the 20% range.

We have also looked at occupancy rates by type of accommodation and star grade, as illustrated in the graphs on the following page, which summarize this information on a provincial basis for 2002 for July/August, June through September and annually.
As illustrated, it is clear that the higher star grade properties have significantly higher occupancy levels. In fact, in our detailed examination of occupancies by type and star grade, by region, this pattern is even more evident.

As a general conclusion (there are a few exceptions) the better quality properties in each region and each category have occupancies in the July/August period over 80%, and sometimes in the high 80s. Also, the B&B/Inn group of properties outperforms the B&B sector.
Findings from Field Research

Our field research included visits to roofed accommodation properties across the province and in-depth interviews with some 125 operators as well as consultation with a wide variety of key stakeholders in the tourism industry in the province. These consultations and interviews provided a variety of insights into the situation with respect to roofed accommodations in the province, as summarized below. There are a variety of issues related to the details of the Canada Select program and also to the province’s accommodation licensing program. These are discussed in Appendix I of this report and only mentioned very briefly here.

Note that at the end of this section, overall conclusions are provided regarding the roofed accommodation sector, drawing from all of the various pieces of research undertaken. The comments here reflect only those drawn from our consultations and interviews.

Accommodations Available – Type, Quality and Facilities

- Most areas offer a variety of types and quality of accommodation.
- There appears to be some mis-use of the Canada Select categories of accommodation, particularly in the B&B category. Some properties are being listed and rated as B&Bs even though they serve dinner and are, therefore, inns according to the Canada Select definitions. This may be one of the reasons why the accommodation inventory is only indicating 8 or 9 inns in the province. It also causes confusion to consumers.
- Industry has concerns about inconsistencies in the rating program and there are still many misconceptions about Canada Select.
- While there are a number of high quality hotels and motels in the province, generally speaking the most consistent quality is found at cottages and B&Bs.
- Many properties do not offer dining facilities.
- Our observations suggested that the ‘curb appeal’ of many properties is limited and in need of upgrading. Features such as poor signage, dimly lit parking lots, rough entrance roads, a lack of landscaping, and properties that did not take advantage of the views are examples of areas of concern.
- In terms of interior facilities, particular concerns that were noted was the small size of bedrooms (particularly at B&Bs and in older hotels/motels), outdated phone systems (in older hotels/motels), and rooms that have poor lighting and no light at the desk.

Operations

Season of Operation

- Many operators are only open seasonally, despite what is suggested in the travel guide. While some are technically open, they do not provide services and appear to be closed (e.g. lights out, signs down, no one answering the phone) and shoulder and off-season business is ‘accidental’.

Room Rates

- Room rates are ‘all over the map’ and appear to be set haphazardly and without an understanding of pricing or revenue management.
There are examples of rooms at high quality properties being priced at $90 per night and rooms at mediocre properties being offered for $125 or more.

Many of the operators interviewed only have one set of rates – i.e. they offer the same rate in July as in late September. At the same time, many indicated that they could not handle any more business in the summer suggesting an opportunity to increase peak season rates and practice yield management. There may be an opportunity to encourage shoulder season travel by discounting rates in spring and mid-late fall.

**Business Mix**

Most properties report that the vast majority of their business during the summer and early fall is out-of-province tourists. Selected areas and types of properties, e.g. cottages in the Eastport Peninsula and Gros Morne area, receive a much higher proportion of their business from the Newfoundland & Labrador resident market.

Hotel properties in the major communities have a much higher dependence on commercial business and the meetings/convention market, even in the summer months.

Business at small properties outside of the summer/early fall (and outside of St. John’s) is almost totally from the provincial resident market and much of it is corporate and commercial business, including construction workers.

**Visitor Origins**

Almost none of properties interviewed did kept statistics on the origins of their visitors – the comments provided here are guesstimates;

Ontario was the largest out-of-province market, particularly in 2003 which, according to accommodation operators, saw a notable decline in US business and an increase in Ontario visitors.

The Quebec market, along with the BC market were identified as increasing.

**Demand Levels**

In many of the areas visited, many of the accommodation operators interviewed reported that they were filling and turning away business during the mid-June to Labour Day period, and sometimes beyond. Operators suggested that they could use anywhere from 25% - 50% more rooms in the peak season – but went on to comment on the challenges of trying to operate an accommodations business with 3 months of activity. A more detailed discussion of areas with accommodation capacity challenges is provided in Part II of the report.

A number of areas of the province were notable in that they had very few, if any, operators reporting that they were full. These included parts of the Labrador coast, the Baie Verte area, Bay d’Espoir, most of the Burin Peninsula, Grand Falls-Windsor and parts of the Baccalieu Trail (busy on weekends with regional residents attracted by events and sports).

Generally, better quality properties in an area were much more likely to report that they were full and turning away business. In fact, in some areas where overall demand was ‘soft’ a character or good quality property reported strong demand.

Accommodation operators were generally in agreement that fall demand was up, particularly in 2003 but that spring had shown only limited growth. This growth appeared to be primarily from international markets seeking icebergs.
Challenges
- Accommodation operators identified four key challenges in the operation of their business:
  - The short season – almost all were in agreement on this challenge and spoke of the critical need to extend the season and the difficulties with operating a viable business (particularly a full-service business) on a three to four month season.
  - Continued increases in overhead expenses such as electricity, insurance, fuel, heat, taxes, wages
  - Workers Compensation program
  - Human resource issues such as finding staff with the skills needed, keeping skilled staff, providing training and challenges accessing HRDC funding to assist with staffing costs
- Operators also expressed concerns about unlicensed accommodation in many areas and a need for enforcement of licensing regulations.

Future Plans
- Only a few operators were planning to sell their properties; many had plans to expand but financing and financial viability were critical issues constraining the implementation of these plans. Most of the operators interviewed indicated that they were doing only ongoing renovations and upgrades as necessary.

Market Readiness and Best Practices Issues
- A notable number of the properties interviewed did not have brochures and many did not have web sites or were either currently developing them or needed help to develop them; a few indicated that they were moving away from print collateral to a dependence on their web site. Properties that did have websites were seeing dividends in the form of direct reservations.
- There was only very limited packaging, either in peak season or throughout the rest of the year. A few operators had packages for their own business e.g. honeymoon package; almost no-one interviewed was packaging with other tourism businesses and activities.
- While most operators acknowledged a listing in the provincial travel guide, few were aware of other guides or directories that existed. Almost none of those interviewed had a marketing plan and few had identified their target markets.

Industry Perspectives
Industry representatives and stakeholders from across the province provided perspectives on the accommodations sector. The key concerns and issues identified were as follows:
- The challenge of economic viability for many accommodation operators in almost all areas of the province was identified as a critical issue. The highly seasonal nature of the tourism industry, high capital investment requirements, and the traditionally low prices charged at accommodations were cited as key factors.
- It was suggested that the accommodations sector aggressively stimulate spring and fall shoulder season tourism activity through a program of discounted rates and packages.
- A need for more professionalism and management training was identified. A better understanding of the upscale market and their requirements and expectations, and of
pricing, rate structures, discounting, and yield and revenue management were two of the specific management training needs identified.

- The province generally, and a number of areas specifically, were identified as being in need of more, better quality and/or character accommodation properties. This type of property was seen as having potential to help attract business to a region or to the province. Among those areas identified as needing this type of accommodation were St. Anthony and the top of the northern Peninsula, the Gros Morne area, Twillingate, the Bonavista area, and the Trinity area.

- Concerns were expressed about the growth in unlicensed properties in some areas of the province, and a need was identified for the province to enforce licensing standards and regulations.

- Representatives of the tourism industry in some areas of the province expressed concern that a lack of quality accommodation or the right type or quantity of accommodation in their region (e.g. other than hotels/motels) was constraining the growth of tourism.

- Inconsistencies in the quality of accommodation and in the Canada Select ratings were identified as a concern.

**Market Perspectives**

Market perspectives on accommodation trends, and on needs and opportunities as well as strengths and weaknesses were obtained from secondary sources, as well as from primary research with tour operators (in and outside the province) and consumers (both qualitative and quantitative research).

**Tour Operators**

Tour operators offered a variety of perspectives on accommodations in Newfoundland and Labrador. The product in St. John’s was generally seen as appropriate in terms of quality but there are serious concerns around availability, particularly in periods of the year with high convention and meeting activity. Outside St. John’s there is perceived to be a shortage of good quality accommodation and limited availability, particularly for groups, in the better quality properties. These two factors are creating challenges for tour operators in assembling a program both from a scheduling/availability point of view and from a quality perspective and are limiting the province’s ability to attract more business from the group tour segment.

Tour operators spoke of “bottlenecks” in several locations in Western Newfoundland where there are five or six ‘icons’ but only a few properties of appropriate quality that can handle two coaches a day. Several other areas of concern were identified in Western Newfoundland, concerns that are limiting potential demand and/or traffic to a certain part of the region. These included the lack of appropriate quality accommodation in the St. Anthony area, a need for more and better quality accommodation in the Rocky Harbour/Norris Point area and for a

"The price value equation (and star rating) of accommodation outside St. John’s does in many cases not make sense"
quality resort/lodge property in the Gros Morne area (there is no top quality property in this area and this is hurting potential demand from high end group tour operators as well as the FIT and adventure market).

Local tour operators felt that accommodations in the province had improved significantly as a result of Canada Select. They also believed that there was a strong need to educate operators about the needs of the travel trade, and about pricing, particularly net rates and revenue management.

Tour operators offering FIT and small group or specialty tours also had some concerns about the availability of appropriate quality accommodations in various locations across the province. Particular concerns were several appealing destination areas that offered a mix of attractions and activities but were very limited with respect to accommodations, such as Bonavista, Twillingate and St. Brides. The result, according to tour operators, was that these destinations did not get the overnight business. The addition of quality inns in these locations was suggested as a need, and an opportunity to generate more tourism activity in the area.

Tour operators indicated that there was a need to “take the B&B sector to the next level of professionalism and standards” and that there seemed to be increasing problems with B&B properties that did not have owners living on site. Concern was expressed that some operators are attempting to offer (and price as such) a ‘high end’ product but did not have the expertise to deliver on this level of experience.

The accommodation dilemma (shortage of appropriate quality accommodations in the right places) is one of the factors in our conclusion that the province has reached or is close to reaching a saturation point with respect to some travel trade programs – particularly mid to higher quality group tours and higher end segments of the FIT package market. (Other factors include the shortage of rental cars and the challenges with obtaining appropriate motor coah equipment, discussed later in this section).

Consumers: Qualitative Research

The four focus groups held in Ontario with previous visitors to Newfoundland and Labrador explored issues around accommodations both in terms of availability and quality. Visitors were generally satisfied with the accommodations they used, and most indicated that they met or exceeded expectations. Accommodations were described as clean, reasonably priced (though some concerns were expressed about prices in St. John’s), first class and excellent. Participants’ experiences with B&Bs elicited the most positive responses with many being overwhelmed by the level of hospitality, friendliness and service they received – B&B owners were seen to be most helpful in local area activities and events.

“Inns with 20+ rooms and good F&B would be ideal in many areas – St. Brides, Trinity, Bonavista, Twillingate, Rocky Harbour”

“For special interest groups, we need more refined accommodation ... branded quality hotels or adventure style lodges or resorts”
A few participants reported some negative experiences with regards to their lodging mostly around small rooms and bathrooms and poor reservations systems. Generally, accommodations were seen to represent good or excellent value for money although a couple of locations were mentioned as being overpriced.

Several participants indicated that they had had difficulty finding the type of accommodation they were seeking in specific areas, particularly on short notice, i.e. if they decided they wanted to stay three nights instead of the one that was booked or stay in a community where they had not planned to. Areas mentioned included St. John’s (the issue here was finding a room at the right price), and parts of the Northern Peninsula including the Gros Morne area. They strongly recommended advance reservations and also indicated that a central accommodation booking system would be most helpful.

Visitors selected their accommodations through a combination of the travel guide and the Internet – using the travel guide to identify properties and then checking them out on the Internet. Word of mouth and referrals from other travellers was also important. Star guide ratings were used as a guideline and generally people felt that the ratings reflected the properties.

Consumers – Quantitative Research

Almost 800 interviews conducted as part of the province’s ongoing 2003/04 Exit Survey research included questions related to accommodation expectations and experiences in the province.4

Overall, these preliminary results indicate that respondents were very satisfied with their experience at accommodations in the province, and that the accommodations met their expectations.

In terms of general elements related to accommodations, all factors received a mean score of 8 out of 10 or higher, with the overall experience being rated 8.8 and 37% of respondents indicating they were extremely satisfied. When examined by key visitor origins, there were some minor differences with visitors from Other Canada (outside the Maritimes and Ontario) markets slightly less likely to indicate that some of the key features exceeded their expectations. Generally, however, visitors from all origins gave similar ratings to these general elements.

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4 Note: This data is preliminary and unweighted; it is a sample of non-resident visitors who indicated a willingness to participate in follow-up research and includes only those who responded to the telephone and on-line portion of the follow-up survey. It is not known at this time how representative this sample is of all non-resident visitors since the 12 month exit survey program currently underway is not yet complete.
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Rating of General Elements about Accommodations in Newfoundland and Labrador – Respondents who did not stay with Family/Friends, Summer 2003 – N=477
(Note: 1 is not at all satisfied; 10 is extremely satisfied)

<table>
<thead>
<tr>
<th></th>
<th>Mean Score</th>
<th>Percent Rating 10</th>
<th>Percent Rating a 9</th>
<th>Percent Rating 6 or under</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of Services &amp; Facilities</td>
<td>8.0</td>
<td>21.6%</td>
<td>17.6%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Quality of Facilities</td>
<td>8.2</td>
<td>21.8%</td>
<td>19.7%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Overall Quality of Service</td>
<td>8.7</td>
<td>31.2%</td>
<td>25.6%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Overall Experience</td>
<td>8.8</td>
<td>36.9%</td>
<td>23.9%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Overall Value for Money</td>
<td>8.5</td>
<td>32.3%</td>
<td>21.6%</td>
<td>10.3%</td>
</tr>
</tbody>
</table>

When asked about a number of specific features of accommodation, mean scores out of 10 were also high, generally 8 or higher. Scores were highest for the two staff related features – staff always being friendly and courteous and staff conducting themselves in a professional manner. When examined by origin of respondents, the ratings were very similar with a slight tendency for visitors from US/International markets and Other Canadian markets to be less likely to indicate they were extremely satisfied with all features.

A closer examination of the data provided in Exhibit 2 reveals that some of the features received relatively lower rating scores. Particular areas of concern were the availability of a dining room or dinner; quality of sound proofing and the exterior appeal of properties. The detailed results by origin revealed that the US/International visitors had more concerns about the dining issue, with 29% rating this feature a 6 or under. This market segment was also slightly more likely to be concerned about rooms being of a comfortable size, about beds being of an appropriate size, and about bathrooms being of an appropriate size with good quality fixtures and amenities.

General Market Trends and Expectations with respect to Accommodations

Quantitative Research with Newfoundland and Labrador Visitors

The quantitative research referenced above also asked visitors a number of questions about their preferences and expectations for accommodations. Relevant findings are summarized in Exhibit 3. Bed and Breakfast style accommodation is the type of accommodation most preferred when taking a vacation to a destination like Newfoundland and Labrador, followed by campgrounds and then hotels and motels. Some 15% of respondents indicated that they preferred country inns with 11% looking for commercial cottages. Only 5% preferred resorts. Preferences by origin are generally very similar with the most notable difference being a higher proportion of other Canadians preferring B&B style accommodation, and also resort properties.
Exhibit 2
Extent to which Accommodations in Newfoundland & Labrador Met Expectations in Terms of Various Features; – Respondents who did not stay with Family/Friends, Summer 2003 – N=477
(1 is did not meet expectations at all; 10 is exceeded expectations)

<table>
<thead>
<tr>
<th>Feature</th>
<th>Mean Score for Importance</th>
<th>Mean Score for Meeting Expectations</th>
<th>Percent Rating 10</th>
<th>Percent Rating 9</th>
<th>Percent Rating 6 or under</th>
</tr>
</thead>
<tbody>
<tr>
<td>The property having a dining room or providing dinner</td>
<td>5.4*</td>
<td>7.4</td>
<td>16.4%</td>
<td>9.4%</td>
<td>26.4%</td>
</tr>
<tr>
<td>Having clean and well-maintained guest rooms</td>
<td>9.6</td>
<td>8.5</td>
<td>30.8%</td>
<td>22.9%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Overall, exterior of the property is attractive and pleasant to look at</td>
<td>7.5</td>
<td>7.9</td>
<td>17.8%</td>
<td>17.2%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Staff conduct themselves in a professional manner</td>
<td>8.7</td>
<td>8.6</td>
<td>34.6%</td>
<td>21.6%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Staff always being friendly and courteous</td>
<td>9.2</td>
<td>9.0</td>
<td>47.8%</td>
<td>21.2%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Rooms being of a comfortable size</td>
<td>7.7</td>
<td>8.0</td>
<td>21.6%</td>
<td>15.9%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Beds being of an appropriate type and comfort</td>
<td>8.3</td>
<td>8.0</td>
<td>22.4%</td>
<td>18.0%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Bathrooms being of a reasonable size with good quality fixtures and amenities</td>
<td>8.4</td>
<td>8.0</td>
<td>21.0%</td>
<td>16.6%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Quality of soundproofing</td>
<td>8.3</td>
<td>7.8</td>
<td>19.1%</td>
<td>17.8%</td>
<td>20.1%</td>
</tr>
</tbody>
</table>

Source: Preliminary Data; Follow-up research with a sample of visitors to Newfoundland and Labrador in 2003.
### Exhibit 3
Preferences and Expectations of Newfoundland and Labrador Visitors Regarding Accommodations

<table>
<thead>
<tr>
<th>Type of Accommodation preferred when taking a vacation trip like the one to N&amp;L (Multiple responses; N= 676)</th>
<th>Total Sample</th>
<th>Maritimes</th>
<th>Ontario</th>
<th>Other Canada</th>
<th>US/Int’l</th>
</tr>
</thead>
<tbody>
<tr>
<td>B&amp;B</td>
<td>40%</td>
<td>32%</td>
<td>42%</td>
<td>47%</td>
<td>40%</td>
</tr>
<tr>
<td>Nat’l or Prov’l Park Campground</td>
<td>34%</td>
<td>28%</td>
<td>34%</td>
<td>39%</td>
<td>35%</td>
</tr>
<tr>
<td>Hotels</td>
<td>27%</td>
<td>31%</td>
<td>26%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Motels</td>
<td>25%</td>
<td>27%</td>
<td>25%</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>Private campground/trailer park</td>
<td>21%</td>
<td>16%</td>
<td>21%</td>
<td>22%</td>
<td>25%</td>
</tr>
<tr>
<td>Homes of Friends/Relatives</td>
<td>16%</td>
<td>21%</td>
<td>17%</td>
<td>17%</td>
<td>11%</td>
</tr>
<tr>
<td>Country inn</td>
<td>14%</td>
<td>14%</td>
<td>13%</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Commercial cottage/cabin</td>
<td>11%</td>
<td>15%</td>
<td>9%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Private cottage/cabin</td>
<td>8%</td>
<td>8%</td>
<td>7%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>Resort</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>9%</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quality of accommodation preferred (only asked of those seeking commercial, roofed accommodation – N= 477)</th>
<th>First Class/Superior: 4 – 5 Star</th>
<th>Mid Quality: 3 Star</th>
<th>Basic Accommodation: 2 – 2.5 Star</th>
<th>Don’t know/Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15%</td>
<td>14%</td>
<td>18%</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>62%</td>
<td>62%</td>
<td>63%</td>
<td>61%</td>
</tr>
<tr>
<td></td>
<td>18%</td>
<td>19%</td>
<td>16%</td>
<td>24%</td>
</tr>
<tr>
<td></td>
<td>5%</td>
<td>56%</td>
<td>4%</td>
<td>2%</td>
</tr>
</tbody>
</table>

| Extent to which various features are generally important when staying in accommodation while travelling for pleasure; (Means of 1 – 10 rating where 10 is extremely important) | | | | |
|---|---|---|---|
| The property has a dining room or provides dinner (Note: Significant portion preferred B&Bs and dinner was not important to them) | 5.4 | 6.0 | 5.4 | 5.5 | 4.8 |
| Guest rooms are clean and well-maintained | 9.6 | 9.6 | 9.6 | 9.4 | 9.6 |
| Overall, the exterior of the property is attractive and pleasant to look at | 7.5 | 7.7 | 7.6 | 7.5 | 7.1 |
| Staff conduct themselves in a professional manner at all times | 8.7 | 8.8 | 8.7 | 8.8 | 8.6 |
| Staff is always friendly & courteous | 9.2 | 9.3 | 9.2 | 9.2 | 9.0 |
| Rooms are of a comfortable size | 7.7 | 7.9 | 7.8 | 7.6 | 7.6 |
| Beds are of an appropriate type and comfort | 8.3 | 8.5 | 8.6 | 7.7 | 8.1 |
| Bathrooms are of a reasonable size with good quality fixtures & amenities | 8.4 | 8.2 | 8.5 | 8.4 | 8.5 |
| Quality of soundproofing | 8.3 | 8.6 | 8.3 | 8.0 | 8.2 |
Clearly the vast majority of respondents prefer mid-quality accommodations, at the 3 Star range with 62% of respondents seeking this type of accommodation. Again, there is very little difference by origin. First class properties and basic accommodations are preferred by a similar proportion of respondents, 15% - 18% each. The only notable difference in these preferences when examined by visitor origin is a slightly higher proportion of Ontario visitors preferring first class/superior accommodation.

With respect to features that are important when staying in accommodation, it is evident that the staff are the most important, both with respect to their professional manner and friendliness, followed by the cleanliness and state of repair of the property. Again, there were very few differences by origin.

The national Canada Select group has also recently completed consumer research addressing consumer expectations with respect to different types of accommodations at different star levels. This research is still preliminary and is being reviewed to assess its implications on the Canada Select program. It is unlikely to be released until sometime during the summer of 2004.

Most of the literature available on the accommodation sector deals with trends in the urban hotel or resorts product with limited material on the bed and breakfasts and inn sector.

*Hotels*

- In 2001, Best Western International undertook major consumer research to ask travel agents and customers what was most important to hotel guests. Based on the findings, they created new global standards for amenities and services for Best Western Hotels, including:
  - Continental or hot breakfast available on-site
  - Data port connection in all guest rooms
  - Free long distance access and free local calls under 30 minutes
  - Coffee/tea maker in all rooms
  - Iron and board in all guest rooms
  - Hair dryer in all guest rooms
  - 50% minimum of rooms designated non-smoking
  - Complimentary toiletries available on request
  - Bottled or canned water available on site, 24 hours a day
  - Photocopy facilities available on site during normal business hours
  - King size beds in a minimum of 10% of rooms
  - Clock in all guest rooms
  - Music in all guest rooms
  - Shampoo in a bottle, no packets

- Another source cites the following favourite amenities for business and leisure travellers, in order of priority:
Business Travellers:
- Newspaper at door
- Basic cable TV
- In-room coffee maker
- Premium TV channels
- Pay for view TV

Leisure Travellers:
- Basic cable TV
- Iron and ironing board in room
- Premium TV channels
- In-room coffee maker
- Pay for view TV

- Adjusting the temperature in their rooms is the number one priority for Americans checking into hotels, indicating the importance of individual heat/cooling controls in rooms. This is particularly true for younger markets. Seniors are most concerned about safety/security.

- Guest comfort is of paramount importance – the major chains have been introducing a variety of amenities in the past few years to try and differentiate themselves from the competition. Examples include:
  - The Hilton Sleep Tight rooms with enhanced mattress, black out drapes, glow lamp alarm clock; also Health-Fit and Stress-Less rooms including things such as yoga videos
  - Sheraton redesigned its guest rooms – sleigh beds, pillow top mattresses, larger desks, ergonomic chairs, higher quality bed and bath linens, better fabrics and light fixtures – in an effort to give rooms more of a residential feel

- A greater focus on cleanliness is expected in the future - one US franchise is introducing an Evergreen Room with 10 rooms at each property having air purifiers, filtered drinking water system, and filtered shower water system.

- A survey by Embassy Suites Hotels in 2000 indicated that more than 50% of respondents believe that many hotel rooms today are “the size of a shoebox” – more personal space is needed for customers to feel comfortable.

- The aging customer, and a more mobile disabled segment, suggests that disabled travel could increase significantly, according to a 2003 study by the Open Doors Organization. However, the travel needs of this segment are not being well addressed by the industry.

*Bed and Breakfasts/Inns*

Articles on the US B&B/Inn sector suggest some emerging changes in this sector:
Growing use of upscale B&Bs/Inns by the corporate traveller. This type of property is seen to offer the “comforts of home”. However, they also need to provide the amenities demanded by this market, namely:

- High speed phone lines
- Internet access
- Fax machine
- Meeting rooms

A younger generation of owners is emerging in the US B&B/Inn sector – 25% of B&Bs and Inns in the US are now owned by under 40s. These new owners are bringing different standards and business models to the sector such as traditional décor being replaced by post-modern rooms and afternoon tea by Internet access. They are not socializing with guests to nearly the same extent – in fact, there is a tendency for them to live off-site, and they are catering to a younger market. Many B&Bs and Inns are beginning to look more like hotels – 35% in the US had in-room Internet (2000) compared to 19% in 1998; more than 50% have in-room TVs. These changes are not necessarily being well accepted by the traditional B&B market - the average B&B/Inn guest is 52 years old and “looking forward to the eccentric old-world charm of B&B’s”

Resorts

Key trends in the resort sector relate to the array of recreational facilities, amenities and programming that is provided at resorts today, the movement towards multi-season destination resorts and the development of resorts as mixed projects with one or more types of recreational real estate programs together with more traditional vacation rentals.

Successful resorts in today’s marketplace offer a range of amenities and recreational facilities along with a diversity of programs and packages with appeal over three or more seasons. The most popular amenities today include access to at least one (and preferably two or three) golf courses and an on-site spa. Spas have become the biggest growth amenity in the accommodations sector in North America, most particularly at upscale properties and resorts (see discussion below). A variety of programming and packaging, both on-site and taking advantage of the resources and appeals of the local area is also critical so as to diversify the appeal of the property and to build shoulder and off-season demand. Other important amenities include:

- Aquatic facilities – pool, whirlpool, sauna
- Hiking and walking trails
- Skiing – downhill and cross country as well as other winter activities
- Quality dining
- Evening entertainment such as dinner theatre

Many resorts today are turning to some form of recreational real estate involving some combination of:

- Privately owned homes and chalets, with optional rental management programs
○ Condominiums (suites, townhouses) with rental management programs
○ Vacation ownership – timesharing
○ Fractional ownership in which unit ownership is shared among several owners, usually 4 – 6.

Other Trends in the Accommodations Sector

One of the most significant trends being seen in the accommodation sector is the growth in spas – primarily “amenity” spas at resorts and urban hotels, as well as at high end inns, as well as smaller destination spas. Most of the major hotel/resort chains (e.g. Hyatt, Four Seasons) either have or are adding spas at their resorts, and many of their hotel properties. The spa is clearly the “must have” hotel amenity of the decade. Demand is being driven by the aging baby boomer, and an increasing interest in personal wellness and lifestyle and a desire to stave off the aging process to the extent possible.

Insights from Newfoundland and Labrador Accommodation Operators with Respect to Market Trends and Expectations

Accommodation operators interviewed in our field research reported on the types of facilities and services today’s visitors to the province are looking for. These included:

<table>
<thead>
<tr>
<th>Most Frequently Mentioned</th>
<th>Other Mentions</th>
</tr>
</thead>
<tbody>
<tr>
<td>○ Clean properties</td>
<td>○ Air conditioning</td>
</tr>
<tr>
<td>○ Good state of repair</td>
<td>○ Cottages</td>
</tr>
<tr>
<td>○ Private bathrooms</td>
<td>○ Family accommodations</td>
</tr>
<tr>
<td>○ Queen beds</td>
<td>○ Coffee makers, hair dryers</td>
</tr>
<tr>
<td>○ Internet connections</td>
<td>○ Ground floor/drive up units for seniors</td>
</tr>
<tr>
<td>○ Dining on premises or near by</td>
<td>○ Moderate prices</td>
</tr>
<tr>
<td>○ Phones</td>
<td>○ Access to/views of water</td>
</tr>
<tr>
<td>○ TV/cable</td>
<td>○ Pools and other activities for family market</td>
</tr>
<tr>
<td>○ Laundry facilities</td>
<td>○ Corporate clientele want business centre/facilities, fitness facilities</td>
</tr>
<tr>
<td>○ B&amp;B/Inns where have a chance to socialize with owners and guests</td>
<td>○ Star rating and price dictates expectations</td>
</tr>
<tr>
<td>○ Non-smoking rooms</td>
<td>○ Some are reporting rate resistance, particularly in the shoulder season when there are more seniors travelling</td>
</tr>
<tr>
<td>○ Good quality food</td>
<td></td>
</tr>
</tbody>
</table>

They also provided some insights into concerns that visitors expressed to them about their experiences in the province. These included:

○ Inconsistent quality, cleanliness and state of repair across the province
○ Inconsistent star ratings/over rating
Not enough 4 star plus properties
Some B&B properties where the owner is not on the premises
Value for money not always there
No queen beds available at some properties
No full breakfast/poor food quality

Conclusions

There are a number of overall conclusions to be drawn about the accommodations sector.

First of all, it is evident that there are some areas of the province where there is insufficient capacity of accommodation of the type and quality of property that the marketplace is seeking. In some cases, this is constraining growth in tourism activity in the area, either overall or of a specific type (e.g. higher end group tours or adventure travel markets). This issue is addressed in more detail in the various regional and zone discussions in Part II of the report.

However, there is no absolute shortage of accommodation in any region of the province, based on prevailing occupancy rates, except perhaps in St. John’s and in parts of the Northern Peninsula during the peak season.

The financial viability of the accommodation sector is a major challenge, and one that is likely to severely constrain the growth of the overall tourism industry in the foreseeable future – until demand is expanded in the shoulder seasons. (An exception is St. John’s where there is relatively strong demand from May through mid-October along with a base of off-season business). A three to four month operating season, with very limited demand outside of this period, is not a viable business model for further investment, particularly for full-service and better quality accommodations. As a result, businesses do not have the funds needed to re-invest, upgrade and expand, nor do they have the resources to offer the range of services and amenities many visitors are seeking.

The financial viability issues are compounded by challenges with finding, training and keeping appropriate staff, and with the increased costs of doing business such as workmen’s compensation costs, insurance, etc.

Accommodation operators generally need to focus more on a number of market readiness issues, issues that will contribute to enhancing their viability. These include packaging, understanding pricing, and yield and revenue management, working with the travel trade and targeted marketing. There is also a need for accommodation operators to have a greater understanding of today’s marketplace, and ways of responding to traveller expectations within the context of the Newfoundland and Labrador tourism experience.
Campgrounds

Supply

An inventory of campground facilities in the province was prepared using the 2003 Travel Guide and indicates 89 campgrounds in total, with just over 6,000 sites. Some 25% of the available sites are provided by the federal and provincial governments - 800 sites in the two national parks and 990 or so sites in the 14 campgrounds still operated by the province. A number of other campgrounds are operated by municipalities and not-for-profit groups such as the local Lions Club.

Approximately one third of the supply is in Western Newfoundland, with some 28% in the central region. The Kittiwake area of central Newfoundland has the largest supply of campgrounds and also the largest campgrounds, with over 1,200 sites in total, 20% of the provincial supply. This is in part a reflection of Terra Nova National Park which by itself has almost 500 sites.

Information on the mix of serviced and non-serviced sites at campgrounds is not available. However, for the most part, the national and provincial campgrounds offer only a few sites with services, and the services are limited to electricity and/or water. Private campgrounds are more likely to cater to the recreational vehicle market by offering sites with electrical and water services, and, in some cases, also sewage services.

Demand

The Department of Tourism, Culture and Recreation collects data on campground usage from private operators, as it does for accommodation properties. As with accommodation occupancy data, there is not 100% reporting of data from campgrounds. In fact, the reporting rate is much lower for campgrounds and there is considerable skepticism as to the reliability of this data. As such, it should be viewed with considerable caution. Provincial and national campgrounds compile their own statistics and this data is summarized later.

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of Campground Properties</th>
<th>Number of Sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avalon</td>
<td>18</td>
<td>1,382</td>
</tr>
<tr>
<td>Eastern</td>
<td>10</td>
<td>484</td>
</tr>
<tr>
<td>Central</td>
<td>23</td>
<td>1,729</td>
</tr>
<tr>
<td>Western</td>
<td>35</td>
<td>2,273</td>
</tr>
<tr>
<td>Labrador</td>
<td>3</td>
<td>167</td>
</tr>
<tr>
<td>Total</td>
<td>89</td>
<td>6,035</td>
</tr>
</tbody>
</table>
As illustrated in the graph, the average seasonal occupancy rates for campgrounds and trailer parks (excluding national and provincial parks) in the province is just under 25% with a July/August occupancy rate of only 33%. This represents in the range of 80,000 occupied site nights a season.

On a regional basis, the campgrounds in the Avalon region outperform those in the rest of the province, reflecting the impact of the St. John’s resident market on camping activity, particularly on weekends. Although occupancy rates are lower in the Avalon, the actual demand for campground facilities as measured by the number of occupied site nights, is higher in Central Newfoundland.

Avalon Eastern Central Western Labrador

Provincial Park Campgrounds

The province’s camping parks provide almost 1,000 campsites and a total of almost 116,000 available site nights. In 2003, there were 58,500 occupied site nights, giving an occupancy rate of 50.6%; in 2002, the occupancy rate was 45%. The operating season of the parks varies - in 2002, 12 camping parks were open mid/late May to mid September; and 1 was open only from early June through the beginning of September. The provincial park campgrounds perform considerably better than the provincial average for the season (albeit for a shorter season).

National Park Campgrounds

Terra Nova National Park reported some 21,200 camper nights in 2002, with Gros Morne National Park reporting almost 16,000 camper nights. In both cases, this was an increase of approximately 7% over the preceding year.
Findings from the Field Research

Interviews were conducted with a number of private and not-for-profit campground operators and visits were made to a variety of other campgrounds.

Types of Campgrounds, Facilities and Services Provided

- Most of the campgrounds interviewed were privately owned, with a number operated by not-for-profit groups such as service clubs. All of the campgrounds offered a combination of tenting and RV camping with most of them catering primarily to the transient market, with very limited seasonal camping.
- Many of the campsites are very small, particularly when considering the size of the big RV rigs now which are 38 feet plus and have slide out rooms on the side
- A number of the campgrounds in the province are no more than gravel pit camping with services; on the other hand, there are some good quality private campgrounds
- Almost all of those visited provided adequate dump stations
- Many had access to water, beaches or trails though few provided any real recreational facilities other than an open area and there was little or no recreational equipment available.
- About half provided services such as a snack bar or store
- Comfort stations are provided at almost all campgrounds, but in many cases the capacity is insufficient for the number of sites available

Site Services Provided

- Only a small portion (about 10%) of the sites at the campgrounds visited were fully serviced (i.e. water, electricity and sewage hook-up at the site); many campgrounds had no fully serviced sites
- About 70% - 75% of the sites at campgrounds visited were partially serviced (water and/or electricity) with 15 – 30 amp service, water; the balance (10% - 25%) had no services
- Most serviced sites were providing 15 – 30 amp power; a few provided 50 amps and some were planning to add 50 amps (most operators agreed that the big RVs wanted 50 amp service).
- There were very few pull through sites, although some campgrounds are open enough to allow for this

Operations

Season of Operation

- A few campgrounds are open till mid-September; many closed after Labour Day – however, there appeared to be a significant number of recreational vehicles still travelling around the province

Site Rental Rates

- Rates are very low – with semi-serviced sites renting for as low as $10 in some places; generally rates ranged from $16 to $23 for fully-serviced sites, $14 to $18 for partially serviced sites and $12 to $16 for unserviced sites, with one facility as low as $5 for a
campsite. The rate for sites with electrical and water service at provincial campgrounds is
$18 with sites with no services on the site priced at $11. At the National Parks, sites with
electricity are $26; unserviced sites but with access to washroom buildings are $21.
- Some campgrounds charged a flat rental fee; others charged extra for services such as
  shower, or laundry

*Business Mix, Trends and Demand*
- Almost 100% of the business at the campgrounds interviewed was reported to be transient
  business,
- About 90% of the business was recreational vehicles or some type of travel trailer, 10% was
tenting (this is not unexpected – tenters tend to use provincial and national parks)
- There appear to be many more large rig recreational vehicles in the province
- Several areas reported an increase in the number of “caravans” – traveling in groups of 20
  – 24 rigs, spending 10 – 14 days in the province with a number of 2 – 3 night stops. Some
  campgrounds reported 10 or more of these groups this year; one has more than 20 groups
  reserved for next years. Areas reporting caravans include: Codroy Valley, St. Anthony,
  Rocky Harbour/Deer Lake area, Grand Falls-Windsor, Botwood, Eastport
- An increase in off-Island business was reported generally, although 2003 saw fewer US
  visitors and many more from Ontario and BC; some areas reported more Quebec traffic
- Several reported less local (provincial) traffic
- Several campgrounds reported getting longer stays – 2 – 3 nights, with their campground
  being used as a base for day tripping.

*Visitor Origins*
- About 10% of the demand at private campgrounds is reported to be from Newfoundland
  and Labrador residents; except in the Avalon most of the demand is from the provincial
  resident market.
- Maritimes – about 15%
- Ontario about 60% in peak season; Other Canada about 10% - particularly BC and
  Quebec and particularly in fall

*Demand*
- Weekends were generally full in July and August, thanks to extra business from the
  resident market
- Some areas were also quite full in the peak season (late July to early August) including in
  the Gros Morne, Port aux Choix, Eastport, Twillingate, and Grand Falls-Windsor areas
- Spring is very slow
- Fall was up considerably in 2003 (but with many campgrounds closed, the recreational
  vehicles that were traveling appeared to have challenges finding places to stay)

*Challenges*
- The short season is a major challenge impacting the viability of the campground business
- Low prices generally across the province are a major constraint to improving viability
- Responding to the increasing demand from recreational vehicle markets for enhanced
  services
- Operating expenses are increasing
There are challenges finding staff.
Obtaining funding for expansion is difficult.

Future Plans
- Many of the campgrounds interviewed had plans for expansion or were in the process of adding sites, or additional infrastructure such as upgraded power service, expanded/new comfort stations.
- Several had or were looking at adding cabins/cottages, or in some cases camping cabins.
- Several identified a need to develop facilities to serve the growing Recreational Vehicle Caravan Market; this seems to be a particular issue in Central Newfoundland which has been active (and apparently successful) in targeting this market segment.

Market Readiness and Best Practice Issues
- Most campgrounds had brochures but many were photocopies.
- Some had web sites; some were looking for help to build web sites.
- There was a lot of confusion among campground operators as to how they might go about attracting new markets – but a recognition that an effort was needed to expand the season.
- Many did little marketing, and/or did not know where they were spending their marketing budgets.

Industry Perspectives

Interviews with key persons involved in the province’s camping sector identified a number of key issues and opportunities:

- The viability of private campgrounds is a critical issue. A combination of low prices and a short season are behind this problem. Prices for camping in the province have traditionally been very low – while there have been some recent moves to increase prices, the rates are still a long way from where they need to be. Provincial markets have a particularly strong resistance to increasing rates and need to be educated as to the real costs of camping. Low rates at provincial campgrounds and at municipal and not-for-profit sites are compounding this problem. As a result many campground operators are either retired or have other businesses as well.
- At the same time, there is pressure to invest to upgrade facilities and services, particularly power, for the growing recreational vehicle market. Most of the service in the province is 15 – 20 amps whereas 30 amps should be the norm, and the RVs are starting to need/demand 50 amp.
- Competition from municipal, not-for-profit and provincial campgrounds is a major concern to the private sector. A particular issue is municipal and not-for-profit campgrounds which are perceived to be accessing ‘free money’ through government programs to upgrade and add facilities and services used by camping markets, and also to have access to student labour through HRSD. This is seen to be creating unfair competition (“it’s not a level playing field”) and the concern is compounded when these facilities charge low rates forcing the private sector to stay in line with these prices.
There appears to be an increasing provincial recreational vehicle market with local sales reportedly high. Campgrounds on the Avalon and in the Eastern region in particular are seeing a lot more local business, especially on weekends.

Access to capital for upgrading is particularly difficult for private campgrounds and they would like to see government funding agencies provide support for improvements, particularly for upgrading services.

The Campground Association is supporting the introduction of the Camping Select program which is currently voluntary in Newfoundland and Labrador but moving towards a mandatory program. The Camping Select program criteria are provided in the appendix. Once this occurs, enforcement will become a critical issue.

Unlicensed campgrounds are also an issue as is gravel pit camping. Efforts are underway to encourage the leasors of gravel pits to clean them up and make them inaccessible once they are no longer in use.

Opportunities were identified for improving shoulder season activity at campgrounds and for a concerted effort to increase prices with the comment that the private sector could be encouraged to increase their prices if the municipal, not-for-profit and provincial sites also followed suit.

**Marketplace Perspectives**

**Consumers**

Only very limited input was obtained from the consumer research undertaken for this study on the campground product.

Several of the participants at the focus group sessions were campers (tenters) and they indicated a preference to use provincial or national campgrounds. They expressed concern about several of the private campgrounds they had stayed in regarding the cleanliness and state of repair, as well as the party atmosphere.

Our interviews with campground operators provided some comment on the reactions from their visitors as to what they were looking for as well as their negative experiences

*What the Visitors are Looking For:*
- More power – 50 amp for the big rigs; 30 amp minimum
- Serviced sites – at least with power and water
- Level sites
- Pull through sites
- Laundry facilities
- Larger sites
- Internet access
- Cable TV
- Fire pits
Activities on site or close by
- Water and scenic views
- Larger comfort stations, with good showers
- Phone on-site
- Store with basic supplies
- Dumping stations
- Firewood

Comments received from Customers as to Expectations not being met in Newfoundland & Labrador
- Cleanliness and quality of comfort stations, shower facilities
- Older sites
- No or insufficient power
- Sites not level
- Lack of basic facilities, stores, etc.

Literature Review

The most significant trend in the campground sector is the significant growth in Recreational Vehicle ownership, a trend that is expected to continue with the baby boom market reaching their 50s. Some 6.9 million US households owned RVs in 2002, some 8% of the population, and the number of households owning RVs has increased 7.8% in the past four years. Sales increased by 5.4% in 2003 and the growth is expected to continue in 2004 as the economy improves.

The biggest growth is in the baby boom market segment, the 35 – 54 year old market – 8.9% of this segment owns RVs, with almost 10% of those over 55 years owning RVs. In Canada, some 13.5% of households own recreational vehicles of some type.

Estimates are for the number of households in the US owning RVs to increased to nearly 8 million by 2010 – a gain of 15% outpacing the US household growth rate of 10%.

The appeal of RVs for seniors, as well as for the baby boomers include:
- It is an economical way to travel
- RVs today have all the comforts of home – they are larger with queen size beds, central air and heat, slideout rooms that expand living space, fully-equipped kitchens, on-board storage space and closets as well as TVs, microwaves, computers, entertainment systems, etc. RVs are becoming increasingly high-tech, with gadgets, games, CD players, ice makers, freezers and video game systems, dishwashers, appliances, and GPS systems as well as Internet connections.
- The sense of community while travelling – camping clubs or caravans are particularly popular with seniors, providing an active social network while on the road
- RVs offer more control and flexibility in travelling and are perceived to be safer and help avoid travel hassles
A niche market within the recreational vehicle market is RV caravans. These are organized by tour companies (e.g. Tracks to Adventure) or owners’ associations (e.g. Winnebago) and might involve up to 25 recreational vehicles in a group. They tend to be a higher end market segment, with flexible schedules and a desire to experience the destination they are visiting. Our interviews with several operators in the province suggest that this is becoming an important market segment, particularly in some regions. These caravans might spend two to three days in one location, participating in a range of activities while there, and they spend up to two weeks in the province.

Other trends being seen in the RV sector is “boondocking” or dry camping – stopping overnight at WalMart sites or other unofficial campgrounds. There is a small but growing segment of the market that is using RVs as secondary, or even primary, homes providing them with the independence to travel when and where they wish. There is also a trend to small groups of RVs, 2 to 4, travelling together.

On the tenting side, the demand appears to be relatively stable with some 20% of all campers preferring tents.

Conclusions

On a province-wide basis, there appears to be a sufficient supply of campground facilities for the present, although there may be a few selected areas where there are gaps in the supply or a specific niche opportunity.

However, there is clearly a need for upgrading, particularly of the services needed to accommodate the recreational vehicle market including increased power capacity, larger and pull through sites and other services. There also is a need for increased capacity and quality in comfort stations as well as some standards for the size of sites. Many of these items will be addressed with the introduction of the Camping Select program which may mean that some campgrounds will have to upgrade their product in order to meet the minimum standards.

The real issue with the private campground sector is viability. Is it feasible for campgrounds to upgrade and add these services? Are they likely to be able to repay BDP loans, for example. Our conclusion is that a prerequisite in this sector is to create a viable environment within which campgrounds can operate and afford to upgrade. A critical issue in this respect is the rates charged for camping facilities - this needs to be addressed in a co-ordinated effort if there is any chance of ensuring a viable private campground sector. And it will require the participation of the provincial and municipal/not-for-profit players in the campground sector.

Our experience travelling around the province in September and early October suggests that there are still campers (recreational vehicles) in the province yet few campgrounds are open. Campgrounds should publish later opening dates and stay open longer, even if only minimal services are provided.
Traveller Services

Traveller services include a range of facilities and services that are used by travellers in the province. Our focus is on restaurants and visitor information services.

Restaurants

There is general agreement from tour operators and industry representatives, supported by comments from the focus group research, that, outside of St. John’s, there are many challenges with the supply of food and beverage services in Newfoundland and Labrador. While St. John’s now offers a variety of restaurants, at all price ranges and with different styles and appeals, this cannot be said for the rest of the province. While there are exceptions, the food served across the rest of the province tends to be very much the same with little variety in menu items or in cooking styles. Several quotes from tour operators presented in the boxes sum up the situation.

The situation has improved somewhat in recent years, in selected locations, with the opening of quality independent restaurants as well as dining opportunities within accommodation properties. A number of properties that advertise themselves as B&Bs actually also serve evening meals, but only to their guests or by advance reservation. In many rural areas, this is the only option to eat since there are no restaurants within a reasonable driving distance. However, there are popular destination areas that are still seriously lacking in terms of food and beverage opportunities, such as the Gros Morne area.

There are also challenges with the level of service, as well as with the expertise and knowledge of the serving staff. While friendliness and hospitality goes a long way, basic skills and knowledge are also essential.

The challenges with respect to restaurant availability and variety are even more significant during the shoulder seasons when many places close or operate on reduced hours. The availability of vegetarian menu choices outside of St. John’s was identified as a problem by consumers.

Visitor Information Services

The province operates Visitor Information Centres in seven locations – Argentia, Whitbourne, Clarenville, Notre Dame Junction, Deer Lake, Port aux Basques and North Sydney, and also provides information services on two of the ferries travelling to Port aux Basques. These centres operate for five months a year, from mid May to mid October. The Argentia and Port aux Basque centre adjust their operating hours to meet ferry arrival schedules and the
Argentia facility closes at the end of September after the last ferry run. In 2003, about 130,000 visitors used the services of the provincial visitor information centres.

There are a number of challenges with the provincial visitor information centres. They are located in older, chalet style buildings with limited space for displays and brochure racks. In some cases, displays of local artifacts are also contained within the VICs, further limiting the space available. Staff complements are limited by budget constraints and some facilities close during certain hours/times when no staff are available.

In addition to the provincial VICs, there are some 30 other visitor information centres operated by regional, local and municipal groups and tourism organizations. Only four of the VICs operate year round – at St. John’s Airport, and in Gander, Corner Brook and Labrador West. The other regional and local VICs generally operate for a shorter season than the provincial facilities; they are eligible for an annual operating grant and also access federal summer student employment programs (most of which have a July/August term).

There is no provincially-operated visitor information centre in St. John’s. There is an information booth at St. John’s Airport that is operated by the AVCB and provides only literature on members of the association, other than provincial collateral material such as the travel guide and provincial map. This is an untenable situation and a disservice to visitors given that St. John’s is a major gateway to the province, and research shows that many of the visitors arriving at the airport travel extensively throughout the province. Visitors arriving at the airport should be able to obtain detailed information on the entire province.

The province and the City of St. John’s are currently discussing a jointly operated visitor information centre in downtown St. John’s. This is discussed further in Section 10.

Industry and Marketplace Perspectives

The consultants visited most of the provincially operated Visitor Information Centres during the course of our work, in part as ‘mystery shoppers’. Generally, reports were positive with the centres appearing to be well managed, maintained and presented. The primary area of concern identified was a need for more extensive product knowledge, particularly as to what was open during the shoulder season which is when our field work was conducted. Staff commented that the visitors arriving late and early in the season complain about the fact that a lot of facilities and services are closed.

Concerns were frequently expressed by industry about the quality and knowledge of staff at the information centres (they did not distinguish between local/regionally operated centres and provincial centres). With many of the staff at the local/regional centres being students under summer grant programs, there is little opportunity for the in-depth training that is necessary for these types of positions. This challenge does not seem to be as severe at the provincial centres where many of the staff are permanent, seasonal employees and return each year.
Concerns have also been expressed about both the number of visitor information centres and their distribution – with some regions perhaps having too many VICS and other areas where there are long stretches with no VICS services available. The issue of whether there is a need for the province to be operating a centre in North Sydney, as well as providing services in Port aux Basques and on the ferries has also been identified. The importance of the province being involved in the provision of information services at gateways to Newfoundland and Labrador, and at key strategic locations was identified, so as to ensure the provision of consistent, high quality services to travellers.

The quantitative consumer research program asked visitors a number of questions about their use of, and experience at visitor information centres in the province. The key findings (preliminary data only) from this research were:

- 76% of respondents reported that they went to a Visitor Information Centre while in the province
- The most likely information to be requested included (note percentages exceed 100% due to multiple responses):
  - Maps and distances/directions (71%)
  - Information on attractions and adventures (48%)
  - Information on accommodations and campgrounds (35%)
  - Information on tours/hikes (22%)
  - General travel information (19%)
- Over 92% of respondents indicated that they received the information they were looking for.
- Respondents were very satisfied with their experience at visitor information centres:
  - 74% were very satisfied with the service they received and 23% were satisfied
  - 68% were very satisfied with the knowledge of the staff and 28% were satisfied

Infrastructure and Transportation

This section addresses highways and signage, as well as transportation to and within the province for both group and independent travellers. The discussion is based on insights obtained from interviews with industry stakeholders, tour operators and input from the travelling public, as well as from our field research in the province. It is an area that was identified by all groups as presenting major challenges that need to be addressed.

Highways and Signage

While many tourism operators commented on the condition of roads in the province, and indicated that they heard complaints from their customers about this, by far the most strongly

Note: This data is preliminary and unweighted; it is a sample of non-resident visitors who indicated a willingness to participate in follow-up research and includes only those who responded to the telephone and on-line portion of the follow-up survey. It is not known at this time how representative this sample is of all non-resident visitors since the 12 month exit survey program currently underway is not yet complete.
expressed views concerned signage. Comments from tourism operators and key stakeholders, consumers in the focus groups and reports from tourism operators and VIC staff interviewed (when asked what the most common complaint was that they receive from visitors, signage was always the response) and our own experience indicates that there are some major challenges with signage in the province, both the official highway directional signs (the green signs) and the tourism business signage.

The Department of Transportation and Works is responsible both for official highway directional signs and tourism business signage on highways, the latter under the Highway Sign Regulations approved under the Urban and Rural Planning Act in 1999, including the Off-Site Promotional Highway Signage Policy. The policies and regulations in these documents include the following:

- The basic priority is the need to provide adequate directional signage, to maintain highway safety standards and preserve the pristine, uncluttered environment of the province.

- Two main types of signs are covered under this policy:
  - An Off-Site Promotional Sign in Corridor No. 2 along highways (not less than 10 metres from the highway gravel shoulder, designated by T&W), for establishments such as attractions, museums, theme parks, community festivals, accommodations and campgrounds, restaurants and gas stations. The policy provides for standardized off-site promotional signage design and location to provide the traveling public with core information on tourism operations and services. Facility operators and other eligible operators will be responsible for the design, installation and maintenance of off-site promotional signs. There is no charge for a permit to install these signs, but T&W has to approve the location within guidelines established by the policy.
  - A Fingerboard Sign in Corridor No. 1 along highways (8.5 metres wide, adjacent to the gravel shoulder), for the same establishments included under Off-Site Promotional Signs. The main purpose of fingerboard signs is to simply provide direction to the location of the listed service/facility. The signs are of standard design listing the name, distance and directional arrow, in standardized white letters on solid, blue coloured background. These are installed and maintained by the Department of Transportation and Works. There is a fee of $375 plus tax, per sign (each sign can provide directions for up to three businesses) for a three year period. There are maximum eligible Off-Route Distances from highway intersections for these signs.

Specific issues and challenges identified with signage in the province include:

Official Directional Signage
- In many areas, particularly those that are ‘off the beaten path,’ official highway directional signs are insufficient to provide travellers with the wayfinding information that they need. Examples include no signs at key intersections, place names on road signs that do not match with the names of communities on the highway map, signs
indicating routes to a community that is at the end of the road but neglecting to identify those communities en route, and roads that lack either names or numbers. The challenge is compounded by the numerous rural roads that are not identified on the highway map due to the scale of the map.

- Several comments were received about the use of the acronym TCH on signs, since visitors are not aware that this represents the Trans Canada Highway.
- Consumers reported difficulty finding their way in and out of communities with St. John’s posing a particular challenge.

Tourism Business Signage

- Tourism business signage is inconsistent - it is up to the individual tourism businesses to apply for and/or erect signage (in the case of the off-site promotional signage)
- Enforcement of the signage policy is also seen to be inconsistent from one region to another; in some cases, signage that does not meet the signage policy has been allowed to remain in place.
- There are concerns about the regulations generally, and also about the size of the signs

The net impact of these challenges is that visitors are having difficulty finding their way, and in finding the accommodations, attractions or museums and in some cases even the communities they are seeking.

Several tourism associations/areas have been working on developing their own system of interpretive and informational signs, for example the Irish Loop area and the Baccalieu Trail area to complement the themed touring route signage. In some cases, these programs include signage ‘plazas’ at pull off areas where visitors can stop and view detailed maps and information panels. It will be important that these independent efforts are co-ordinated with the overall signage program so that the province does not end up with a large number of totally different signage programs, creating even more confusion for the consumer.

Transportation

There are several aspects of transportation to be addressed – ferry service (both to and within the province), air access (again, to and within the province), car rentals, motorcoaches and recreational vehicle rentals.

Ferry Service

Ferry service to Newfoundland and Labrador is provided by Marine Atlantic on two routes – North Sydney to Port aux Basques (year round), and North Sydney to Argentia (offered June through September). The ferry service and its shortcomings have been the subject of much discussion and analysis, both within government and by the tourism industry over the past few years. It is a weak point in the province’s tourism infrastructure in terms of cost, low standards of customer service, schedules and capacity during the peak summer season. Both tour operators and consumers identified the ferry service as one of the most negative elements of their Newfoundland and Labrador experience.
The Department of Tourism, Culture and Recreation’s Strategic Planning and Policy Division has prepared a number of in-depth reports and assessments of the situation and possible solutions and these have been reviewed in the preparation of this study. We have not attempted to revisit all the issues and analysis here but simply to identify key issues and concerns.

- The ferry service is a critical link in the Trans Canada Highway system to Newfoundland and Labrador, not only for visitors but also for residents and for goods and services. Strike threats and other labour unrest in the past few years have had significant negative impacts on the tourism industry. The recent ruling by the Canada Industrial Relations Board (CIRB) that “there is to be no reduction in the level of Marine Atlantic Inc.’s regular ferry service between Newfoundland and Nova Scotia at any given time of year” (November 27, 2003) is seen as a very positive step. However, there are some questions that remain to be addressed on the impacts and interpretation of this ruling.

- Cost of the ferry service has been identified by many in the tourism industry as a concern. A rate increase of from 5% - 10% was announced effective January 1, 2004, bringing increases since 2000 to from 23% - 37%. Transport Canada’s National Marine Policy (1995) mandated Marine Atlantic to reduce costs and increase efficiency; with the subsidy provided kept at base levels, cost recovery will have to increase to meet increased operating costs. There are also concerns that costs related to insurance, security and safety (post 9-11) will continue to increase operating costs.

- Customer service on Marine Atlantic is viewed as very poor by many in the tourism industry. Marine Atlantic reports that their surveys indicate 95% of customers are satisfied. The 1997 Provincial Exit Survey draws different conclusions, as did our research with tour operators (See box) and focus groups with visitors. The focus group report indicated “transportation to and from the province was an area of dissatisfaction for some participants. Some described the ferry as dirty, problematic and too expensive and talked about long line ups and difficulty securing reservations.”

The 1997 Exit Survey queried visitors about 12 different service categories – only 3 service categories had more than ½ of the respondents indicating the service was excellent (making reservations, availability of trip planning information and ticketing/boarding); onboard customer service elements were rated much more poorly, with four categories (availability of accommodation, of recreational activities, overall cost and food quality) receiving excellent ratings by fewer than 20% of respondents.

- The capacity and scheduling of the ferry service is also a significant concern. Marine Atlantic operated a high speed catamaran on the North Sydney – Port aux Basques route in 2000 and increased capacity (up by some 35% over the previous years) during
the peak season. This, as well as the improved service, are cited as reasons for increased traffic and higher levels of satisfaction during that year. As well, there were reportedly more day trippers and short excursions into the southwest part of the province.

In 2001, Marine Atlantic went with a four-vessel service on this route rather than continuing the fast ferry service, citing high costs of repair and down time with the HSC Max Mols. Since that time, there has been continuing pressures to re-introduce a fast ferry connection to Newfoundland and Labrador. However, in discussing the matter with the CEO of Marine Atlantic, it is evident that weather and sea conditions make it impractical to rely on a high speed catamaran that will inevitably suffer more frequent delays and cancellations than traditional ferries. However, Marine Atlantic acknowledges that it is feasible to use faster ferries based on hull design and power, but using traditional hull forms, to allow operation in a wider range of weather conditions.

- Other concerns include the capacity to accommodate the increasing number of recreational vehicles, particularly when travelling in groups or caravans, and motorcoaches and changes in schedules with short notice (a particular concern for tour operators who are planning itineraries 18 months in advance)

- On the Argentia route, scheduling is also an issue, particularly the significant cut backs in September and discontinuance of the service at the end of the month – we understand, however, that deteriorating weather conditions in the mid to late fall may preclude much of an extension of the season for this route. However, could not more sailing be offered during September and into early October, as well as in June? Another issue on this route is capacity, both of the sleeping/cabin accommodations and the overall service. There has also been discussion of a night ferry option.

Overall, the tourism industry believes that Marine Atlantic do not see themselves as being in the tourism business, but as merely transportation providers. This comment is contested by Marine Atlantic who contend that they definitely see themselves as being a partner in the tourism business. The tourism industry believes that the ‘transportation’ attitude (together with union and labour issues) carries through to the customer service concerns, the relative priorities given commercial traffic, and the attitude to the services provided on board the ferries. The provision of visitor information services on the ferries is also an issue to be addressed, along with opportunities to provide travellers with more of an orientation as to what the province has to offer (perhaps through film and video).

**Air Access**

Air access to Newfoundland and Labrador from domestic Canadian markets has improved significantly in the past two years, both in terms of lift capacity and prices, a direct result of the emerging low cost carriers now operating across Canada, and Air Canada’s ongoing restructuring efforts. As an example, in the fall of 2003, total domestic weekly capacity into
the province was about 48% higher than it was in the fall of 2002. The increase is a result of increased capacity offered by Air Canada, along with service by CanJet, WestJet and Jetsgo.

Not only is lift capacity increasing in St. John’s, but regional centres such as Deer Lake and Gander are seeing increased direct service from domestic markets, and there is more direct access from St. John’s to central Canada and beyond. For example, WestJet is offering service from Gander to Toronto (with one stop) three times a week this summer, and direct non stop service from St. John’s to Calgary four times a week (plus another four with one stop). CanJet has been flying direct from Deer Lake to Montreal, and will be offering daily flights to Montreal through Halifax this summer. And, Jetsgo has recently announced service from Stephenville to Toronto for summer 2004.

Tickets on all carriers can be purchased one-way, and prices in today’s market can be very reasonable, particularly when compared to the fares of four or five years ago. (There is still a perception in the domestic marketplace that air access to Newfoundland and Labrador is extremely expensive – while it is still not cheap, fares are available for a lot less than they have been in the past. For example, a round trip on WestJet from Toronto to St. John’s in mid-summer can be purchased for under $500 plus taxes)

On the domestic front, therefore, air access appears to faring very well, at least for 2004. It remains to be seen, however, if loads are sufficient for these low cost carriers to continue to provide these expanded services.

On the international front, the situation is not as positive. Air Canada has traditionally provided seven flights weekly from Atlantic Canada (Halifax) to Heathrow, four of which stopped in St. John’s. This was reduced to four flights a week in spring 2003, all stopping in St. John’s; the other three flights were reinstated in the fall of that year. Air Canada’s current schedule for the summer of 2004 indicates daily flights from Halifax to Heathrow that stop in St. John’s suggesting increased capacity for this summer. Prices remain high, however, with the quoted one way fare for St. John’s to Heathrow this June of $1,175. Halifax is also seeing increased service to Gatwick, and to other UK destinations, as well as to Germany. Tour operators working in the European market, as well as businesses targeting this market (e.g. Humber Valley Resort) are constrained, both in the peak season and in the shoulder and winter months when there is growing market interest in Newfoundland and Labrador, by air lift capacity from Europe.

Access to/from the United States has been provided totally via connections through Halifax, although Continental recently announced direct service from Newark to St. John’s. While capacity into Halifax from US points has increased somewhat both with Air Canada and other carriers, e.g. CanJet which will shortly be offering service from Halifax to Chicago and New York, it is mostly through connecting flights out of Montreal and Toronto, making the trip to St. John’s multi-leg, multi-connection.

Intra-provincial air access is an area of particular concern, both in terms of lift capacity and price. As of fall 2003, intra-provincial access continued to show declines with access reduced by about 23% (700 seats weekly) compared to the fall of 2002. Access between St. John’s
and Labrador has been most affected, along with access from St. John’s to Deer Lake. As well, the equipment used has been small turbo-props with limited capacity. The situation has improved somewhat with the recent announcement by CanJet that they will be offering service between Deer Lake and St. John’s on a daily (or almost daily) basis.

Tour operators have indicated that the realities of intra-provincial air access (capacity, equipment and prices) make it virtually impossible for them to offer open-jaw itineraries (for example, fly to Deer Lake, drive to St. Anthony, fly to St. John’s and then back home). As a result, the types of tour programs offered in the province have not evolved as they might have to respond to emerging market interests in shorter trips, more in-depth experiences and niche products.

**Car Rentals**

Car rentals are another transportation challenge facing the tourism industry in Newfoundland and Labrador. As with many of the other challenges, it is the highly seasonal nature of demand that is at the root of the problem. Problems with car rentals were identified by consumers, by tour operators and by tourism industry representatives. Specific challenges include:

- Capacity of the rental car fleet during the tourist season, particularly in St. John’s but also in other locations. While tourism activity has grown significantly in the past five years, it appears that the rental car fleet has not kept pace.
- Costs of car rentals, in particular mileage charges and drop charges for one-way rentals. While it is possible to get unlimited mileage car rentals (e.g. with use of corporate cards, an Aeroplan card, etc.) this is not well known by pleasure travellers. High drop charges (and in some cases being permitted to drop off at all) are a particular problem with lengthy travel distances between popular destination areas. It is also impossible to rent in province and drop off outside Newfoundland and Labrador or vice versa.
- Availability of car rentals in selected locations – for example, there are no car rental outlets in Port aux Basques making it impossible for someone to travel over on the ferry and pick up a car on arrival.

The limited availability of rental cars, and the pricing, is another factor constraining the growth in FIT travel into the province.

We understand that many of the car rental agencies in Newfoundland and Labrador are local franchisees not corporate offices, and are therefore self-contained businesses. Whereas corporate offices are able to relocate cars to different areas to help accommodate peaks and valleys in the supply/demand mix, this is not an option for franchisees. Hence, addressing the capacity issue in the summer by increasing the size of the fleet will create an oversupply problem in the winter. Long travel distances and poor roads further exacerbate the situation by increasing the level of wear and tear on vehicles.
A related issue is recreational vehicle rentals. There are one or two operators providing this service in the province. However, the growing interest from European markets in Newfoundland and Labrador (Fly/RV rental programs for the European market are a big seller in other provinces), suggests a potential opportunity has been for more RV rentals in the province.

**Motorcoach**

For the most part, the motorcoach equipment offered by local coach operators to tour operators in Newfoundland and Labrador is old, in a poor state of repair and prohibitively expensive. While there is some good quality equipment available, the supply is very limited, to put it mildly. Tour operators are therefore, at great cost, bringing in coaches from New Brunswick to operate their Newfoundland and Labrador itineraries so as to ensure that they have access to reasonable quality, safe equipment.

Local tour operators operate some 70 – 80 tours a year, averaging 10 days each, translating into some 700 or 800 motorcoach days suggesting a market opportunity for new equipment to be provided in the province.

**Environmental and Cultural Sustainability**

The issue of natural resource preservation was identified as an area of highest importance by many of the tourism stakeholders interviewed. The key issue is the lack of an integrated resource management or land use plan that identifies critical areas for tourism and sets forth a process to ensure there are special management considerations in these areas. Particular areas of concern identified included:

- Conflicts with forestry uses including logging for pulp and paper manufacturing as well as lumbering and firewood harvesting. Clear cutting in and immediately adjacent to areas of high tourism value is a particular concern. Also, the development of an extensive network of woods roads with no requirement to decommission these roads after harvesting is an issue.
- Rapid deterioration in the landscapes of the province due to established resource harvesting and the absence of site rehabilitation practices.
- ‘Dumping’ of waste including car wrecks in some areas, and unsightly premises.
- The lack of provincial planning efforts and zoning plans to guide what should happen in lands that have tourism values or are adjacent to major tourism resources.

It is evident that the tourism industry and the Department of Tourism, Culture and Recreation need to be taking a much more active role in ensuring the protection of the natural environment in the province. The tourism needs and agenda must be considered in future resource management planning.
In the recently announced Departmental restructuring within the provincial government the “responsible development of the province’s natural resources” was identified as a key part of the provincial economic strategy. A new Department of Natural Resources was created and its mandate will be to “maximize the socio-economic opportunities which arise from the development of our natural resource base, consistent with sound stewardship of the resource base”. As well, the Blueprint recognized that “responsible and sustainable development of the natural environment is the necessary foundation for long-term economic growth. A new Department of Environment and Conservation will be created to support this vision …. In addition to environmental protection and assessment, the new department will manage water resources, land, wildlife, inland fisheries, parks and natural areas”.

These changes and the recognition of the importance of sustainable development suggest that now is an opportune time for the tourism sector to be heard, and to play a key role in integrated resource management.

Concerns were also expressed about the preservation of the built heritage in the province’s communities and the importance of ensuring that municipalities are aware of the importance and economic benefits of protecting their built heritage, and have a level of ‘heritage and cultural literacy’. The sustainability and viability of cultural and heritage attractions and experiences, and the need for some type of classification or grading of the cultural product was also identified.

Preserving cultural traditions was also identified as being critically important to the long term sustainability of the province’s tourism sector.

There is also a growing need for municipalities and villages to develop plans that take into account the importance of protecting their heritage and controlling the extent and nature of development so as to ensure that communities remain appealing to tourists. Unrestrained and unplanned growth can easily lead to homogenization and overdevelopment, taking away the very essence of what makes Newfoundland and Labrador appealing to visitors. Managing for the future has to happen now, before it is too late.

**Industry Support Programs**

The tourism industry and its product development and delivery effort is supported by a spectrum of programs offered by its industry association and the public sector, primarily at the provincial and federal level. The key initiatives are outlined below.

**Hospitality Newfoundland and Labrador (HNL)**

Hospitality Newfoundland and Labrador is a membership-based organization representing individuals and businesses involved in the tourism and hospitality industry in the province. It is the voice of the private sector in tourism and plays a key advocacy role for the industry.

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HNL also offers a wide range of initiatives and programs to its members, including the following:

- Professional Development programs, primarily at the operational level including:
  - Superhost Atlantic hospitality/customer service training
  - Several seminar and workshop offerings and employee training resources,
  - Taxihost
- Professional Certification for some 20 occupations in tourism and hospitality in both operational and supervisory positions, such as Food and Beverage Server and Tour Director.
- Mystery Shopper Program
- Sponsorship and co-sponsorship of several awards for industry excellence, cultural tourism, supplier of the year, etc,
- Provides support to the accommodations rating program, Canada Select and, since 2003, Camping Select
- Provides staff and administrative support to sector associations such as Adventure, Cruise, B&B Country Inn, and Restaurant and Food Services,
- Annual conference

HNL is also involved with the *Taste of Newfoundland and Labrador* that was first introduced in 1997 with some excellent results. Unfortunately, it wasn’t given sufficient support and resources to become established. Planning has been carried out for over four years and hopefully 2004 will see its re-introduction.

**Provincial Government Programs**

Department of Tourism, Culture and Recreation

The Department supports development of the tourism industry through a series of initiatives in tourism, culture and heritage.

- The Strategic Product Development Division is staffed with a Director, a Manager of Outdoor Products and regional tourism support, including counselling services, are delivered by three Regional Tourism Development Officers. Services for Labrador are delivered by the Director of the Labrador Regional Office. The Division also includes a Manager of Visitor Services who oversees the operation of seven Provincial Information Centres, as well as services on two of the Marine Atlantic ferries.

- The Culture and Heritage Division and related initiatives encompasses a number of programs, including:
- The operation of eight Provincial Historic Sites, Provincial Museums in St. John’s, Grand Bank, Grand Falls-Windsor and the Labrador Interpretation Centre in North West River,

- Support to the Cultural and Heritage Industries through vehicles such as the Newfoundland and Labrador Arts Council, the Heritage Foundation of Newfoundland and Labrador, the Arts and Letters Competition and the six Arts and Culture Centres across the Province, and

- Preparation of a Heritage Systems Plan for the Province.

- The former Parks & Natural Areas Division is now under the Department of Environment and Conservation. It is responsible for 15 Provincial Parks and 6 Wilderness and Ecological Reserves and for preparing a Natural Areas Systems Plan.

- Headquartered in Deer Lake, the Division includes a Director and Managers of Operations and Environmental Education.

- There is an interpretive program in six of the parks.

- The Marketing Division is primarily responsible for marketing but plays an indirect role in product development, such as in its work with tour operators. It is also the lead on the recently established Tourism Marketing Council, a joint effort with the tourism industry.

Comments

The Strategic Product Development Division is under-funded and has little resources for other than basic staff salaries; its role has been largely involved with regulatory and licensing matters. There is no staff dedicated to the development of cultural and heritage tourism products, and a program of professional development is needed for the Division’s staff.

Likewise the Parks and Natural Areas division as well as the Museums and Historic Sites division are greatly under-funded. The Parks and Natural Areas division is in need of monies for re-capitalization and additional interpretive programming at its facilities. The Museums and Historic Sites division has extremely limited resources, both human and financial. Resources are needed for the upgrading and enhancement of facilities, for significantly expanding the programming and events offered at the sites and providing for full programming in the fall shoulder season.

Department of Innovation, Trade and Rural Development

The Department is focused on development of rural economies across the province and on advancing the provincial government’s Jobs and Growth Strategy (which includes several initiatives development of the tourism industry).
Its core programs include:
- Small Business and Marketing Development, focused on new growth opportunities (mainly value-added manufacturing and export-oriented),
- Regional Economic Development, in partnership with the 20 Regional Economic Development Boards located across the province, the private sector and community-based organizations, and
- Craft Industry Development Program.

The Canada/Newfoundland and Labrador Business Service Network is maintained in partnership with ACOA; it includes over thirty locations across the province, offering guidance, advice and answers to business inquiries and assistance with the development of business plans.

The Department maintains a Field Office in each of the 20 Economic Development Zones; the majority are staffed with two Economic Development Officers.

Investment Attraction – the Department, in co-operation with the Department of Finance, offers a substantial investment incentive program, including:

- The Economic Diversification and Growth Enterprises (EDGE) Program is available to qualifying new or expanding businesses that offer:
  - 10 new permanent jobs,
  - Capital investment of $300K or incremental sales of $500K, and
  - No competitive advantage over existing businesses.

Businesses qualify for 10 – 15 year tax rebates if profitable including:
- 100% on provincial corporate and payroll taxes,
- 100% on municipal property and business taxes in participating municipalities, and
- 50% on federal corporate income tax.

- The Direct Equity Tax Credit Program which
  - Is offered to investors in qualifying small businesses engaged in growth areas of the economy (including tourism)
  - Offers tax credit rates that are 35% outside the Northeast Avalon and 20% within
  - Has a maximum credit per investor is $50K, which has to be held for a minimum of 5 years.

Comments

There needs to be more collaboration between this Department and the Department of Tourism, Culture and Recreation. This is discussed in Section 13.
Department of Transportation and Works

This Department has responsibility for the highway signage program that was discussed earlier.

It also operates seventeen intra-provincial passenger ferries, including service from St. Barbe to Blanc Sablon, Goose Bay to Cartwright, various seasonal passenger/freight services along coastal Labrador as well as along the south coast, and passenger/vehicle service to Fogo and Change Islands, to Bell Island, St. Brendan’s and Ramea to Grey Island to Burgeo.

Comments

The intra-provincial ferry service presents challenges in terms of being tourism-ready. They include being able to get reliable schedules with sufficient notice, the resulting uncertainties in making reservations, and food and customer service on board as well as the information and directions provided to users who are not local. The tourism opportunity for expanded and inter-ferry connections along the south coast will be addressed later in the report.

Department of Human Resources, Labour and Employment

The Programs and Regional Services Branch of this restructured Department is focused on linkages between human resource and economic development that will bring employment to individuals. This includes partnering with the federal government and other agencies, developing employment and career programs and assisting clients to develop employment and career plans through training strategies.

This can include the development of tourism career paths for prospective tourism employees and business owners.

Other

Comprehensive land use and strategic planning for tourism development is needed at the community level in Newfoundland and Labrador

The Department of Municipal and Provincial Affairs formerly provided basic ongoing planning advice and assistance (not tourism-specific) to municipalities across the province. The Department was down-sized a few years ago and no longer provides this service. Currently, planning decisions are made largely by “default”, with planning input only being made in reaction to isolated development proposals.

There is no introduction of new Councils to planning community imperatives and priorities and no on-going professional planning advice being provided. This is an important issue affecting the future of the tourism industry.
Federal Government Programs

Atlantic Canada Opportunities Agency

Business Development Program
- Offers access to capital in the form of interest-free, unsecured, repayable contributions/loans. This program is designed for businesses, however non-profit organizations providing support to the business community may also qualify.
  - The maximum level of assistance is 50% towards eligible capital costs for start-ups, expansions, modernizations and related costs, and up to 75% for specific elements of operating costs such as professional studies, marketing, market training and quality assurance programs

Client Advisory Services
- Permits ACOA to provide aspiring or existing business owners with access to assistance from a range of professional services, on a cost-shared basis.
- The services can include assistance with market research, developing marketing programs, accounting and business management.

Strategic Community Investment Fund
- A five year, $135M funding program (beginning in 2001) focused on supporting strategic economic development and community strengthening initiatives in rural Atlantic Canada;
- Eligible recipients include non-commercial, not-for-profit organizations such as development associations and municipalities.

ACOA has locations across the province with a regional office in St. John’s and 10 offices staffed by professionals throughout the province. Community Business Development Corporations, supported by ACOA, offer early stage, revolving fund financing and technical assistance to businesses from 15 offices throughout the province. As well, the Canada/Newfoundland and Labrador Business Service Centre, supported by ACOA, is located in St. John’s.

Comments

Numerous comments were received from industry and key stakeholders about funding programs, particularly the ACOA programs, including:
  - A need for more flexible terms (longer repayment schedule) and a higher percentage (e.g. 75% as opposed to the current BDP limit of 50%) were identified;
  - A need for more support and assistance with planning projects was identified, in terms of design, interior finishing, business planning, etc. This includes advice and technical help from persons that are qualified to provide such assistance.
  - Some operators believed that assistance should only be available to existing properties, those with a proven track record, for expansion or upgrading, not new businesses, or that there should be a different funding formula for existing businesses.
Concern about the funding of not-for-profit operations that compete with private businesses was expressed, particularly when the funding to not-for-profit groups is non-repayable. This was particularly a concern for the campground sector where there are municipal facilities perceived to be accessing funding that is being used to improve or develop camping facilities.

The need for other avenues for equity were identified, particularly with the BDP funding limit at 50%.

The amount of red tape and time required to obtain response to applications was identified as an issue.

The consultants have identified a number of other issues, specifically:

- There appears to be a need for more follow through and on-the-ground support to operators to ensure the integrity and quality of the end product, and that it is truly to the standard that was proposed in the funding request. This might involve professional design or planning services, or training and professional development assistance to new operators to help ‘get them started’.
- The current programs are designed to be reactive in nature, they respond to proposals that are submitted. There are no pro-active efforts to seek out projects of the right type for a particular area.
- For some projects, such as resorts and lodges, or major attractions, a significant part of the investment required is in infrastructure style elements, such as roads, recreational amenities, landscaping, etc. which do not generate any direct revenue. Existing programs do not offer the opportunity to provide support to these elements under different funding arrangements, e.g. more like the SCIF program.

**Tourism Atlantic**

Tourism Atlantic was established in 1998 in part to fill regional gaps in tourism market research, product development (e.g. enhancing product offer and extending the tourist season) and marketing. The agency is involved in a wide variety of product development initiatives for the region’s tourism industry, including:

- Best Practice Missions for sectors such as food and wine, adventure, cultural attractions and aboriginal,

- The establishing of Centres of Excellence such as:
  - The sustainable community tourism model at Bouctouche, and
  - The Institute for Sustainable, Nature-Based Tourism (GMIST) at Gros Morne National Park

- Atlantic Region Sector Alliances for market readiness initiatives and marketing – Resorts Atlantic, Signature Attractions, Outdoor Adventure (includes mystery shopping, mentoring)
The tourism industry in Newfoundland and Labrador and the provincial government have expressed concerns about the fact that the product development efforts of Tourism Atlantic are undertaken largely in isolation and do not necessarily reflect provincial strategic priorities. Whereas the tourism industry associations and the provinces are at the table when it comes to marketing (see below), there is not a similar involvement on the product development issues.

ACOA, through Tourism Atlantic, also supports the Atlantic Canada Tourism Partnership (ACTP) a partnership/collaboration of the four Atlantic provinces and the tourism industry associations for partnered marketing programs in external markets.

Human Resources & Skills Development (HRSD)

HRSD (formerly HRDC) is mandated to assist individuals increase their employment skills and communities by building economic and labour market capacity. Their programs include those targeted at Community development (towards expansion of employment base), Youth employment (wage subsidies and business loans) and Local Labour Market Partnerships (labour costs and sharing of capital costs).

Comments

HRSD (and its predecessor HRDC) has been very supportive of a number of initiatives in this province that have helped to build tourism success stories.

In many cases, however, the Department’s programs have not been that helpful to the industry. The criteria for HRSD monies, particularly with respect to the staff that can be hired using these funds have been problematic. In many cases, the overriding criteria is that the funding is only available to hire people that are on, or eligible for, Employment Insurance, or that meet a number of other criteria having to do with labour force entry or re-entry. Having the appropriate skills for the position that is available has not been an important criterion.

Also, the funding is only available for a limited period of time. The result has been a challenge in getting qualified people under the HRSD programs, a challenge compounded by the lack of resources for training and the short term of the funding meaning that operators are reluctant to commit resources to training when staff are going to be leaving in a short time. The people leave (because the funding program expires) just as they start to learn the job and their efforts start to bear fruit. These problems are of particular concern for positions that require expertise and skill, such as for the local and regional tourism associations. The net result has been in some cases, more harm than good and has resulted in a loss of industry confidence and involvement in these associations.

Canadian Tourism Commission

The Commission has two thrusts that are important in terms of tourism product development. The Product Development Unit has sponsored a number of initiatives such as a product development strategy for cuisine tourism, a focus on winter product development and packages.
The Product Club program was initiated in 1996 with objectives including to increase the range and quality of tourism products in Canada and to encourage partnerships. Several national and regional product clubs have been formed, focused on product areas such as spas and outdoor tourism products. The economuseum club includes the two economuseums in this province; they are currently receiving mentoring services as part of a market readiness program. A possible future example is the World Heritage Sites Product Club – there are 13 in Canada; 2 of them in Newfoundland and Labrador.

The CTC also has a series of national sectoral support committees, such as the Outdoor Adventure and Culture and Heritage committees that are expanding their influence in assisting with the development of individual products and alliances.

Aboriginal Business Canada (ABC) and Aboriginal Tourism Team Canada (ATTC)

The mandate of ABC, a Division of Industry Canada, and ATTC is to support aboriginal business development and tourism development across Canada. Assistance has been provided in business financing to a number of aboriginal tourism initiatives in this province. Part of ATTC’s mandate is to support Aboriginal Regional Tourism Development Associations in the country. To date, there is no such regional organization in this province.

Other

Joint Ventures and Programs

The Gros Morne Institute for Sustainable Tourism (GMIST) is being established through a joint venture; HNL the co-ordinating partner, CTC, Tourism Atlantic, ACOA and Parks Canada. The institute will be an Atlantic Canada centre of excellence for sustainable, nature-based tourism. Its mandate will include the delivery of professional development programs for tourism operators and natural resource attraction agencies.

Federal/Provincial Agreements such as the Comprehensive Economic Development Agreement, have traditionally played an important role in this province in support of tourism development, heritage preservation and growth of cultural industries. The joint agreement format has recently been discontinued.
Section 4

Product Development Initiatives in Other Destinations
Section 4
Product Development Initiatives in Other Destinations

The product development efforts and focus of a number of other destinations was researched as part of this study. The destinations examined included:

- New Zealand
- Ireland
- Ontario
- Nova Scotia
- New Brunswick

We also looked specifically at some initiatives around protecting the environment for tourism and ways destinations are ensuring that the tourism agenda is considered in planning for resource management.

An overview of product development initiatives is provided below with a summary of lessons learned from this research as well as from the consulting team’s experience with various product development initiatives provided at the end of the section.

New Zealand

The big focus in New Zealand is on the quality of the visitor experience – fulfilling the promise of their international marketing message and positioning which is ‘100% Pure New Zealand’. New Zealand’s tourism industry has benefited from the international profile and awareness garnered through the Lord of the Rings trilogy and it has spawned a variety of new tourism experiences in the country.

A number of organizations are involved in the country’s tourism effort, including Tourism New Zealand which is responsible for international tourism marketing, Qualmark which is the quality assurance agency undertaking a variety of programs including grading and quality assurance programs for different types of businesses, and Regional Tourism Organizations which undertake destination management initiatives, and in-country/in-region marketing to visitors (these latter groups are coordinated by Regional Tourism Organizations New Zealand). There are also Maori Regional Tourism Groups handling tourism for the country’s aboriginal communities.

The Ministry of Tourism has responsibility for tourism policy, tourism development, sustainability, infrastructure, and major events, and provides support for RTOs and communities. There is also a tourism industry association that includes professional development and a tourism research council.
Key Issues/Opportunities/Challenges

New Zealand is a far distant, expensive destination to visit. It can’t compete in the ‘mass tourism’ marketplace. Their strategy therefore is to be a ‘price maker’, not a ‘price-taker’ destination, that is, high value/quality-high yield tourism versus price discounted, ‘commodity-based’ tourism.

Target markets are affluent, adventurous, frequent travellers – the ‘explorer traveller’. They call this segment the ‘Interactive Traveller’. They pursue unique, authentic, quality experiences, are environmentally conscious, respectful of the cultural/social values of others, and leader-types that use technology to enhance their lives.

Training a large number of small tourism operators is a major challenge.

The controversial issue of tourism being ‘a free rider’, using public product for private gain and returning little, when it comes to publicly funded conservation areas, is a major topic today.

*We need to consider tourism as a national competency for New Zealanders and our communities. Tourism should be seen as something – like agriculture – which is woven into the fabric of our society and economy in a way that benefits us all, directly or indirectly. This links with the emphasis in the Strategy’s vision on ‘manaakitanga’ – the Maori concept of hospitality and welcome for visitors.*

Major Programs/Projects/Initiatives

Quality programs are key in New Zealand, developed and marketed under their ‘Qualmark’ program brand. The Qualmark program essential has two components - 5 star accommodation rating program similar to Canada Select, and a ‘Qualmark Endorsement’ which is available to non-accommodation businesses. There are three different endorsements available - for Activities (including adventure), Transport and Services. 5 star grading program for accommodations. For this latter program, businesses are assessed against standard generic criteria based on customer expectations in six quality areas – customer service, facilities and equipment, the business owner and staff, environmental and cultural impacts, general safety and welfare and overall business operations. Some types of businesses also have additional criteria, such as adventure tourism businesses, where there are more criteria related to safety. Businesses must achieve a quality score of at least 60% to receive the Qualmark Endorsement.

Businesses applying are sent a pre-assessment pack and than site assessment visit is carried out (this is not a mystery shop but a 2 – 3 hour assessment including an interview with the business operator). As part of the assessment, the assessor also provides feedback to the operator, identifying possible areas for improvement and advising on where capital “may best be invested”. If the minimum requirements are met, the tourism business is qualified to use the Qualmark Endorsement in their marketing efforts. Additional information on the

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Qualmark program, taken from their website (www.qualmark.co.nz) is provided in the appendix.

New Zealand also has some interesting tools to assist tourism business, including the Tourism Business-Builder CD ROM – a self-paced interactive workbook learning tool with 8 modules from idea development, planning, marketing, assessing, best practices, financial templates, etc. and He Kete Tapoi Maori – a tourism business resource kit for new and existing Maori tourism operators.

Other programs of interest include:
- ‘Upskilling’ the work force – The Modern Apprenticeship scheme of employment-based training and professional recognition – delivered through TIANZ.
- Initiatives to promote pricing and yield management strategies and premium pricing opportunities
- National symposium on local government and tourism, training on tourism for Mayors, councillors and staff of municipal governments
- A Community tourism strategy planning guide

Ireland

Ireland is often cited as an example of best practices in tourism due to the integration of its culture and heritage in its tourism product. It also is a destination that undertook a concerted, and successful, effort to develop its tourism industry during the later 1980s and early 1990s with a major government commitment to the effort. E4.3 billion was spent by industry, government and the European Union on tourism development in the 1990’s.

The Department of Arts, Sport and Tourism oversees three main divisions:
- National Tourism Development Authority (Failte Ireland) – which promotes sustainable tourism facilities and training, in-country marketing (‘home holiday’ segment), and supports Regional Tourism Authorities and tourism development programs
- Tourism Development and Training Policy Division – including policy development, tourism product development, liaison with other agencies
- Tourism – Marketing Policy and Promotion Division – input/liaison on various policy areas, research, EU liaison, other liaison

Tourism Ireland Ltd., a corporation funded by government, implements international tourism marketing programs for Ireland, both for North and South Ireland. There is also a Northern Ireland Tourist Board (the industry association) along with six regional tourism marketing organizations known as Regional Tourism Authorities.
Key Issues/ Opportunities/ Challenges

Ireland achieved rapid growth in its tourism industry during the 1990s as a result of the major investment in product development and marketing undertaken during the early 1990s. However, more recently it has lost its competitive position due in part to complacency that was bred by the successes that had been achieved. Increasingly high prices and a decline in value for money, together with increased competition, are seen to be major contributing factors.

Major Programs/Projects/Initiatives

The National Tourism Development Authority (Failte Ireland) is a relatively new body established with the following key roles:
- Identify emerging business opportunities
- Benchmark competitors
- Promote best practices
- Establish/promote customer service excellence
- Stimulate product development, including encouragement of industry to fill identified product gaps
- In-country marketing
- Promoting and supporting of business capability development with industry
- Maintaining standards and quality assurance
- Research and planning – monitoring industry performance and customer experiences
- Supporting the regional tourism authorities

Ireland spends about E107 million annually on tourism marketing and development, 80 of this is on marketing, the rest on development, etc.

Ontario

There are two key groups involved in tourism at the provincial level in Ontario, the Ministry of Tourism and Recreation and the Ontario Tourism Marketing Partnership Corporation.

Ministry of Tourism and Recreation (MTR)

Investment Development Office (IDO)
- Tourism development strategies/studies
- Solicitation of tourism investment
- Support service quality development

Tourism Research and Policy
- Tourism research programs
- Policy development

IDO facilitates the development of market-ready products by gathering market intelligence, sponsoring feasibility studies, conducting pilot studies and partnering with industry, the Ontario Tourism Marketing Partnership (OTMP) and other ministries to implement strategies.
Currently, IDO is working on a number of product initiatives such as Wine/Culinary Tourism and Aboriginal Tourism development. They are also playing an increasing role in assisting municipalities and providing them with the tools they need to develop tourism. They are also active in encouraging new investment in tourism in the province by identifying investment opportunities and taking information on these opportunities to national and international trade and investment forums.

Ontario Tourism Marketing Partnership Corporation (OTMPC)

This is a public private partnership (an Ontario form of Special Operating Agency similar to a Crown Corporation in other jurisdictions) with an industry board and significant funding from government. The main role of this group is marketing but they are also actively involved in product development, with a focus on developing market ready products and experiences that respond to emerging market trends and opportunities. On the product development side, OTMPC works with three industry-led product committees - the City, Touring and Outdoor committees.

- Outdoor Committee - identify, develop and facilitate outdoor experiences, packaging programs and product alliances
- City Committee - identify, develop and facilitate city experiences, packaging programs and product alliances
- Town and Country Committee - identify, develop and facilitate touring experiences, packaging programs and product alliances

OTMPC assists Ontario tourism suppliers with key aspects of product development, marketing and sales. They offer workshops and handbooks on both packaging and travel trade marketing.

OTMPC’s product development effort involves groups of operators organized loosely in ‘product alliances’. The effort concentrates on developing new tourism products to market-ready status and ensuring that tourism operators understand the importance and benefits of promoting the complete tourism experience, rather than the individual features of the product or region.

OTMPC staff and its Product Committees lead suppliers in these product alliances through four distinct Product Development phases, including; a review of existing and new research, development of product criteria and research-driven product "experiences", new promotional opportunities including web site, brochures and participation in media events, and a comprehensive evaluation of the developmental year and preparation of a draft three-year marketing plan. The Fifth Phase is ongoing implementation. Each alliance establishes a set of criteria for membership as well as criteria for the types of packages and experiences that will be offered through the alliance. The steps in the process are described below:

First Phase
- Product Committee struck by a private sector, public sector partnership between industry and government
o Product Committee scans current research, they bring their knowledge and set direction
for a contracted facilitator to scope out the opportunity

Second Phase
o Creation of Product Development Analysis Chart which defines the opportunity
o What is the experience?
o What is the customer profile?
o Where is the market?
o Who is the competition?
o What are the next steps required to develop a program?
o Returned to committee for go/no go

Third Phase
o Facilitator fully engages with industry leaders to explore their interest, needs and
opportunities
o Brings industry to initial meeting to review the results of the Product Development
Analysis Chart
o Seeks industry knowledge of product and market to fill in the gaps
o Industry introduced to the development of a collective draft strategy that addresses
products, markets, and approaches

Fourth Phase
o Industry and government commit to shared partnership
o Investment by both sides into plan
o Management coordination required
o Completion of strategy and tactics to enter the market place

Fifth Phase
o Supplier readiness programs delivered (on going)
o Product measurement and performance (mystery shopping)
o Tracking of results
o Evaluation of program

OTMPC supports a variety of Ontario tourism alliances (around 15 in total). A sampling of
the alliances is presented below:

Outdoor Product

Arts in the Wild - Twenty-one member organizations and tourism suppliers operate over 75
packages combining hands-on arts and culture education with nature-oriented tourism
experiences.

Paddling Ontario - Paddling Ontario positions Ontario as the best kayaking and canoeing
destination in the world. This 21-member alliance offers over 120 outstanding paddling and
kayaking packages appealing to a broad spectrum of "hard" and "soft" adventure travellers.
ATV Ontario - This new All Terrain Vehicle alliance is community and ATV Club-based. It is committed to providing an ATV travel model that respects the environment and offers tourism growth, particularly in northern communities and have recently released a How to/Best Practices Manual on Community-based ATV tourism development.

City Product

Spas Ontario - The growing awareness and demand for spa experiences by the domestic market provided the opportunity to develop a tourism marketing coalition. Thirty five plus members now promote quality spa experiences across Ontario. The alliance was formed to pool marketing resources under a common banner, and the concept is working.

Art of Living Shows - This alliance is devoted to promoting five annual winter consumer shows in Toronto and using them to attract visitors for overnight stays. In addition to show admission, the alliance will offer shuttle transportation from participating hotels and special VIP show incentives.

Cultural Heritage - Winter Solstice offers high-quality cultural-heritage packages reflecting Ottawa's unique products from November through February. This alliance targets the affluent mature market. Fifteen Ottawa partners, including national and local attractions and an additional 10 packaging partners, representing hotels, restaurants and retailers, contribute to the program's overall richness.

Touring Product

Theatre in Ontario Alliance - This alliance has 19 members, including 13 theatres, and promotes regional and summer theatre, primarily to Ontario's domestic market. As an example, Just The Ticket offers getaway packages that combine outstanding theatre performances with fine dining and accommodations.

Underground Railroad - The Underground Railroad is an amazing story of courage and intrigue. A new touring route in the southwestern and Niagara regions of Ontario leads visitors to Underground Railroad heritage sites. On-site guides, many of them community volunteers, lead tours that recount the lives of thousands of African-American slaves who fled the U.S., to seek freedom in Canada. This alliance targets mature, affluent couples in Ontario and in the border states.

Journeys of Discovery is based on learning vacations that feature renowned Ontario cultural and heritage sites. Experiences are themed according to historical or cultural significance. Touring is a popular vacation activity, particularly for long-haul travellers. Research shows that unique branding of a touring route is often a very effective marketing tool.

The product alliances approach has a number of strengths, as outlined below:

- Brings industry together in a meaningful way
- Sharing of information
- Develop an understanding of true competition
Development of mutual respect and trust
Begin to speak as one voice to province
Identify supplier development needs
Begin to leverage support partners (Gov. private)
Create collective strategies and tactics to reach new markets and reinforce current markets
Create healthy competition between partners
Innovation and outcome of competition
Cross marketing through each others location, website, referral
Develop recognition in the market place
One point of contact in the market place
Develop consumer confidence from one supplier to another in the alliance
Brand development that supports the province
Market intelligence that is shared
Pride in alliance partnership
Cost saving opportunities on group purchase through co-op approach

Weaknesses of the product alliance model include:
Time required
Lack of trust amongst industry
Usually lead by a few
Limited investment dollars for something new and unproven
Concern about sharing data results
Limited results in the beginning
Communication challenges
Industry that stays outside the initiative can be negative force
Focus drifts from original goals to other issues that alliance does not have the capacity to deal with
The shine of enthusiasm weans has project moves into year three
Challenge of sustainability

Nova Scotia

Nova Scotia undertakes a broad mix of product development initiatives but is constrained in their efforts by a limited budget for product development. The focus is on efforts that support the province’s positioning and its emphasis on touring and coastal experiences. In 2002, the province adopted a “Vision for Tourism” with the goal of doubling tourism revenues in the next 10 years. This Vision involves 11 major areas of activity such as Transportation, Administration of Tourism, Quality, developing Star Generators to attract new visitors and building on/strengthening existing community tourism destinations.

The provincial Department of Tourism, Culture and Heritage has responsibility for all elements of tourism market and product development at the provincial level. The private sector driven Nova Scotia Tourism Partnership Council provides oversight and key strategic direction on marketing as well as on product development and a wide range of other issues.
Priorities for 2004 include:
- Internet marketing
- Pursuing ‘Vision’ Committee recommendations
  - Development of ‘star’ tourism generators
  - Build on established destination communities/areas
- Experience-based product development – birding, off-season opportunities workshop
- Major events

The province’s Tourism Product Development and Enhancement Program invests in the development and enhancement of tourism attractions, sites and experiences that fit strategic priorities. Efforts can include planning, interpretation, tourism infrastructure and programming and highway attraction signage. Up to 50% of eligible costs are available to the private sector, not-for-profits, associations and municipalities.

The product development division also offers a Tourism Market Readiness Program that provides support for efforts such as study tours/ best practices missions, mentoring assessments and professional development of outdoor/adventure tourism operators, as well as strategic community tourism planning. Up to 75% of eligible costs is available to the private sector, not-for-profits, associations and municipalities eligible.

The Destination Opportunities Program provides assistance to festivals and events for marketing and also monies to assist alliances market their destination, and/or to develop and market a ‘product cluster’.

Nova Scotia has a series of business development guides - ‘How to’ guides for establishing, improving and operating a tourism related business in Nova Scotia as well as one on marketing for tourism businesses. They also offer the TradeSmart Program including a seminar on the how to’s of travel trade business. For the past two years, they have hosted a Product Development Workshop focussing on different topics, including ‘Quality of Experience’ and Seasonality. A variety of other projects and initiatives have been identified as priorities in support of the goals outlined in the Vision for Tourism.

The Product Development budget has been some $540,000 annually, excluding salaries and administration. This amount helps to leverages $1 – $2 million in funding from other sources.

New Brunswick

Over the past ten years or so, New Brunswick has implemented a number of unique product development initiatives, such its multi-faceted packaging program including Day Adventures and Multi-Day Packages. The Day Adventures program introduced consumers to a wide array of things to see and do in the province with experiences including outdoor adventure, culinary, culture and heritage, family activity, farm adventures, etc. Day adventures were marketed through printed collateral and also through an in-province point of sale program at special Day Adventure Centres as well as at hotels and other tourism businesses.
The province has recently introduced a revitalized Tourism Product Development plan with a focus on new and expanded experiential products and addressing seasonality.

Product development in New Brunswick is the responsibility of the Product Development Branch of the Department of Tourism and Parks. Their total program budget for Product Development was in the $300,000 range for the 2003/04 fiscal year, and this levered close to $1 million through other programs such as ACOA, and regional development agencies. No funds are available from the Department for “bricks and mortars”.

**Major Programs/Projects/Initiatives**

The Department’s three key strategic priorities for product development involve improving the quality of experiences so that they exceed consumer expectations, maximizing strategic partnerships so as to lever funding (they have been working to identify guidelines for tourism partners to help them (the partners) decide on which projects should receive funding) and increasing impacts and enhancing lines of communication with the industry.

A particular area of focus is on developing the province’s four season product strengths. New Brunswick has developed a strong winter snowmobiling product and this has been successful in generating tourism activity in some parts of the province. Recent efforts have concentrated on the fall season, particularly around fall colour and cultural experiences.

The province is also focusing on experiential elements of its coastal, natural wonders and culture/heritage products and on enhancing the market readiness of its industry. One of the initiatives being explored in this respect is a new Professional Development Program.

New Brunswick was the initiator of the TradeSmart Program in 1999. TradeSmart is a training and certification program for tourism suppliers who want to work with the travel trade, both group tour and FIT segments. There are now over 70 tourism suppliers in the province who are TradeSmart certified and many more who have attended the two day introductory workshop on working with the travel trade. TradeSmart certified suppliers are profiled in the province’s marketing efforts for the travel trade. TradeSmart has been successful in New Brunswick in increasing the awareness and understanding among suppliers about working with the travel trade and a significant portion of them believe the program has helped them to get more travel trade business. More advanced workshops are currently being developed, for example on pricing and revenue management.

**Protecting Lands for Tourism**

Several jurisdictions across Canada are seen to be leading the way in ensuring that natural resources and lands are protected for tourism uses, and that tourism values play a role when considering the resource uses of lands.
British Columbia

In British Columbia, almost all of the natural resources are owned by the Crown and the province has invested extensively in developing inventories of the lands and their potential uses. They have a separate department, the Ministry of Sustainable Resource Management (MSRM) in which resource management decisions and policies are developed – these are then implemented through other ministries and agencies. They have identified principles and a process for integrated resource planning that have been approved by all stakeholders, including Tourism BC. These policies require extensive consultation and consensus building.

MSRM also provides clients with database, mapping and analytical support services including identifying lands with ‘known tourism potential’. These are based on a series of tourism opportunity studies that identify tourism products and locations with good development capability based on natural resources, market potential and local development capacity. Inventory maps identify existing and potential tourism assets and values as well as constraints to tourism development. A recent initiative is ‘A Working Forest for British Columbia’ which recognizes that there are significant areas of forest that will not contribute to short or long term timber harvesting and will play an important role in supporting other economic activities. The goals of the draft policy are to:

- Maintain and increase the economic and social benefits that arise from the working forest
- Provide more certainty about the land base in the Working Forest that has timber and other values and assets
- Use a transparent decision making process that recognizes forestry and other identified values

The tourism industry has some concerns about the policy and would like to see specific recognition of other uses, including tourism. The Working Forest initiative is seen as a bold move that will change the balance of the use and management of natural resources in BC.

Ontario

Ontario introduced a “Living Legacy” program in the late 1990s as an initiative to protect, conserve and plan for the integrated use of natural resources in the province. The strategy significantly enlarged the amount of protected areas in Ontario, and identified a number of signature areas that will be the focus for future tourism and recreation development. A series of initiatives were introduced, including a Tourism and Forest Industry Memorandum of Understanding (2000) that sets forth the steps each partner will take to ensure that the two can co-exist and provides for the development of Resource Stewardship Agreements (RSAs) negotiated between resource-based tourism operators and forestry operators on Crown lands within the Living Legacy Planning Area. Individual management plans are being developed for the various sites and protected areas. The province has also produced Tourism Values Maps but these include only known features considered integral to the operation of tourism businesses.
One of the signature areas identified is the Great Lakes Heritage Coast, stretching from southern Georgian Bay all the way to Thunder Bay. Detailed strategies have been developed for this area, focusing on both stewardship and opportunities for tourism and recreation development, as well as for co-operative marketing efforts.

**Nova Scotia**

In Nova Scotia, the Department of Natural Resources introduced an Integrated Resource Management (IRM) process several years ago, to plan for Crown Lands in the province and it was designed to reach IRM decisions on the basis of consensus. It therefore involved extensive consultation throughout the province.

Given the critical importance of the province’s natural resource base and coastal lands to tourism, the very limited amount of Crown Land in the province and a concern that the tourism agenda was not being considered to the extent necessary in the IRM process, the Nova Scotia Tourism Partnership Council established an IRM Task Force.

One of the initiatives of this task force has been to commission the preparation of a model to identify tourism related values on Crown land. Two counties were selected as a pilot site and tourism value maps have been produced for private and Crown Land, covering a variety of tourism features such as views from public roads, potential walking and hiking areas, potential beach/coastline walking areas, independent touring and summary maps that show the overall potential for tourism in the two counties. These maps have provided the Department of Tourism, Culture and Heritage with measures of tourism potential in the study area and can now be used to determine which of the high potential areas should be flagged as being critically important to tourism and possibly designated as being reserved for tourism. The Department of Natural Resources has been participating in this process, and it is now up to the tourism sector to use the results to ensure that the tourism values are included in the Long Range Management Frameworks for Crown Land in these areas.

**Stewardship of Successful Tourism Destinations**

National Geographic Traveller (March 2004) recently conducted a survey of over 200 specialists in sustainable tourism and destination quality and asked them to evaluate 115 of the world’s best known places on six criteria – environmental and ecological quality, social and cultural integrity, condition of historic buildings and archaeological sites, aesthetic appeal, quality of tourism management and the outlook for the future – criteria identified as being critical to Destination Stewardship and developed to identify which destinations have “remained great by protecting themselves against … development pressures, environmental problems, cultural erosion and mass tourism”. The top three scores went to Norwegian Fjords, Cape Breton Island and South Island, New Zealand (Newfoundland and Labrador was not on the list of places assessed).

The article discusses Tuscany as a destination that, despite its popularity, numerous attractions and easy access, has managed to maintain its appeals. One of the key reasons is
that the region has “some of the world’s toughest land-use and building codes. In scenic zones, local regulation limit buildings to two stories, inhibit subdivision and govern aesthetics including which colours you can paint your house”, showing strong sensitivity to “preserving sense of place”. (National Geographic Traveller, March 2004, Page 62)

**Insights and Lessons Learned re Tourism Product Development**

Our review of the various product development initiatives of other destinations, as well as our experience in tourism product development provides a variety of insights, as follows:

- Destinations are placing increasing emphasis on extending their tourism seasons to include both shoulder season and winter season activities, recognizing the critical importance of a longer season to the overall viability of the industry.

- There is also increasing emphasis on developing tourism focussed around experiences and a shift away from touring as a primary focus. This was led by New Brunswick in the 1990s with programs such as its Day Adventure and Multi-Day Packages. PEI is also a good example of a destination that has been able to shift its tourism from an almost total dependence on the summer season, family, beach and traditional touring markets to more higher yield and longer season markets based around golf.

- New Brunswick’s initiatives around packaging have had some success, particularly in informing consumers about the range of things to see and do in the province. However, many of the packages did not sell as well as had been hoped – we believe that this was due in part to insufficient appropriate coaching of the industry on developing packages that feature compelling experiences and an undue emphasis on discounting prices rather than adding value.

- Many destinations are placing increasing emphasis on Quality Assurance efforts, not only for accommodations but for many other sectors of the industry. New Zealand and Australia are seen to be leaders in this movement, with programs such as Qualmark in New Zealand. The Tourism Council of Australia offers a tourism accreditation program for all types of tourism businesses, which is designed to establish and continually improve industry standards for conducting a tourism business. Quebec has made a significant investment in developing quality assurance guidelines and criteria for some 10 different types of tourism businesses, following a self-evaluation model similar to the one used in Australia. It is not clear, however, whether Quebec will have the resources to implement this initiative.

In Atlantic Canada, Canada Select and Camping Select, though not still without challenges, are seen as having helped bring the industry along and provide a useful framework for properties under development or upgrading. Increasingly there is discussion in the other Atlantic provinces about quality assurance programs and standards for other sectors of the industry.
Ontario’s Product Alliance model is seen to be successful in many ways, although some alliances have worked better than others. Some specific lessons learned identified for this model include:
- Develop a business plan early in the process
- Keep the management simple - don’t over build
- Need to build a long term commitment from all participating in the program
- Requires strong connectivity between government and the alliance
- Needs to be fully integrated into the provincial marketing and communication plan
- Keep people excited, and most importantly,
- Provide the resources, human and financial, needed to get the job done

This is the first time government has worked in a complementary manner with tourism partners and sector groups on both product development/packaging and marketing together, rather than doing the two in isolation. Some of the Product Alliances that have been particularly successful include Paddling, Arts in the Wild and Spas Ontario and the early reaction to Savour Ontario, the culinary and wine alliance, is positive. Success is helped by a combination of the participation of serious industry players that understand marketing and the value of packaging. Other success criteria include:
- Participants and their packages have to meet a set of established standards and criteria to participate
- Participants have to invest money in the program – they are investors not just participants in a co-op marketing initiative
- There is funding behind the program – from the Ontario Tourism Marketing Partnership, and also human resources in the way of facilitators as well as contracted services, to move the initiative ahead. They are not dependent on the efforts of volunteer members of the tourism industry who are busy running their own business.

These sector based marketing alliances appear to be a stronger concept than the geographically or DMO based marketing co-operatives in bringing more partners into marketing initiatives, and in having success in the marketplace. The common objectives of sectoral based partners, a common understanding of the marketplace and the establishment of standards and criteria of participation are all contributing factors.

Tourism product development in Atlantic Canada has traditionally seen the public sector play a major role, particularly in significant projects that can be viewed as tourism infrastructure. Examples include the Nova Scotia Signature Resort properties (although now managed by the private sector, they are still owned by the province who continues to invest in upgrading), the golf course and resort development in Prince Edward Island, much of which the government is involved to some extent, and major attractions such as Pier 21 in Halifax and Founder’s Square in Charlottetown.

As well, most of the heritage and cultural attractions in Atlantic Canada are owned and operated by the public sector or by not-for-profit associations, and most, if not all of them, require some form of operating subsidy – they are not self-sustaining, and it is not realistic
to expect that they will be, given the small markets available. Even major successful year-round heritage and cultural attractions elsewhere in Canada and the United States require revenue sources outside of what can be generated from their visitors, whether it be in the form of government subsidies, sponsorships or through fundraising.

- Although not specifically addressed earlier, another success in product development in Atlantic Canada appears to be the mentoring programs that have been established around the CTC Product Clubs in the region – initially the Bay of Fundy Product Club and more recently Economuseums and Acadian tourism experiences. Industry appears to be responding well to this opportunity for one-on-one counselling and advice addressing various aspects of market readiness.

- From an environmental sustainability perspective and the issue of providing for consideration of the tourism agenda in integrated resource management planning, the examples of British Columbia, Ontario and Nova Scotia suggest some approaches that might be considered in Newfoundland and Labrador.

- Preserving a sense of place, protecting against overdevelopment and maintaining cultural, heritage and architectural integrity is seen to be critical to the long term sustainability and success of tourism destinations.
Section 5

Overall Strategic Approach
Section 5
Overall Strategic Approach

This section presents an overview of the proposed strategic approach to tourism product development in the province. First we identify the critical importance of keeping Newfoundland and Labrador the special place that it is. We then explore the important and far reaching role of the public sector in the delivery of tourism experiences in the province. The key ‘building blocks’ of successful tourism development are addressed followed by an overview of the approach we are recommending for Newfoundland and Labrador. Then we will consider an overriding issue for tourism operators and the industry as a whole – the need to develop demand in soft periods and improve yield in busy periods. Finally, we introduce the need to develop and present the ‘business case’ for tourism and its support by the public sector.

Subsequent sections will address strategies for building on demand-influencing tourism products, established destination areas and touring corridors and present strategies for accommodations and campgrounds, other traveller services, industry market readiness and transportation. Finally we will address the important issues of environmental and cultural conservation.

Keeping This Place the Special Place It Is Rather Than Making It Like Other Places

Newfoundland and Labrador are special places, with special people. And what makes them special is what makes them appealing to visitors. The visitor research and focus group research reinforced that message, loud and clear. People have a truly great time here. And it’s the special features of the place and its people that make that happen.

There is an almost overwhelming temptation among tourism development people to try to make changes in our tourism products and services in the effort to strengthen our competitiveness. “Upgrading to meet contemporary expectations of travellers” is one refrain. Another is “ensuring high standards of customer service”. Or “pursuing best practices” is another.

All of these pretty words are what tourism people are used to hearing from our tourism leaders. And of course, they are right. But are they right when it comes to this special place and its special people? One person in one of the focus groups, when pressed about whether she thought the accommodations in the province needed improvement said something very much like this:

“Well, perhaps yes. But if improving them means making them less like what makes Newfoundland unique and special, then don’t do it.”

It is clear that any ‘flaws’we might have in the state of our tourism facilities and standards of customer service are not, in fact, causing dissatisfaction among visitors. In fact, it is evident they are looking past such things and at the special place, special people features of their visit. It is not the facilities and service that’s most important to them.
This is not to suggest that we not attempt to upgrade our products and customer service. Nor is it an excuse to say that we don’t need to participate in training programs and upgrade our skills. It is simply to suggest that, more importantly, we need to make sure we protect and nurture our special features. That has to come first. The other stuff needs to be pursued more carefully lest we disturb what’s more important.

If waitresses are used to calling people ‘love’ or ‘dear’, let them do it. Don’t tell them that they have to change just because they don’t talk like that in New York. Talking like a Newfoundlander is part of what makes Newfoundlanders special. Treasure it. Celebrate it.

Protecting and nurturing the sense of place that is so important to the Newfoundland and Labrador tourist visitor is of critical importance to the long-term sustainability of a quality tourism industry in the province. We need to make sure that Newfoundland and Labrador does not become the same as everywhere else, that it maintains and strengthens those things that make it different, unique and appealing. The province needs to have an explicit set of values that protect the uniqueness of place and culture from the negative impacts of homogenization and overdevelopment. These values should be woven through training programs, through the development of our accommodations plant, attractions, cultural activities and entertainment, and they should be reflected in the way we treat our customers.

Values

It is important that a set of values associated with the quality of place be articulated and agreed to by the stakeholders. That will provide a common framework to guide and anchor the effort.

The Department of Tourism, Culture and Recreation in its publication ‘Vistas and Views: Management Conference TCR Workbook, November 2000’ articulated the following mission for the department:

“The mission of the Department of Tourism, Culture and Recreation is to help achieve the best possible quality of life for people in the province by strengthening economic growth and employment in the tourism industry, fostering creativity through the contemporary arts, preserving and interpreting the province natural and cultural heritage, and promoting active living through recreation and sport.”

The document went on to present a set of values to guide its work, in terms of what the department and its staff believe to be important in what they strive to achieve, along with others of a more operational nature. We quote the first five of the values, all of which are relevant to our discussion here:

- “We believe that the province’s natural eco-systems, processes and organisms, as well as its culturally significant structures, landscapes, places, artifacts, objects and fabric, have intrinsic value, beyond their economic value;

- We believe in managing now for the future, to protect and sustain the health, diversity and productivity of our rich natural environment and distinctive culture, for the benefit of
present and future generations. In this, we recognize that our knowledge of our natural and cultural heritage is as yet incomplete, which leads us to a precautionary approach to management and conservation;

- We seek to **protect and interpret** our rich natural and cultural resources so that both residents and visitors alike may experience these in an unimpaired condition;

- We take a **leadership role** in environmental education and environmental stewardship in the province in the belief that we can make a difference in how people regard, value, learn about and actively protect our rich natural heritage;

- We believe that **stimulating creativity and imagination** in the province leads to innovation and positive change for Newfoundland and Labrador in all areas of our society and economy;

We would suggest that it is also important to state that it is vital to protect the uniqueness of place and culture from the risk of homogenization and overdevelopment that is common to so many other destinations. Unlike other destinations, we can’t rely on beaches, hot weather, casinos and large markets next door to keep visitors coming in spite of losing their cultural integrity. We don’t have any of these things available to us. All of our visitors have to want to come **here** for what makes us a special place and special people. If these unique features are lost, then the province’s potential as a tourism destination will be lost as well. This is fundamental to sustaining and growing the province’s tourism.

**Fundamental Building Blocks of a Successful Tourism Product Development Strategy**

There are a number of critical strategic issues that need to be addressed before we turn to the proposed approach to tourism product development for Newfoundland and Labrador. These are summarized below.

First of all, an overriding, primary focus has to be given to **improving the viability of tourism enterprises** in the province. Tourism businesses need to be profitable if they are to generate the cash flow to sustain themselves, upgrade when necessary and expand when it’s opportune. Community and not-for-profit groups need to be able to fund themselves. Achieving this outcome will depend upon success in addressing the following more specific challenges.

Tourism has become the ‘experience’ business, a major player in today’s ‘experience economy’. Product development efforts therefore need to focus on experiences first, ahead of destinations, touring routes and traveller services. Experiences need to be compelling and able to influence demand. Converting tourism products into experiences is the challenge, through programming (animation, interpretation, guiding, etc.), suggested itineraries, packaging, trip planning tools and the like. Experiences need to be authentic, fit with the destination and be well done, not obviously contrived.
Newfoundland’s major tourist areas are heavily committed in the summer season. But one season of good demand is not adequate to make businesses profitable, or even sustainable. The future focus needs to be on growing demand in the shoulder and winter seasons, to take advantage of underutilized capacity on the one hand, and to improve industry viability on the other.

For this to happen, the tourism industry needs to be open for business in the spring and fall, particularly public sector facilities such as museums, tourist chalets, etc., as well as traveller services such as restaurants. Additionally, there needs to be a concerted effort to develop tourism offerings that will sell in these seasons, not just discount the basic offerings of the summer season. This means building product offerings around experiences that are appealing in these seasons.

Tourism product development, to be effective in achieving products that will significantly influence demand and successful economic development, cannot be built on the basis of economic need, as urgent as that need may be. Rather, tourism development needs to respond to opportunity, real market-based opportunity. Being successful in a very competitive marketplace is not about democracy or equality of access for all, or, in fact, about community economic development. It is about taking the best products you can to the marketplace, those that meet market expectations and can compete and succeed, and investing the level of effort and dollars necessary to achieve success. It means building on our strengths, the icon attractions of the province, our already-established tourist communities and areas, our best travel routes. It inevitably means doing a few things well, rather than a lot of things superficially. Tourism development based on market opportunity works; doing it for other reasons in the absence of responding to a market opportunity doesn’t. This will require some fresh thinking about community economic development approaches involving tourism, a topic we will address in Section 7.

It is important to take a clustering approach to development. Clusters of scenery, attractions, activities, accommodations, plus traveller services work together synergistically in creating destination appeal. Having a critical mass of such things makes a tourist destination. This means building on existing tourism assets in destination areas as a priority over attempting to establish new destinations.

Labrador (other than the south Coast) is a completely different destination. It has different products and different markets. It requires different strategies, tactics, partners, etc. What works for the island won’t work for Labrador, and vice versa.

Traditionally, the island of Newfoundland has been marketed by the Province as one destination. However, because of its size, the island really requires a stay of two weeks or more to see even its highlights alone. The modern North American tourist prefers shorter trips today, particularly those travelling by air. We should therefore, in addition to our current approaches, be developing and offering shorter itineraries and packages, and encouraging repeat trips. We should be ‘clustering’ experiences and traveller services on a regional basis, as follows:
Avalon and Eastern Newfoundland
Central Newfoundland
Western Newfoundland and the south coast of Labrador
Rest of Labrador

With the speed and convenience of air travel today, and improving air service to the regional airports in Deer Lake and Gander, there is a market opportunity to encourage different trips to different regions at different times.

There is a critical need to protect the natural environment. Increasingly, forestry is converting natural areas to clear-cuts. The very things that make the province a unique and appealing destination are being degraded steadily and are now in peril. At the very least there needs to be buffer zones associated with tourist routes, communities and visitor activities and attractions.

Similarly, as already mentioned earlier in this section, protecting and nurturing our unique culture is also an important priority.

The policy of treating the private sector differently than community and not-for-profit groups in industry development and support programs is counterproductive in tourism. The differentiation in support programs should be made on the basis of strategic priorities, not organizational forms. Key strategic projects should be treated more like ‘infrastructure’ projects, with the more generous levels of support associated with infrastructure development and operations, regardless of their organizational model. For-profit is as valuable as not-for-profit in this regard.

It takes money to do things, to do anything effective at least. It will therefore be critical for the Province and the Federal government to support the tourism development effort with funding, preferably in a collaborative, partnership effort.

Governments are the Most Important Tourism Operators in the Province

Quite aside from their governance role, governments are major tourism operators and industry players; in fact, they are without question the most important players of all.

Why? Think of this – what do they operate? For starters, here are the major things they operate:

Provincial government:
• 13 provincial parks
• A number of ecological reserves, several of major tourist interest
• Provincial museums and historic sites
• Visitor information centres
• Marketing the province in external markets
Federal government:
  o National parks
  o National historic sites

Municipalities:
  o Community museums
  o Community visitor information services
  o Community events

Beyond this, they are major supporters of others in the industry. For example:
  o Funding for capital projects
  o Grants for community projects, community infrastructure and tourist services
  o Assistance for planning and feasibility studies
  o Assistance for training and professional development
  o Assistance for market readiness programs, quality assurance and the like
  o Advice and liaison for industry organizations, etc.

What’s the Point?

There are several points, all of them of major import:

1. First of all, generally the things that government operates are high on the list of things that influence travel – that motivate trips, influence what people do, their length of stay and spending.
2. Secondly, their continued commitment to being in tourism and to supporting tourism is part of the lifeblood of the industry and essential to its survival and growth.
3. Thirdly, their performance as tourism operators is a key issue. They need to meet a high standard in the quality of what they deliver visitors - in meeting their expectations.

Finally, and most importantly because this cuts across all of the foregoing, their level of staffing and funding committed to their tourism activities is at the heart of what makes the industry strong and capable of growing, or weak and unable to sustain its momentum. So, they are not only a large part of the lifeblood of the tourism product, they are also a very large part the foundation on which tourism is built. They have to be there, with all they can muster.

The Approach to Tourism Product Development for Newfoundland and Labrador

The discussion to follow in succeeding sections sets out the ‘building blocks’ of an appropriate strategy for the province in strengthening its tourism products. The intent is to provide direction to the tourism industry as to where and how it pursues business development, and to communities, RED boards, sector organizations and government agencies such as ACOA, DTCR, DITRD, HRSD as to where their programs should be focused to be most effective in achieving tourism growth, economic impact and improved sustainability.
The categories of proposed tourism product development activity to follow are presented in order of expected long-term impact on strengthening the tourism product mix in Newfoundland and Labrador. However, that doesn’t mean that they necessarily should all be of the same priority, not at all. Some of the more valuable initiatives will be very expensive and therefore difficult to accomplish and long-term in their realization, while others of less import may be easy to accomplish and have immediate effects. The prioritization of actual initiatives is dealt with in succeeding sections of this report. Here we are simply setting out the different kinds of directions the overall product development effort should involve.

The ‘front of the house’ strategy for tourism development, that involving the tourism industry, communities and other groups that deal with tourists, is proposed to have nine complementary streams of effort, as follows:

1. **Protecting the natural environment and culture** of the province and its people
2. **Strengthening and building on tourism demand influencers** – the ‘experience’ products - the attractions, activities, leisure-style accommodations and packages that will contribute to growing tourism volumes, visitor length of stay and spending
3. A **focus on shoulder and winter season** opportunities to utilize latent capacity, improve yield and generally improve industry viability
4. **Strengthening and building on destination areas**, communities and attraction/activity clusters that, because of a mix of compelling scenery, attractions, activities and traveller services similarly have the power to influence travel behaviour, length of stay and spending in the province
5. **Strengthening touring corridors and community hubs** that support touring, demand generators and tourism destinations
6. **Filling gaps** in the supply of accommodations, campgrounds and other traveller services (quantity, character and/or quality) that are constraining tourism growth in an area
7. Generally **upgrading and enhancing the market readiness of tourism products and services**
8. **Improving traveller services and transportation infrastructure**, most particularly ferry services and highway signage.
9. **Strengthening the industry and government organizations** and their resources to get the job done.

Generally, the strategy is designed to:

- Enhance the experiential features of tourism products and of travel within the province
- Strengthen the ability of tourism enterprises to take their products to market
- Generally improve the viability and sustainability of tourism enterprises, both private sector and community/not-for-profit groups
- Overcome traditional barriers for the development of travel related programs by travel industry professionals, tour operators, meeting planners, etc.

Special emphasis is given to shoulder and winter season needs and opportunities that can take advantage of underutilized tourism capacity and enhance the viability of tourism enterprises.
The approach focuses on building on strength, not need. It also focuses on supporting enterprises that can become self-sustaining, in a fashion and to a degree that allows them to achieve this objective. That also means doing a few things really well rather than giving too little to too many.

And finally, the development effort will necessarily have to be led to a large degree in the medium term by government, and government funding will play a key and essential role, at least for the medium term. That is another factor that will constrain what can be accomplished and how quickly.

**Strategies for Growing Revenues in All Seasons**

We are operating at capacity with accommodations being essentially full in two of our most important tourism destinations in the summer, St. John’s and parts of the Northern Peninsula, particularly for the travel trade. Tour operators are finding it very difficult to get accommodations, rental cars, RV rentals and decent motorcoaches for charter. These conditions are continuing into the early fall season.

But being busy in the summer isn’t enough to justify building new tourism products or expanding capacity of existing ones if there is only a couple of months of high demand. The numbers simply won’t work for most products, particularly if they involve capital investment of any significance.

So the main agenda for the future has to be to build demand in the shoulder and winter seasons and to maximize ‘yield’ (revenue) in the high season. That has to do with marketing, but it also has to do with what kinds of products are taken to market and how they are priced.

To grow shoulder and winter season tourism, businesses need to provide new reasons to buy, through programming, packaging and the use of ‘value’ pricing (discounts) to increase appeal. Doing this first involves identifying experiences that are not summer-based and that will motivate travel, then developing product around them. Providing appealing prices for these offerings is part of the strategy.

In high season, the strategy should be to add value through programming and packaging, and raise prices.

Developing a basic ‘revenue management’ system is part of the equation. This involves using price to stimulate demand in soft demand periods and improve yield in high seasons.

**Presenting the Business Case for Public Sector Involvement and Support**

Why should government invest in tourism when other more critical public needs are going short? Isn’t this a bit of a luxury? Won’t people come anyway? And, anyway, is this the kind of industry we want to develop in Newfoundland and Labrador?
The tourism industry needs to present the business case for supporting the tourism industry, and not just to politicians, although they are, of course, a key target audience, it needs to also reach the business community generally as well as the general public. And it also needs to reach tourism operators as well.

There are a number of good reasons for governments to invest in tourism. But for an increasing number of governments, they are doing it because it generates tax revenues to support social and other public programs.

And these revenues are not modest. In the USA where a number of states and cities track the impact of their tourism marketing, they are able to demonstrate that the extra visitation they are getting as a result of the marketing effort is providing a real return on investment in additional state taxes of many times the marketing investment made by the state, returns well beyond those experienced in the investment business.

A $4.5 million campaign in New Jersey generated incremental state taxes, directly attributable to the campaign, of $61 million in 1991.

Maine in a 1997/98 campaign earned $18.8 million in extra tax revenues from a campaign costing less than $1 million.

And Colorado learned to its chagrin that cancelling the entire state marketing budget cost them money rather than saved them money. Their state marketing budget of $12 million annually had earned them 1st place in the USA in the summer resort category. When the program was cancelled in the early 1990’s, their summer tourism revenues dropped 30% - by some $2.4 billion. That directly caused a reduction in state government tax revenues of some $134 million annually.

So, a primary reason for a government to invest in tourism is to generate more tax revenues for itself. As a bonus, it creates more business for its tourism industry, and income for everyone in the province or state.

Where Does Newfoundland and Labrador Fit?

The province has experienced solid growth in tourism in recent years and has excellent prospects for the future. Newfoundland and Labrador received some 440,000 non-resident visitors (including visitors on all types of trips – for pleasure/vacation, business, and to visit friends and relatives) in 2002 and they spent over $300 million in the province, all of these dollars being ‘export earnings’ for the province. This is an increase of over 65% in the number of visitors since 1992, and an increase of almost 140% in direct spending. Some 55% of the province’s visitors arrive between the months of June to September. Preliminary results for 2003 indicate that the number of visitors and their expenditures was on a par with 2002 levels, with 439,000 visitors.

Tourism is truly a powerful economic engine for the province. The provincial government’s annual investment in tourism, albeit modest, still was an important factor in spurring the growth in tourism export dollars for the province. And the provincial government earned a direct return
on its investment. The $300 million in non-resident spending in the province in 2002 directly generated an estimated $24 to $27 million in tax revenues for the provincial government in that year.

In addition to non-resident visitors, Newfoundland and Labrador’s tourism activity includes the some 3 million or so trips taken by residents of the province. Approximately 45% of these trips are overnight trips, with the balance being same day trips of at least 80 km one-way. Total spending by residents travelling in the province in 2001 was some $320 million. To the extent that these in-province trips were made instead of travelling to other destinations, then there is a future ‘import substitution’ effect, which means additional direct economic benefits to the province.

So, investing in tourism is important for government, and lucrative too.

**It Needs More Than Marketing to Achieve Tourism Growth!**

Growing the province's tourism industry requires more than an investment in marketing. It requires a balanced approach to address a variety of product development issues, most of which have been identified in this report. These include access to the province (particularly air access), and the capacity of the province's tourism plant - particularly having the right type and quality of facilities and services for the types of visitors that the province is, and will be, attracting. As well, it means ensuring that we have a professional, well-trained tourism industry providing the types of experiences that visitors seek.

**The Other Aspects of Tourism that Warrants its Support**

In addition to generating tax revenues, there are many other aspects of tourism that warrant its support. These include:

- **Tourism brings new money into the province** - tourism is an export industry with visitors bringing new money into the province. These new dollars are important in generating economic wealth and prosperity for Newfoundland and Labrador.

- **Tourism offers excellent growth potential for the province**, and it is one of the few sectors of the economy where there is good growth potential.

- **Tourism produces good jobs** - across Canada, 35% of the jobs in tourism are in management, supervisory and professional occupations. It also generates a lot of part-time and seasonal jobs, which are of benefit, and offers opportunities for those seeking to supplement incomes generated from resource-based employment.

- **Tourism revenue is distributed across all regions of Newfoundland and Labrador** - visitors spend on average 10 days or so in the province, and during that time they travel around, spending money in small communities and rural areas as well as in the larger service centres.
- 97 -

- Tourism has opportunities and benefits for small businesses and rural communities - many tourism businesses are small and medium sized enterprises - and it is small business that provides the bulk of the growth in today's service oriented economies. These small businesses employ people in the rural areas, and in smaller communities.

- Tourism is environmentally sustainable and largely non-consumptive - it is a clean, non-polluting industry and, if we plan for future growth, we can ensure that we mitigate against any possible negative impacts.

- Tourism helps support amenities used by our local residents - such as restaurants and gas stations, hiking trails and parks.

- Tourism is a priority sector for ACOA - as a result, there are opportunities to lever significant federal funding support for tourism development and marketing initiatives.

In conclusion, Newfoundland and Labrador's tourism sector has excellent growth potential, and will generate increased tax revenues for the province while at the same time providing numerous other benefits. The province is unique, exotic and compelling - and it is gaining increasing recognition across North America as a "must visit" destination.

A significantly increased investment in the provincial tourism budget, including both product development and marketing, is fundamental to realizing this potential.
Section 6

Strengthening and Building on Tourism Demand Influencers, Particularly Those Having Shoulder or Winter Season Potential
Section 6
Strengthening and Building on Tourism Demand Influencers, particularly those having Shoulder or Winter Season Potential

Overall Approach

Some tourism products help generate travel; others feed off of that travel.

For Newfoundland and Labrador, the primary things that generate leisure tourism are the unique natural attractions of the province and its people. The tourism products that are revenue producing and of commercial character are most commonly depending on tourism, not generating it. This applies to accommodations, restaurants, retail stores and other traveller services.

This produces a conundrum. How are we to grow tourism if the things that will contribute to that growth are not self-sustaining from revenues? And how do we justify investing in self-sustaining businesses if they are not contributing to tourism growth?

The answer, in our professional opinion, lies in the following approach:

- Building tourism products around the natural attractions – interpretation, animation, packages, tours
- Developing commercially sustainable tourism products rooted in the natural, cultural and heritage attractions of the province – packages, tours, performances, merchandise, etc.
- Giving support to the tourism products that can actually influence demand, treating those of less than commercial character (meaning they can’t be expected to cover operating costs from revenues) in the same fashion as tourism infrastructure, warranting public sector funding support. This is done for national and provincial parks, museums, historic sites and visitor services. A somewhat similar, albeit hybrid approach, is warranted for other such products. Examples include ‘leisure style’ accommodations, attractions, outdoor adventure products, cultural programs, on-going special events and package tours (local, regional and provincial).

How these approaches might be applied to different kinds of demand influencing tourism products is discussed in this section.

We will also evaluate in the shoulder and winter season potential of the demand influencing products and then rank them overall, i.e. based on their shoulder and/or winter season potential and their demand influencing potential.
**Demand Influencers - Natural Attractions, Outdoor Adventure, Cultural and Heritage Attractions, Events, ‘Leisure-Style’ and Character Accommodations, and Package Tours**

Several product types/sectors warrant special attention in product development because of their ability to influence travel on their own to varying degrees. The province’s icon attractions - icebergs, whales, seabirds and other marine life, seascapes, wildlife, natural areas and dramatic scenery all contribute strongly to generating tourism – motivating travel, extending stays and spending.

Similarly for outdoor adventure products – outfitters, guided trips, learning packages - there are market segments that will travel for these experiences, and others that will add them to their itineraries.

Cultural and heritage attractions, events and programs are also important in influencing travel behaviour, most particularly in extending stays and spending of visitors. In fact, such experiences are sought out by most leisure travellers, as well as by other market segments, including meetings/conventions, business travel, etc.

Leisure-style accommodations, particularly resorts having a mix of accommodations and leisure amenities, and to a lesser degree ‘character’ accommodations such as heritage inns, country inns, heritage bed and breakfasts can influence demand in a similar fashion, mainly extending stays and spending.

Finally, packages and tours, including local, regional and province-wide, play an important role in both generating travel to the province as well as extending stays and spending.

**Evaluation Criteria for Establishing Priorities**

We have established the following criteria in identifying those products that merit priority attention and support as demand influencers:

- Fit with the unique appeals and character of Newfoundland and Labrador
- Level of relevance and interest to the province’s markets
- The scope of the tourism market potential
- Currently having a critical mass of product that influences demand
- Potential contribution to visitor spending and economic benefits
- Shoulder/winter season potential
- Sustainability, viability of the product/sector
- Identified opportunities and future potential

Exhibit 4 presents an evaluation matrix for these products. Each was scored and priorities for future development attention have been assigned as follows:
### Exhibit 4
Evaluation of Attractions, Activities and Niche Products in terms of their Demand Generating and Demand Influencing Potential

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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional/provincial packages and tours</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Key Natural Attractions and selected Ecological Reserves (birds, archaeology, and natural history)</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
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</tr>
<tr>
<td>Gros Morne National Park</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>10</td>
</tr>
<tr>
<td>Terra Nova National Park</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>7</td>
</tr>
<tr>
<td>Heritage Attractions</td>
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<td>✓ ✓</td>
<td>✓</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Provincial Parks</td>
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<td>✓</td>
<td>✓</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
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<td>St. Pierre – Partnership Projects</td>
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<td>–</td>
<td>✓</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>✓</td>
<td>–</td>
<td>3</td>
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<tr>
<td>Major Events: Cultural Entertainment Events/Shows</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>–</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>6</td>
</tr>
<tr>
<td>Community-based Cultural Programs</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>6</td>
</tr>
<tr>
<td>Professional Theatre/Entertainment</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>7</td>
</tr>
<tr>
<td>Major Events: Sports</td>
<td>–</td>
<td>–</td>
<td>✓</td>
<td>–</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>5</td>
</tr>
<tr>
<td>Resorts/Lodges/Cabins/Inns</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>✓ ✓</td>
<td>✓</td>
<td>–</td>
<td>✓</td>
<td>7</td>
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<tr>
<td>Destination Hiking Trails</td>
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<td>✓</td>
<td>–</td>
<td>✓ ✓</td>
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<td>–</td>
<td>✓</td>
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<tr>
<td>Snowmobile Packages</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>–</td>
<td>6</td>
</tr>
</tbody>
</table>
## Exhibit 4
Evaluation of Attractions, Activities and Niche Products in terms of their Demand Generating and Demand Influencing Potential

<table>
<thead>
<tr>
<th>Other Attractions, Activities and Niche Products</th>
<th>Fit with Unique Appeals &amp; Character</th>
<th>Relevance and Interest to Markets</th>
<th>Scope of Tourism Market Potential</th>
<th>Current Critical Mass of Product</th>
<th>Potential Contribution to Visitor Spending</th>
<th>Shoulder/Winter Season Potential</th>
<th>Sustainability/Viability</th>
<th>Identified Opportunities &amp; Future Potential</th>
<th>Overall Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skiing at Marble Mountain</td>
<td>✓</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>Other Winter Activities</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>✓</td>
<td>_</td>
<td>_</td>
<td>2</td>
</tr>
<tr>
<td>ATV Trails</td>
<td>☐</td>
<td>_</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>✓</td>
<td>_</td>
<td>☐</td>
<td>2</td>
</tr>
<tr>
<td>Golf</td>
<td>_</td>
<td>✓</td>
<td>_</td>
<td>☑</td>
<td>✓</td>
<td>✓</td>
<td>_</td>
<td>_</td>
<td>4</td>
</tr>
<tr>
<td>Lighthouses</td>
<td>✓</td>
<td>✓</td>
<td>_</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>_</td>
<td>6</td>
</tr>
<tr>
<td>Outdoor adventure activities &amp; outfitters – hiking, kayaking, etc.</td>
<td>☑ ☑</td>
<td>☑</td>
<td>☑</td>
<td>☑</td>
<td>_</td>
<td>_</td>
<td>✓</td>
<td>✓</td>
<td>7</td>
</tr>
<tr>
<td>Local sightseeing tours/cruises</td>
<td>✓</td>
<td>_</td>
<td>✓</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>2</td>
</tr>
<tr>
<td>Learning programs/packages</td>
<td>✓</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>5</td>
</tr>
<tr>
<td>Pre and Post meeting &amp; convention packages</td>
<td>✓</td>
<td>✓</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
</tr>
<tr>
<td>Special interest products: Birds - (other than at Selected Ecological Reserves)</td>
<td>☑ ☑</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>_</td>
<td>_</td>
<td>✓</td>
<td>_</td>
<td>7</td>
</tr>
<tr>
<td>Special interest products: Geology - (other than at Selected Ecological Reserves)</td>
<td>☑ ☑</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>2</td>
</tr>
<tr>
<td>Special interest products: Archaeology - (other than at Selected Ecological Reserves)</td>
<td>✓</td>
<td>_</td>
<td>_</td>
<td>✓</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>_</td>
<td>4</td>
</tr>
</tbody>
</table>
### Exhibit 4
**Evaluation of Attractions, Activities and Niche Products in terms of their Demand Generating and Demand Influencing Potential**

<table>
<thead>
<tr>
<th>Other Attractions, Activities and Niche Products</th>
<th>Fit with Unique Appeals &amp; Character</th>
<th>Relevance and Interest to Markets</th>
<th>Scope of Tourism Market Potential</th>
<th>Current Critical Mass of Product</th>
<th>Potential Contribution to Visitor Spending</th>
<th>Shoulder/Winter Season Potential</th>
<th>Sustainability/Viability</th>
<th>Identified Opportunities &amp; Future Potential</th>
<th>Overall Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special interest products: Flora &amp; Fauna - (other than at Selected Ecological Reserves)</td>
<td>✓</td>
<td>–</td>
<td>–</td>
<td>◊</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>0</td>
</tr>
<tr>
<td>Expedition style cruising</td>
<td>✓✓</td>
<td>–</td>
<td>✓</td>
<td>◊</td>
<td>✓</td>
<td>◊</td>
<td>✓</td>
<td>✓</td>
<td>4</td>
</tr>
</tbody>
</table>

**Legend:**

- ✓ Positive/Some Potential
- ✓✓ Very Positive/Good Potential
- – Neutral – not particularly strong or weak
- ◊ Negative – a constraint or weakness
Top Priority Influencers (10 + points)
- Regional and provincial packages and tours
- Key Natural attractions and selected Ecological Reserves:
  - Icebergs/whale watching
  - Gros Morne National Park
  - Cape St. Mary’s Ecological Reserve
  - Witless Bay Ecological Reserve
  - Others ecological reserves having potential, such as Mistaken Point and Burnt Cape

Secondary Priority Influencers (5 – 9 points)
- Heritage attractions
- Community-based cultural programs
- Professional theatre/entertainment
- Major events
- Cultural entertainment
- Sports events
- Destination, leisure-style accommodations - resorts/lodges/character inns (country inns, heritage inns)
- Selected ‘destination’ hiking trails
- Packages for snowmobiling
- Skiing at Marble Mountain
- Outdoor adventure activities and outfitters – hiking, sea kayaking, etc.
- Learning programs/packages
- Provincial Parks
- Terra Nova National Park
- Lighthouses (better if on-site accommodations and/or interpretation is provided)
- Pre and post meeting/convention programs/packages
- Special interest product - Birds (outside of selected Ecological Reserves)
- Expedition style cruising (based on perceived potential)

Lowest Priority Influencers (0 – 4 points)
- St. Pierre partnership projects
- ATV trails
- Golf
- Other winter activities
- Local sightseeing tours/cruises
- Other special interest products (outside of selected Ecological Reserves):
  - Geology
  - Archaeology
  - Flora and fauna
- Sub arctic flora/fauna/wildlife

Nurturing the further development of these products will involve a variety of initiatives.
Strategies for Building on Shoulder and Winter Capacity

Seasonality of demand is the #1 challenge facing the province’s tourism industry. It limits earning capacity and puts downward pressure on pricing. A key top priority strategy therefore has to be to grow shoulder and winter season demand, improve pricing and yield and thereby assist the industry become both profitable and sustainable. This is a fundamental prerequisite before the industry can be expected to start investing in upgrading and expansion on their own.

Shoulder and Winter Season Demand

As mentioned earlier, the province is operating at capacity in two of our most important tourism destinations in the summer, St. John’s and parts of the Northern Peninsula, particularly for the travel trade and particularly at better quality properties. And there are other areas around the province where accommodations of the type and character being sought out by visitors are operating at capacity during the peak season. But being busy in the summer isn’t enough to justify building new tourism products or expanding capacity of existing ones if there is only a couple of months of high demand. The first focus therefore should be on growing demand in the shoulder and winter seasons where there is latent capacity, and in responding to the demands of visitors who are already coming at these times of year by making sure that attractions, experiences and services are available.

On a seasonal basis, the priorities should be:

- To strengthen and grow the early/mid fall season from Labour Day through to mid-October and beyond. Weather conditions are generally good at this time of year and there is already a base of visitor activity on which to build – in fact, some destination areas in the province do very well at least for the first three weeks of September or so.

- To develop products and experiences that can attract demand during the late spring season, i.e. from mid May through June. Icebergs are a key attraction for this period – research indicates that they are a reason people come to NL and that they are one of the most asked about natural features by visitors during the summer season.

- A third priority is winter, though in selected destination areas within the province it should be given equal priority to fall and/or spring, particularly in Western Newfoundland, and Labrador and to some degree in Central Newfoundland as well. Winter experiences should not be limited to outdoor, snow-based activities but include urban getaways and packages (theatre, dining, event-based) as well as some destination accommodation based getaways and packages within close proximity to air entry points. St. John’s and Corner Brook are obvious examples.

Exhibit 5 evaluates a list of attractions, activities and niche products as well as market segments and infrastructure needs with respect to their potential contribution to growing demand in the shoulder and off-seasons. (Note that the evaluation considered market size as well as marketability in these seasons.)
### Exhibit 5
Rating of Potential for Shoulder and Winter Season Demand Influencing Product Development and Market Development

<table>
<thead>
<tr>
<th>Demand Influencers</th>
<th>Summer</th>
<th>Late Spring (Mid May, June)</th>
<th>Early Fall</th>
<th>Late Fall, Winter, Early Spring</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weighting/Importance</strong></td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>Attractions, Activities &amp; Niche Products</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Major Natural Attractions including Selected Ecological Reserves</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Birds, Whales</td>
<td>✓ ✓</td>
<td></td>
<td>✓ ✓</td>
<td>✓</td>
<td>19</td>
</tr>
<tr>
<td>Icebergs, Birds</td>
<td>✓ ✓ ✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Birds</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gros Morne National Park</strong></td>
<td>✓ ✓</td>
<td></td>
<td>✓ ✓</td>
<td>✓</td>
<td>19</td>
</tr>
<tr>
<td><strong>Terra Nova National Park</strong></td>
<td>✓ ✓ ✓</td>
<td></td>
<td>✓</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td><strong>Heritage Attractions</strong></td>
<td>✓ ✓ ✓</td>
<td></td>
<td>✓</td>
<td>X</td>
<td>14</td>
</tr>
<tr>
<td><strong>Provincial parks</strong></td>
<td>✓ ✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>10</td>
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<tr>
<td><strong>St. Pierre Partnership Projects</strong></td>
<td>✓</td>
<td>?</td>
<td>✓</td>
<td>✗</td>
<td>4</td>
</tr>
<tr>
<td><strong>Major events: theatre, cultural entertainment events/shows</strong></td>
<td>X ✓ ✓ ✓</td>
<td></td>
<td>✓</td>
<td>St. John’s Corner Brook</td>
<td>14</td>
</tr>
<tr>
<td><strong>Community based cultural programs</strong></td>
<td>✓ ✓ ✓</td>
<td></td>
<td>✓</td>
<td>X</td>
<td>14</td>
</tr>
<tr>
<td><strong>Professional Theatre/Entertainment</strong></td>
<td>✓ ✓ ✓</td>
<td></td>
<td>✓</td>
<td></td>
<td>17</td>
</tr>
<tr>
<td><strong>Major events – Sports</strong></td>
<td>X ✓ ✓ ✓</td>
<td></td>
<td>✓</td>
<td>Close to St. John’s or Deer Lake</td>
<td>16</td>
</tr>
<tr>
<td><strong>Resorts, lodges, cottage, inns</strong></td>
<td>✓ ✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>✗ Close to St. John’s or Deer Lake</td>
<td>13</td>
</tr>
<tr>
<td><strong>Destination Hiking Trails</strong></td>
<td>✓ ✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>✗</td>
<td>11</td>
</tr>
<tr>
<td><strong>Guided Snowmobile Programs &amp; Packages</strong></td>
<td>X X X</td>
<td></td>
<td>✓</td>
<td></td>
<td>4</td>
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<tr>
<td><strong>Skiing at Marble Mountain</strong></td>
<td>X X X</td>
<td></td>
<td>✓</td>
<td></td>
<td>4</td>
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<tr>
<td><strong>Other Winter Activities</strong></td>
<td>X X X</td>
<td></td>
<td>✓</td>
<td></td>
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</tr>
<tr>
<td><strong>ATV Trails</strong></td>
<td>✓ ✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td><strong>Golf</strong></td>
<td>✓ ✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td>X</td>
<td>11</td>
</tr>
<tr>
<td><strong>Lighthouses</strong></td>
<td>✓ ✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td><strong>Outdoor Adventure activities and outfitters – hiking, kayaking, etc.</strong></td>
<td>✓ ✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td><strong>Local sightseeing tours/cruises</strong></td>
<td>✓ ✓ ✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
<td>8</td>
</tr>
<tr>
<td><strong>Packages</strong></td>
<td>✓ ✓ ✓ ✓</td>
<td></td>
<td>✓ ✓ ✓</td>
<td>Air Only</td>
<td>25</td>
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<tr>
<td><strong>Getaways</strong></td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>St. John’s Marble/Corner Brook</td>
<td>17</td>
</tr>
<tr>
<td><strong>Learning programs/packages</strong></td>
<td>X ✓ ✓ ✓</td>
<td></td>
<td>✓</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Demand Influencers</td>
<td>Summer</td>
<td>Late Spring (Mid May, June)</td>
<td>Early Fall</td>
<td>Late Fall, Winter, Early Spring</td>
<td>Points</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
<td>--------</td>
<td>-----------------------------</td>
<td>------------</td>
<td>---------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Weighting/Importance</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Pre and Post Meeting &amp; Convention Packages</td>
<td>X</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>17</td>
</tr>
<tr>
<td>Special Interest Products: Birds (other than at key Ecological Reserves)</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>10</td>
</tr>
<tr>
<td>Special Interest Products: Geology (other than at key Ecological Reserves)</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>8</td>
</tr>
<tr>
<td>Special Interest Products: Archaeology (other than at key Ecological Reserves)</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>10</td>
</tr>
<tr>
<td>Special Interest Products: Sub Flora &amp; Fauna (other than at key Ecological Reserves)</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>8</td>
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<tr>
<td>Expedition style cruising</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>11</td>
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</tbody>
</table>

### Market Segments

<table>
<thead>
<tr>
<th>Market Segments</th>
<th>Summer</th>
<th>Late Spring (Mid May, June)</th>
<th>Early Fall</th>
<th>Late Fall, Winter, Early Spring</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Touring</td>
<td>✔️ ✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>11</td>
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<td>Explorers</td>
<td>✔️ ✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>?</td>
<td>17</td>
</tr>
<tr>
<td>Motorcoach</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>10</td>
</tr>
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<td>FIT</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>23</td>
</tr>
<tr>
<td>Meetings</td>
<td>X</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>St. Johns Corner Brook</td>
</tr>
<tr>
<td></td>
<td></td>
<td>St. Johns Corner Brook</td>
<td>✔️</td>
<td>✔️</td>
<td>St. Johns Corner Brook</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gros Morne area?</td>
<td>✔️</td>
<td>X</td>
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</tr>
</tbody>
</table>

### Transportation Infrastructure

<table>
<thead>
<tr>
<th>Transportation Infrastructure</th>
<th>Summer</th>
<th>Late Spring (Mid May, June)</th>
<th>Early Fall</th>
<th>Late Fall, Winter, Early Spring</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car rentals</td>
<td>✔️ ✔️</td>
<td>X</td>
<td>✔️</td>
<td>X</td>
<td>6</td>
</tr>
<tr>
<td>Ferry service/ Schedule, capacity</td>
<td>✔️ ✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>11</td>
</tr>
<tr>
<td>Coach rentals</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>11</td>
</tr>
<tr>
<td>Air service</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>9</td>
</tr>
</tbody>
</table>

**Legend**

- ✔️ Some limited potential to influence demand in this season
- ✔️ ✔️ Strong potential as a demand influencer in this season; some potential to generate new demand
- ✔️ ✔️ ✔️ Good potential to generate new demand in this season
- X Little or No potential in this season
Based on this evaluation, activities, markets and transportation needs with the most potential can be grouped in three sets, as follows. Note that this assessment is for the province overall and that the potential in the five tourism regions may be somewhat different. Note also this only addresses shoulder and winter season potential. Later we will combine this assessment with the assessment of demand influencers to establish overall priorities.

First Level of Potential (Total points 15 and over)

**Attractions/Activities/Niche Products**
- Major Natural attractions and Selected Ecological Reserves
- Gros Morne National Park
- Professional theatre/entertainment
- Packages
- Getaways
- Pre and post meetings/convention packages
- Major events – sports (examples would include events such as the Brier, Canadian championships for figure skating, minor hockey, etc. The events should have Atlantic region profile at a minimum and preferably national or international profile)

**Market Segments**
- Explorers
- FIT
- Meetings

Second Level of Potential (10 to 14 points)

**Attractions/Activities/Niche Products**
- Heritage attractions
- Major events – theatre, cultural, entertainment
- Terra Nova National park
- Community based cultural programs
- Resorts, lodges, cottages, inns
- Destination hiking trails
- Golf
- Provincial Parks
- Outdoor adventure activities and outfitters
- Learning programs/packages
- Expedition cruising
- Special Interest Products (other than at Selected Ecological Reserves) – Birds, Archaeology

**Market Segments**
- Touring
Infrastructure
- Ferry service – schedule, capacity, extend season/capacity for Argentia service
- Address motorcoach rental concerns

Third Level of Potential (0 – 9 points)
Attractions/Activities/Niche Products
- St. Pierre-Miquelon partnership projects
- Snowmobile packages
- ATV trails
- Skiing at Marble Mountain
- Other winter activities
- Lighthouses
- Local sightseeing tours/cruises
- Special interest products (other than at Selected Ecological Reserves) – geology, flora and fauna,

Recommendations for Pursuing Shoulder and Winter Season Potential

Because these products also have potential to grow tourism in the province more generally, proposals for specific projects and other initiatives dealing with them are included with the proposed strategies for demand influencers in the next section of the report.

1. We need to develop workshops on the opportunities, and the how to’s, of developing shoulder and winter season business. Particular attention should be given to addressing techniques of programming, building suggested itineraries, packaging and value-added features.

2. Suggestions for shoulder and winter season tourism initiatives should be put on the HNL website.

3. It is also critical that we keep our attractions open in the shoulder seasons, as well as restaurants and visitor information services.

4. We recommend a couple of pilot projects which would involve bringing all the players in an area together to agree on an action plan for shoulder season operations. The best destination areas for this would be ones having a reasonable base of accommodations and some attractions and activities that are not unduly weather dependent. Some suggestions for pilot project locations include Corner Brook/Humber Valley, Gros Morne area, St. John’s (winter) and the Irish Loop, Bonavista Peninsula, Gander and Road to the Isles area. It would involve the following kinds of initiatives:

   - Getting agreement to remain open for business for a target period in the spring and/or fall, particularly attractions and activity/adventure operators and traveller services
   - Develop a number of experience-based suggested itineraries and packages, working with a tour operator
Staging a spring or fall event as part of the program
- Designing and launching a concerted marketing program for the foregoing
- Working with transportation providers to ensure appropriate access, e.g. extended ferry schedule in spring/fall, air consolidator option for European markets

This effort should be sustained for a minimum of three years and the results tracked throughout. The lessons learned would assist other destination areas with similar initiatives.

Combined Ranking of Tourism Products

Exhibit 6 presents a combined ranking of tourism products on both demand influencing potential and generating shoulder/off season tourism.

Each of the top priority and secondary priority influencers that also rate highly on shoulder and winter season potential is considered further below.

Improving Yield

It is evident that prices being charged by tourism operators in the province, particularly those outside of St. John’s, are generally much lower than prices being charged in other destinations, including the other Atlantic provinces. This is, in part, a consequence of the soft demand situation outside of the tourist season, but it also represents a lack of understanding among many tourism operators with respect to a number of things:

- Prevailing prices elsewhere
- Consumer perceptions and expectations about prices
- Effective pricing techniques (Many operators see their price-cost-profit relationship as being static, whereas it varies widely for most tourism businesses with variations in the volume of business. Cost per unit declines with increases in volume, with the result that profits can be increased with more volume, even at discounted prices. This is not generally well understood.)
- The modern concept of revenue/yield management that is rapidly becoming the norm among the larger players in the industry

Improving yield will not only help improve the overall viability of the tourism industry but it will also help enable tourism businesses to pay more than minimum wage.

Recommendations

Assisting the industry with correcting this situation is an important priority for the future. We recommend that HNL, as the lead organization for professional development, undertake the following initiatives:
### Exhibit 6

**Priorities for Development based on Demand Influencing Power and Contribution to Generating Shoulder/Winter Season Tourism**

<table>
<thead>
<tr>
<th>Demand Influencing</th>
<th>Potential for Shoulder and/or Winter Season</th>
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<tbody>
<tr>
<td></td>
<td>Primary (15 plus points)</td>
</tr>
</tbody>
</table>
| **First Level of Priority (10 plus points)** | o Regional/Provincial packages/tours/ getaways  
o Key natural attractions – icebergs, whales, and selected Ecological reserves  
o Gros Morne National Park | | |
| **Second Level of Priority (5 – 9 points)** | o Professional theatre and cultural entertainment  
o Pre and post meetings/convention packages  
o Major events - sports | o Community-based cultural programs  
o Heritage attractions  
o Major events  
o Resorts, lodges, inns, lighthouses - character accommodation  
o Destination hiking trails  
o Outdoor adventure activities and outfitters  
o Major events – theatre, cultural, entertainment  
o Learning programs & packages  
o Provincial parks  
o Terra Nova National Park  
o Special interest – birds (other than at selected Ecological Reserves) | o Snowmobiling (higher priority for western and central NL)  
o Skiing at Marble Mountain (higher priority for western NL)  
o Lighthouses |
| **Third Level of Priority (4 plus points)** | o Golf  
o Special interest products (other than at Ecological Reserves) - Archaeology  
o Expedition and coastal cruising | | o St. Pierre Partnership projects  
o Other winter activities  
o Local sightseeing tours/cruises  
o Special interest natural heritage products (other than at Ecological Reserves) – geology, subarctic flora and fauna  
o ATV trails |
1. Develop pricing ‘tools’ for the industry, particularly for accommodations, both workbooks and web-based

2. Deliver workshops on pricing and revenue management techniques, and provide follow-up mentoring services. This might involve identifying local ‘champions’ who understand pricing and are prepared to work one-on-one with other operators to help them price their products and services.

3. Deliver more workshops on working with the travel trade and other group clients, including techniques of pricing for these clients

4. Periodically research and post information other prevailing prices of tourism products at other destinations along with Statistics Canada data on average daily trip spending in Canada

**Natural Attractions**

The province’s natural attractions are in the forefront of its unique selling propositions; icebergs, whales, seabirds, mountains, dramatic seacoasts and vistas at every turn.

The key strategy here is ensuring that interpretation is provided; guidebooks, interpretive panels, guided tours and special programming.

The strategic approach is to do a limited number exceedingly well, with the critical mass and supporting business model to be sustainable over time, and avoid doing too many. Support programs need to recognize this. Close the door after the need/opportunity is fully exploited; protect the ‘franchise’ (market position) for each of them. ‘Me too’-ism needs to be avoided.

Natural attractions don’t behave like commercial attractions. The icebergs don’t appear in August. We have to be careful to promote the right products for the right seasons, and showcase the destination appeals differently for each of the seasons.

Some specific opportunities worthy of pursuit include:

- Development of a Natural History Guidebook for Newfoundland and Labrador, or potentially several on different natural themes
- A natural history interpretation centre in the Avalon in a central, hub location, based on and linked to the unique natural history attractions of the region, including the ecological reserves of Witless Bay, Mistaken point and Cape St. Marys, as well as Cape Race, Baccalieu Island, the Avalon Wilderness Reserve, etc. This could potentially be located at Butterpot Provincial Park in association with the proposed astronomy facility.
- An interpretation centre for the Burnt Cape Ecological Reserve and a linked network of experiences and interpretation of the unique natural history features available in this area
- A number of initiatives associated with icebergs, such as the following:
  - The proposed whale and iceberg interpretive centre in the Springdale area
- The Long Point lighthouse and iceberg interpretive facility proposal at Twillingate
- Interpretive panels at selected other iceberg viewing locations, such as at the tip of the Northern Peninsula and along the Kittiwake Coast
- Perhaps an iceberg reporting system, using digital photos, and making up to date information available through information centres and on a website
  - Build on the Geo Centre capabilities, through events, outreach programs to assist communities interpret their own unique geology, guided trips for special interest groups
  - Fall colour could be a big draw for western Newfoundland in particular, particularly with packages

Signage is a challenge for tourism products generally, but directional signage to natural attractions and points of interest is particularly important and needs to be a priority for the future. It should be consistent with the character of the natural attractions.

Environmental conservation is a growing issue and threatening the future of this aspect of the province’s tourism product. That subject will be addressed in Section 10.

Public Sector Facilities and Programs

The new provincial Department of Environment and Conservation and Parks Canada are both major sponsors and managers of parks that play a large role as natural attractions. The province also manages a number of ecological reserves that are also important attractions for tourists.

Budgetary pressures have prevented both levels of government from reinvesting in important infrastructure and interpretive facilities, and in maintaining desired levels of interpretation and programming. This is extremely unfortunate as these are critical components.

In future, it will be important that ways be found to improve on this situation. One of them recommended later in this section is the establishment of a new agency to provide financial support for such non-commercial parts of the tourism product mix. Such an organization could serve to advocate the funding agenda for such tourism assets with government as well as seek out other sources of funding, for both capital investment and operations.

Parks Canada needs to continue to be encouraged to be more proactive in programming, packaging, partnerships with operators and marketing. They are a vital player, but one that has competing agendas and demands on its funding. Assisting them with maintaining their focus on tourism is important.

Supporting Others

Resolving public sector funding is only one of the challenges; another is providing capital and operational funding support to not-for-profit groups and private companies that provide interpretation of natural areas as part of their business. An agency could also address this need as well.
Cultural and Heritage Attractions, Events and Programs

Newfoundland and Labrador has great resources on which to build cultural and heritage tourism, including both modern cultural expression through music, literature and the arts, as well as unique cultural heritage.

Contemporary Cultural Expression

Research has made it clear that ‘people’ are a major part of what makes Newfoundland and Labrador appealing to tourists. Newfoundlanders and Labradorians have endearing characteristics and a sense of humour that pervades all aspects of life.

They also have a strong ‘sense of place’. This is an abstract concept that is almost spiritual. Essentially it means having a psychic connection to your homeland, that most Newfoundlanders and Labradorians clearly have, to a greater degree than most other people today. The evidence of this comes through their desire to live and work in the province rather than move elsewhere, or if they have to move for work, they return as often as they can. It also comes through in their camaraderie with others, including visitors. And it comes through in their entertainment and their arts.

Other values that define the lifestyle of Newfoundlanders and Labradorians include a powerful sense of community and caring, and a trusting nature.

Today, the province harbours one of the last participatory cultures (cultures in which the population is widely engaged in traditional arts, crafts and cultural activities) in the western world. For centuries, art was made by “the people” rather than by professionals. This applies to many fields of creative endeavour such as hooked mats, folk songs, musical instruments, traditional furniture, clothing, stories and dance.

The intellectual and artistic capital of the province has been growing at a faster rate than almost anywhere else in Canada, with writers, painters, musicians and theatre artists making Newfoundland and Labrador’s special history and character known on the national and international stage as never before, and creating an attraction that is bringing artists here from all over the world.

The extraordinary bond between people and place continues to be expressed and reinforced in many artistic forms; for example, the songs of Harry Martin, the paintings of Gerry Squires, the sculpture of Luben Boykov, the carvings of Gilbert Hay, the novels of Kevin Major and the stage plays of Robert Chafe.

The unique, contemporary culture of the province’s residents is therefore a powerful feature on which to build tourism.
Cultural Heritage

The other side of culture is cultural heritage, which is also an important tourism attraction. The cultural heritage of Newfoundland and Labrador includes an extensive built heritage of fishing premises, residences and community buildings in over 700 communities, in addition to 300 headland and offshore island communities resettled since the 1950s and scores of summer communities along the Labrador coast. The province also has one of the most significant folksong collections in North America and extensive collections of folklore featuring, for example, traditional dance, unique language, local customs and traditions developed over centuries by relatively isolated communities and regions.

This heritage treasury is being expressed across the province in many ways, in museums, interpretive programs, cultural events and the like. It is playing an important role in current tourism activity and can become much more important to future cultural product development.

Exhibit 7 presents a summary of what ‘culture’ means in terms of the ‘products’ of this sector.

Tourism Products and Experiences that Fit the Cultural and Heritage Tourism Model

To help define what is meant by cultural and heritage tourism products for Newfoundland and Labrador, the following is a list of examples compiled by the study team:

- Learning vacations
- Short, hands-on learning demonstrations
- Artists-in-residence, as at Gros Morne National Park, Twillingate, Terra Nova, Cape St. Marys and Campbell House, Trinity
- Art galleries and studios
- Displays to showcase books by local authors and relate to locations/themes/sites that are talked about in the books; e.g. March Hare event in Corner Brook and the Winterset in Summer festival in Eastport
- Economuseums; e.g. in Shoal Cove West and St. Lunaire-Griquet
- Products that link natural and cultural heritage; e.g. Mussel Bound in Fortune Harbour and Prime Berth in Twillingate (it is the fusion of culture and nature in products such as these that can create our most memorable experiences)
- Museums and historic sites
- Archaeological sites, e.g. in Ferryland and the Porcupine Strand near Cartwright
- Built heritage, e.g. in St. John’s, Tilting and Harbour Grace
- Performances – music, theatre, dance
- Festivals and events such as:
  - Festival 500 and Sound Symposium
  - Soirees & Community Times
  - Mummering
  - Re-enactments/moving theatre
  - Variety shows
  - Pageants
  - Storytelling
### Exhibit 7
**What Does ‘Culture’ Embrace?**

#### Cultural Heritage
- Historic Sites
- Museums
- Interpretation
- Archaeological sites
- Ethnic – e.g. Dorset, Beothuk, Maritime Archaic, Innu, Inuit, Acadian, Metis, Mi’Kmaq, European
- Genealogy
- Heritage communities/districts
- Lifestyles – e.g. Outports, Entertainment, Cuisine (incl. jam making, recipes, berry picking etc.;)

#### Culture and the Arts
- Performing Arts – Professional
  - Theatre
  - Dance
  - Music
- Performing Arts – Community-based
  - Theatre
  - Dance
  - Music
- Cultural Performances
  - Soirees & Times
  - Mummering
  - Re-enactments/moving theatre
  - Variety shows
  - Pageants
  - Storytelling and literary events
  - Kitchen parties
- Visual Arts
  - Drawing
  - Painting
  - Print making
  - Sculpting
  - Photography
  - Graphics

#### Artisans/Crafts
- Craft demonstrations
- Econo-museums
- Boatbuilding and other traditional activities

#### Others
- Festivals and Events, including sporting events
- Living Interpretation
- Specialty Tours, Exhibitions and Learning
- Literary Arts – writing, poetry, books
- Films/Multi-media
- Kitchen parties
- Cuisine,
- Local customs,
- Packaged tours around cultural and heritage themes, e.g. theatre, craftmaking, archaeology, etc.,
- Crafts, books, music/recordings, art, films/videos,
- Aboriginal experiences, and
- Celebrations by Acadian and other ethnic groups.

A key advantage of many cultural and heritage tourism products is that they can deliver high quality experiences year round, without the dependence on seasons or fine weather that limits certain other products.

**Transforming ‘Cultural’ into ‘Cultural Tourism Products’**

The province has a wide selection of cultural and heritage offerings across the province. Some are successful and appear to be fully ‘tourism-ready’, including the Gros Morne Festival in Shallow Bay, Trinity Pageant and Spirit of Newfoundland Productions in St. John’s.

Some are ‘emerging’ with plans in place to grow their role in tourism. Others are undeveloped in terms of a tourist offering, but have potential.

Many are badly in need of rejuvenation and most are challenged in terms of sustainability.

Transforming ‘cultural’ into successful cultural and heritage tourism attractions, events and programs requires the addition of a number of important things, including:

- Programming enhancements to connect with visitors who are unfamiliar with the context of the programming and need more explanation and interpretation
- A marketing program directed at tourism markets
- Advance information services (1 year plus) via a website, collateral, a 1-800 number, etc.
- A system of advance reservations and ticketing
- Business practices to deal with tour operators
- Group handling and seating arrangements
- The provision of on-site information and assistance for visitors, and
- Packages for visitors, with accommodations, interpretive materials, etc.

From the artistic perspective, it is important that creativity be allowed to flow. There is responsibility on both sides to create the right fit. Effective communication is required between the tourism, arts and culture sectors to ensure there is a shared vision of what is realistic and practical from a tourism perspective, while at the same time protecting cultural integrity and creative expression.

These considerations need to be applied to both professional and community-based products.
There are always risks in converting cultural features into tourism products. Failing to overcome them usually leads to failure. The process has to respect the cultural sensitivities involved, and take care with respect to the following issues and needs:

- Preserving our rural communities and rural-based culture
- Finding the right fit between the community and tourism
- Preserving cultural integrity
- Delivering high quality experiences; finding ways to make sites and programs come alive, and
- Collaboration among the stakeholders involved - communities, cultural and heritage organizations, private businesses and governments

One of the needs is for a planning framework to assist communities with developing cultural tourism projects and programs, one that addresses the challenges and opportunities in an appropriate fashion and also assists them with tourism-informed land use management in terms of celebrating built heritage, preserving special places, etc. This need for municipal planning with a tourism orientation is discussed in more detail later.

**Professional Programs and Community-Based Programs**

Both professional and community-based experience providers have roles to play in cultural and heritage tourism, but different ones. To be sustainable and meet traveller expectations, live cultural performances have to be professional, with committed and trained performers, who are paid to show up, on time, all season long. Volunteers and community organizations simply cannot achieve this on a consistent basis.

**Professional Programs**

Professional troupes and individual entertainers have been achieving success across the province in locations such as Stephenville, Cow Head, Trinity and St. John’s and there are aspirations of establishing troupes in several other locations.

As with other attractions, it is important that a few good ones be supported and supported adequately to become successful and be sustained over time. Too many undermines the market potential of each one, plus spreads the funding support too thinly, with the result that a lot get started, but inadequately, then flame out because of inadequate operational funding, little marketing and volunteer burnout.

The recommended approach therefore is:

- Do a few really well, keep them fresh and ongoing, but
- Close the funding support door to others until the market catches up and there is clear need and opportunity for more, then
- Move forward selectively.
There are opportunities for further professional entertainment offerings in locations such as St. John’s and Corner Brook (with the potential for linkages to the fine arts school here). These destinations have the resources and the existing or emerging products to become four season cultural destinations. The City of St. John’s Tourism Division is currently pursuing plans in this direction.

St. John’s is one of Canada’s special cultural places in terms of its history, built heritage, contemporary culture and, with its vibrant, leading-edge arts industry, it can become a prominent Canadian Cultural destination. The city and surrounding region can offer year-round packaging that incorporate special experiences involving heritage, contemporary theatre, music, folklore, fine dining, crafts, special events such as storytelling, studio visits and character accommodations. These can be combined with the region’s spectacular natural heritage and world-class outdoor experiences.

St. Anthony, Twillingate, Brigus and Grand Bank have been identified as communities that might have potential opportunities for seasonal professional programs.

There is need for a ‘seal of approval’ standard for professional programming in the province (as well as for community events/programs). Professional offerings need a distinctive brand of their own in marketing so that tourists know the difference.

Community-based Cultural and Heritage Products

These types of programs tend to be volunteer-based and variable in their level and quality of programming. That is not necessarily a major problem if visitors understand the nature of the program. Variability is acceptable if the experience is genuine.

There is a need for more live animation, storytelling and innovative interpretation programs with regard to community heritage facilities and at provincial historic sites. The gap to be filled is to have Newfoundlanders and Labradorians animating the experience. And we need them doing the things Newfoundlanders and Labradorians do - fishing for squid, making lobster traps, hooking rugs, building boats, etc.

Festivals and Events

There is a particular opportunity to drive shoulder and winter season tourism with well-programmed festivals and special events. Examples could be a Fall Colour Festival in the Humber Valley, a Spring Eagle Festival in Terra Nova National Park or a Snowmobiling event in southern Labrador.

The criteria for a successful event from a tourism perspective are similar to those outlined earlier in this section for cultural and heritage programs. For example, events need to be well organized, held at times that make sense for tourists, be well publicized, and offer special arrangements for group and/or FIT visitors in terms of group handling, preferred seating, interpretation, etc.
Aboriginal and Acadian Cultures

There are opportunities to celebrate and learn about indigenous and ethnic cultures in the province. The Inuit, Innu and Métis in Labrador and the Mi’kmaq in Newfoundland are all currently expressing interest in the tourism industry. Each of them can bring resources to the table and become important partners in the future development of the industry. The Federation of Newfoundland Indians, for example, is curating an exhibit for the Corner Brook Museum and Archives.

The 500 year celebration of French presence in Newfoundland and Labrador in 2004 has been planned as a major event that will leave several community legacies in places such as Placentia, Prot au Choix, Croque and La Scie, and will also feature several collaborative projects with St. Pierre et Miquelon.

Exporting Our Arts and Culture and the Impact on Tourism

Increasingly, the province is exporting elements of its arts and culture through books, choirs, music, films, television shows and visual artists. This is giving profile to the province generally, as well as increasing awareness of Newfoundland and Labrador as an exciting and unique place to visit. These features offer a lot more potential for tourism in the future. However, there will need to be a co-ordinated effort in this regard involving both tourism leaders (marketing and product development) and the arts and culture community.

Need for Training and Coaching

This sector, and most particularly the community-based groups, need training and coaching on the ‘how to’s’ of cultural and heritage tourism. Topics would include:

- Interpretation – human, and exhibitry/displays
- Guiding
- Animation
- Planning
- Management
- Co-ordination
- Finance/fundraising
- Event planning
- Volunteers
- Marketing
- Sponsors and partnership
- Working with the tourism industry and the travel trade
- Skills training – culinary arts, artisans

Programs could be residential, in other words at a campus, offered regionally or online.

In addition, more hands-on coaching/mentoring would be an enormous asset to these groups, along with technical support services in actual delivery.
A Centre of Excellence for Cultural and Heritage Tourism

- The College of the North Atlantic has proposed a Cultural and Heritage Tourism Centre of Excellence in Bonavista. It was proposed to offer training programs and workshops on cultural and heritage tourism for organizations across the province and in Atlantic Canada generally, similar to what the GMIST program is going to do for outdoor tourism and sustainable tourism.

- If a project of this type were to be able to deliver training and outreach programs on the topics listed above, it would have real merit.

- We recommend that, rather than pursuing this through the College of the North Atlantic alone, this initiative should be pursued with Hospitality Newfoundland and Labrador playing a lead role in strategizing and coordinating the approach. If such an initiative is to proceed, it should involve appropriate collaborations with the other players as well such as the MUN Folklore program and the GMIST centre. There needs to be a conceptual plan developed for the concept along with a feasibility study and implementation strategy. This initiative should be led by HNL.

- In addition to its obvious benefits to the cultural heritage tourism community of interests, it would help build credibility for the province’s leadership in this field.

Need for a New Funding and Operational Model to Support Cultural and Heritage Programs, as Well as Natural History Programs

Cultural and heritage tourism programs, and natural history attractions as well for that matter, are generally not self-sustaining from revenues. It is the rare program that has commercial character, even those that have large markets at their doorstep. These things simply don’t fund themselves. This is why most of them are operated by governments, and on a deficit basis. (A survey of major heritage attractions operated by governments in Canada indicated that the most successful of them in terms of revenue generation were able to cover less than 50% of their operating costs. Some cover as little as 5% of costs from revenues.) These things are simply expensive to maintain and operate, and the revenue potential from admission fees and other source are very modest.

This is also why those that are operated outside of government by not-for-profit organizations have fundraising programs of various kinds to supplement their small revenue base.

So funding them requires attention to both capital requirements as well as ongoing operations. Providing a one-time grant to build a venue and then hoping for the best doesn’t work. A better approach is to develop a mechanism to support projects of merit that also meet a high standard. For this we propose the establishment of a new agency in the province, which will be discussed shortly below. This agency would support not-for-profit programs as well as similar programs operated by for-profit companies as long as they fit the eligibility criteria. It could also potentially support government-operated facilities and programs as well.
Criteria for Support

The kinds of criteria that would apply in evaluating candidates for capital and ongoing funding support would include something like the following (these were developed for the Signature Attractions of Atlantic Canada program):

Character of Eligible Attractions
- Natural phenomenon
- Sightseeing experience
- Historic attraction - historic site, artefact, reconstructed artefact, replica, museum
- Cultural attraction - art gallery, cultural heritage experience, cultural entertainment venue and program

Visitor Experience
- National or international uniqueness and/or significance, and of real interest to tourists
- A 'storied' attraction – one that has an interesting story that is retold in an effective fashion
- Quality programming - interpretation/animation/entertainment
- High standard of natural/historic/cultural integrity - genuine, or accurate representation/re-creation
- Authentic to Newfoundland and Labrador or to provincial character
- Can be experienced comfortably on foot and/or as part of a specific concentrated/clustered site

Visitor Support Infrastructure
- An admissions area, with a clear point of arrival and orientation
- A defined site with visitor support facilities/services - orientation, interpretation, parking
- Information/reservations services where required

Value/commitment to the tourism economy
- Does packaging for visitor markets
- Has destination drawing power - attendance thresholds, and/or Michelin rating
- Open at least 90 plus days/year
- Willing to participate in tourism marketing programs with partners

The criteria would, of course, need to be customized for festivals and events.

Use of Volunteers

The use of volunteers is a good means of involving people who have lived in a community in a role as docents and interpreters. It also can save money, which is of course important and allow program to operate for longer hours and for longer seasons. However, there is a science to this in making it work successfully over time, so we have included that topic in the suggested professional development programs discussed earlier.

There is also the issue of using volunteers at provincial museums and sites, which is problematic from a union perspective apparently. We recommend that an effort be made to overcome this
barrier through negotiations, as it creates an inappropriate barrier to extending the programming and seasons of operation of important provincial facilities.

Nova Scotia recently enacted a new piece of legislation, the Volunteer Protection Act (December 2002) designed to provide some protection for volunteers in the province. The Act provides limited protection from civil lawsuits for volunteers working with non-profit organizations. Under the legislation, volunteers cannot be held personally liable when acting within the scope of their responsibilities and when they are properly licensed, certified or authorized. Newfoundland and Labrador’s volunteers would benefit from a similar act.

A Provincial Tourism Development Agency

We propose the establishment of an agency to perform a number of vital roles, the primary focus being to support both natural history tourism programs and cultural/heritage tourism programs. Its functions, established in stages over time, would be approximately as follows:

- Take over operational management of the Province’s parks, historic sites/museums, interpretive programs at selected ecological reserves
- Advise government agencies with respect to capital grants to assist in the establishment, upgrading and expansion of qualified projects and programs
- Planning assistance for qualified projects/programs
- Technical advice and in-kind assistance for qualified projects/programs
- Coaching/mentoring on tourism related business practices
- Financial support for programming and interpretation at key natural/cultural attractions in the province
- Sponsorship of professional development programs in natural and culture heritage tourism, such as those proposed for the Centre of Excellence program discussed earlier.

A Foundation In Future?

We also recommend that consideration be given by the proposed agency to establishing a foundation in future to be able to tap into other forms of financial support, such as:

- Fundraising to support natural and culture heritage tourism in the province, from government, citizens, corporations, philanthropic organizations and wealthy individuals (One suggestion offered was getting the federal government to gift the $15 million or so in annual dividends they receive from Hibernia to this purpose.)
- Development of an endowment fund to provide annual operating grants for qualified projects/programs, based on the submission by them of an acceptable business plan

There is currently the Heritage Foundation of Newfoundland and Labrador whose role is to ‘stimulate and understanding of and an appreciation for the architectural heritage of the province’, which is a most worthwhile initiative. However it is not what is being proposed here which is complementary but different to what they do, but broader in scope.
Other Provincial Initiatives in Cultural Heritage Tourism

A number of other important initiatives have been identified as strategic in developing cultural and heritage tourism products in Newfoundland and Labrador. They include:

○ A cultural/heritage map and guide to the Province, developed by themes, types of experience and region. It could be tied in with a natural heritage map, and used to identify self-guided cultural/heritage routes. (DTCR published one a few years ago with Department of Canadian Heritage and MANL, as a supplement to the provincial travel guide. It was a very good first effort that never got repeated. This needs to be resurrected, improved upon and published every two or three years.)

○ Other itinerary planning aids – such as a heritage attractions passport, cross promotions between sites, themed studio tours, the establishment of heritage precincts such as the one being proposed in St. John’s and the corridor proposal being pursued by the Association of Heritage Industries.

○ Establish a Culture and Heritage Tourism Co-ordinator position within HNL, as a counterpart to the current Adventure/Campground Co-ordinator. A product team coordinator as part of the HNL team would be effective in getting the players pulled together.

○ A system of standards and certification for cultural and heritage tourism products is required, based on the kinds of criteria suggested previously in this section.

○ The Taste of Newfoundland and Labrador program needs to be reinstituted, with a champion having the vision and drive required for its success. Notable dining experiences outside the St. John’s area (i.e. those featuring traditional or creative dishes using local ingredients) are growing but are scattered and far too few in number. The Taste program can be instrumental in the much-needed raising of standards across the province (in three categories – fast food, family and fine dining), and in developing cuisine as a mainstream cultural tourism experience. Professional assistance is needed to help restaurateurs in key areas such as menu design, presentation, costing, portioning, and how to increase profitability through using fresh vs processed ingredients.

○ Economuseums have proven to be good providers of special tourism experiences. 2 or 3 more could be added; possibilities include shrimp products in Port aux Choix, pottery in Kings Point; woodworking in Amherst Cove, traditional baked goods in Corner Brook and wine making in Twillingate.

○ Cultural Preservation is a challenge. We need to do more to educate young people about traditional culture, which is in danger of being lost. If rural communities and traditions die out, so will much of the tourism industry. Artists need to be supported in this effort; they are the protectors of our culture.

○ Product Clustering is a proven model for success and needs to be fostered with respect to cultural/heritage programs in strategic locations across the province. An example of an
emerging cluster is the tip of the northern peninsula (Routes 436 and 437), which includes L’Anse aux Meadows, Dark Tickle Economuseum, initiatives at Burnt Cape Ecological Reserve and the adjacent community of Raleigh, Norstead and French heritage initiatives.

- A series of facilitated cultural tourism roundtables should be conducted in key destination areas. One of their most important functions will be to facilitate communication and partnership between tourism operators, artists and leaders in the culture and heritage sectors. A key deliverable will be the identification of cultural tourism products (existing and new) that will appeal to the visitors, that will play to regional strengths and help diversify the provincial offer (as opposed to competing for market share with other regions or similar products).

- Crafts – higher quality products need to be made more available across the province. Craft tours are an opportunity, including demonstrations in grass work, rug hooking, pottery, preparation of preserves and the making of seal skin clothing.

- The Coast of Bays presents an opportunity for development. The Arts and Exploration Centre under development is unique and a good fit with interesting Newfoundland heritage – both aboriginal and European based.

Other Product Suggestions:
- A package tour around professional theatre, involving for example, Stephenville, TNL, Rising Tide and St. John’s companies (one such package was offered in 2003 by Vision Atlantic, “Be Entertained Newfoundland Style”).
- Build on Memorial University’s exceptional program in folklore
- Soirees and Times should be revitalized
- Develop an endowment fund that can support cultural programs and events
- Wartime and transatlantic aviation have potential as heritage themes in Central Newfoundland. An example is the Flying Boats Festival being developed in the Botwood/Norris Arm area in collaboration with Foynes, Ireland.

Sequel to Special Celebrations - Cultural Programming

We need to pursue the recommendations on cultural and heritage tourism in the 2002 ‘Newfoundland and Labrador Tourism Marketing Strategy Review’ prepared for DTCR. The text to follow is reproduced from pages 96 to 98 of that report.

‘The consultants were asked to address the question of ‘special celebrations’ and offer recommendations on what, if anything, should be a sequel to these major events.

Value of Major Events, and their Negative Side

Unquestionably, the major events of the past five years have done a lot to build awareness about the province and have certainly generated visitation that might not have come otherwise. That has been of real benefit to the province during the period of the event itself.
The question arises, however, of whether this is a strategically valuable model for tourism. In fact, there are some negatives:

- Major events cause a peaking in visitation during the event and ‘steal’ from other periods of the year.
- They steal visitation from areas of the province not participating in the event.
- They disrupt the natural pattern of visitation during the event (and for many people, the entire season), by discouraging visitation from people not interested in the event itself.
- Visitors don’t want to be affected by the extra traffic and higher prices.
- They build visitation from those interested in the event itself, but are these the people that are the priority target market for the province?
- Events that are not ‘on strategy’ with the tourism marketing plan not only don’t contribute to the strategy, they can undermine it.

These negatives are made more problematic when the core tourism marketing budget of the province is redirected to support the event.

**A Preferred Scenario**

In looking at the tourism marketplace, it is evident from the experience of other jurisdictions that becoming a successful tourism destination involves a sustained and consistent effort over time. The competition is great and the time-line of building demand is gradual and long. There are no quick fixes that create sustainable demand in tourism.

Being successful also requires a focus on quality products - the visitor experiences - that can be institutionalized into the ongoing offer of the destination. Much of what works best in tourism is word-of-mouth referrals and repeat visitation, and this only works if the product offer is consistent.

So, for a major event to become a tourism product, it has to leave a legacy product behind that can become part of the destination’s ongoing product offer. It needs to build legacies of sustaining products and experiences for visitors. This was accomplished with the Viking celebration, at least for Northern Peninsula. However, for most of the other celebrations, with the possible and partial exception of “Soiree and Times” in 1999, the event did not result in a new product offer.

It also needs to result in a product that can be experienced at different times and in different ways in different regions of the province, and not concentrate demand in one region at the expense of the others.

It should also be able to 'stream in' with other products and not unduly impact travel patterns during the period it is offered.

And it shouldn’t undermine the core tourism marketing effort; it needs to be additive to it.
A Cultural Programming Partnership Effort

The consultants believe that the “Soiree and Times” event and the subsequent work of the Special Celebrations Corporation in assisting the efforts of communities and groups with local and regional events provides the foundation for a good tourism model for the future.

What we have in mind is a program such that cultural entertainment groups and community events could obtain some assistance and support in tourism market-readiness and tourism marketing. Those meeting the standards and criteria could partner with the Province on selected tourism marketing initiatives. The table below illustrates the basic approach.

<table>
<thead>
<tr>
<th>Cultural Programs Partnership Program</th>
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<tr>
<td><strong>Types</strong></td>
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<tr>
<td>Festivals</td>
</tr>
<tr>
<td>Exhibits/shows</td>
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<tr>
<td>Music</td>
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<td>Theatre</td>
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We recommend that the staff of the ‘special celebrations’ corporation be brought into the Tourism Product Development Division, along with its budget, to provide the services described in the table. The corporation should then be wound-up since we recommend that this program replace the special celebrations program and functions.

This is another example of something that can and should be included within the scope of the proposed product development strategy.

Results of Industry Meetings on this Issue

- There have been too many different ideas in the last five years and the celebrations have been too political and not "on strategy"
- There was general agreement that the concept of cultural programming was sound - but that it had to be done right and as part of an overall strategy with a coordinated effort.
- Cultural programming should comply with a set of criteria and standards, including those relating to quality customer service.
- The Soirée and Times model was seen as a good one, possibly combined with the occasional large event”
Provincial/Regional Itineraries, Packages and Tours

Tours and other forms of packaged travel products play an important role in generating travel to and within the province, extending stays and spending and also encouraging repeat trips. We believe they can play an even larger role in future in this regard, as discussed below.

Newfoundland Experiences Program

As travel professionals who understand the marketplace probably better than most others in the tourism industry (as they must in order to survive), there is an opportunity to harness the capabilities of tour operators more extensively than they are today in mobilizing demand influencing tourism product development. What we are proposing is establishing a province-wide program in which tour operators would be contracted to work more broadly, beyond their own products, in developing suggested itineraries for visitors and packaged travel products in collaboration with the regional and provincial destination marketing organizations (DMOs). (See Section 13 for a more extensive discussion about regional DMOs.)

To give it an identity, we have named this program-to-be ‘Newfoundland Experiences Program’.

Three kinds of products would be developed:

- **Suggested itineraries for visitors**, of from one hour to a full day in duration, with most of 2 to 4 hours in duration (These would not be packages that people would book and pay for. They are simply itineraries of interesting things to do and see that logically link together in a particular area, perhaps under a theme associated with special interests, such as history for example.)
- **Short, experience-based packages** offered by individual tourism operators
- **Longer tours and FIT packages** in the region

In the first case, the tour operator would work with the DMO in a consulting capacity in planning suggested itineraries for visitors in different regions and involving different kinds of activities and themes. The DMOs, both the provincial Department of Tourism, Culture and Recreation and the regional DMOs, would then develop marketing materials and promote the itineraries to visitors. The idea would be that visitors could mix and match combinations of part day itineraries as they so choose in planning their trip, either before they come or while they are here. Websites, trip planners and visitor information services would be used to assist the traveller.

In addition, accommodation operators and other tourism businesses in the regions would be given collateral materials and encouraged to recommend these experiences to their guests. It serves their interests to do so in that it will encourage extended stays in the area.

In the second case, experience-based packages, the tour operator would work with individual tourism operators in the region in developing short packages, much like the ‘day adventures’ in New Brunswick. (This program in New Brunswick brought a lot of new, experiential product to the market and helped the province diversify and grow its tourism. A weakness of that program was inadequate coaching to ensure that the products were, in fact, of appeal to tourists and likely
to be purchased. But having professional tour operators involved in advising operators will assist enormously in avoiding that kind of problem here.)

These packages would be marketed in the same fashion and in conjunction with the suggested itineraries as part of the DMO’s marketing. They would be booked directly with the tourism operator offering the package, or potentially by others on a commission basis. (However, this latter option is more complicated and perhaps should be deferred to the future, as it involves a reservations program, payment/collection of commissions, the use of vouchers, etc.)

Local tourism industry associations, municipalities and RED Boards could also play a facilitation role with the foregoing, providing information and organizing the tourism operators to participate.

Beyond suggested itineraries and the short tourism supplier packages, more extensive packages and tours could also be developed where appropriate, which would be marketed by both the DMOs and the tour operators, and operated by the tour operator under agreements with the relevant DMOs. Our research with tour operators has provided the following ideas:

- More FIT packages and special interest group programs
- Different group tour programs designed for one week or less, concentrating on one or two regions of the province
- Packages based on day tripping from regional hub communities

The costs of the consulting/advisory/planning services from the tour operators would be compensated on a fee basis through agreements with the various DMOs, from funding provided to the DMOs. For the more extensive packages and tours, the tour operator would presumably operate these on a revenue basis, with the DMO support limited to inclusion of the products in the DMO’s marketing. In fact, bookings made through the DMO on such products could be commissionable to the DMO.

Newfoundland and Labrador has a number of tour operators based in the province who provide packaged holidays of various kinds. Major ones offering a mix of group and FIT products who might be considered for the foregoing include:

- Maxxim Vacations
- McCarthy’s Party
- Wildland Learning Vacations
- Vision the Atlantic Canada Co.

FIT Packages

The ‘fully independent travel’ (FIT) package market is growing steadily in North America, outstripping group travel in many cases as more people today prefer the flexibility of independent travel. However, in Newfoundland and Labrador, this has not progressed nearly as far as it should in this marketplace. The problems include:
- A serious shortage of rental cars in the summer period
- Few RV rentals available in the province
- A reluctance of accommodation operators and others to pay commissions or provide wholesale discounts on FIT bookings, particularly in high season

The first two issues are addressed in Section 10. The third is discussed in this section, later below.

**Shoulder and Winter Season Packaging Programs**

Another major opportunity in this vein is to assist tour operators with developing and marketing packaged products to take advantage of the capacity available in the shoulder and winter seasons. The opportunity is to bundle value prices provided by tourism operators in the province in these seasons with discount airfares negotiated with airlines, along with compelling experiences appropriate to the season, to build compelling packages that will sell. These would, in the main, be of the weekend getaway variety, short duration trips to attend a major event or to have a unique experience, at a great price.

The idea here would be to financially assist, at least initially, the efforts of tour operators to develop and market new product in new seasons, recognizing that, without such assistance, it would not be feasible for them to proceed at their own cost, given the extra level of effort and time involved in both developing such products and in developing markets for them. In other words, we subsidize the start-up and initial market development efforts.

The Marketing Division of the Department of Tourism, Culture and Recreation and the regional DMOs could be partners in supporting and funding this effort.

**Airlift Consolidator**

In conjunction with this effort and in addition to seed funding, another initiative would be to contract the services of a ‘consolidator’ for organizing air transportation at discounted rates from key origin markets. For example, a consolidator could charter aircraft from Britain to Deer Lake on behalf of several tour operators, such as Vision the Atlantic Canada Co. who offers FIT product in Western Newfoundland, and perhaps major tourism players, such as Humber Valley Resort and Marble Mountain, both having an interest in bringing Europeans to the region. The operators here would contract for and selling into blocks of seats.

The same thing could potentially also be done with in-province airlift to improve connections and reduce costs of in-province air travel.

The risks and costs would be borne by the Newfoundland businesses involved, however, it may be that this kind of initiative could be financially assisted in its early stages until it develops enough volume to carry itself through revenues.
Other Opportunities in Packaged Product

There are other packaging opportunities worthy of pursuit:

- Learning travel products and packages (the new GMIST program is expected to assist with assisting the development of such products)
- Highly unique and specialty tours/packages having exotic appeal. For example, a package in which tourists could travel by ferry along the South Coast of the island, to and from Bay L’Argent on the Burin Peninsula in the east and Rose Blanche in the west. Others might include trips to the new Torngat Mountains National Park, and/or a new coastal Labrador cruise program.

Need for Industry Training on Working with the Travel Trade and Packaging

A workshop program needs to be developed and delivered to the tourism industry across the province on business practices in dealing with the travel trade, most particularly with respect to pricing their products to be able to provide wholesale prices to tour operators in all seasons.

A program designed for this purpose, ‘TradeSmart – The Travel Trade Supplier Certification Program’ is available to Provincial DMOs on a license fee basis through The Economic Planning Group of Canada (EPG). It involves both training on working with the travel trade and certification of operators meeting a high standard of business practice in this regard. This program is currently being delivered in both New Brunswick and Nova Scotia.

(As the present report has been authored by the same company, EPG, we declare a conflict of interest here. Our comment should therefore not be taken as a recommendation with regard to the TradeSmart program, but rather as a point of information. Others will have to judge whether this program, some other program or a new program would best suit the interests of Newfoundland and Labrador.)

Seminars on packaging have been developed and delivered in the province in the past, it appears with limited effect. The fundamental problem is that most operators feed off of tourism that is occurring and only a minority of them engage in proactive efforts to seek out and develop markets, which is the essence of the rationale for packaging. It isn’t realistic to expect that situation to change much in future regardless of efforts to the contrary. We have recommended several initiatives here that engage real packaging professionals, the tour operators, in package development. These will be more effective ways of pursuing package development. The industry training programs should therefore focus on working with tour operators rather than on packaging itself.

Outdoor Adventure

The outdoor adventure sector involves outdoor equipment outfitters and adventure experience companies offering guided trips. In this province, the industry association is the ‘Adventure Tourism Association of Newfoundland and Labrador’ (ATANL). Boat tour operators are also members.
This is another sector of the tourism industry that influences tourism, both in generating travel to and within the province for the specific purpose of engaging in the adventure activity, as well as providing an add-on experience for others coming for other trip purposes, such as touring or meetings. As such it is deserving of priority support.

Insurance

Insurance costs and availability are a huge and growing concern in tourism, and more particularly in this sector. It is driving many out of the businesses and discouraging others from entering. For those continuing to operate, it is erasing viability in many cases, particularly for smaller operators.

The Tourism Industry Association of the Canada (TIAC) and the Canadian Tourism Commission (CTC) are working with the adventure sector nationally in an effort to resolve this problem. The following is a quote from TIAC on the CTC’s website at www.canadatourism.ca:

“The Tourism Industry Association of the Canada (TIAC) has undertaken a five-point action plan to address the insurance crisis facing Canada’s outdoor and adventure tourism operators. The plan includes establishing a national outdoor and adventure tourism group and identifying the participants’ insurance requirements.

The insurance industry will be brought into the process to discuss requirements for a Canada-wide program, and to initiate a request for proposals from insurers. The final step will be negotiating an insurance program for the industry sector.”

Another matter that needs to be done here is for the Province of Newfoundland and Labrador to legislate limits of liability such as has been done in Quebec and some other provinces.

And in the event the TIAC/CTC initiative is not successful, perhaps a co-insurance program (a group insurance program for all the members of ATANL) could be established in the province, with government support.

Opportunities

There are a few key provincial-scope opportunities that have been identified for this sector:

- Terra Nova National Park is underdeveloped in terms of programming, packages and marketing. Opportunities exist particularly for hiking, sea kayaking and photography, as well as birding. Specific opportunities that have been identified include a spring eagle festival and a network of hiking trails linking Terra Nova and Salvage, as well as outdoor adventure and learning packages.
- A birding product club has been proposed for the Atlantic Region, which would go a long way to developing tourism products and interpretive materials on this topic.
- More in the way of interpretive materials generally on the outdoors would be a major asset, both for adventure operators and visitors generally, including topics such as geology, wildlife and natural history.
Adventure Tourism Association of Newfoundland and Labrador (ATANL)

This association has been established for the purposes of professional development, standard and marketing. The key features of ATANL’s 3 year strategy include:

- Professional development and Quality – criteria and standards for membership, mystery shopper program, workshops on first aid, interpretation, risk management, business development
- Destination Stewardship – environmental practices
- Marketing, including website www.guidetoadventures.com, consumer research, a show booth and collateral materials

A coordinator to work in support of ATANL’s activities is provided through HNL and we understand that it has been proposed that this coordinator play a similar role in assisting the campground sector (the Campground Operators have their own separate association). We are also suggesting that this coordinator also play a role in facilitating the development of destination hiking trails, where appropriate. In the case of the East Coast Trail, this may involve playing more of a liaison role with the tourism industry, since the East Coast Trail currently has its own staff.

The adventure sector alone, while it may be relatively small at present, has a lot of growth potential for the future. It may well be that the association will require dedicated support in the form of professional staff and funding.

Standards and Professional Development

Standards, consistently applied are important in this sector. ATANL has been setting standards for its membership, based on insurance, wilderness first aid and other relevant matters. A ‘Voluntary Code of Conduct’ has also been established for tour boat members of the association.

The new Gros Morne Institute of Sustainable Tourism (GMIST) will be a major asset in assisting with professional development and standards in future.

Once these standards are fully in place, all operators should be encouraged to become members and to meet standards to be eligible to be listed in the travel guide and to participate in other support programs.

Hiking Trails

There are essentially three kinds of trails of interest to travellers; ‘destination’ hiking trails that will generate travel from dedicated hikers and be an attraction for other tourists, regional and community trails that will used by tourists more generally, and special purpose trails such as ATV and snowmobile trails. The first of these is of particular interest as it has a relatively high priority ranking.
Walking and hiking is one of the most popular activities for tourists visiting the province.

Destination Hiking Trails

Gros Morne National Park has a number of hiking trails and the area has become a world class destination in this regard. Its trails are used by both dedicated hikers, many of whom travel to the province for this purpose, as well as by park visitors more generally. This area is generally market ready (although elsewhere we recommend more upscale leisure-style accommodations) and can sustain more trail use. Gros Morne should be a priority for packaging and marketing, working in association with local adventure operators.

The new East Coast Trail has terrific long term potential for both dedicated hikers as well as tourists more generally, given its outstanding setting and connection to established tourism areas. However, it is not market ready as yet. It needs a strategy involving infrastructure, information, access, traveller services with standards, coordination and marketing. To date the only properties offering accommodations along the trail are six B&Bs. It will be important to get other accommodations involved in the program. There is also a need to get the adventure operators involved more extensively in providing guiding and outfitting services.

The establishment of a trail support group of tourism operators and communities along the East Coast Trail is a step in the right direction. As with the trail organization itself, this group should be encouraged and supported.

An important issue with destination trails is protecting them from encroachment from industry, forestry, etc., which requires at a minimum buffer zones along the route of the trail. Also, there is a need for protection of the route for recreational use and disallowing people from using it as an access route to their cottage in the woods. Legislation is needed in these regards. This topic is discussed further in Section 10.

There may, in time, be opportunities to develop other similar icon status ‘destination’ hiking trails in the province, but for the present, we recommend that the attention be focussed on the Gros Morne area and the East Coast Trail. Unlike Gros Morne where Parks Canada is maintaining the trails, technical support and funding are needed for the East Coast Trail and other destination trails in future - for trail development and ongoing maintenance, quality and safety standards, tourism facilities and services development, insurance, packaging and marketing.

Once the East Coast Trail starts to reach maturity, others may be pursued, selectively. Trails are great for tourism, but too many only undermines the potential for each one. Invest in a number of key, strategic ones as demand generators, but don’t make every community a trails destination.

We have heard of some efforts to establish a trail network in the Terra Nova National Park/Eastport Peninsula area that might have destination trail potential.
Regional and Community Trails

A number of regions and communities have developed hiking trails. They are valuable assets as they provide a popular recreational outdoor activity for visitors. Generally such trails don’t play as significant a role as demand influencers but they add to the appeal of a region or area for many visitors and can help extend stays in an area. They are therefore worth supporting from that standpoint. However, the level and type of support would not be the same as for major destination ‘icon’ trails. Rather, for those regional/local trails that can be demonstrated to have tourism potential the kind of support should be of the following nature and scope:

- Capacity building and support for community trail groups:
  - Technical support on trail design, construction, user rules, preparing funding proposals, etc.
  - Funding and equipment support for trail development and management

- Trail market readiness. Basic market readiness issue include:
  - Signage – directional, trailhead, on trail – both regulatory and interpretive
  - Trailhead facilities – parking orientation, rest areas
  - Appropriate trail surface quality conditions for the target market
  - Insurance, approvals and land owner consent in place
  - Guidebook, map
  - Interpretation
  - Safety services, communications

- Management (of users and use) and maintenance program

Determination of whether trails have tourism potential should consider the following factors:

- A high level of overall quality of experience including natural features such as scenery (particularly coastal scenery), and ecological features as well as cultural factors. Trails that have the potential to deliver “icon” experiences drawing on natural or natural heritage features should be given particular consideration.
- Be in relative proximity to traveller services such as accommodations, restaurants
- Be located in designated destination areas
- Be in relative proximity to other visitor attractions so as to contribute to creating a critical mass of experiences
- Either be on public lands or have written agreements with the landowner for the development and use of the land for a recreational trail
- The character and standard of development that exists or is being planned. Specifically, the extent to which the trail meets or will meet the trail market readiness issues identified above.

Consideration should be given to developing a Trail Standards Manual in the province, providing guidance to trail development groups as to appropriate standards for different types of trails. Nova Scotia has such a manual that could form the basis for a similar publication in Newfoundland and Labrador.
The Green Bay Trail Guide provides an outstanding example of a high quality marketing piece for trail users. Something of like quality would be an asset for other regions.

Motorized Trails

Snowmobile Trails

Snowmobiling is an important part of the winter tourism economy in Western and Central Newfoundland, and Labrador in particular. While the major market is provincial residents, that is still tourism, and there is a growing level of interest in extra provincial markets as well. The potential in external markets is somewhat limited, and there are other outstanding snowmobiling systems in competing provinces, notably New Brunswick, Quebec and Ontario.

Generally there are widespread trail systems and management program in place in these three regions. What is needed now is more packaging and marketing by outfitters, targeting both in-province and other Canadian market segments involved in this activity. This is particularly critical if snowmobiling is to be marketed as part of winter activity packages – rental equipment, clothing, guides, route maps, etc. are all essential elements of the experience for these markets.

T’railway

The provincial ‘T’railway’ is a 900 kilometre multi-use trail that accommodates motorized users, including snowmobiles and ATVs as well as others. As it is a former railway line, it is more suitable for motorized users than hikers, the latter generally preferring more varied terrain.

There have been a number of ATV groups that have come to the province to use this and other trails.

It has been proposed that the T’railway be upgraded with replacement bridges and made safe for users, at an estimated capital cost of some $18 million dollars, which could very well be a low estimate. In addition, there is the issue of annual funding for maintenance, use management and insurance.

This project will inevitably be very expensive, both capital and operating, and it is very unlikely that the market potential and economic benefits from tourism would come close to warranting such a public investment.

Other Multi-use Trails

The development and management of other multi-use and ATV trails is another possibility, which could have some positive tourism impacts. It is evident that there is growing participation in this activity as well as growing ATV tourism, but the real long term potential for out-of-province visitation is unknown.

At the same time, there are some major challenges that have not been adequately resolved to date with such trails, for example:
Insurance availability and costs
Liability of trail sponsors
Regulations as to use and user behaviour
Policing and enforcement of use and users
Capital costs
On going maintenance and management costs
Environmental protection and sustainability
Protection of the interests of adjacent landowners

Taken together, these challenges are daunting. They will need to be resolved before ATV tourism can be considered an important market for Newfoundland and Labrador.

Resorts and Character Accommodations

In Section 9 we present a rationale and proposals to support resort development along with other types of ‘character’ accommodations that can influence travel.

Other Demand Influencers of Interest for the Future

Coastal cruising has latent potential. A home porting cruise ship should be pursued. Adventure cruising offers the potential in the long term of becoming a world class product for the province.

How about a vehicle/passenger ferry along the south coast, at least between Burin peninsula, Harbour Breton, perhaps Burgeo and even Rose Blanche, to provide a circle auto tour? Or alternatively, a tour operator could develop a package tour with the current passenger-only ferries by using a vehicle transporter to move their cars from one end to the other. (At least one of the province’s tour operators has offered such a package, primarily on a one-off basis).

There is a similar opportunity to build on the opportunity for a circle tour connecting Newfoundland and Labrador via the ferry service between Cartwright and Happy Valley-Goose Bay.

Pursuing Key Opportunities

It is proposed that, for key projects in particular, the tourism development agencies in the province, including DTCR, DITRD and ACOA become more proactive in pursuing projects. As discussed further in Section 13, this would require the agencies to scope out different projects and then invite proposals from pre-qualified potential proponents. Where warranted, a customized ‘package’ of incentives and financial support should be offered.

Key Projects for the Near Future

This strategic planning process has identified several such projects that, because of their ability to significantly strengthen their respective destination areas in tourism, deserve further investigation as to feasibility, possible proponents, funding, etc., along with proactive efforts to
get them developed. We have not investigated the market or economic feasibility of these specific projects and this will be required in many of these cases. Also, it is important to note that other key project ideas are likely to come forward in the future – this is not necessarily a full list). These key project ideas include:

- A 4-star adventure/wilderness lodge or quality resort in the Gros Morne area

- Development of new attractions, cultural events, activity programming and quality character accommodations at emerging tourist destination communities, including Bonavista, Brigus, Twillingate, St. Anthony, Rocky Harbour/Norris Point area and in the Humber Valley/Corner Brook area.

- A natural history interpretation centre in the Avalon in a central, hub location, based on and linked to the unique natural history attractions of the region, including the ecological reserves of Witless Bay, Mistaken point and Cape St. Marys, as well as Cape Race, Baccalieu Island, the Avalon Wilderness Reserve, etc. This could potentially be located at Butterpot Provincial Park in association with the proposed astronomy facility.

- An interpretation centre for the Burnt Cape Ecological Reserve and a linked network of experiences and interpretation of the unique natural history features available in this area

- A number of initiatives associated with icebergs, such as the following:
  - The proposed whale and iceberg interpretive centre in the Springdale area
  - The Long Point lighthouse and iceberg interpretive facility proposal at Twillingate
  - Interpretive panels at selected other iceberg viewing locations, such as at the tip of the Northern Peninsula and along the Kittiwake Coast
  - Perhaps an iceberg reporting system, using digital photos, and making up to date information available through information centres and on a website

- Completion of the East Coast Trail and associated tourism products and services development

- Investigation into the feasibility of establishing a cruising program of the Labrador coast

Part II of this report presents a summary of additional project ideas for each of the regions of the province.

It would also be valuable to develop workbooks and workshops on planning and establishing different types of successful demand influencing business models, addressing guidelines on scale/critical mass required to be viable, examples of designs, capital and operating costs, case studies, etc.
Section 7

Strengthening and Building on Destination Areas
Section 7
Strengthening and Building on Destination Areas

Communities play several vital roles in tourism, as en route overnight stops, traveller service centres, hubs for day tripping/touring, gateways to travel regions and destinations in their own right. The strategy discussed here is to focus on those communities and destination areas having a mix of visitor appeals such that they warrant being promoted as regional destinations worthy of a visit on their own merits. In the next section we will address strategies dealing with the other role communities play as traveller service centres or hubs.

Three Tiers and Three Strategic Approaches, and Some Sleepers

There are several ‘tiers’ of regional destination communities/areas, as listed below. In this case, it is the overall mix of available activities, attractions, accommodations, shopping, dining, and the like that create the destination appeal:

1. Those that already meet the standard of ‘having a mix of visitor appeals such that they warrant being promoted as regional destinations worthy of a visit on their own merits’,
2. Those that are part way there, and
3. Others that have latent potential, and are longer-term possibilities

Different levels of priority are proposed for each tier, with tiers 1 and 2 receiving the greatest level of attention and tier 3 somewhat less. The idea is to build on strength, recognizing that success in a competitive marketplace is built on strength, not need. That is not to ignore latent and developing destination areas, not at all, it is simply to acknowledge that there is more to be gained by focussing priority attention on what can deliver the greatest results in the short and medium term with the least amount of effort and expense. Other destination areas need to be seen as longer term initiatives.

How this prioritization approach fits with community economic development efforts is a matter that needs to be resolved, as it is not naturally evident how these seemingly contradictory approaches can complement each other. This is dealt with later in this section.

The determination of which tier a community or destination area falls into needs to be determined on the basis of how well each community/destination area rates in terms of a set of criteria. We have established the following kinds of criteria in this regard:

- A location near an established major attraction and/or destination area, and/or on an established touring route and reasonably accessible
- Close to provincial entry points and/or major touring routes
- The size of the tourism market in the area and immediately nearby (for example, the Irish Loop area which is close to St. John’s would score well in this respect)
- Features that reflect the unique appeals and character of Newfoundland and Labrador
Currently having a critical mass of compelling appeals/attractions that influence demand
Shoulder/winter season market potential
Identified opportunities and potential

We have also evaluated the key communities/destination areas across the province as to their current tier status. The results are presented below and illustrated on the map in this section of the report.

It needs to be noted here that defined destination areas are not exclusively deserving of attention in product development in all cases. Some products, by their nature, prosper in more remote locations, such as wilderness lodges and outfitting camps for example. While they may benefit from being part of a defined destination area, that isn’t an important factor for them.

Established Tourism Destination Areas

These destination areas/communities we refer to as current ‘tier 1’ destinations. They are the ones that have major attractions, as well as clusters of complementary features that currently provide a critical mass of tourism appeals and significantly influence demand, length of stay and spending in their region and in the province. As such, they currently warrant being promoted as regional destinations worthy of a visit on their own merits.

The tier 1 destination communities/areas having critical mass/appeal today include:

- St. John’s and area
- Trinity/Port Rexton (Trinity Bight)
- Top of the Viking Trail (St. Anthony and north, centred on L’Anse aux Meadows)
- Gros Morne National Park and its communities – primarily Rocky Harbour/Norris Point at present. Woody Point/Trout River/Shallow Bay have future potential.

These also happen to be essentially the same destination areas rated 2 stars by Michelin as being ‘worthy of a detour’. (Newfoundland and Labrador has no 3 star Michelin attractions, those justifying a trip to the province based on their own merits alone.)

This category of destination area should be given first priority for future complementary development efforts.

The focus here is on building on what is already working, by adding complementary attractions, activities, services to further strengthen their appeal, fill gaps and encourage extended stays and spending.

More specific lists of project ideas for each of these destination areas are presented in Part II of this report and in the appendices. These were developed from our consultations across the province and from opportunities identified by the consulting team.
Established Destination Areas That Require and Warrant Further Development

The ‘tier 2’ destination areas/communities have some, but not sufficient critical mass of anchor attractions, secondary attractions and/or services, but they have the potential to rate well on the criteria if some identifiable and feasible things can be done to enhance their rating.

Our evaluation indicates the following as currently being tier 2 destination areas:

- Brigus/Cupids/Port de Grave
- Rest of the Baccalieu Trail
- Irish Loop
- Cape Shore
- Bonavista/Port Union
- Terra Nova/Eastport peninsula/Salvage (Road to the Beaches)
- Twillingate/Notre Dame Bay
- Corner Brook/Marble Mountain/Humber Valley

These destinations would receive the next level of priority for further development in this program area. Here the emphasis would primarily be on expanding the base of attractions, accommodations and necessary support services – basically adding what needs to be added to allow them to move towards tier 1 status.

Again, lists of project ideas for each of these destination areas are presented in Part II of this report.

Potential (Latent) Destination Areas

The ‘tier 3’ destinations are those having some strong natural and/or cultural appeals but few attractions and/or traveller services available currently. Our evaluation identifies these as currently warranting this status:

- Burin Peninsula/St. Pierre-Miquelon
- Wesleyville/Newtown (New Wes Valley)
- Change and Fogo Islands
- Baie Verte Peninsula
- Bay of Exploits/Exploits Valley
- Stephenville and Port Au Port Peninsula
- Codroy Valley/Southwest coast
- Central Viking Trail – north of Shallow Bay
- Labrador coast – Mary’s Harbour to Cartwright
- Labrador south coast - L’Anse-au-Clair to Mary’s Harbour

They would be approached as longer-term undertakings requiring more substantial effort and investment. In this case, to be eligible for support and assistance, there would need to be a compelling case in terms of their potential for growth and visitor spending. Because of the level
of effort and investment required to bring them to a competitive standard, they would be a lower priority than the tier 1 and 2 destinations.

Again, there are project ideas presented in Part II of the report.

The various destination areas discussed above are referred to as ‘designated destination areas’ in the balance of the report.

Sleeper Destinations

We are intrigued by a few other speculative possibilities, what might be called ‘sleepers’ for the future. One is the idea of linking the Burin Peninsula with Bay d’Espoir with a car ferry link to allow for a new circle tour. This would certainly raise the Bay d’Espoir to a tier 3 priority and it would also enhance the appeal of the Burin Peninsula as well.

The other is establishing a method of making it easy for people to take a ferry trip across the South Coast of Newfoundland between the Burin Peninsula and Rose Blanche, with stops along the way. This would appeal to a small market segment perhaps, particularly if it required a substantial commitment of time, but it would provide a spectacular experience. This would have to be developed and managed as a package by a tour operator.

Another sleeper destination area is the Burgeo area which has outstanding opportunities for outdoor adventure – sea kayaking, as well as a great beach. There are already a couple of outdoor adventure operators offering trips in this area and indications are that there is growing interest in this part of the province.

As mentioned earlier, a similar opportunity exists to build on a circle tour using the Lewisporte/Cartwright to Happy Valley-Goose Bay ferry.

Another is the re-establishment of a Labrador coastal cruise program out of Lewisporte. This proved to be very popular when the Northern Ranger operated here. Lewisporte would be the preferred boarding point for this cruise because of its relative proximity to air access through Gander and Deer Lake. We envision this opportunity as being for a cruise ship style vessel, not a ferry service.

More remote parts of Labrador are also ‘sleepers’ in terms of future development. This is discussed in later in the report.

Community Planning

There is a high risk that as communities grow their tourism, they will lose their unique character and appeal for tourists. This is not just a Newfoundland and Labrador challenge; it exists in every destination; in fact many destinations have become ‘tacky touristy’ places because of the unplanned, ad hoc way they developed. For many it is too late to reverse course and recover their special character of place. Some, like Tuscany in Italy, long ago established strict planning and design standards and reap the rewards today.
Newfoundland and Labrador has not reached the stage of major degradation yet, although there are some communities that are showing signs of this. There is therefore an excellent opportunity to deal with this issue while there is still time. And it is vital to do so, as the kinds of travellers that choose this province as a destination are very sensitive about authenticity and indigenous character. They are repelled by bad development.

Addressing this issue requires several things, all at the community level:

1. Establish a set of community values that dictate what kinds of development will take place, and what won’t take place
2. Develop a strategic and tactical plan for tourism development that sets out standards for design and upkeep
3. Embody these standards in a municipal planning and zoning framework

Addressing this challenge would be assisted through undertaking two or three pilot projects that would provide models others can follow. Suggested communities include; Rocky Harbour, Bonavista, Trinity Bight area. Part of the pilot project should involve taking community leaders to visit some other destinations that have ‘done it right’. Vermont is one of them.

Hospitality Newfoundland and Labrador should take the lead in encouraging the Federation of Municipalities to acknowledge the importance of this issue and to adopt the recommendations presented above.

Developing Destination Areas and Community Economic Development

As mentioned earlier, on the surface of it there seems to be a conflict between product development based on strategic priorities versus community economic development aspirations. However, we suggest that there should be no such conflict. The answer has to be that, as a first step, communities/areas need to be positioned appropriately in terms of their ranking as destination areas themselves, or as being part of a defined destination area. That ranking will establish the priority for supporting the efforts of the community/area in its efforts to develop its tourism sector.

Secondly, those communities should be expected to look to the kinds of development that fits the strategy in terms of potential for shoulder/winter season tourism and demand influencing power, and that is appropriate in terms of the product potential of their particular area. In other words, focus on products that are strategic and in which the area has a strong offering and real competitive potential.

The result should be a credible strategy that builds on the assets of the area, is strategic on a province-wide basis and for which there is a clear level of priority for support of its efforts.
Some suggestions:

- Build on strengths, not weakness
- Make sure you know who your markets are and what they seek to buy
- Do a few things very well, with sufficient resources to make them work
- Be different; don’t copy what others did; develop your own unique selling propositions
- Close the door on other like projects once the opportunity has been fulfilled; don’t undermine the early birds by having too many of anything
- Do your homework first and get advice from knowledgeable tourism people

All of the foregoing tests should be applied in both directing community economic development activities in tourism and in judging their worthiness for support.

Achieving this outcome will clearly require appropriate linkages between the efforts of both economic development officials and tourism officials. This will be addressed later in the report.

**Filling Gaps**

There are instances where the absence of some tourism service or piece of infrastructure is making it difficult or impossible to grow tourism in an area. In areas that rate well as destination areas and/or have real potential for tourism growth, it should be a priority to address the gap.

Often a gap has to do with accommodations supply, either the absolute availability of accommodations, or of quality facilities, or accommodations of the character that can contribute to the appeal of the destination and hold people in the area longer. In other instances, the gap has to do with some infrastructure that is missing.

Examples of current gaps include:

- Quantity and quality of accommodations in selected locations
- A mix of the types of accommodations sought by tourists
- Evening entertainment/activities in most communities
- Cultural programming in most communities
- Interpretation, animation at cultural and heritage sites
- Restaurants having varied menus
- Car rental depots (eg: Port Aux Basques, more in St. Anthony)
Section 8

Strengthening Touring Corridors and Hubs
Section 8
Strengthening Touring Corridors and Hubs

While attractions, activities and other demand influencers, and destination areas are vital parts of the tourism product mix, attention also needs to be given to communities in their other roles in supporting tourism, to touring routes and touring infrastructure.

Communities as Service/Accommodation Centres, Hubs and Gateways

Communities located within defined destination areas also commonly play a more general role as accommodations and traveller service centres for both visitors to the area as well as those who are touring or simply passing through.

There are, however, a number of other communities in the province that also function as service centres for travellers, en route overnight stops, hubs for day tripping/touring and/or gateways to travel regions, and are the next category of tourism product needing attention. These are communities that are perhaps not demand influencers themselves to a large degree, but they are strategically located, have a mix of traveller services, and/or can handle group tours. They are therefore key parts of the tourism mix.

In this case, the focus should be on strengthening the role that hubs play as service centres where necessary, by improving access to visitor information (this does not necessarily mean visitor information centres – information could be provided through point of sale displays and at tourism businesses, for example), filling gaps in services and the like. They would also be candidates for new attractions, particularly those involving evening programs of appeal to tourists. Having early evening entertainment definitely makes a community more appealing as a stopover point.

Being a hub for tourism services and activity (or a gateway to a region) can provide numerous benefits to the community. For example, accommodations and therefore overnight stays would tend to be concentrated in hubs, thereby generating significant economic impacts to the community. As well, group tours are more likely to stay in these locations than in smaller communities due to the range of services provided and the easy access to transportation routes. Being a hub or service centre also provides an opportunity for the community to develop activities and programs for visitors, and to encourage visitors to spend more time in the area, thereby benefiting the community even further. Hub and service centre communities should work closely with other tourist destinations in their area to ensure that the visitors are provided with an appropriate mix of facilities and services, and to encourage visitors to spend time in the area. The graphic on the following page illustrates when it is appropriate to partner and when it is appropriate to compete.
The Partnership Model – When to Partner, When to Compete

- Newfoundland & Labrador Demand Influencing Product - Touring, Experience, Specialty
- Trip Planning Tools
- Marketing Newfoundland & Labrador
- In-Provience Marketing
- In Region Marketing
- In Community Marketing, Hosting
- Individual Business Offers

Partners

Partners

Partners

Partners

Competitors
Currently established service/hub/gateway centres include:

- Argentia/Placentia
- St. John’s
- Clarenville
- Marystown
- Gander
- Grand Falls/Windsor
- Port aux Basques
- Corner Brook
- Stephenville
- Deer Lake
- Rocky Harbour
- Hawkes Bay/Port au Choix
- Plum Point (for motorcoach tours)
- St. Anthony
- Happy Valley-Goose Bay
- Labrador City

In some cases, there may be the need for a new service centre/hub community. An example is a community like Springdale, which could potentially play a larger role in this regard, given the increasing number of visitor attractions in the Baie Verte Peninsula, and considering the long travel distance between Deer Lake and Grand Falls-Windsor and the opportunity of offering an intermediate stopping point.

**Priority Themed Touring Routes**

Touring routes link scenery/sightseeing, major attractions, activities, destination communities/areas and service communities. There are a number of such routes in the province and they are recognized through the themed routes program.

The original plan for the Themed Routes program involved six elements, as follows:

- Gateway communities
- Touring routes
- Scenic drives
- Heritage drives
- ‘Explorer’ routes/back country drives, and
- Coastal cruising routes

The touring routes were intended to be the premier type of traveller experience. The scenic drives and heritage drives were seen to be more modest, shorter routes whose appeals were more specific to one or the other of these themes. The ‘explorer’ route (meaning a more remote, wilderness area having some appeal) was intended for routes that didn’t meet the standards of the others but would have interest for those who wanted to visit the more out of the way places.
However, the program was implemented without any such differentiation, with the result that we have a large number of ‘themed routes’ without any sense of the character or quality of experience on any of them. There are clearly too many of such routes today and that not all of them merit the designation for a ‘touring route’. Having too many weakens the entire effectiveness of the program to the point where it becomes meaningless, which is close to what it has become today.

For such a program to have integrity and marketplace power, a themed touring route needs to have, at a minimum, a critical mass of attractions and/or visitor activities, plus one or more tier 1 and/or tier 2 destination communities and a decent road. Those that have such features and warrant designation as recommended ‘touring routes’ include:

- Irish Loop
- Baccalieu Trail
- Cape Shore
- Discovery Trail
- Kittiwake Coast – the ‘Road to the Isles’ section only
- Viking Trail/South Coast of Labrador

Others that potentially could achieve this status in future, in some cases depending on other recommendations in this report, include:

- Heritage Run plus St. Pierre/Miquelon
- South Coast by ferry
- ‘Road to the Beaches’ (Eastport Peninsula)
- Kittiwake Coast – the ‘Road to the Shore’ section, linked to the ‘Road to the Isles’
- ‘Island Experience’ addition to ‘Road to the Isles’
- Dorset Trail

We recommend that the system originally intended be implemented, with the most rigorous standards for the touring routes, and lower requirements for the other types.

Only the six routes listed as currently warranting the ‘recommended touring route’ status should be recognized as being touring routes today. The second six might achieve this level at some point in the future but, in the meantime, they should be promoted as scenic drives or heritage routes, as appropriate. The other existing routes should be promoted as scenic drives or heritage routes.

**Touring Infrastructure**

**Visitor Information Services**

The system of visitor information centres, including the Provincial tourist chalets, as well as the numerous other visitor information centres need attention. The situation analysis in Section 3 pointed out a number of serious challenges with the system of visitor information in the province. The major deficiencies included:
The absence of Provincial VICs at St. John’s airport and downtown
The services in North Sydney and on the ferries
The need for quality information services in gateway locations

There needs to be a proper review of the province’s visitor information services system, both the public and private sector components. The scope of this review should include:

- Provincial tourist chalets – locations, facilities, services, season and hours of operation, budgets, staff qualifications, training, use of volunteers
- The 30 or so local/regional visitor information centres (VICs) – same issues, plus how they are funded
- Modern tools, including the Internet, kiosks, etc.
- Trip planning aids – trip planning collateral and website, guidebooks, etc.

With the rapid evolution of the Internet as a medium for providing visitor information services and trip planning aids, the DTCR should augment its capabilities in this area. Consideration should be given to entering into a joint venture with a company that can develop and maintain a state of the art website with trip planning tools. That could potentially be accomplished at little or no public sector cost if the company were able to charge tourism product suppliers for promotional information that accompanies their listing. DTCR should, however, have a measure of content control to ensure consistent standards with the Province’s marketing.

However, pending a more detailed review, some key needs are already evident. Also, new technologies are making it possible to provide tourist information in new ways. The kinds of things that it is already evident should pursued include:

- Upgrading visitor information centres, both the Provincial tourist chalets as well as community visitor information facilities. The Provincial facilities are long overdue for refurbishment and updating.
- Adding a new Provincial tourist information facility at the St. John’s airport. As discussed earlier, the Avalon Convention and Visitors Bureau currently operates the VIC at the airport. However, given the importance of this airport as the leading gateway to the province, there is an acute need for a proper Provincial VIC there. We recommend that DTCR attempt to negotiate a joint venture arrangement with ACVB in this regard, failing which the Province should establish its own facility there.
- Adding a Provincial tourist information facility in downtown St. John’s. The City of St. John’s has submitted a proposal to the Province to fund a provincial desk in their new VIC under development on Water Street across from the Convention Centre. This appears to be a worthwhile and cost-effective initiative as long as the Provincial presence is prominent and the level of service is adequate to the need.
- The option of establishing full service VICs on the Port Aux Basques and Argentia ferries should be investigated
o The review may identify other locations that should be considered for a Provincial or region/community VIC.

o Expanding the program of staff training, particularly for community VICs

o Developing a point of sale program similar to New Brunswick’s to extend visitor information services via tourism businesses and retailers

o Developing the Internet-based trip planning tools recommended in the 2002 Tourism Marketing Strategy Review

o Adding Internet-based visitor information terminals to the tourist chalets and other visitor information locations

o Replacing the TDMS with an Internet-based system, using available technology developed by others (trip planning and booking engines)

Highway Signage

Highway signage designed to assist non-resident travellers is another important issue. Today, the highway signage system in the province falls considerably short of what it needs to be to assist tourists. While the absence of signs in numerous locations may not be problematic for local residents who know their way around, it is a serious problem for visitors. The have been several regional initiatives to address tourist-oriented signage. That is problematic, as the preferred approach would be to develop an integrated, consistent system across the province. Any regional initiatives should be linked to the overall provincial system.

Needs include:

o The highway signage system needs to be fixed first with respect to basic official directional signage (green signs) by adding missing signs

o Themed route signs should be modified in keeping with the original plan and limited to those that meet the standards for the different types or routes

o Other tourist signage, including tourist establishment signage, needs to be addressed. Current regulations are not being enforced, with the result that the system is chaotic

We recommend the following:

1. The Department of Transportation and Works be encouraged to install needed basic directional signs

2. A committee should be struck under the auspices of the Department of Tourism, Culture and Recreation, involving tourism industry representatives through HNL, with authority to plan and monitor the tourist-oriented signage programs including signage associated with the themed routes system, in the province and provide direction to Transportation in this respect.
Section 9

Strategies for Accommodations and Campgrounds
Section 9
Strategies for Accommodations and Campgrounds

Section 3 presented a profile of the supply and demand situation with respect to accommodations and campgrounds in the province. Later in the report we will present the data for each of the province’s regions and economic zones along with an assessment of needs and opportunities in each zone. This section addresses the strategic issues of what kinds of development should be pursued in what kinds of circumstances and in what fashion.

We deal with fixed roof accommodations first; campgrounds and RV parks second.

Strategies for Fixed Roof Accommodations Development

Generally speaking, priority should be given to supporting and assisting accommodations development in the following fashion:

- First, projects that have significant demand generating potential
- Second, projects that have demand influencing potential and are located in a priority destination area
- Third, filling gaps in the supply of accommodations of the right type and quality within defined priority destination areas

Projects not meeting one or more of the foregoing tests would not be supported, other than for upgrading and other market readiness support initiatives.

Raising the Bar – the Opportunity and the Challenge

Before immersing ourselves in the details of the proposed strategy for accommodations, it needs to be acknowledged that the ‘mainstream’ of travellers seek out traditional accommodations - hotels, motels, bed and breakfasts - in their travels. The data from the recent survey of visitors to the province confirms this. This is because most of our accommodations are of that character. But they are also what most consumers seek out, because they know what they are getting, expect good value from such properties and they serve the basic need – overnight accommodation and associated services. And that is as it should be, and will continue to be.

However, what we are pursuing here, beyond filling gaps in the availability of traditional traveller service-style accommodations, is a strategy to influence the marketplace to come to the province/region/community, to stay longer and to spend more. Hence the strategies introduced below give priority to developing properties that can play a role in influencing and generating new demand, not just servicing travellers. The natural marketplace forces can normally be expected to deal with the latter.
But with demand generating and demand influencing types of properties, there is a longer and more challenging market development cycle before such properties can reach market maturity and profitability. Hence we will need to assist and support their development.

**Demand Generating Accommodations**

A ‘demand generating accommodation’ is one that to a significant extent generates its own demand by virtue of being a destination in its own right or as an important component of a longer trip to the province or region. This would include a *multi season destination resort* having at least 50 accommodation units along with a variety of recreational and other amenities on-site, plus dining. Examples would include a golf course, indoor aquatic facility (pool, whirlpool, sauna), spa, recreation room, outdoor activities, etc. Accommodations should be of vacation style, not just basic hotel rooms. Things like lounge areas, dinettes, patios or decks, etc. are important, as is guest activity and entertainment programming.

While the location for a resort is usually a pristine, natural setting away from other development, that is not necessarily the case. Suburban locations and others close to travel routes are also possible, except for roadside locations that may be suitable for transient accommodations, but not for a resort. The critical issue here is that the resort is able to draw people to it for more than overnight stays, and generally to make a significant contribution as a base for activities and day tripping in the area. But it also needs to be distinctly different from a transient accommodation, whereby the experiences are what it has to offer, not the utility of overnight accommodations and dining for travellers.

A demand generating accommodation would also include a *wilderness lodge* operated as a base for outdoor adventure or for fishing or hunting. Or it could include a *specialized, niche market property*, such as a spa retreat.

Support should be for:

- New development and/or expansions where warranted
- Addition of recreational and other amenities that will grow demand
- Upgrading and property transformation to meet market expectations
- Programming, packaging and marketing to develop shoulder and winter season markets

In the case of ‘property transformations’ we mean a substantial redevelopment of the accommodation property such that it changes the fundamental character and/or quality of the property, allowing it to occupy an entirely new positioning in the marketplace.

**Demand Influencing Accommodations**

A demand influencing accommodation is one that is of sufficient appeal that it will help draw people to the area and extend stays and spending in the area, including:
o **Smaller resorts, cottage resorts** and **lodges** having on-site or nearby recreational and other amenities, and either housekeeping units or dining, or both. They function like resorts in the marketplace, albeit to a lesser degree, so their impact is more in influencing trip itineraries than in generating trips.

o Character inns – either **country inns, heritage inns and professional bed & breakfasts** – in appealing locations and/or settings, with dining. A country inn exemplifies the heritage architectural character of a rural life in the province, while a heritage inn exemplifies the unique character of a former era, such as art nouveau, Victorian, etc. A professional bed and breakfast is a country inn or heritage inn that doesn’t serve dinner. While the architecture and ambiance of the property should be appealing, to be truly a demand influencing property, there should be a selection of interesting things to do and see on site and in the area as well and the operator should advise and assist guests in this regard.

o **Other unique, character accommodations** having comparable appeals, such as a converted lighthouse (for example: Quirpon Island). Such properties would rely on the use of a very unique setting, building style and ambiance, coupled with a selection of interesting things to do and see on site and in the area.

In each of the foregoing cases, the property should have experiential qualities that move it well beyond servicing the needs of travellers for accommodations.

In this case, the project should be located in or adjacent to a designated destination area if it is to be given support. Again, support should be for:

  o New development and/or expansions where warranted
  o Addition of recreational and other amenities that will grow demand
  o Upgrading and property transformations to meet market expectations
  o Programming, packaging and marketing to develop shoulder/off season markets

**Filling Gaps in the Supply of Accommodations**

Filling gaps means overcoming an obstacle to growing tourism in the area by adding needed accommodations. This could include gaps in the quantity of accommodations available, as well as in the quality and/or type available.

Demand influencing accommodations should be given preference for filling gaps whenever such a choice is available and feasible.

This category potentially brings into the mix the other types of accommodation properties, which we refer to as **traveller services** accommodations, mainly the hotel or motel, or bed and breakfast property. These also warrant support, however, only in the case of filling a clear gap in supply. And they should be only a second choice; for instances where a demand influencing style of property is not forthcoming.
To be more explicit, the need to fill a gap in supply of accommodations would include some combination of the following conditions applying to a particular designated destination area:

- A shortage of accommodations in the area, as indicated by evidence of frequent turnaways and unusually high occupancies that extend beyond the peak summer season (or in some cases, low occupancies, because, while the area has appeal and markets available, it lacks enough accommodations to qualify the area as an overnight destination). (Based on data compiled during this study, there is no evidence of such a shortage outside of the peak summer season, other than in St. John’s. This situation could change in future, however.)

- An absence or evident shortage of the kind of accommodations sought by tourists (and/or specific market segments), particularly in areas that have large markets nearby or passing by, in terms of:
  - Types and character of accommodations available
  - Quality of properties in the area

- Introduction of a new type of accommodation property to the area that has demonstrated success in other locations and also qualifies, as above, as filling an evident gap (Here we are referring to a unique character property, not just a different chain property.)

- In every case, there also needs to be a sound business case presented that any such gaps are significant gaps, such that growth in tourism visitation and/or spending is being constrained as a direct consequence.

- Also, the gap should exist for more than just July and August, and the property should similarly operate for longer than just the peak season

Again, as with demand influencing accommodations, the strategy should be to address filling gaps in the context of the priority destination areas, with the highest priority to the tier 1 destinations and the lowest to areas that are outside of the defined destination areas.

Support should be for:

- New development and/or expansions where warranted
- Upgrading and property transformations to meet market expectations

**Fit the Approach to the Tourism Product Development Strategy**

Pursuing and supporting demand generating accommodations, demand influencing accommodations and filling accommodation gaps all fit the tourism product development strategy. The table on the next page illustrates this:
<table>
<thead>
<tr>
<th>Strategies</th>
<th>Accommodation Development Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td># 1 Focus on shoulder and winter season opportunities</td>
<td>o Assist existing demand generating and demand influencing properties with programming, packaging and marketing to develop new markets and new demand</td>
</tr>
</tbody>
</table>
| # 2 Strengthen and build on tourism demand influencers                     | o Pursue demand generating resort, lodge or niche product development – expansions and new projects - where a strong business case exists  
  o Support upgrading and property transformations (see later discussion on criteria) |
| # 3 Strengthen and build on destination areas/communities                  | o Pursue demand influencing accommodations development – expansions and new projects - in priority destination areas where warranted (smaller resorts, lodges, cottage resorts, country inns, heritage inns, bed and breakfast inns, unique inns)  
  o Support applications that can fill gaps in supply in priority destination areas – in quantity, quality and type  
  o Support upgrading and property transformations (see later discussion on criteria) |
| # 4 Strengthen touring corridors and hubs                                 | o Support applications that can fill gaps in supply in the immediate area – in quantity, quality and type  
  o Support upgrading and property transformations (see later discussion on criteria) |
| # 5 Fill gaps in supply of tourism products that are restraining tourism growth in the area | o Support applications that can fill gaps in supply in the immediate area – in quantity, quality and type  
  o Support upgrading and property transformations (see later discussion on criteria) |
| # 6 Upgrade and enhance market readiness                                  | o Support professional development  
  o Provide business planning tools  
  o Provide mentoring/coaching  
  o Support upgrading and property transformations |

### Assessing Such Projects for Support

The criteria and standards to be met differ for the three different types of accommodations development. These are discussed below, and are intended to deal with both new accommodations properties as well as expansions to existing properties. However, before getting into that, a few comments on occupancy rates as a criterion for considering the need for more accommodations.

#### Use of Occupancy Rates in Evaluating Accommodations Development Opportunities

Occupancy rates prevailing in an area, used alone, are not a very good indicator of whether there is a need and opportunity for more capacity. In the first place, there is no magic formula
to assess this. What occupancy rate is ‘high’, suggesting the need for more capacity? And just because occupancies are high in an area, are they high for long enough periods to suggest that there is room for more capacity without negatively affecting the viability of other properties?

In the second place, at what occupancy rates are properties viable; in other words, where is the breakeven point? For a full service hotel, it has traditionally been seen that an average annual occupancy of some 65% is needed to be viable. At the other end of the scale, what about a B&B that is essentially someone’s home that takes in guests on a seasonal basis? In this case it is probably a lucrative endeavour for the homeowner even if they only achieve a 20% occupancy rate on a seasonal basis. And other property types and sizes will have different breakeven points, depending primarily on the extent the investment and fixed costs have to be supported by room rentals, and to a lesser degree on whether regular staff are required versus how much the owner can do her/himself, and perhaps other factors as well. A hotel that has a popular pub and a few rooms upstairs doesn’t really worry about selling rooms, nor does a homeowner where junior is away and his room is being rented out in the summer months.

Occupancy rates need to be only one of the factors being considered.

**Criteria for Assessing Demand Generating Accommodation Projects**

First of all, it is be helpful to provide clearer definitions of expected property features for ‘demand generating’ accommodations. We have provided suggested minimum numbers of accommodation units for the property to have sufficient critical mass to qualify as demand generating. The lists of features to follow below should be taken as examples of appropriate features and not followed religiously:

**Multi Season Destination Resort**

*Important:*
- High quality natural location, preferably on the ocean, a lake or river
- Accessible by road
- A minimum of 50 accommodation units
- All units have private bathrooms ensuite
- Residential-style accommodation units – large guest rooms, suites, chalets, cottages
- Guest room amenities – fireplaces, lounge/sitting area, deck or patio
- Minimum 3 star Canada Select
- On-site dining
- Mix of indoor and outdoor recreational amenities – swimming pool, library, games room, walking paths and quiet areas
- Organized activities for guests
- At least three seasons of operation

*Some mix of the following:*
- A golf course on site or nearby
- Alpine skiing and/or cross country skiing on site or nearby
- Recreational equipment for use/rent, optional guiding services
- Hiking and other trails on site or nearby
- Spa on site

Wilderness Lodge

- Location in a relatively pristine natural area
- Accessible by road or access services provided
- Accommodations for at least 40 guests
- Rustic accommodations – rooms, suites, chalets, cottages
- Access to outdoor adventure activities on site and nearby – kayaking, canoeing, hiking, mountain biking, birding/nature study, snowmobiling, cross country skiing, ATV touring
- Guide services available
- Minimum 3 star Canada Select
- On-site dining
- Safety services provided
- Open at least three seasons per year

Specialized, Niche Property

Types of Properties:
- Spa/wellness retreat
- Religious or fraternal retreat/camp
- Recreational learning centre/retreat
- Minimum 3 star standard
- Open at least three seasons per year

Evaluation Criteria

We suggest the following kinds of tests to qualify and evaluate accommodations projects in this instance (in addition to the traditional assessment criteria used by financial institutions). This would apply only to a key project of the type identified in the strategy – either a destination resort having a range of recreational and other amenities, or a wilderness retreat/lodge associated with outdoor activities other than consumptive ones. Most of the following tests should be met:

- Fits the description of a ‘multi season destination resort’, ‘wilderness lodge’ or ‘specialized, niche market property’ presented earlier
- Can draw people to the region and the destination area and encourage extended stays
- Ideally, also provides a critical mass of accommodations and amenities sufficient to attract new tourism to the province from its key markets
- Has multi-market potential in consumer markets – e.g. touring, getaways, special interest, business, etc.
- Has evident travel trade market potential – motorcoach, FIT
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- Has evident potential in other group market segments – meetings/conference, incentive travel
- Is located in an outstanding setting
- Fits with the unique appeals and character of Newfoundland & Labrador
- Complements existing tourism development in the area
- The project is sustainable from all perspectives – financial viability, environmental capacity and community/cultural acceptance
- Competent proponents are available to undertake the initiative
- A reasonable level of non-government funding is available

There are really no resorts meeting this test in the province today, however, the new Humber Valley Resort appears likely to do so.

It would be unreasonable to expect more than a few major resorts in the province in the medium term and, in fact, the feasibility of such projects is not clear as yet. As discussed later, this kind of development is likely to require a level assistance to become commercially viable in due course.

**Competitive Impacts Issue**

With respect to competitive impacts, discussed shortly below, the development of a resort is intended to ‘grow the pie’; increasing the demand for the area to a considerable extent. A true resort is, in fact, a destination in its own right. At the same time, it is sure to draw some business away from other operators in the region, since the resort will have appeals to other travellers as well as those using it as a destination in its own right. On the other hand, it is important to realize that some people drawn to the area by the resort’s amenities and marketing will opt for other accommodations in the area instead, particularly if the others are more reasonably priced and particularly if they can still get access to the resort’s amenities on a day-user basis. In this case, the other operators are getting new business on the back of the resort’s efforts.

Also, perhaps reluctantly, other operators will be challenged to strengthen their appeal to such travellers, which will have the effect of upgrading accommodations in the area more generally. This is a good thing, not a bad thing. On balance, quality operators in the area should come out ahead in spite of the shifts in demand. That will be less the case with low quality properties.

**Competition of This Kind Is Good**

Competitive pressures are both healthy and necessary if the industry is to grow and evolve. Entrepreneurship needs to be rewarded. All of these considerations are necessary to properly judge whether the benefits of the resort project outweigh the negative impacts on other properties in the area. The raising of objections should not be sufficient in itself to disqualify the project.
Criteria for Assessing Demand Influencing Accommodation Projects

Definitions for these kinds of accommodations are summarized below. Again, these are examples of the kinds of features expected, not a mandatory checklist:

Smaller Resorts, Cottage Properties, Lodges

Much the same criteria would apply as with demand generating properties, with the exception that these would be smaller properties, and/or properties having a narrower range of activities and amenities available.

Small Resort or Cottage Property

- High quality natural location, preferably on the ocean, a lake or river
- Accessible by road
- A minimum of 10 accommodation units
- All units have private bathrooms ensuite
- Residential-style accommodation units – guest rooms, suites, chalets, cottages
- Guest room amenities – fireplaces, lounge/sitting area, deck or patio
- Minimum 3 star Canada Select
- On-site dining or kitchens in the units
- Mix of indoor and outdoor recreational amenities – swimming pool, library, games room, walking paths and quiet areas (optional for a cottage property)
- Organized activities for guests (optional for a cottage property)
- At least three seasons of operation
- Recreational equipment for use/rent
- Hiking and other trails on site or nearby

Wilderness Lodge

- Location in a relatively pristine natural area
- Accessible by road or access services provided
- Accommodations for at least 12 guests
- Rustic accommodations – rooms, suites, chalets, cottages
- Access to outdoor adventure activities on site and nearby – kayaking, canoeing, hiking, mountain biking, birding/nature study, snowmobiling, cross country skiing, ATV touring
- Guide services available
- Minimum 3 star Canada Select
- On-site dining or cooking facilities provided
- Safety services provided
- Open at least three seasons per year

Country Inn

- High quality setting, preferably on, or with views of the ocean, a lake or river
Accessible by road

- Architectural character of rural Newfoundland/Labrador
- A minimum of 5 accommodation units
- All units with private bath ensuite
- Common room/living room/library for guest use exclusively
- If the owner lives on site, the areas designated for guest use should be exclusively for guests, and the owner’s area should be completely segregated from the guest area
- Minimum 3 star Canada Select
- On-site dining for guests – breakfast and dinner, with a liquor license
- Minimum of three seasons of operation

Heritage Inn

- Quality setting in a community
- Heritage architecture or style of Newfoundland community character
- A minimum of 10 accommodation units
- Reception area and service
- All units with private bath ensuite
- Common room/living room/library for guest use exclusively
- Guest room amenities – fireplaces, lounge/sitting area, deck or patio
- If the owner lives on site, the areas designated for guest use should be exclusively for guests, and the owner’s area should be completely segregated from the guest area
- Minimum 3 star Canada Select
- On-site dining for guests – breakfast and dinner, with a liquor license
- Minimum of three seasons of operation

Professional Bed & Breakfast

- Same as a country inn or heritage inn, but doesn’t serve dinner. (A B&B that serves dinner is an inn, not a B&B.)
- A minimum of 5 guest rooms with private ensuite bath
- Also, the owner and/or host lives on site (mandatory for this category)
- The areas designated for guest use should be exclusively for guest use and the owner’s area should be completely segregated from the guest area

Unique Character Accommodation

- Heritage or heritage character building converted/developed into a unique accommodation, e.g. lighthouse, outport home or former commercial building
- Quality setting in a community or natural area
- Accessible by road
- A minimum of 5 accommodation units
- All units with private bath ensuite
- Shared common room
- Attractions and/or activities on site or nearby
- Minimum 3 star Canada Select
- 160 -

- On-site dining for guests – breakfast and dinner,
- Minimum of three seasons of operation

Evaluation Criteria

We suggest the following kinds of criteria be used to qualify and evaluate accommodations projects in this instance (in addition to the traditional assessment criteria used by financial institutions). Most of the following criteria should be met:

- Fit with the strategy as a demand influencing accommodation type – small resort, lodge, country inn, heritage inn, professional bed and breakfast or ‘unique’ inn (such as an accommodation in a heritage facility like a lighthouse for example)
- Location in a designated destination area, with good access
- Shoulder and/or winter season potential
- Fit with the unique appeals and character of N&L
- Offers appeals and amenities to encourage extended stays in the area
- Different from other accommodations in the area, particularly with respect to amenities
- Complements existing tourism development in the area
- Contributes to strengthening the destination area, the region and the province in the province’s key tourism markets
- Sustainability and viability of the project
- Availability of competent proponents to undertake the initiative
- Non-government funding availability
- Overall do-ability of the project

Again, with respect to competitive impacts, the benefits of a new or expanded demand influencing facility have to be weighed against the impacts on other similar operators in the area, in a similar fashion as with demand generating accommodations. However, given that these accommodations are relatively more competitive with others in the area and have somewhat less relative benefit in growing tourism to the area, the negative impacts should be weighed more heavily perhaps.

At the same time, the question has to be asked as to whether the other accommodations supposedly impacted by a new/expanded character accommodation development could reasonably be expected, even with upgrading, to meet the expectations of tourists sufficiently to warrant protecting them in this marketplace. If so, some serious consideration should be given to the option of assisting the expansion and upgrading of existing accommodations rather than supporting new ones.

If that is not a reasonable option, then any negative impact on existing properties from a new development needs to be given less weight. For example, a roadside motel of low quality that caters to tourists simply because it is the only accommodation available but has little appeal and falls significantly short of meeting contemporary expectations of leisure travellers, is not one that is going to be able to rise to the challenge without a major redevelopment of the property, even if this is possible and a financially sound move for the owner. In the absence
of a feasible proposal by that property to redevelop, the negative impact should not be a major consideration.

No one owns the right to be protected artificially from competition, and certainly not when their business falls below meeting the expectations of contemporary tourists and travellers generally. In fact, it is incumbent on business people to strive to meet expectations and remain competitive. Those that choose not to, have to take their chances.

A government economic development agency being involved in such a situation is no reason to act differently. Government agencies should be encouraging and supporting competition where it is warranted and necessary to grow the industry.

Criteria for Assessing Traveller Services Style Accommodation Projects to Fill Growth-Constraining Gaps in Supply

Eligible property types for support in this category include:

- Any qualified demand generating/influencing property
- Hotels
- Motor hotels
- Motels
- Professional Bed & Breakfast
- Other B&Bs and Tourist homes (B&B without breakfast) only in very small communities lacking other forms of accommodation, see discussion below

The other bed and breakfast property here is differentiated from the professional bed and breakfast discussed in the demand-influencing category. It can be smaller than 5 rooms but still must have bath ensuite for all units. The owner must live on site. A tourist home is a B&B that doesn’t serve breakfast and the owner need not reside on site. Its only requirement is that it be of 3 star minimum.

Professional and Other Bed and Breakfasts

The bed and breakfast is the property type of choice of many travellers, particularly leisure travellers seeking personal interaction with community residents. However, given the fact that their offer is limited to overnight accommodations plus breakfast, albeit with special hospitality and ambiance, they are essentially a form of traveller services accommodations. They should be supported in the same way as other traveller services accommodations.

We recommend, however, that the approach be to support only B&Bs that can be properly considered as being commercial accommodations – professional bed and breakfasts that meet the definition presented in the earlier discussion of demand-influencing accommodations.

This would disqualify B&Bs that are essentially private residences that offer limited rental accommodations and only on a peak season basis.
An exception could be made in very small communities lacking other forms of accommodations where B&Bs are the only reasonable option. In this case, the project would be ‘filling a gap’.

A suggestion be made that non-professional B&Bs be listed in the travel guide as ‘tourist homes’ rather than B&Bs to avoid confusion with the ‘professional type’. Those that serve breakfast as well as accommodation could have that information provided in their listing. Only ‘professional B&Bs would be listed as B&Bs. This idea has merit and should be considered. However, there will be some challenges in fitting this with the Canada Select definitions.

**Evaluation Criteria**

We suggest the following kinds of criteria be used to qualify and evaluate accommodations projects in this instance – hotels, motels and B&Bs (in addition to the traditional assessment criteria used by financial institutions). Support would be provided only in instances where the project meets the test of *filling a significant gap, where growth in tourism visitation and/or spending in the area/region is being constrained as a direct consequence of the gap*. Most of the following criteria should be met:

- Location in a designated destination area (as per the strategy), gateway community or service centre, with good access
- Shoulder and/or winter season potential
- Different from other accommodations in the area with respect to appeals and amenities, and preferably having demand influencing appeals
- Complements existing tourism development in the area
- Contributes to strengthening the destination area, the region and the province in the province’s key tourism markets
- Merits at least a 3 star Canada Select rating
- Sustainability and viability of the project
- Availability of competent proponents to undertake the initiative
- Non-government funding availability
- Overall do-ability of the project

**Upgrading Accommodations and Fundamental Transformations**

A property upgrade normally doesn’t involve major changes in its design or market mix. It simply means improving its quality and character through maintenance activities and refurbishing. This is a normal part of property operation and shouldn’t be the target of support and assistance programs.

However, in some cases, a proposal could be for a fundamental transformation of the property involving redesign and major construction resulting in a total upgrade or redevelopment, such that its competitive positioning is dramatically enhanced. In this case, consideration should be given for support.
The criteria here are relatively straightforward (again, these are in addition to normal financing criteria):

- Significantly improves the appeal and competitiveness of the property in tourist markets
- Encourages extended stays in the area

In all cases, the upgrading should be of a scope and character that it fundamentally transforms the property in terms of competitiveness.

All types of accommodations in all locations in the province would be eligible for upgrading assistance, with the exception of B&Bs that are primarily private residences and don’t meet the ‘professional B&B’ standards described earlier.

**In Summary**

In summary, those eligible for development support would include:

**For New Development or Expansion**

- Multi season resorts and lodges meeting the test of demand generator
- Smaller resorts, cottage resorts, lodges, country inns, heritage inns, professional B&Bs and unique inns meeting the test of demand influencer and located in a designated destination area
- Any accommodation type that fills a gap that is constraining tourism growth in a designated destination area/region

**For Upgrading**

- Any accommodation type in any location, except for B&Bs that don’t meet the ‘professional B&B’ standard
- A fundamental transformation of the property is required

Extra credit should be given to projects that fit two or more of the categories, for example, a resort that is a demand generator, demand influencer and also fills a gap in the marketplace.

**Approach to Dealing with Impacts on Competing Properties**

The approach described below is an attempt to address the negative impact on other operators of supporting new accommodations and expansions.

**Determining Whether Competitive Impacts is a Valid or Important Issue**

First of all, it is important to address the question of whether the issue of competitive impact should be an important consideration in dealing with a particular accommodation project. It shouldn’t be just that one or more other operators object, or just that there are low occupancies in the area. There needs to be a more systematic assessment of this question in each case.
The earlier discussion of this question with respect to ‘demand generating’ accommodations development, and with ‘demand influencing’ projects is important in this regard. Projects that meet a high standard of demand generating/influencing should merit more emphasis on the strategic and economic benefit side of the question and less on the competitive impact side.

The matter was also addressed earlier in the question of the third type of development being recommended for support, that of ‘filling gaps’ in supply. In essence, if a project fully qualifies as ‘filling a gap’, then the competitive impact question is essentially resolved, at least within that type of accommodation, and it is at least diminished in import overall. If it only qualifies to a modest degree in this regard, then the impact question should be given much more weight.

In summary, the key issues that would cause strategic and economic benefit to weight more heavily than competitive impact are:

- If the proposed project represents the introduction of a new type of accommodation property for the area that will, on balance, have a considerable impact in growing tourism to the region and/or the area.

- If there is an absence or evident shortage of the kind of accommodations sought by tourists (and/or specific market segments), particularly in areas that have large markets nearby or passing by, in terms of:
  - Types of accommodation
  - Character and appeal
  - Star grade and quality

- If occupancy rates of other similar properties in the area are high, suggesting an undersupply, with low occupancies suggesting an oversupply. (However, low occupancy can also indicate an undersupply in some cases, because, while an area may have appeal and markets available near at hand, it lacks enough accommodations, or quality accommodations, to qualify the area as an overnight destination. In the former case low occupancies is a concern; in the latter it shouldn’t be.)

Assessment of occupancy rates should be considered within the type category and quality standard in question for a particular project, but also to a lesser degree for different types of properties and star grade levels to get a fuller picture of potential gaps on an overall basis for the area. (Note that occupancy reporting rates in the province vary widely by region, type, and star grade, and should be reviewed in this context. It is also widely believed that many operators under-report their real rates in order to give the impression that there are too many rooms in the area and/or to avoid possible prosecution for tax evasion, either income taxes or liability for HST remittal. As a consequence, this type of information has to be viewed with suspicion and not unduly relied upon.)

In cases of a perceived shortage of accommodations for any of the causes in the last two items above, there also needs to be a sound business case presented that any such gaps are
significant gaps, such that growth in tourism visitation and/or spending is being constrained as a direct consequence. Also, the gap should exist for more than just July and August.

There is good evidence from our research across the province that higher star grade properties perform better in terms of occupancy overall, as well as with occupancy rates in the shoulder seasons. This also needs to be a consideration in the evaluation process, in two ways. First, if the accommodation being proposed is of higher quality than existing accommodations in the area, it is likely to be differentiated from, and perform better than its competitors. Secondly, if the available accommodations in an area are of generally low quality, adding a new quality facility may be exactly what is needed to rejuvenate the area’s competitiveness.

Of course, in situations where there is little or no competitive impact, the competitive issue need not arise.

We now turn to how the question should be addressed where there is not a clear business case to ignore the issue or downgrade it to a low level, in other words, where it needs to be seriously addressed.

Assessing Competitive Impacts

Various approaches to assessing competitive impacts have been considered, some more elaborate than others. In the end, any approach is subject to judgement and therefore potentially controversial. At the same time, if the method used is one that isolates the various considerations and allows them to be considered separately, a better outcome can be achieved. By dealing with different issues separately, the challenge is simplified and the judgement calls made more reliable. Also, by dealing with issues separately and then aggregating the evaluations as a second step, a more sophisticated and valid overall assessment can be achieved.

We offer Exhibit 8 as an example of what we believe can be a simple but valid competitive impacts assessment model. This is for a ‘demand influencing property’, in this case a country inn. A similar model would be used for ‘filling gap in supply’.

More customized models might need to be developed for ‘multi-season resort’, ‘wilderness lodge’ and ‘specialty niche market property’, but the same approach would apply.

We have entered data to illustrate how the model would be used to assess a proposed multi-season resort project, either a new project or a major expansion. The general criteria introduced earlier for such projects have been adapted for the competitive impact assessment. In other words, the same criteria would be used so that a new project, or expansion, could be compared to other properties in the area in terms of what might be gained over them with respect to the overall objectives of the ultimate strategy. (Note that traditional financial assessment criteria would be treated separately, outside of the model, including financial viability, management competence and equity available. It is assumed that these would be satisfactory and that only the competitive impact issue is at play in this particular evaluation.)
## Exhibit 8

**Competitive Impact Assessment – Demand Influencing Accommodation Project**

**Project:** 15 room/suite, 4 star Country Inn, Anytown, Newfoundland

**Unique features:** It is more upscale with a higher standard of traditional Newfoundland character than other like-properties in the region. Its proposed guest programming and dining room will differentiate it from others and therefore contribute to drawing and holding people for longer stays. The proponent also plans for special programming and packages to build shoulder season business. It will cater to meetings and incentive travel markets, but FITs only on a limited basis. The local business community is supportive of the project as it brings a new standard and character to the tourism product in the area.

**Inventory of comparable accommodations in the area:** 30 rooms in three inns and two B and B’s, all 2 and 3 star. Only other accommodations are 2 older motels of 1 and 2 star standard.

**Average occupancy of like-properties:** 45% - high in summer but very low off-season. The small number of properties overall in the region and their low to mid market appeal have contributed to the weakness of overnight demand from tourist markets. The natural appeals of the area suggest potential for growth with the right kinds of offerings, including more upscale character accommodations.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>A – Rating of the Proposed Project</th>
<th>B – Standard of Competition in the Area from Comparable Properties</th>
<th>Net Score – A minus B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fits ‘demand influencing’ definition</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Location in destination area</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Shoulder/off season potential</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Star grade of 3 or more</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Fits unique character of N&amp;L</td>
<td>2</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Draws people to region/area and extends stays</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Different mix of amenities/apes/ies</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Complements existing tourism development in the area</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Multi consumer market segment potential</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Motorcoach, FIT potential</td>
<td>1</td>
<td>2</td>
<td>-1</td>
</tr>
<tr>
<td>Meetings and other group market segment potential</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Contributes to strengthening the region/province in tourism</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Sustainable environmentally</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Sustainable in terms of community/cultural impacts</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Score/Net Score</strong></td>
<td></td>
<td></td>
<td><strong>11</strong></td>
</tr>
<tr>
<td><strong>Minimum Required Score for Approval</strong></td>
<td></td>
<td></td>
<td><strong>8</strong></td>
</tr>
<tr>
<td><strong>Surplus (Deficit)</strong></td>
<td></td>
<td></td>
<td><strong>3</strong></td>
</tr>
</tbody>
</table>

* High = 2, Medium = 1, Low = 0
We have used scores of low, medium and high and a simple numerical model to provide an overall score. This could be made more sophisticated by increasing the range of scores, having negative scores, weighting the criteria differently, and so on. But a relatively simple model is probably better as this is still in the realm of judgement calls and it is not subject to high levels of precision.

In the example used, we have added the net scores to provide an overall score, which represents what is to be gained, on balance, by supporting the subject project. A minimum score could be used to provide a threshold for yes and no decision-making.

Comparisons to All Competing Properties?

Note that in the example above we have compared the project to ‘comparable properties’ only. This is an important issue. What kinds of competing properties are to be considered in terms of impacts? Are all commercial accommodations that might be impacted at issue? Or should it just be similar types of accommodations? ACOA currently considers all competing accommodations, while Enterprise Cape Breton Corporation considers only properties of a similar type.

In our view, only properties that are of a similar type and/or catering to essentially the same range of markets should be considered in the competitive review. In other words, resorts should be compared to other demand generating properties, inns to other demand influencing properties, and motels to other ‘traveller services-style properties’. That means that, while a new resort property or expansion might negatively impact all other commercial accommodations in the area, we are only going to worry about those properties targeting the same markets with a very similar product. Others would be less of a concern as either they would be affected less, or because they don’t compare in terms of the new economic and tourism benefits to be gained from the subject property.

We suggest that a system of this nature would be appropriate for future use by economic development officials and funding agencies.

Form and Scope of Financing

As with criteria for considering new accommodations projects and expansions and assessing their competitive impacts, the form of financing should be varied for different categories as well.

In this regard, as mentioned earlier, it is critically important to recognize that demand generating and demand influencing types of accommodations have a relatively long market development cycle to reach a mature level of business volume, whereas those that feed off of markets rather than generate them can be expected to reach mature occupancy levels much more quickly. The demand generating type, particularly multi-season resorts, can easily take 10 years or more to accomplish this. A traveller services style property, typically a hotel or motel, should accomplish this within 2 to 3 years. The demand influencing types are
somewhere in between, but closer to the latter with which they compete more directly, perhaps 5 years.

Not only are the market development cycles longer for demand generating/influencing properties, they also confront a much large marketing challenge, in money and effort, and they also have a greater reliance on travel intermediaries such as tour operators, meeting planners and the like. So, the level of investment in market development is greater as well.

Taken together, these factors make demand generating/influencing property development a riskier and more expensive undertaking as compared to other types of accommodations development. But, considering their impact in growing tourism, they are extremely valuable projects.

It is also vitally important to ensure that the necessary critical mass of capacity and amenities are in place for a project to achieve the desired demand generating/influencing outcome.

**Multi-Season Resort Development**

Newfoundland and Labrador lacks a true multi-season resort, although the new Humber Valley development looks like it might become one. Terra Nova Lodge and a few other properties have some of the characteristics but they are small and modest by comparison to true destination resorts.

It remains to be seen whether new resort development will be viable for the province. What is clear is that the absence of such development to date suggests that this market is totally undeveloped in the province, which is true, and that there needs to be greater incentives involved than are in place today to support resort development given the major market development challenge associated with it.

In fact, such projects need to be approached with a different model for support. Multi-season resort development needs to be approached something like infrastructure, with ‘soft’ financing and non-repayable contributions to help the project through the lengthy and costly market development cycle, and to help offset the non-commercial amenity elements of a project. The approach should be not unlike that available to not-for-profit groups and communities, where non-repayable contributions are used. Examples of what is proposed in support of resort development include:

- Funding for planning and feasibility
- Non-repayable contributions to assist market development and marketing in the early years
- Non-repayable contributions for resort infrastructure and recreational amenities
- Facilities financing, with high leverage on the proponent’s contribution, including equity (such as preferred shares), as well as the repayable, interest-free loans currently provided under the Business Development Program, of more than 50% where necessary
- Long term payback on repayable portions (10 years +)
Also, some level operating subsidy for the first year or two should be considered if necessary.

It is suggested that the funding agency appoint a person to the project’s board of directors to monitor the development and operations of the project throughout at least the early years of its development cycle. This will ensure a higher level of fiscal oversight. The agency might also take back a right of veto on resale to protect against flips.

In any event, there are unlikely to be more than a few such projects developed in the province in the medium term. However, one or two would be a major gain.

Resorts are Important Tourism Infrastructure

While such a ‘generous’ approach to supporting private sector resort development is out of keeping with current funding programs in the province, there are long and well-established precedents for subsidizing the development and even the operations of resorts, not only in Canada but elsewhere as well. Resort development is a well-recognized, powerful way to develop tourism for a destination.

Today, the major resorts in all three of the Maritime provinces are financially assisted by government in various ways and to varying degrees.

Even in Ontario and Quebec, with large markets available, governments have invested heavily in assisting resort development. The Quebec government invested millions of dollars in the redevelopment of Mont Tremblant Resort by Intrawest, a necessary inducement to attract about one billion in resort investment in this project. The Ontario government invested heavily in bringing services to the Blue Mountain Resort to assist its growth and development.

Resort development has to be treated like infrastructure – worthy of public investment because of the powerful effect such projects can have in growing tourism and also because doing so is commonly necessary to make them viable for the private sector to invest.

Real Estate-Based Resort Development

The modern way accommodations are financed at resorts today is through the sale of recreational real estate and rental management agreements with the owners, or some form of timesharing. The traditionally financed resort concept of the past is generally unfeasible today given high development costs for the quality of accommodations contemporary resort-goers expect. The real estate approach is much more feasible.

Unfortunately, public agencies have shied away from supporting real estate-based development, considering such projects to be real estate development, not tourism. But that is not the case, at least with timesharing and mandatory rental management agreements. In these cases the real estate program has to be seen as simply a creative, and more viable way of developing and operating resort accommodations. The ‘owners’ are simply prepaying for their future use of the unit in the timesharing concept, while, with rental management
condominiums and fractional interest resort offerings, the ‘owners’ are simply financing the resort’s rental accommodations for them, albeit in a mutually beneficial fashion.

Future support of resort development in this province should not be constrained by such policy concerns, except perhaps with resort development offering non-rental management real estate, which can be excluded from consideration in supporting the other rental-based elements of the resort project.

Wilderness Lodge Development, Specialty Niche Properties

Whereas this kind of accommodation development is similar to resort development in terms of ability to generate tourism, albeit on a smaller scale perhaps, these are typically more modest projects and have more narrowly targeted markets and a shorter market development cycle. But they also need to generate their own demand and they entail significant risk as well.

A similar financing approach is warranted for those projects of the character and in locations that fit the strategy. In particular, an example would be a lodge in an outstanding outdoor environment for non-consumptive adventure activities or for a retreat, such as Gros Morne.

Demand Influencing Accommodations Development

Accommodations projects in this category are hybrids between the demand generators and the basic traveller services accommodations. Those projects meeting the criteria presented earlier would also be priorities for future development.

For these projects, the current Business Development Program provided by ACOA is seen to be generally appropriate. The fundamental difference in approach recommended would be having less of a concern with competitive impacts on other properties in the area, in that they would be helping grow the market and attract new markets, which will benefit the whole area, and incidentally allow others to ‘feed off of’ the new demand by providing an alternate choice for some.

Only projects located in designated destination areas would be supported with capital financing, and proactive efforts would be made to support development in cases where there are specific areas where the strategy has defined an accommodation opportunity of this sort.

Traveller Services Accommodations Development

Traveller services accommodations – motels and hotels, B&Bs - should treated on the basis of the demand-supply balance in the area, and supported for capital funding only where there are clear gaps in the quantity or quality of what is in the area. As discussed earlier, the gap would need to be very significant gaps, such that growth in tourism visitation and/or spending is being constrained as a direct consequence.
Preference should be given to properties that can influence demand generation and length of stay to some degree. Only properties located in the designated destination areas would be considered for capital financing except in exceptional cases.

**Support Other than Financing**

It is recommended that HNL and government agencies continue to assist the demand generating and demand influencing sectors of the accommodation sector in the province in others ways, particularly those planning new projects, expansions or upgrades. The following forms of assistance are most helpful:

- **Support professional development:**
  - Management training programs
  - Product study (best practices) trips
  - Online learning programs
  - Funding for planning and feasibility assistance

- **Assistance for market development initiatives targeting marketplace intermediaries on a cost-shared basis (demand generating and demand influencing properties only) –**
  - travel trade, meetings and incentive planners, other key group business sectors (website development, marketplaces, trade shows, direct sales to key group prospects, familiarization visits)

- **Provide business planning ‘tool kits’:**
  - ‘How to’ workbooks for different types of accommodations – design guidelines, viable business models (number of rooms, services, revenue sources, etc.), planning worksheets/tools, etc.
  - A financing self-evaluation tool for operators, with guidelines for different types of development, that could also serve as a pre-screening tool for ACOA and other agencies
  - Computer and software purchase and orientation, eg: budgeting, pricing/revenue management, accounting, marketing plans

- **Provide mentoring/coaching (either directly by ACOA or another agency, or through contracted services, by qualified professionals that know the tourism business and its markets):**
  - For applicants seeking financing, both on development planning as well as operational start up and the early phases of market and business development
  - Post development mentoring – call in advisory service, follow-on visits
  - Information sessions across the province and for different sectors

- **Consulting Services:**
  - Planning and feasibility studies
Consideration should be given to contracting the services of outside professionals to assist in each of these areas and to provide an advisory resource to ACOA and other government agency officials dealing with accommodations projects and funding applications.

Similar forms of support would be provided to other types of tourism products, albeit in appropriately modified forms.

Quality Assurance and Licensing

As discussed elsewhere, we are proposing the establishment by HNL of a new ‘Quality Assurance Council’ in the province. It would assume responsibility for administering the Canada Select and Camping Select programs, taking over that role from the current groups administering these initiatives. We believe it to be much better to manage these programs under an industry-wide industry model, rather than by the tourism operators whose businesses are directly involved in the program. This improves the strategic focus of their direction and reduces the possibility of conflict of interest issues.

The council would also take over the administration of the accommodations licensing program under contract with DTCR. Licensing enforcement would be taken over by the Department of Government Services. Obviously there will need to be funding put in place to deal with the foregoing.

Canada Select

The Canada Select Accommodation Rating program has served Newfoundland and Labrador’s accommodation sector well and has led to a general improvement in the standard of accommodations across the province. The standards of the program have been very helpful to business people and to development agencies in their planning.

The program is currently being reviewed nationally. A number of specific issues and considerations relative to Canada Select, arising from our review of accommodations in the province and from extensive interviews with operators and others in the industry, is provided in the appendix.

One of the key recommendations of that paper is that inspections be on an unscheduled basis, with the rating advisors being empowered to enter and inspect the premises upon arrival, subject only to reasonable restrictions based on rooms being occupied by guests.

We have a general concern, based on the outcomes of our field research that the Canada Select program is not being delivered in the province in a consistent fashion in keeping with its intent. We therefore recommend that an early priority for the recommended new council be a review of the program’s delivery in the province.

A related concern is the practice of rating advisors in coaching accommodation operators on how to get their star grade up without consideration of market conditions in the area. This reinforces the ‘race for the stars’ concept, which was never contemplated for Canada Select.
If this sort of advice is to be given, it should be more broadly-based that simply dealing with Canada Select criteria.

Particular attention should be given to ensuring that rating advisors are fully trained and ‘travelled’ and therefore fully conversant with the standards of accommodations generally available to travellers.

B&Bs that serve dinner should not be rated as B&Bs, but inns, and meet the standard for an inn.

Also, consideration should be given to differentiating between ‘professional’ or ‘commercial’ B&B properties and ‘residential’ B&Bs – the former being a facility in which all guest areas are dedicated to exclusive guest use, with the latter being a B&B in which family and guests share some or all of the common areas.

The Canada Select definitions of accommodation categories should be put in the travel guide to assist travellers in understanding the differences.

**Accommodation Licensing Regulations and Administration**

The above noted paper on Canada Select also briefly addressed a related issue, that of accommodation licensing.

We are recommending that the Quality Assurance Council also take over the administration of the accommodations licensing system (Tourist Establishment Act and Regulations) under an agreement with the Province. Regulations would be passed to give the grading advisors the authority to play this role. A fee would be payable by the Province to Canada Select for each property under administration.

As mentioned above, we recommend that licensing enforcement be provided by the Department of Government Services, based on direction from the Quality Assurance Council.

The licensing inspection should be bundled with the Canada Select rating inspection and the license issued bi-annually, rather than only once when the property is built.

The regulatory requirement to file room rates is problematic in this day of revenue management. Operators should instead be encouraged to provide only rate ranges for the purposes of the travel guide.

Apartments need to be brought under the Act, as should all forms of accommodations rented for periods of less than one month at a time.

All accommodations rented by a licensed property should be licensed (e.g. a friend or relative’s spare bedroom being rented out).
As of late 2003, only 73% of licensed establishments were in compliance and up to date with the legal requirement of submitting monthly occupancy data.

Many properties claim to operate year-round but do not do so, causing problems for consumers attempting to book. This issue needs to be addressed by the licensing and/or Canada Select system, or both.

There appears to be a lot of confusion among operators as to what the regulations are. A better communications process is required. The Canada Select rating advisors should ensure that all operators receive and are familiar with the relevant regulations affecting them.

Unlicensed Accommodations

Another issue is that of unlicensed accommodations being rented by licensed accommodation operators. This is perhaps not a major problem in small communities and remote rural areas where there is little or no commercial accommodations available, but not in St. John’s or other centres having a mix of properties where there is an extensive supply of commercial accommodations.

The following paragraph is from the Appendix (which was submitted to the Canada Select board) and represents our recommendation on the matter:

‘Canada Select rated properties that rent out unlicensed accommodations on site or nearby should either get them rated (either as part of the same property or as a separate property) or have their star rating withdrawn altogether. The same applies to all rooms being rented out in the same building. In other words, all accommodations offered for rental for periods of less than a month at a time should be licensed and inspected.’

Travel Guide Listing Privileges

We suggest that properties found to be in contravention of licensing requirements, or operating unlicensed accommodations, be suspended from Canada Select rated status and removed from the provincial travel guide for one year or until being reinstated, whichever is longer. Perhaps the ‘three strikes and you’re out’ is appropriate, wherein the property would receive three warnings.

Campgrounds – Tenting, Trailers and Recreational Vehicles

The situation with respect to campgrounds and recreational vehicle parks is in some ways more straightforward but also has its own complexities.

Our analysis indicates that there is, overall in the province, a sufficient supply of campgrounds for both the tenting and recreational vehicle market although there may be a couple of areas with specific opportunities/needs as will be discussed later. In fact, the available statistics indicate that there is an oversupply of facilities overall although some areas operate at close to capacity on weekends drawing on the resident market (Note that there are
some suggestions that the data on site rentals provided to the Department is less than accurate. The Department has recently made some changes to its reporting forms and it is hoped that these changes will encourage more operators to provide the data requested.

Campgrounds are not seen to be demand generating facilities. While there are campground models in other locations, primarily in the southern US that are ‘destination resort’ style campgrounds, Newfoundland and Labrador’s location, climate and small markets means that this concept is not an option for the destination. Campground facilities play a limited demand influencing role – obviously if tenting or travelling in a recreational vehicle is the consumer’s preferred choice, the availability of suitable facilities is clearly a factor in selecting a destination or a region. This is particularly true of campgrounds in National Parks (and to a lesser degree provincial parks) that help to generate demand from the tenting segment of the market seeking natural and wilderness experiences. For the most part, however, campgrounds are traveller services.

The issue of providing support to campground facilities in the province is complicated by a number of factors:

- The overall viability of the sector – the short season combined with very low rates means that the commercial sector of the industry is, at best, marginally viable. The problem of low rates is compounded by the rates charged by provincial parks, and by the municipal/not-for-profit campgrounds, which offer generally very basic services for very low rates.

- The proportionally large resident market use of campgrounds, which is an important (and primary) market segment to some campgrounds, which limits access for visitors, particularly in those campgrounds located in the Avalon and Eastern regions.

- And the domestic recreational vehicle market is apparently growing. This market has traditionally benefited from low prices at campgrounds, and has an expectation of low prices. In fact, Terra Nova National Park saw a significant drop in the demand for its campgrounds when prices were increased in 2003.

- The “gravel pit camping” phenomenon in the province. Segments of the domestic market take advantage of this and it is not unreasonable to expect that this type of use would increase if prices at campgrounds are increased.

The first thing that needs to happen is a concerted effort to increase the prices charged at campgrounds generally. This will require leadership by the province to increase rates at the provincial parks in co-operation with a similar effort by the private sector and the municipal and not-for-profit facilities. While this is likely to be unpopular with resident markets, it is essential if the viability of the commercial campground sector is to improve. There will need to be an effort to inform resident markets of the negative impacts of low rates on the campground industry and educate them about the fact that the fees being paid now are insufficient to cover operating costs.
Once prices have been increased, there is a need for upgrading of services to meet the demands of the recreational vehicle market. (No data has been available on the size of this market segment although reports are that it has been increasing. Hopefully the ongoing Visitor Exit Survey research program will provide some insights into this market segment and the characteristics of their visits to the province.)

Also, efforts to deal with unlicensed campgrounds and with cleaning up gravel pits to minimize opportunities for uncontrolled gravel pit camping should continue and be strengthened. When the Camping Select program becomes mandatory, it will be important that this be enforced.

Generally speaking, we recommend the following with respect to supporting and assisting campgrounds:

- No support for new campground facilities or for the expansion of existing facilities (other than in special circumstances where there is clear evidence of a total lack of supply or an opportunity for a unique niche market that is not being fulfilled.)
- Support for upgrading of camping facilities in designated destination areas, at facilities meeting the other established criteria for campgrounds described below, to meet the evolving demands of the recreational vehicle market (particularly for greater levels of electrical service, larger sites and pull-through sites);
- Selected support to assist campgrounds in designated destination areas, at facilities meeting other established criteria for campground described below, to upgrade to meet the minimum standards for Camping Select. This support should not be for improvements to basic state of repair or maintenance issues, but for specific facilities (e.g. comfort stations), services and amenities, and features that could significantly improve revenues, such as camping cabins for example. (These are “hard tents”, essentially a few bunks built into a cabin with electricity and minimum services. They have been developed in other areas and appear to be popular with the tenting market)

Municipalities and not-for-profit groups seeking funds that are going to be used to provide services and amenities for campgrounds (this includes campground facilities as well as other services and amenities that are being developed to be used by guests of municipal and not-for-profit campgrounds) should only be supported if there are clearly no suitable campgrounds in the area to service the market demand and no plans for such, and/or there is an unwillingness on the part of private operators to meet the demand that exists. They should also be required to charge market rates.

One issue deserving of special consideration is that of providing facilities to service the recreational vehicle caravan market as we understand that there are a growing number coming to the province. Several communities and local tour operators, particularly in the central part of the province, have actively worked to develop this market, apparently with some success. We are recommending that special consideration be given to supporting the expansion of campground facilities to service this market in selected instances. Such consideration should
only be given in destination areas that are already engaged in a specific effort to develop this market segment and are seeing results from this effort. In other words, they have been pro-active in developing the market and as a result have created an opportunity. Ideally, this support should be provided to the private sector, but in the absence of a private facility or proponent, and where the other pre-conditions described above exist, consideration should be given to supporting not-for-profit or municipal facilities.

**Criteria for Assessing Campgrounds for Support and the Types of Features that Should be Considered for Support**

Campgrounds being considered for support under the general conditions described above should meet the following criteria:

- Located in a designated destination areas or in or close to gateways or hubs/service centres.
- Located in a natural setting, preferably with water access or views. Some effort should have been made to provide campsites in a natural area, with grass/green space, trees, etc. In other words, campgrounds that are located on purely gravel sites should not be considered.
- Participating in the Camping Select Program.
- Minimum 3 Star Camping Select Rating for facilities and services and 1 – 2 Star minimum for Recreation Facilities, or striving to achieve this rating with the upgrades proposed. The Camping Select Criteria are provided in the appendix. These requirements include, among others:
  - Minimum of 50% partially serviced sites (i.e. with water and electricity) including some 30 amp electrical serviced sites
  - Some of the serviced site are pull-through sites
  - Canteen or take out on premises
  - Basic supply of grocery items on site
  - Rest rooms providing flush toilets (minimum 1 facility per gender for each 20 sites) and showers (1 facility per gender for each 30 sites)
  - Laundry facilities available on-site
  - Dumping station
- Have a well-signed and accessible entrance, with at least graded gravel roadways
- Cater primarily to transient markets, that is, not be a campground that is primarily for seasonal campers the vast majority of whom are provincial residents.
- In considering support for campgrounds, special consideration should be given to facilities that are to provide or are proposing to provide some combination of the following:
  - Some 50 amp electrical service
  - Internet access or hook-up
- Water-based recreational activities such as canoes, kayaks, or access to hiking trails
- Phone service, at least a pay telephone on-site
- Sites that are large enough to accommodate the larger recreational vehicles now being seen
- Additional revenue generating elements, such as camping cabins for example
Section 10

Other Product Development Issues and Needs
Section 10
Other Product Development Issues and Needs

This section deals with four different topics:

- Restaurants and evening entertainment
- Transportation
- Environmental Conservation
- Cultural Conservation

Restaurants and Evening Entertainment

St. John’s has a growing selection of eclectic and quality restaurants, which is considerably strengthening the city’s appeal for visitors and will certainly benefit length of stay and spending. Also, George Street has gained a reputation of where the action is for the young and not so young. The city is certainly becoming an appealing getaway destination for both in-province and out-of-province visitors. This needs to be encouraged and supported through packaging and marketing.

Outside of St. John’s the selection of quality restaurants and different character restaurants quickly diminishes. Menus become more basic and much the same from one restaurant to another. The availability of non-deep fried foods also diminishes.

The Taste of Newfoundland program is to be rejuvenated we understand, and this should be a priority within the tourism product development strategy (this was discussed earlier in Section 6). It will require resources, both staff and money, if it is to be successful. We trust this will follow the lead of the Taste of Nova Scotia with helping operators broaden their menus with both traditional foods and more contemporary menus as well. Other activities should include an awards or certification program, and a dining guidebook for visitors.

On this latter point, visitors pointed out to us that they ‘stumbled’ on a number of good restaurants and generally had a difficult time finding restaurants, other than by asking local residents. There is clearly a need for more promotion of the dining facilities that are available. While the Taste of Newfoundland program will help with this, regional travel guides should include information on restaurants as should local and regional visitor information services.

Also, the proposed establishment of the Cultural and Heritage Tourism Centre of Excellence by the College of the North Atlantic would be a welcome asset in providing training in menus and cooking skills.

Evening activities and entertainment for visitors is also a challenge outside of St. John’s. As was discussed in Section 7, destination communities and hub communities should be encouraged to address this issue through cultural programming.
As part of the shoulder and off season strategy, it will be important to encourage both restaurants and evening programs to operate for longer periods of time.

**Transportation**

**Roads**

The province’s roads are generally in reasonable condition, however, there are segments requiring urgent repairs and upgrading. The primary touring routes are of greatest concern here. Some particularly notable needs include:

- Improving some bad sections of the Trans Canada Highway, notably on the Avalon Peninsula
- Improving bad sections of highway 430 on the Northern Peninsula

There is a need for pull-offs for viewing at key points along highways.

**Highway Signage**

This topic was addressed in Section 8.

**Marine Atlantic Ferry Service**

As discussed earlier in Section 3, there are some major concerns with respect to the quality of the service provided by Marine Atlantic, both in terms of the transportation service itself and the facilities and services provided to customers on the ferries.

There are several proposals that have emerged with respect to this service:

- Upgrade the fleet with faster ferries that also offer contemporary standards of guest facilities and services (A high speed catamaran ferry would not be a reliable option given the sea conditions in the Cabot Strait.)
- Increase the frequency of the Argentia service and extend the season of this service from June 1 to Thanksgiving (currently, in 2004 it involves three ferries a week from June 18 to September 11th and one a week from September 12th to 30th)
- Upgrade the standard of guest facilities and customer service on board the ferries which currently is below what should be a minimum standard. There are simple improvements that can be made, such as upgrading the quality of the bedding and towels provided in the cabins, that will start to make a difference to the overall level of customer service.
- Improve the consultations between Marine Atlantic and HNL on schedules. (The ferry company has agreed to do this.)

Suggestions have been made of the need to modify the Port Aux Basques schedule so that ferries aren’t arriving in the middle of the night. In terms of priorities, the ferry schedules are being designed for truckers first, to provide the minimum elapsed travel time from North Sydney to St.
The convenience for consumers and for tourists is of secondary priority. Perhaps this balance can be shifted by HNL.

The issue of stopping cost recovery pricing and providing the service at lower cost is probably not realistic. It may, however, be possible to lobby Transport Canada to reduce the target percentage of cost recovery for the Newfoundland and Labrador service.

For those wanting cheaper travel, this new age of low cost/low fare air travel provides a better option.

Tourist traffic on the ferries has been declining and is likely to continue to do so with the continuing improvements in air service. This trend is not likely to be reversed unless there is a significant improvement in this service. There is, in fact, a very real risk the service will deteriorate further and its prices continue to increase as subsidies decline.

**Airlift**

Air service to the province from within Canada has improved dramatically with the growth of discount airlines and a higher level of competition. Hopefully that will continue.

Service from the USA and Europe hasn’t changed very much but hopefully that will improve in future as well with the growth of discount carriers. One of the ideas discussed earlier in this report, in Section 7, is the use of a ‘consolidator’, essentially a tour operator that would charter aircraft and operate in collaboration with tour operators and tourism businesses in the province to operate flights on other routes, such as direct from the USA to St. Johns and Deer Lake, or directly from Europe to these airports.

We are starting to see service improvements within the province as well, particularly with the recent announcement of low cost jet service between St. John’s and Deer Lake by CanJet.

There are still major challenges with the high cost of in-province air service using smaller aircraft, whose economics virtually prohibit comparable fares to the jets. However, it would be helpful if interline arrangements could be made between the discount carriers and the local airlines to improve connections.

**Car and RV Rentals**

There is a significant shortage of rental cars during the tourist season, which is a major barrier to growing independent travel and FIT package tourism. This is a product of the short tourist season in that it isn’t cost-effective for car rental companies to expand their fleet for just a few weeks a year. It also leads to high prices in high season.

In other jurisdictions the rental companies will move vehicles from one region to another in response to different seasonal cycles of demand. However, in Newfoundland and Labrador, all of the companies are independent franchisees with their own fleets, so they have little or no
flexibility in this regard. This situation also means that renters are not being allowed to drop off vehicles outside of the island, as the company has no means of recovering the vehicle.

Another issue is unlimited mileage. Renters are often unable to get this option, which can drive the cost up substantially.

The solutions to these challenges are not obvious or simple. But here are a few possibilities:

- Perhaps cars could be borrowed from operators in the southern USA where summer is the off season. We don’t know how feasible this might be, but it would be worth looking further into this possibility. Maybe the corporate franchisors could assist with this idea.
- Another possibility is for Newfoundland operators to acquire used vehicles from the franchisor corporation when they are made available for sale. This would provide nearly new vehicles at low cost that could be used seasonally.
- A third possibility is providing financing assistance to make it feasible to expand rental fleets beyond current levels

HNL should continue consulting with the car rental companies in these respects.

RV vehicle rentals are another challenge. There appears to be only one company renting RVs in the province and they are in short supply. This is a deterrent particularly for the European market which has a higher than average interest in this. Perhaps one or more of the foregoing possibilities would work for RVs as well.

**Motorcoaches**

There are two companies operating motorcoaches in the province and making them available for charter to tour operators. Many of the vehicles are in poor and unreliable condition, which has forced tour operators in many cases to bring in coaches from other provinces, mainly New Brunswick, at high cost because of the deadheading involved. (The larger of the two operators in the province, DRL, has a large part of its fleet dedicated to serving cruise ships visiting Halifax which is growing in volume, so its fleet has been spread thin.)

This is an obstacle to growing the group travel sector. We would recommend, therefore, that HNL and government agencies work proactively to get the local companies to expand and upgrade their fleets. And unreliable vehicles should be retired.

**Taxis**

There are several taxi issues that deserve attention.

First of all, the Taxi Host program is being used in St. John’s and that is an excellent initiative in improving the professional and hospitality skills of drivers. It should be continued.
Other issues needing attention include:

- Types of cars being used. Compacts and K car bodies are not suitable for taxis in that their back seats are too cramped.
- Standards of maintenance, cleanliness and age of vehicles.

A program deserving of consideration for St. John’s is Halifax’s ‘hotel standard’ for taxis being allowed to pick up at hotels. This is an initiative of the hotels themselves. All hotel standard taxis are of good size, clean and in good repair and are regularly inspected in this regard. This is of particular benefit to tourists, as they are staying at the hotels.

**Environmental Conservation**

Forestry practices, unrestricted use of crown lands by individuals and the absence of controls on development are causing degradation in the natural environment and this has a direct negative effect on tourism, and particularly tourism in this province, which is heavily dependent on its natural attractions.

**Forestry**

Problems are everywhere, and increasing, mainly from forestry for pulp and paper and lumber, but also from firewood harvesting by individuals. Kruger has participated in planning exercises, but has not agreed to any special management in any strategic areas. Clear cutting down to the highway, to the edge of Gros Morne National Park are examples of serious problems directly affecting tourism.

Clear cutting is an established practice in forestry, however, there needs to be buffer zones to avoid negative impact on national and provincial parks, tourism establishments and activity areas, and view-planes in iconic natural attraction areas.

Also, forestry has a direct impact on watersheds and impacts the natural environment and this affects tourism.

**Integrated Resource Management**

Other jurisdictions engage in a process called ‘Integrated Resource Management’ (IRM). This is a system whereby planning for resource allocation and use is subject to consultation and planning. Increasingly the tourism sector is becoming involved in this and having input. This was discussed earlier in Section 4.

Newfoundland and Labrador needs to adopt an IRM system, and as soon as possible, and it should be a system in which tourism, a key stakeholder, would have input. Nova Scotia’s Tourism Partnership Council had an IRM Task Force, which has now become a permanent working group to address this issue in the province. This task force undertook the development of a provincial ‘tourism values’ model for input into their IRM process. It essentially assessed lands in terms of the current and future values for different types of tourism activity. The report...
from this process has been submitted for consideration in a current IRM process in the province addressing resource use in a particular part of the province. A similar initiative in this province would be most valuable.

BC has an even stronger approach to this, as discussed earlier in Section 4. The tourism industry’s input is required by law in that province for new resource extraction allocations or for new highways.

Provincial Planning

There appears to be no active official planning process in place outside of municipalities, which is problematic for tourism. A case in point is the Humber Valley Resort currently under development. There is no ‘valley restricted zoning plan’ for Humber Valley that would address potentially conflicting activities or development in the area. So clear cutting on crown land can occur right up to the resort property, and conflicting forms of development could occur next door. This is a serious drawback and obstacle to resort development in particular.

Crown lands are being used by residents across the province in a largely unrestricted fashion, for recreation, camping, hunting and the like. There needs to be some controls in instances where this impacts negatively on tourism businesses.

Unsightly premises, abandoned vehicles and the like are also problems in some areas.

The time has come for the institution of a land use planning process in the province, accompanied by a land use management system that addresses conflicting uses, buffer zones and the like.

Education and Advocacy

The tourism industry needs to educate itself about the foregoing issue and solutions, and become a strong advocate of environmental conservation and management. HNL needs to take the lead in this respect.

Cultural Conservation

Conserving the unique aspects of the culture and traditions of the people of the province is an important objective that needs attention. We need to teach young people about their culture and heritage and train them in traditional skills. Schools need to reintroduce provincial history into their curriculum.

The College of the North Atlantic should review its hospitality and tourism training programs to ensure that they are nurturing traditional cultural features rather than undermining them through adoption of service standards in use elsewhere. In fact, cultural traditions should be taught in such programs.
Promoting the work of artists and authors as part of the Province’s tourism marketing program is a good idea in this regard, and will definitely be of interest to visitors.

Tourism planners should be encouraging the development of arts and crafts programs and demonstrations at cultural and heritage attractions. Section 6 presented a host of other recommendations in this regard.
Section 11

Strategies for Market Readiness
Section 11
Strategies for Market Readiness

Upgrading and Enhancing The Market Readiness Of Tourism Products and Services

Enhancing the market readiness of the tourism industry in Newfoundland and Labrador has been identified as a key need for almost all sectors of the industry. Here is a summary of what’s involved for a tourism business in being ‘market ready’:

1. Product standards:
   - Quality facilities, service and guest experiences
   - Participation in Canada Select for accommodations, Camping Select for campgrounds
   - Standards for other types of facilities
   - Trained staff, certified staff, guides
   - Professional development and training programs for both management and staff – online, workshops, mentoring, etc.

2. Hospitality standards:
   - Front line staff trained in customer service (e.g. participate in HNL Customer Service training programs)
   - Guarantees of customer satisfaction

3. Products that match markets;
   - Understand/identify the target markets for the business, and have products, facilities, services and packages to respond to/match with the market(s) that have been identified
   - For traveller service businesses, have ‘experiential’ packages that can grow demand and yield in all seasons
   - For experiential businesses, have value-added packages that can grow demand in shoulder and off-peak periods
   - A mix of products and markets to maximize demand and revenues on a seasonal basis

4. Marketing strategy and plan in place, that is responsive to market opportunities having profit potential

5. Marketing Tools in place – they will vary by type of business:
   - Website
   - 1-800 number – manned all year
   - Information and reservation system
   - Data base of customers and enquiries
6. Marketing partnerships and networks in place – with destination marketing organizations (DMOs), tour operators, receptive operators, along with appropriate policies and practices for doing business with each of them

7. The right pricing:
   - A value approach, with prices set so as to cover costs and make a profit, rather than to simply match or underbid the competition
   - Some form of ‘revenue management’ program to maximize revenues in each season

Achieving these standards of market readiness requires initiatives on a number of fronts as described below.

**Standards and Quality Assurance**

We recommend the establishment of a new Quality Assurance Council in the province. HNL as the lead agency for professional development programs in the province should undertake to establish this Quality Assurance Council and support its operations, in collaboration with the new tourism development agency. The Council would become responsible for Canada Select, Camping Select and the new ‘Made in Newfoundland and Labrador’ award program described below. Also, as mentioned previously, the Council would also take over the administration of the accommodations licensing program under contract with DTCR. Licensing enforcement would be taken over by the Department of Government Services. Obviously there will need to be funding put in place to deal with the foregoing.

The Canada Select program is well established in Newfoundland and Labrador and recommendations for the program have already been provided earlier in this report. The Camping Select program has recently been introduced and participation is currently voluntary, although we understand that it is proposed that it become mandatory either when a certain proportion of campgrounds are participating or within a defined time limit. We would support efforts to make this program mandatory and recommend that provincial, federal and municipal camping facilities be required to participate as well, if this is not already the intention.

However, both the Canada Select and the Camping Select programs are inventory based programs, that is they address only the facilities and services provided they do not address the overall quality of service or the quality of the experience provided. It is evident from our consumer research that the overall quality of the experience is what ‘makes’ the visit to the province, and visitors are prepared to manage with a lower quality of facilities and services than they might normally expect, because it is made up for by the quality of their experience generally. The original intent with the Canada Select program had been to have a ‘quality of experience’ rating as well as the facilities and services rating but for a variety of reasons this was never implemented.
A quality of experience rating for accommodations is seen to be particularly important to the B&B and inn sectors that may not offer the full range of amenities and services but can make up for it by such things as being in a stunning location and offering outstanding guest service. It would also be much appreciated by visitors.

We recommend that serious consideration be given to adding a ‘Made in Newfoundland and Labrador’ Quality Award to the Canada Select and Camping Select programs. This award would be designated on the basis of meeting a set of basic standards of facilities, services and customer service, assessed through a mystery shopper program addition to the basic programs.

The introduction of quality assurance programs for other sectors of the tourism industry has also been identified as an issue. The adventure tourism operators and the tour boat operators in the province have both been working on establishing standards. This also was discussed earlier.

For other sectors, we recommend a broadly based quality assurance program covering all major types of tourism products. This would include attractions, events (market readiness for tourism), restaurants, provincial tours, etc. Like the approach proposed for the Canada Select/Camping Select Quality Award, we envision a mystery shopping approach to ensure that tourism products are meeting some basic minimum standards in terms of the guest experience that is offered. And, where appropriate, these would include minimum safety standards and standards addressing the certification of staff. Those properties that met the minimum standards would be designated as ‘Tourism Recommended’ – a basic seal of approval as to their readiness to be in the tourism business and receive guests. Eventually, we recommend that tourism businesses would be required to meet the Tourism Recommended standard to be eligible for a listing in the Travel Guide or on the provincial website.

Businesses would be provided with an individual report on the results of the mystery shopper inspection, along with suggestions for enhancements. Those businesses not meeting the minimum standards would be given more detailed descriptions of the areas needing improvement.

The mystery shopping visits must be just that – done with no advance notice. Given the scope of the province’s tourism industry it is not likely to be feasible to mystery shop all tourism establishments every year but a program of every other year visits may be appropriate.

A second level award, a Tourism Quality Award, would be given to those businesses rated by the mystery shopper as significantly exceeding the minimum standards in terms of overall guest experience. Businesses meeting receiving the Tourism Quality award should be showcased in the travel guide, and provided with images and graphics for use in their own marketing materials, as well as appropriate decals and signs for their properties.

The mystery shoppers need to be experienced travellers, be knowledgeable about the sector that they are assessing and bring both a provincial and national/international perspective. They also need to be well versed in cultural and heritage issues so that these perspectives are
considered in the mystery shopping process and rewarded where appropriate. In other words, they would be scored on ‘Newfoundland and Labrador hospitality’ not just ‘hospitality’.

We had considered a Qualmark-style program (New Zealand’s program), which is based on a comprehensive self-assessment process including preparing business plans, marketing plans and things such as human resource policies and practices. We believe that, while there are merits to such a concept, it is too complex and would require too great of a commitment on behalf of the industry to be widely adopted. The mystery shopping concept is more practical and objective.

It will be important to ensure that the standards used in the mystery shopper program are also incorporated in training and professional development program in the province.

Also, more information should be included in the provincial Travel Guide on the Canada Select program (and the Camping Select program as it becomes established) as well as definitions of the categories of accommodations.

**Training and Professional Development**

A series of training and professional development programs are required, particularly at the management level. These should involve a combination of seminars and workshops, online training programs, mentoring, and best practices trips. HNL has offered a few such programs in the past but there needs to be a much broader offering and a strong effort at encouraging the industry to participate in these programs.

An effort also needs to continue to be made to offer programs at the regional level to make them more accessible to people. Making online and CD versions available would be helpful in this regard. Specific suggestions for owner/management training include:

- Product study missions can be very effective, particularly if bundled with structured training
- Training on modern computer tools, website development, direct marketing, website maximization
- Pricing methods, including revenue management

Training has to involve owners and management, not just junior staff. Their participation should be a pre-requisite where the training focuses on management issues.

Trainers need to be people who have had real hands-on experience in the business who can speak from this experience, not retired civil servants repeating what they’ve read.

The mentoring support programs being used in CTC product club programs would be of great assistance if they could be used more broadly in the industry.
There is a real need to foster entrepreneurial spirit and skills among tourism operators in the province. Entrepreneurial attitudes and skills should be embedded in all the professional development programs being offered to the industry.

There is also a need to promote tourism opportunities as serious business opportunities and tourism jobs as good career choices.

**Strengthening the Industry’s Ability To Handle Motorcoach, FIT and Other Group Segments**

There is a widespread need in the province for training with respect to the ability of tourism operators to work with and accommodate the special needs of travel product intermediaries, namely:

- Tour operators (motorcoach, FIT and specialty group)
- Meeting planners
- Incentive travel planners

The kinds of initiatives here would include:

- Workshops with the industry on doing business with the travel trade, such as those available through the TradeSmart program currently in use in New Brunswick and Nova Scotia. Adding the TradeSmart Certification part of that program would be a desirable option.
- Similar workshops could be developed for meetings and conventions, incentive travel and other group market segments.
- Workshops on pricing and revenue management.

With respect to the last item, a particular need is for tourism operators to be able to offer the right kinds of commissions and discounts to intermediaries necessary for doing business with them. This creates a particular challenge for most operators, as these things are commonly viewed as losing money on the transaction. To combat this perception it will be necessary to assist operators to better understand the true nature of their cost structures and that, for the vast majority of them, the incremental cost of handling incremental business is much lower than their average costs, with the result that extra business, even at heavily discounted rates, generates more product, not less.

In support of such workshops, workbooks should be developed and made available for use by the operator in applying the various techniques. Similarly, making these workbooks available online would be particularly worthwhile.

**Finding and Training Staff**

Putting unemployed fishermen and other people in tourism to give them a job is not effective. People need to be motivated and committed. More speaking to high school students to inform
them of the career opportunities in tourism is worthwhile, particularly with the increasing challenge of finding staff.

How about an employment exchange, particularly for seasonal jobs?

It is being suggested that the cost of training new employees should be at least partially at the cost of the employees, not just the employer. Otherwise, people work somewhere until their training is completed and paid for by the employer then they move on. The employee is the beneficiary of the training, the employer only that trained staff are available in the marketplace.
Section 12

Labrador
Overview

Labrador is treated differently in this document from other regions of the province. As the Tourism Destination Development Plan for Labrador was prepared in 2001, the Study Team was asked to address how to build on that Plan rather than rework it. Secondly, the team was asked to address the accommodations sector in regional economic zones 4 (Aurora) and 5 (Labrador Straits) but not the remaining three zones in Labrador.

In this section, we take a look at the Tourism Destination Development Plan, particularly its Product Development aspects, with some updates and comments, given the three years and turn of events that have elapsed since its completion. The results of the accommodations analysis for Zones 4 and 5 are found in Part II of the report.

Tourism Destination Development Plan for Labrador

Destination Labrador existed as a marketing organization with a Board of Directors and an Executive Director in the early to mid 1990s. It ceased operation in 1996/97. The Destination Development Plan was produced in 2001 in order to take a comprehensive look at product development and marketing in Labrador and to then re-institute the Destination Labrador organization. The Plan was prepared following an extensive program of community consultation by a team of consultants.

The Vision produced by the Plan was as follows:

The lure of Labrador for tourists is the unique adventure experience with a cultural overlay that is largely unknown. In 2006, we see Labrador as a premier frontier destination of choice in the year-round wilderness, heritage, cultural and outdoor tourist markets in North America and Europe.

Following is a summary of major issues and initiatives raised in the document regarding product development, with some commentary added.

Destination Areas

The Plan divides Labrador into three destination areas; West, Central/Northern and Southern.
Management/Enhancement Planning for three linear corridors:

Three corridors are identified in the Plan as requiring management and planning effort. In the case of a highway corridor, for example, this means planning to preserve the unique qualities along the route such as scenic views and valuable wetlands. The three corridors are:

- The Trans Labrador Highway. A land use and facilities plan is required in order to maintain scenic qualities as well as protecting environmental and cultural features along the route. This is particularly needed for the portion recently completed from the Labrador Straits to Cartwright.

- The Labrador Winter Trail System. The recommended approach is similar to that for the Trans Labrador Highway.

- The Labrador Coast. Planning and programming is needed to assist coastal communities in becoming tourism market ready, particularly for expedition cruise ships.

Aboriginal Product Development

The Plan notes that there is significant potential to develop Aboriginal-owned and operated tourism product in Labrador. Three possibilities identified are:

- An ecolodge. This is not elaborated on, but we assume this refers to a standard ecolodge operation dedicated to providing wilderness adventure experiences from a high-end wilderness lodge operated according to an environmental conservation code of practise.

- Aboriginal cultural tourism products. These are not specifically defined but we assume it would include a wide range of aboriginal cultural experiences such as traditional food, craftmaking demonstrations, time with a trapper and demonstrations on wilderness survival skills.

- The protection of aboriginal sites of significance. This is identified as a priority and it is clearly an important point. Inuit sites, for example, could include the former communities at Okak and Hebron, both north of Nain, the Rattler’s Bight area just north of Rigolet and Uviluktok, offshore from Hopedale.

Resource Management and Conservation

The Plan envisages that Destination Labrador would provide an advocacy role in the preservation of marine and terrestrial resources.

It underlines the need to link resource conservation with tourism through a set of eco-tourism principles and codes of practise for both tourists and tour operators.
Tourism Business Support Fund

A five year support fund of around $5 million for tourism businesses is seen as a core, pan-Labrador requirement. The fund would be established and managed by “senior government partners”. Its objectives include the following:

- To make money available for “professional service” support (as opposed to capital investment) such as mentoring and marketing advice, to both new and existing businesses,
- To assist existing operators in improving their return on investment, and
- To enhance the quality, range and type of tourism products and services available in Labrador.

The typical investment is expected to average $35,000 over 3 years, to pay for things such as special advisor fees and travel to meet with successful operators.

Accreditation/Certification and Quality Management Program

The Plan recommends that Destination Labrador co-ordinate the development of a certification/accreditation program to ensure consistent product and service delivery throughout Labrador. The recommendation came from the conclusion by the team preparing the Plan that there is need to upgrade the quality of product and service, including the accommodations sector, throughout Labrador. The proposed program would be extended to occupations, products and facilities across the industry, including accommodations, guides, restaurants, tour operations, attractions and events. It might therefore be patterned on an industry-wide program such as Qualmark in New Zealand.

Those accredited would pay a fee and receive marketing benefits such as the rights to a Destination Labrador logo.

Objectives of the program include:

- To ensure product credibility with travel trade,
- To promote authentic Labrador products, and
- To set standards of best practise for operators in terms of business practise, service levels and environmental/cultural responsibility.

The Plan proposes a “Made in Labrador” Accreditation Program, with development of a Tourism and Hospitality Training Plan for Labrador, to be developed through an assessment of needs and available training programs. An important part of the program would be to settle on the best
practise categories to be emphasized in the accreditation program, such as authenticity, cultural/environmental sustainability and level of service.

Given that Labrador is a destination distinct from Newfoundland, there would be obvious advantage in promoting a “Made in Labrador” brand to the travel trade. However, while some standards might vary somewhat between Newfoundland and Labrador, eg, in environmental sustainability, we would see areas such as occupational standards being adopted province-wide. Other standards, such as in accommodations and cuisine could also be accommodated within province-wide programs (ie, in "Canada Select" and "Taste of Newfoundland and Labrador" respectively).

The recent addition by Hospitality Newfoundland and Labrador of a staff person in Labrador extends its ability to assess needs and deliver training programs in the region.

**Gateway Centres**

Gateway Centres are envisioned as high profile entrances to Labrador, planned to a high quality (signage, landscaping, etc) and a building design that is easily recognized and reflects the heritage of Labrador. They would introduce the visitor to Labrador and provide opportunities for interpretation and retail. The Plan proposes three centres:

- Labrador West,
- Central (Happy Valley-Goose Bay), and
- Labrador Straits (L’Anse au Clair).

The Labrador West facility has been established since the Plan was completed.

The Happy Valley-Goose Bay facility is proposed as a unique, Adventure Centre. Its purpose would be to bring alive the excitement offered by adventure in Central and Northern Labrador. It should be a place for story telling, orientation and travel information. The over-riding focus would be on the protection and enhancement of cultural and natural resources.

The Labrador Straits facility would be an expansion to the Visitor Centre located in the former St. Andrews Church in L’Anse au Clair. It should specialize in bringing alive the history and excitement of Southern Labrador.

**Labrador Cultural Heritage Tourism Plan**

The Plan recommends that Destination Labrador take the lead in preparation of a Cultural Heritage Tourism Plan for Labrador. The Heritage Plan should address a number of aspects of heritage preservation and celebration, including:

- A comprehensive inventory of cultural heritage resources that can be developed/interpreted and shared with tourists,
Principles and policies for the sharing of cultural heritage resources for tourism purposes, and

Budgets permitting, a “core infrastructure of at least five cultural heritage interpretation initiatives” to be developed within the five-year timeframe of the Plan (locations not specified), with a Pilot Centre on the North Coast.

The term “initiatives” is not defined, but the current consulting team would advise caution in the consideration of new capital projects in terms of tourism opportunities only. As noted elsewhere in this document, tourists more often than not, are looking for innovative programming and “people” experiences more than visits to buildings. There are many ways in which interesting and innovative programming can be delivered. They include outreach programs from existing facilities (eg, the Labrador Interpretation Centre and web site programming). There are also successful models from other jurisdictions whereby the story of a people or region is told in a series of communities, each telling a part of the story in their own, distinctive way.

Alternative, Quality Accommodation Plan

The Destination Labrador Plan acknowledges that there is a need to upgrade the quality, expand and diversify the accommodations plant in Labrador. The quality and consistency of service were also seen to be “severely lacking and often out of alignment with market expectations”.

The Plan calls for Destination Labrador to be a strong proponent for the development of a broader and more value-focused accommodation plant with a stronger Labrador identity (eg, more use of local materials and indigenous design), including seasonal homes in abandoned settlements and B&Bs/home stays.

Cabins or trappers tilts\(^1\) are proposed for specialized tours such as along hiking routes and canoeing or kayaking routes (coastal or inland). Other jurisdictions have had success with similar concepts, such as the hut to hut treks in New Zealand. This concept could also be applied to other activities such as skidooing or dog sledding.

Also recommended for consideration are “ecolodges”, or accommodation that is more sustainable and environmentally friendly than the norm. We see the Cree Village Ecolodge as a good example. It is a high-end lodge built on an island at the bottom of James Bay, Ontario, designed and equipped with the environment in mind, following the environmental conservation ethic of the Cree. This includes energy efficient design, organic carpeting, mattresses, furniture, etc. The menu includes traditional food such as caribou stew and fire roasted duck. Day activities include canoe rides, boat tours, hiking and biking. Evening activities feature dancing lessons, dreamcatcher-making and entertainment.

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1 Traditional trappers tilts were rough, temporary shelters (lean-to’s or “tilts”) built a day’s walk apart along the trap line. The sides were made of upright logs or plank, chinked with moss; the roof covered with a combination of logs, boughs, bark or sods. The tourist version would maintain the design features but, obviously, would otherwise cater to bodily comforts more than the original.
Staffing

The staff proposed for Destination Labrador would include an Executive Director and three Special Team Leaders:

- One to address service quality through the Business Support Fund,
- One to provide development and operational assistance to new capital projects such as Gateways, and
- The third to focus on resource management issues and improvements to routes and trails.

Regional tourism associations would be designated Local Chapters of Destination Labrador and assist with product development.

Other

Additional product development proposals in the Destination Development Plan include the following:

- **Snowmobile Tourism**
  There is a need to focus on developing more support infrastructure, including accommodations and other support services along the Labrador Winter Trails network. The network includes over 1,500 km of trails across Labrador, which also connects into a network of Québec trails.

- **Expedition Cruising**
  The Plan calls for coastal communities to develop the capability of servicing the cruise market, to maximize local benefits (discussed further below).

- **Hunting Product Enhancement**
  The priority in this area is to manage hunting from the Trans Labrador Highway (ie, reduce hunting from the highway) and develop more remote hunting opportunities.

- **Tourism Accord**
  Once Destination Labrador is operational, the Plan recommends that a Destination Labrador Tourism Accord be signed by all major stakeholders including the three aboriginal organizations, Combined Councils of Labrador, the 5 Zonal Boards, Labrador Outfitters Association and Regional Tourism Associations. The Accord would be a commitment to create and sustain Destination Labrador and to work together in implementing the Destination Development Plan.
Changes Since Completion of the Labrador Tourism Destination Plan

Several factors affecting Labrador tourism development have occurred since the Plan was completed in 2001, including:

- **Trans Labrador Highway**
  Extension of Route 510 has been completed from Red Bay to Cartwright. In addition, the route for the Cartwright – Happy Valley-Goose Bay portion (Phase III of the TLH) has been finalised, with the southerly route around the Eagle River watershed being chosen. Premier Williams recently announced the decision and stated that construction will begin this year, with tenders for construction anticipated in June, 2004. The route will probably be completed over the next five years.

- **Ferry Service to Happy Valley-Goose Bay**
  In 2003, the MV Sir Robert Bond Ferry started using Cartwright as its link to Happy Valley-Goose Bay (rather than Lewisporte); as a result, considerable tourism investment was made in Cartwright and elsewhere along the southeast Labrador coast, particularly in accommodations. Other potential tourism products are being contemplated. A study into whether Cartwright should remain as the ferry terminus (vs reverting it to Lewisporte with a stop in Cartwright) was recently submitted to the Minister of Works, Services and Transportation, with an announcement expected shortly. The Study Team’s Terms of Reference unfortunately did not require consideration of tourism development. The decision will obviously have an impact on travel patterns on the Labrador Coastal Drive and the west coast of Newfoundland and resulting benefits to tourism operators.

- **Torngat Mountains National Park**
  Parks Canada and the Labrador Inuit Association are in the process of establishing Torngat Mountains National Park as a wilderness park in northern Labrador. The land has been described as one of the most dramatic landscapes in eastern North America, with one of the world’s most rugged coastlines. It covers 27,000 sq km of land that rears out of the sea in 90 metre high cliffs and inland peaks rising to over 1600 metres. It has significant wildlife and marine life populations. The area is accessible from the sea, via an airstrip at Saglek near the southern boundary or from the northern Québec community of Kuujjuak (jet service from Montreal to Iqualiut).

  First contemplated in the 1970s, the new park is now very close to reality; an Agreement in Principle was recently initialled between Parks Canada and the Labrador Inuit Association. The Québec Government is establishing a provincial park along the adjacent boundary to the west.

  The number of users of the Park will need to be projected as part of the Park Management Plan soon to be prepared. The numbers will obviously be low compared to southern parks. The level of current usage of the Torngat Mountains area has not been
determined. It has been an attraction for individual wilderness hikers for many years. A few tour companies have recently been bringing small groups into the area, including a Québec outfitter (for polar bear watching) and Nature Trek Canada has been bringing groups in for wilderness hikes for about twenty years. Several other Québec companies have either taken groups in or are advertising the Torngats on their web site.

Parks Canada is establishing a Park Office and Visitor Centre in Nain and a business and employment benefits study is planned for the near future. The economic impact is expected to be modest; however it would be a significant beginning to tourism activity in Nunatsiavut (the name, meaning “Our Beautiful Land” given by Labrador Inuit to their homeland, including the Torngat Mountains).

○ **Mealy Mountains National Park**
  The proposed Mealy Mountains National Park is proceeding through the community consultation and feasibility assessment phase, with the process likely to be brought to a conclusion over the next year. On the northern boundary of the proposed park is Lake Melville and the communities of Rigolet (Inuit), Sheshatshui (Innu) and Happy Valley-Goose Bay, North West River and Mud Lake. The Eagle River watershed defines the southern boundary of the study area, with the communities of Paradise River and Cartwright nearby. The route recently chosen for the Cartwright – Happy Valley-Goose Bay portion of the Trans Labrador Highway skirts around rather than traverses the study area (the alternative route would have done the latter).

  If established, some of the park would therefore be skirted by a highway and it would generally be much more accessible than the Torngat Mountains National Park. It would be positioned to play a significant role in building Central and Southern Labrador as a destination.

○ **Nunatsiavut Government**
  Nunatsiavut is close to becoming a reality, with a ratification vote to be held in a few months. The Labrador Inuit Association is looking towards realising business and employment benefits from Torngat National Park, is preparing to develop a Tourism Strategy for Nunatsiavut and plans to be a tourism player. The new government will have tourism development resources to bring to the table.

○ **Other Aboriginal Tourism Partners**
  The other two aboriginal groups, the Innu and Métis, are also making moves to become players in the tourism industry:

  The Innu Nation have become partners with Provincial Airlines in Innu Mikkum airlines, serving the majority of Labrador communities; they are also developing a wilderness lodge in the Labrador interior. Labrador Métis Nation have recently completed a Tourism Strategy, are heavily involved in environmental conservation issues and are seriously looking at establishing a cultural centre on the south coast of Labrador. They
are currently looking at the potential business and employment benefits that the park could help generate.

As with the Inuit, both the Innu and Métis will have investment resources to bring to the table.

○ Other Initiatives

Other significant initiatives that have occurred since completion of the Destination Labrador Plan include the following:

○ The Labrador West Gateway has been constructed in Labrador City.

○ Battle Harbour has been declared a National Historic District and its global profile was raised significantly in 2002 through the World Legacy Awards sponsored by Conservation International and National Geographic Traveler Magazine.

○ Porcupine Strand (the Viking Wonderstand from the Norse Sagas), a 40 km sand dune beach near Cartwright, is among the top two or three largest beaches on the continent. It is becoming recognized as a major heritage asset and its archaeological program has been making exciting discoveries under the direction of Archaeologist Lisa Rankin.

○ Operators from L’Anse au Clair to Cartwright have gotten together to market Route 510 as Labrador Coastal Drive.

○ The historic community of North West River is proceeding to implement its Heritage Master Plan with initiatives such as waterfront development, the Labrador Heritage Museum and a Labrador Trapper sculpture being crafted by Luben Boykov.

○ Selected investments have been made in accommodations; for example, building the North Side Motel in Cartwright, expansion of the Alexis Hotel in Port Hope Simpson and The Royal Inn and Suites in Happy Valley-Goose Bay, with latter upgraded to 3.5 stars.

○ A Transition Committee was formed to begin implementation of the Destination Labrador strategy but to date, no funding support has been secured. The strategy needs funding, either as outlined in the Destination Labrador Report, or in some alternative form that considers what has happened since the Plan was completed.

Additional Observations about the Destination Labrador Plan

The Plan doesn’t outline a strategic approach to the three destination areas (ie, one that recognizes their different needs, stages of development, etc).
Budgets are identified in the Plan for initial investigation of some of the pan-Labrador initiatives, but not for their implementation.

The document misses the opportunity to define the “Labrador Experience” and how to achieve it. We see the Experience as containing many ingredients such as sub-arctic, frontier wilderness, dramatic landscapes, aboriginal cultures, innovative pioneer spirit, the extreme warmth of the people and their extraordinary bond with the land.

**Enhancements to the Plan**

**Destination Areas**

We recommend the following as touring areas:

- **Labrador West/Central** – this is a natural touring area with the Trans Labrador Highway, Route 500, connecting the two, an airport at either end and land connections into the Québec North Shore via Highway 389 to Baie Comeau and the Québec North Shore and Labrador Railway to Sept Isles. Horizon Holidays is currently offering *Labrador and North Shore Discoverer*, exploring one of Canada’s final frontiers, visiting Happy Valley-Goose Bay, Churchill Falls, Wabush and the Quebec North Shore, by railway and highway.

- **Labrador North Coast** – this area is accessed either by sea or air. In winter, snowmobiling is a common means of travel. Happy Valley-Goose Bay is the main distribution centre for air travel and there are longstanding cultural and economic ties with the Happy Valley-Goose Bay-Sheshatshui-North West River area. As noted in the discussion on Torngat National Park, Québec outfitters and some individual adventurers have been accessing the area through Kuujjuak in Nunavik, northern Québec, via the Montreal–Kuujjuak–Iqualiut jet service. However, there is no scheduled service from Kuujjuak into Labrador.

- **Coastal Labrador Drive** – Labrador Coastal communities from L’Anse au Clair to Cartwright are connected by Route 510, known latterly as the Coastal Labrador Drive. It has a rich natural and cultural heritage that is showcased in part at Red Bay National Historic Site and Battle Harbour National Historic District. Currently, it is accessed during the shipping season by the Sir Robert Bond ferry service to Cartwright from Happy Valley-Goose Bay and the Strait of Belle Isle service being delivered by the Apollo. There is also air service into the area from Happy Valley-Goose Bay and Deer Lake.

- **Labrador Coastal Cruise** – the Labrador coast is proving to be an attraction for cruise ships traveling both from the south via Newfoundland and from the west on the Northern Circle route, via Greenland. The Northern Ranger coastal boat service carried significant numbers of tourists up the coast for many years. Attempts have also been made to establish a home porting operation in the province. We feel there is major potential for
development of the Labrador Coast as a destination for adventure/heritage learning cruises (this is discussed more below).

○ Circle Touring – Labrador is a good example of the propensity being shown by travel markets for circle touring, even in challenging environments. While data has not been captured, we know that significant numbers are travelling the circle formed by the Labrador Straits ferry, Labrador Coastal Drive, the Cartwright-Happy Valley-Goose Bay ferry, Trans Labrador Highway, Québec Highway 389 to Baie Comeau and the highway system to the Gulf Ferry in North Sydney. A few are even driving to the end of Québec Highway 138 at Natashquan and taking the Relais Nordique, a freight/passenger boat to Blanc Sablon with their vehicle in a freight container. Some then tour to Cartwright and Happy Valley-Goose Bay, etc, while others tour western Newfoundland and take the Gulf ferry back to the mainland.

○ Completion of Phase III of the Trans Labrador Highway from Cartwright to Happy Valley-Goose Bay will be a major advance in promoting Labrador and western Newfoundland as a circle tour destination.

Product Development Opportunities/Initiatives

1) **Telling the Labrador Story**

The story of Labrador has many dimensions. On the one hand, for example, it is of adaptive people having an extraordinary relationship with their land and, on the other, it is of huge Canadian industrial projects that have changed the landscape forever. It is of extant indigenous cultures and those blended with European-based traditions; of community heroes and champions and of the land itself; rugged but fragile, dramatic and beautiful. One of the phrases the National Tourist Board of Greenland uses to market their land is “perhaps the warmest place on earth”, due to the warmth of the people. This could certainly be applied across Labrador, where the warmth and generosity of the people are measurable commodities.

These and the many other dimensions of the Labrador story need to be woven through the tourism offerings across Labrador as the tourism industry develops. The following are suggested as priorities:

The Labrador Interpretation Centre in North West River needs to be better supported so that it can fulfill its mission of showcasing the full spectrum of Labrador cultural heritage.

There is need for products and packages that convey the “Labrador Experience”; the character of this special place and its culture.

The artists and artisans of Labrador express and interpret the culture and heritage of their Place through their work. We see them therefore as key players in presenting Labradorians and their Land to the visitor. They are located across Labrador; for example:
World class carvers in Nain and grass workers in Rigolet
Artisans such as boat and canoe builders, trappers, people who can demonstrate wilderness survival skills, skin clothing makers and snow house builders are located in every region
Tea doll makers in Sheshatshui
Musicians such as Harry Martin in Cartwright, the Flummies of Lake Melville and Shirley Montague of North West River
Inuit Drum Dancers in Nain
Visual artists such as Annette Janes in Labrador West
Theatre artists such as the Carol Players in Labrador City and Mokami Players in Happy Valley-Goose Bay
Storytellers such as Ches Lethbridge and Doris Saunders, and
Writers such as Boyd Chubbs and Carol Brice-Bennett

Young artists are being developed through events such as the Labrador Creative Arts Festival. The building of community capacity to tell the story is dealt with below.

2) Engaging Communities

Success in building a regional tourism industry requires collaboration between communities, non-profit organizations and businesses. Communities, with their heritage assets, services and facilities are the focal points of tourism development and having their buy-in and support is critical. On the other hand, not all communities have the potential (or the interest) for success in the tourism industry. At the regional level, having successful collaboration between communities is a major objective as inter-community rivalries will inhibit tourism growth and quality development.

A program of community consultation therefore needs to be undertaken in Labrador, to bring residents, business people and service groups together. Successful consultation (as opposed to tokenism) requires time and effort; to hold kitchen table meetings, community meetings, workshops and school assemblies. The organization(s) best equipped to take the lead on this work will likely differ by community and region. In a particular region for example, it could be the zonal board with help from the heritage society and schools. In Nunatsiavut, it would likely be the Labrador Inuit Association, possibly with its cultural wing Torngâsok.

Setting Tourism Goals
Communities need to decide on their goals for tourism development; on what they define as “complementary to the community” in terms of, for example, environmental stewardship and land or favourite fishing spots that should be out of bounds to visitors.

Telling the Labrador Story
Different aspects of the story can be told in different regions and communities, playing to local strengths, such as: The Natural History Centre being developed at Point Amour in the Straits, “Carving out the Wilderness” in Labrador West, or Inuit and Innu traditions on the North Coast.
Identify Business and Product Opportunities
These should be identified in response to the strengths and priorities of the community. Following are some examples:

- **Home Visits**
  Opportunities for tourists to visit with a family on their private property, have a cup of tea, hear stories, visit their work shed, craft studio or fishing stage, etc. This has been successful for example, in the North West Territories and rural Appalachia.

- **Character Accommodations**
  Depending on the local situation, this could take the form of home stays or in reconditioned trapper’s tilts or fishing stages. It would need to be well thought out in terms of design, amenities, safety and quality of service. Training and support would need to be developed for the owner/operator.

- **Arts and Crafts**
  Quality control needs to be overseen by the Newfoundland and Labrador Crafts Council and there should be community outlets for craft sales (currently there is no opportunity to purchase local crafts in some communities).

- **Community Heritage Tours**
  Most communities could organize either self-guided or interpreter-led walking tours featuring, for example, time with a storyteller, a local entertainer, an artist, or visit to a craft outlet. This could be expanded into a multi-community tour, with complementary experiences in each community.

- **Labrador Cuisine**
  Local cuisine should feature either traditional dishes such as trapper’s caribou stew or new dishes using local ingredients – berries, crab, shrimp, seal, etc.

- **Heritage Preservation**
  The preservation and celebration of heritage at the community level is a vital part of building a tourism industry. This can be carried out through different initiatives, such as the preservation of oral history through a Community Heritage Resource Inventory or of traditional and life skills through a Traditional Life Skills Program in schools or mentoring with a Master Craftsman such as Elder Joe Goudie has done for canoe making in Happy Valley-Goose Bay.

- **Community Initiatives**
  There are a variety of projects that can be undertaken at the community level, such as signage, parks, the designation of heritage sites and buildings, walking trails, writing of community history and storyboards.
Training
Training and awareness-raising is needed at different levels to ensure quality visitor experiences. This can include:

- Basic hospitality training for community groups and people such as the gas station operator and staff of the general store, and
- Training in preservation of cultural and natural heritage for people such as heritage guides and interpreters.

For tourism operators or prospective entrepreneurs, initiatives can include focused seminars or best practice trips to communities experiencing tourism success. The Gros Morne Institute for Sustainable Tourism Centre in Gros Morne National Park and the centre of excellence for cultural and heritage tourism proposed in this strategy can perform valuable roles here.

Planning Process
It is important for tourism industry people to get involved in planning for development of the industry (low participation by business people has been a problem in the past). There is a lot of work to be done; eg, in entrepreneurial development, resource management issues, community capacity building and the planning of corridors such as the Trans Labrador Highway. There needs to be groups formed and empowered to deal with major issues such as these. And throughout both the planning and implementation stages, there will be many opportunities for creative partnerships between, for example, aboriginal development organizations, government agencies and private business interests.

3) Lodge-Based Tourism

Private lodges have been established in the Labrador wilderness in locations such as the Eagle River watershed since the 1960s. Licensed commercial lodges were built starting in the 1970s and today there are around 80 such establishments across Labrador. They are located as far north as Sagleak Bay near the Torngat Mountains, south to Forteau in the Straits and to Menihek in Labrador West.

The majority are sport fishing operations, with significant numbers of hunting lodges in the north and west (particularly for caribou and black bear). They offer week-long packages averaging US$3,000.00 - $3,500.00. In 2002, they reported having hosted 1,849 guests, with receipts totalling CAN$5.8M. A few offer snowmobiling during the winter season but none appear to be fully into the adventure market, which suggests business opportunities, given the growth of this market globally. A very limited number are considered to be high-end and possibly 20% or so may be suitable candidates for conversion to non-consumptive use. The current factors affecting the future of outfitting lodges include the following:
Some have been long-held family properties and may be candidates for divestiture,

The current climate however may not be conducive to investment, given the aboriginal land claims being pursued; at the same time, there could be opportunities for partnering, and

A barrier in the past has been the inability of outfitters to cater to packages of days instead of weeks.

4) **Adventure Cruising**

We believe there is considerable potential for growth of a Labrador coastal cruising product. Adventure cruise ships have been travelling the coast over the past few years. Mostly, they have been 100 – 120 metre vessels with around 100 passengers; either crossing from Greenland on the “Northern Circle Route” or coming from southern home ports via Newfoundland.

In the Summer, 2004, for example, five visits are currently scheduled for Red Bay, by Travel Dynamics and Quark Expeditions. On the north coast, four visits are scheduled into Nain, by Le Compagnie des Iles du Ponant out of Saint Pierre Miquelon as well as by Travel Dynamics (two visits) and Clipper Cruise Line. Other current offerings include a Gulf of St. Lawrence ecocruise with Ecomertours which extends north to Red Bay.

90% of the Labrador coast is not charted to modern standards. This is a challenge but it could also represent an opportunity, where local people have the knowledge and experience to guide ships.

The new federal safety regulations mean that, effective 2005, a foreign ship will need to clear Canada Customs before discharging passengers in Canada; therefore, a ship bound for Hebron or Nain from Greenland, for example, could not visit before being cleared by a Customs Officer (this would mean having to fly an officer to the site, setting up a seasonal Customs office on the coast, or some other solution). No cost-effective solution has been identified to date.

The Northern Ranger, while it has brought many tourists up the coast over the years, is a freighter with limited accommodations capacity – for this and other reasons, it is not considered to be the right boat for Labrador coastal cruising.

The objective of the Newfoundland and Labrador Cruise Authority is to have an adventure cruising vessel home-ported in the Province.

To this point, there has been some success in on-shore catering for cruise ship passengers. In Battle Harbour, for example, there have been shore programs delivered by the Battle Harbour Trust. In Hopedale, representatives of the Heritage Society have arranged a community walking tour and reception and in Rigolet, the locals have arranged a community hall reception and square dancing for passengers on the Le Levant (which has proven to be a popular feature).
Additional planning needs to be carried out at the community level to cater to the cruise market, it could take the form for example, of craft demonstrations and sales opportunities, organized heritage walks and sampling of traditional Labrador fare.

5) Other Opportunities

Other opportunities identified by the Study Team include the following.

- **Highway Corridors**
  Develop the southern coastal Labrador portion of the Trans Labrador Highway with interpretation of coastal/heritage resources, basic services, signage (directional and interpretive) and highway pull-offs, particularly north of Red Bay.

- **Secondary Attractions**
  Secondary attractions are needed to increase stay and spend, eg, along the Labrador Coastal Drive, to include the Natural Heritage Centre at Point Amour, a boat tour, West St. Modeste waterfront, experiences around the Captain Cartwright story, the Wonderstrand and the Golden Cod Protected Area near Port Hope Simpson. Packaging is needed for group and FIT, including features such as these along with the more developed attractions such as Red Bay and Battle Harbour.

- **Shoulder and Winter Season Potential**
  Touring packages need to be developed to include tundra colours, northern lights, cultural learning plus spring packages for ski dooing and icebergs.

- **Tourist Services**
  Basic services are needed (particularly north of Red Bay and the Trans Labrador Highway between Happy Valley-Goose Bay and Churchill Falls). They should include community signage, information, laundromat, showers, ATMs and public washrooms.
Section 13

Implementation
Section 13
Implementation

This section addresses implementation issues and models for the future. We deal in turn with the following issues:

- Obstacles and challenges to moving forward
- The kinds of industry support initiatives that are needed and warranted
- Issues with respect to industry development and operational funding provided by government agencies
- Approaches to industry organization and government-based approaches to implementation of the strategy and support programs

The Context for the Proposals Advanced in This Section of the Report

This section presents a considerable number of proposals with respect to the future roles and programs of different organizations involved in the province’s tourism industry, including tourism industry organizations, the provincial government and federal agencies as well. They represent what are, in the consultants’ opinion, the best approach for the province to take in growing its tourism, following consideration of different options based on what has been done in the past and what has been done in other jurisdictions.

The proposals have been developed by the consulting team in stages throughout the assignment, accompanied by consultations involving the organizations most directly affected. Some of the proposals have been crafted in collaboration with them. In particular, the Department of Tourism, Culture and Recreation, Hospitality Newfoundland and Labrador and the Atlantic Canada Opportunities Agency have each had input and opportunity for feedback.

At the same time, it is important to point out that, whereas the agencies concerned may have had input into many of the proposals presented in this report, they are still a considerable way from fully endorsing them or making commitments to their implementation. A number of the proposals involve considerable commitments. There are a lot of particulars that remain to be resolved. The proposals may need to be modified to make them supportable. Business/action plans and budgets will need to be developed. Then proposed agreements will need to be drafted by the potential partners for different initiatives. And finally, there will need to be formal commitments involving their senior management. None of that has been accomplished as of yet.

The proposals presented here simply represent strategic directions and conceptual approaches they are prepared to consider. They have agreed to have them put forward for further consideration and to enter into discussions as to if and how they might be pursued. They recognize the potential benefits of the proposals and have agreed to see what can be done with them.
Challenges

Tourism product development is a struggle for all destinations. Unlike marketing, where all the industry players support the idea of getting more sales, industry-wide approaches to product development are a tougher sell, and for understandable reasons:

- Product development’s returns are longer term and seen to be more speculative than marketing, which has short term impacts.
- The industry tends to be mistrustful of product development efforts that are seen to lead to bringing in new competition and/or giving some operators an unfair advantage over others. In other words, operators see more risks than benefits to them personally if they are not the ones getting the help directly.
- The models for effective tourism product development have not been nearly as well established as those in marketing.
- Operators are more defensive about being told they need upgrading or market readiness help, whereas everyone agrees they need more marketing support.

Taken together, these factors make tourism product development a tougher sell to the industry.

But that doesn’t mean the effort should be abandoned. There is ample evidence that getting your act together on the product side will pay dividends. And there is no question that neglecting this issue will lead to early peaking of tourism growth potential and earlier and faster declines in market position as competitors pull ahead. So there is really no choice.

Also, there is really no choice for a destination like Newfoundland and Labrador that has both a need of economic growth as well as an industry like tourism offering such promise for the future. Pursuing an aggressive product development strategy should be of top priority at all levels of government and for the industry itself.

There are other challenges to overcome. One is that tourism development has to be depoliticized and made strategic. It demeans the whole tourism industry by treating it as a pork barrel for government handouts for community projects. Getting political leaders to understand the potential and how best to proceed with development is critical. It’s past time that this sector be approached professionally as a serious economic sector.

Another similar issue is the need to develop a ‘Culture of Entrepreneurship’ within industry, which is widely lacking. Entrepreneurship is not being rewarded; in fact, often the opposite is true. The EI program causes real harm in this respect by supporting the option of seasonal and short term employment, providing an attractive option to entrepreneurship for many, or even to continuing in jobs beyond the qualifying period.

HRSD programs also cause more harm than good in many instances, particularly when they are applied to industry organizations seeking support for staff. Only under-qualified people are eligible and only for short term employment. While this may be OK for entry level jobs, it is clearly destructive when applied to jobs that need people that have professional skills, are credible to industry in the role they are playing and able to continue in the role long enough to
become truly competent and see the effort through to completion. Funding people in these positions using these programs is designed to fail. And fail it usually does.

People hired by the RED board and RTAs need to have professional qualifications, relevant skills and credibility if they are to provide effective leadership and follow-through. Treating these jobs as make-work for the unemployed is a disaster.

There are programs in place to provide capital for projects but really no provision to support them in the operating phase. This is most particularly an issue with respect to community-based and not-for-profit initiatives, such as museums, interpretive centres, cultural programs and events, visitor information centres and the like. Rarely are such initiatives able to survive themselves in the absence of on-going government support. This is a simple reality. This issue needs to be addressed in funding programs.

Province-operated heritage attractions, parks and visitor information services are seriously under-funded, with respect to both capital improvements and operations.

There appears to be a lack of focus on incentives in tourism product development in the province. The provincial Economic Diversification and Growth Enterprises (EDGE) Program and the Direct Equity Tax Credit Program are examples of incentive programs that appear to be underutilized.

Federal funding assistance programs are generalized for all industries and also for the Atlantic Region as a whole in some cases (ACOA) or the country (HRSD). They don’t always fit well with the peculiarities of the tourism sector or the conditions prevailing within the province. In the absence of customized programs for the sector or the region, their fit to the need or opportunity can be weakened.

Looking to the future, a concerted effort needs to be made generally to design government support programs to be responsive of the real needs and opportunities. They need to be strategy-based.

Finally and more generally, there is a need to shift focus away from summer, to shoulder seasons and winter, both in product development as well as marketing.

**Assistance and Support Programs, and Facilitation**

Looking to the future, pursuing the strategy requires a combination of assistance and support programs to help the tourism industry, communities and other stakeholders be effective in tourism product development, but it also requires leadership and facilitation. This latter piece is largely missing today. The following illustrates the conceptual approach:

**Proactive facilitation efforts and customized support to drive progress:**
- Key development projects for demand generators having multi-season potential
- Key development projects for demand influencers having multi-season potential
- Other development projects for tier 1 and tier 2 destination areas and selected ‘sleeper’ opportunities – upgrading/transformations, expansions, new development
- On-going support for non-commercial demand influencers in designated destination areas
- Support for demand influencer alliances/teams at the provincial level

**Support programs designed to assist projects and communities, on an ‘open for business’ basis:**
- Designated destination areas (all tiers) and provincial alliances/teams
- Corridor/hub development
- Other development projects in destination areas (all tiers) – upgrading/transformations, expansions, new development where warranted
- Traveller services to fill defined gaps

**Support programs open to all and designed to assist:**
- Business planning (models for sustainable/successful businesses)
- Training/mentoring
- Programming
- Packaging
- Market readiness enhancement
- Shoulder/winter season initiatives
- Linkages to destination marketing

The first approach is to mount a proactive effort, accompanied by customized support programs to drive progress. This should be the approach for key demand generating and demand influencing product development, either identified by the strategy, or coming forward for consideration and meeting a high standard in the context of the strategy. This means actually encouraging projects, by doing some advance planning, seeking out qualified proponents and offering appropriate incentives, assistance and support in making a project happen, and perhaps even designing customized initiatives for particular key projects where warranted. And in cases where a proponent comes forward with a project that fits this model, helping the proponent optimize it relative to the opportunity and the strategy.

In the second case, the approach is to ‘be open for business’ and, for communities and proponents bringing forward projects that fit the strategy, offering assistance to them within the scope of available programs. This also means advising and coaching applicants with respect to the strategy and what is supportable.

In the third instance, the approach with respect to the kinds of support is more broadly based and open in many cases to the industry at large.

With respect to facilitation, which to date hasn’t been much involved in tourism development efforts in the province, we recommend some new models for achieving this most important function in future. This will be addressed later in this section.
Strategic Tourism Development versus Community Economic Development

In Section 7 we addressed the question of this apparent conflict, which should be no conflict at all, as long as community economic development efforts are pursued in an appropriately strategic fashion. The reader should revisit that discussion. Also, later in this section we will address the opportunity for a collaborative effort within government in this regard.

Development Funding

Funding is a key element in tourism product development, so we address it first. Later in this section we will address the various other support needs and opportunities, in the context of proposals for future program delivery models.

Atlantic Canada Opportunities Agency

ACOA is the primary funding agency for tourism product development in the province. A lot of comments and suggestions have come forward during the research in this study and those we see as being worthy of some attention are summarized below in the context of being constructive for the future:

- More than 50% should be available under the Business Development Program
- Term of repayment should be much longer for projects requiring significant market development, e.g. vacation accommodation properties. Also, some operating subsidy for the first year or two should be considered.
- Red tape, too much time required for processing and approval
- Reviewers need relevant expertise on tourism and the kind of business involved
- Funding B& Bs that are private homes should be discontinued altogether
- Help should be available for pre-planning – concept, design, and feasibility - is needed by many operators prior to developing their submission for funding
- Need a better policy and process vis-a-vis competitive impacts of new development and expansions to allow more of these projects to proceed
- How about a self-evaluation tool for operators, with guidelines for different types of development that would also serve as a pre-screening tool for ACOA?
- Occupancy/utilization rates can’t be the only consideration on BDP applications. Low occupancy may be because there is not enough supply for the market to consider the area as an overnight destination. Supply, quality, product appeal, traffic volumes and occupancy rates are all relevant considerations. Also, whether the new product diversifies the product available at the destination is another. The focus shouldn’t be just occupancy. (This was addressed in Section 9.)
- Not-for-profits (NFPs) and community projects are getting money too easily, and too much - while private sector is finding it too difficult, too onerous and too little.
- Don’t fund NFPs that compete with the private sector without significant differentiation in product offer.
- Don’t fund NFP/community projects that haven’t got assured operational funding committed, or at least a reasonable and realistic plan in place in this regard.
○ Don’t under-fund projects to stretch dollars if it weakens the project, and particularly if it puts the operator under financial duress. Do it right.

Other suggestions we would offer to ACOA are summarized below:

○ Private sector projects that are significant demand generators or influencers for tourism should be eligible for some portion of their funding to be non-repayable. This would apply to non-commercial elements of the project, such as infrastructure and amenities that contribute to demand but not directly to revenue.

○ For key strategic projects, a broader range of financing alternatives should be available, including ‘soft’ financing such as equity. Also higher percentages than 50% should be possible in these cases.

○ The SCIF and BDP programs both continue to merit the same attention to addressing negative impacts on competing products/programs.

○ We recommend that ACOA be a partner in other initiatives discussed later in this section.

Financing Incentives

DITRD, in cooperation with the Department of Finance administers the EDGE Program and the Direct Equity Tax Credit program, as discussed in Section 3.

Investors also can have the option of making their tourism investments into self-directed RRSPs as well, providing them with a tax shelter.

It will be important for tourism product development staff to become familiar with these options and encourage their use where they apply.

It would be helpful if experts in investment incentives could be engaged to bring forward new ideas and new concepts that could assist with tourism product development.

General Conclusions

Other conclusions the consulting team has reached on development funding include the following:

○ As mentioned earlier there is a need for both capital and operational support for natural and cultural attractions development.

○ Close the door when a particular opportunity is filled. Take care to not support overbuilding.

○ Funding agencies could benefit from coaching on incentives and how to bundle them, particularly for proactive initiatives.
We need to get over the thinking that all communities/areas are deserving of support for tourism development – that refusing a community support is condemning it. That policy framework is simply unfeasible and destructive to viability and sustainability. The only sustainable policy is to build on strengths – communities that can really become destinations, hubs and service centres and make them strong with critical mass. This is the cluster concept, which is key to success and sustainability. Section 7 addressed this issue.

The funding agencies need to develop an entrepreneurial, strategy/opportunity driven development process, to operate independently from application-based programs, such as the Business Development Program and the not-for-profit/community development assistance programs under SCIF for example.

**Impact on Competitors Issue**

Supporting a tourism development project inevitably raises the question of ‘If you are helping one project, are you hurting others catering to the same or similar markets?’

Section 9 addressed the issue of how to address the competitive impact of new accommodations projects or expansions and proposed an approach to dealing with the challenge. In the text to follow we have generalized and modified that approach to make it more general to fit product development more generally.

First of all, it is important that the question of whether the issue of competitive impact should be an important consideration in dealing with a particular project. It shouldn’t be just that one or more other operators object. There needs to be a more systematic assessment of this question in each case. The discussion of this question with respect to ‘demand generating’ development, and with ‘demand influencing’ projects is important in this regard. Projects that meet a high standard of demand generating/influencing should merit more emphasis on the strategic and economic benefit side of the question and less on the competitive impact side.

In cases of a perceived shortage of a tourism product or service, there also needs to be a sound business case presented that any such gaps are significant gaps, such that **growth in tourism visitation and/or spending is being constrained** as a direct consequence. Also, the gap should exist for more than just July and August.

Similarly, in cases where the available products/services in an area are of generally low quality, adding a new quality facility may be exactly what is needed to rejuvenate the area’s competitiveness.

Of course, in situations where there is little or no competitive impact, the competitive issue need not arise.

In Section 9, Exhibit 8, we presented a simple evaluation model to assess the relative merits of an accommodation project against the disadvantages of negative competitive impacts. That could be modified to use for other kinds of projects in tourism as well.
Tools for Planning and Project Evaluation

This report, in a strategic context, has presented descriptions of different kinds of tourism development projects worthy of being encouraged and supported, along with suggested criteria for their evaluation. This will provide the basis of a useful planning and policy framework for tourism development officials to follow in pursuing initiatives, and it will be helpful as well to individuals and groups in their own planning and project development efforts.

To take this further, it would be most useful to actually develop a series of planning and assessment tools for use both by the industry and government agencies. We have in mind a series of workbooks for project planning that could be made available through the web as well as in printed versions. Different ones would be developed for key types of projects. They could be used in support of workshops and training as well.

Some suggestions for priority product types to be addressed in different workbooks (this just includes projects that would rate highly as priorities in the strategy – see section 6):

Accommodations:
- Destination resort/cottage resort
- Wilderness lodge
- Unique character accommodation
- Country inn/heritage inn/B&B inn
- B&B
- Motel
- Campground/RV park

Community Cultural/Heritage/Nature Attraction Projects:
- Museum/interpretive facility
- Cultural festival/event/sports event
- Econo-museum/learning program
- Natural attraction interpretation

Outdoor Projects:
- Outfitting/adventure business
- Destination/Regional/Local trail development

Other:
- Itinerary/Programming/Package Development

In order to make them most useful, it would be important to expand the information to include the full range of the following:

- Suggested steps for assessing the market opportunity
- Business planning worksheets
- Suggested concept ideas and project planning guidelines
- Facility design approaches with illustrations and examples
Program Delivery Models

We now turn to the organizations in place to lead, coordinate and deliver the strategy on a province-wide basis, other than tourism operators and communities themselves. There is a need in some cases to do some reorganizing, particularly in the case of the regional tourism industry organizations (RTAs) and the way the government agencies coordinate and work together. We address these issues in the text to follow.

We will also discuss the appropriate organizations to take the lead with respect to key program areas, such as itinerary/package development, training, assistance with programming and operational funding for not-for-profit programs, market readiness programs, and linkages between product development and marketing.

The Challenges

The current product development ‘system’ in the province is not working very well, particularly when the challenge of pursuing a province-wide strategy for tourism product development is considered. It has these problems:

- DTCR has a budget of just under one million dollars for the Strategic Product Development Division, of which over 90% goes to staff salaries and administration, deals with industry field counselling services, accommodations regulations and visitor information services. There is essentially no program funding for product development, nor a clear mandate in this respect. So it doesn’t really engage in strategic product development in other than a nominal fashion.

- DITRD, which has an extensive network of field operations dealing with economic development, including tourism, is a separate department with no formal, or even informal linkage with DTCR. Essentially DITRD does tourism development while DTCR doesn’t. While this is perhaps satisfactory from a regional/community development perspective, it doesn’t in any way address the even more important issues of strategic, priority tourism development from a province-wide perspective, which is extremely unfortunate.

- ACOA, as a federal economic development agency, operates autonomously from provincial or industry product development activities. While there is an informal system of consultation on tourism projects under consideration by ACOA, and while independence is perhaps necessary given the nature and structure of the organization,
there needs to be some more formal mechanism to link and coordinate the respective efforts of the different agencies.

- The absence of a mandated and funded Provincial government product development function other than that associated with community economic development means that there is no strategy-driven, proactive mechanism for tourism product development effort. This same situation carries over to ACOA, which, while definitely being committed to supporting and assisting tourism development, has no proactive mechanism either. They have the BDP and SCIF programs under which they respond to applications for assistance that come forward. While their field staff act proactively on a case-by-case basis, there is no strategy-driven, organized effort to do so.

- Complicating the foregoing, we have a very dysfunctional system of regional tourism industry associations (RTAs) that are under-funded and not seen to be particularly effective. As a result, many of them are winding down and there is nothing else currently being put in place to replace them with a more effective model. What we are left with are a large number of small local and regional groups clamouring for assistance but making little if any headway, except perhaps, getting one-time grants for community not-for-profit projects.

- The situation is slightly better with sector-based industry organizations, however, the only ones that seem to be achieving notable results are the outfitters and the adventure tourism groups. And their efforts are modest due to the modest resources available to them.

- The foregoing issues are all associated with product development, however, there is also the issue of the needs for ongoing support as well. Other than commercial products funded on a repayable basis through the BDP that are expected to pay their way through revenues, there is no mechanism or program in place to provide ongoing support, financial or otherwise to the diversity of not-for-profit and community-based projects across the province – museums, cultural programs and events, professional arts and culture and so on. They may receive an initial grant to get established, but nothing for ongoing operations.

**Overall Approach Proposed**

The consulting team has developed a number of proposals to modify the current situation and these are introduced in the material to follow in most of the rest of this section.

The objective is to establish an appropriate product development system in the province that has the following important capabilities:

1. Ability to pursue and fund key demand generating and demand influencing projects that respond to the strategy, in a proactive fashion
2. Encouraging and supporting the development efforts of demand influencing projects seeking funding and other assistance
3. Supporting the efforts of the tourism industry in designated destination areas
4. Supporting key demand generating/influencing product sector alliances/teams

The kinds of support associated with particular project and provided within the system would range from planning and feasibility assessment, through bricks and mortar facilities development, business planning, professional development and training to the remaining elements of market readiness, including programming and packaging. In other words, it would be designed to address, where and when required, everything involved to get a product ready to go to market in a quality fashion. The building blocks of the approach are illustrated in Exhibit 9 on the following page.

The whole idea is to take an opportunity/strategy approach to identifying development opportunities and needs, then be pro-active and entrepreneurial in pursuing developers/operators and in deal making.

From an overview perspective, we are proposing the system to have the features illustrated in the exhibits to follow. Although it may appear at first glance to be very different that what is in place today, in fact it builds on the organizations already in place to a maximum degree, essentially linking them in appropriate ways and coordinating their efforts to a degree. It also fills some key gaps. There are four components involved:

- Newfoundland and Labrador Tourism Development Agency
- Tourism Alliances/Teams
- Regional destination marketing organizations (DMOs)
- Local/regional tourism industry development associations/committees (RTDAs)

**Newfoundland and Labrador Tourism Development Agency**

This proposed new organization is essentially a joint venture between DITRD and DTCR, led by DTCR; with staff seconded from the two departments to form an integrated team dedicated to tourism product development and market readiness support. That team would lead the tourism product development strategy implementation and provide support to key players and organizations in that respect.

The model for this agency discussed below is essentially the ultimate form it might take if all of the functions proposed were integrated into the one agency in due course. However, the practical approach would be to start smaller and simpler, and proceed in an orderly, staged basis over time.

A crown corporation may be the best form for this agency to take, as this will permit the organization to do business directly with federal funding partners. It will also allow the agency to retain possession and reinvest revenues, which is another important requirement, and it will be able to call for proposals for strategic project development, which is not possible for a line department of government. The best form for the agency will need to be considered further, however, it will be important that, whatever form it takes, the agency needs to have these capabilities.
Exhibit 9
Product Development Building Blocks

Take to Market

Market Readiness, Packages, Marketing Capability

Business Plan & Business Model – Management, Staffing, Training, Operations, Administration

On The Ground Assets – Facilities, Programming, Services
Note also that most of what is being proposed here is already in place to some degree today, only housed in different departments and, in some cases, underdeveloped relative to the need.

Functions of the Agency

The agency would be the lead organization for implementing the tourism development strategy, through the following programs:

- Tourism Business Ventures Program – Pursue and support the development of key strategic projects
- Natural and Cultural Heritage Tourism Programs – Support the development and ongoing operations of strategic non-commercial projects/programs
- Provide a coordinated funding support mechanism for five regional DMOs and five strategic sector alliances/teams
- Provide advisory and facilitation support to the RTDAs

In addition, it is being proposed that this agency, in stages, take over the operations and staff of the Provincial visitor information centres, Provincial parks, Provincial historic sites, and the tourism facilities associated with Provincial ecological reserves. The idea of this would be to put these important but under-funded tourism assets into an administrative structure that could bring other sources of funding, including revenues, federal dollars and potentially even donations to the table as well, and to provide a focussed tourism approach to their operation.

Exhibits 10 and 11 illustrate the proposed features of the agency and its program areas.

The agency would enter into a memorandum of understanding (MOU) with ACOA and HNL to provide for co-ordinated efforts where appropriate. (This was recently done in PEI, where the Province, ACOA and TIAPEI established a similar MOU.)

The agency would be guided by a board of directors of senior people appointed by its sponsors. We suggest two representatives from the Tourism Marketing Council should also be on the board. The Board would not be a ‘representative’ group of all the stakeholders in the province; rather it would be made up of representatives appointed by its partner organizations. Ideally these would be appropriately knowledgeable people able to provide strong leadership to the agency.

The appropriate senior and other staff from DTCR’s Strategic Product Development Division would be seconded to the agency, as would a few development professionals from DITRD. The DTCR people can bring the tourism, market and strategy perspective, ITRD a business/ROI perspective.

The agency would be given appropriate mandates for product development, along with the budgets to go with them, transferred from the departments currently having those mandates. It would focus its proactive efforts on top-down development (market/opportunity/strategy-driven), while DITRD would continue to focus on bottom-up (industry/community-driven)
Exhibit 10
Newfoundland & Labrador Tourism Development Agency
Areas of Activity

Exhibit 10
Newfoundland & Labrador Tourism Development Agency
Areas of Activity

- Pursue/facilitate development of key strategic Tourism Business Ventures Program (Commercial Projects)
- Coach, fund & assist Natural and Cultural Heritage Tourism Initiatives (Not for Profits)
- Manage & Fund Provincial Historic Sites, Interpretive Facilities at Ecological Reserves, Visitor Information Centres, Provincial Parks
- Co-ordinate Support for Regional DMOs & Strategic Sector Teams
- Advisory, liaison & facilitation for local RTDAs
- Demand Influencers Only Strategic Projects, Strategic Destination Areas, Filling Key Gaps
  - Pro-active & Re-active Deal Brokering
  - Projects that Meet Identified Criteria and have a Business Case & Plan
  - Co-ordinate Support for Regional DMOs & Strategic Sector Teams

Advisory, liaison & facilitation for local RTDAs
Pursue/facilitate development of key strategic Tourism Business Ventures Program (Commercial Projects)
Coach, fund & assist Natural and Cultural Heritage Tourism Initiatives (Not for Profits)
Manage & Fund Provincial Historic Sites, Interpretive Facilities at Ecological Reserves, Visitor Information Centres, Provincial Parks
Co-ordinate Support for Regional DMOs & Strategic Sector Teams
Demand Influencers Only Strategic Projects, Strategic Destination Areas, Filling Key Gaps
  - Pro-active & Re-active Deal Brokering
  - Projects that Meet Identified Criteria and have a Business Case & Plan
### Exhibit 11

**Functions of the Agency**

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<thead>
<tr>
<th>Program Area</th>
<th>Agency Activities</th>
<th>Eligible Projects/Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tourism Business Ventures Program</strong></td>
<td><strong>Joint Ventures with federal agencies and others for:</strong></td>
<td>Development of Demand Influencers:</td>
</tr>
<tr>
<td></td>
<td>Planning assistance</td>
<td>Multi-season, demand generating/influencing accommodations</td>
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<td></td>
<td>Facilitation/ Deal-brokering</td>
<td>Attractions</td>
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<td>Customized funding &amp; incentives</td>
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<td>Other strategic projects</td>
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<td><strong>Natural/Cultural Heritage Tourism Programs</strong></td>
<td><strong>Joint Ventures with federal agencies and others for:</strong></td>
<td>Museums, econo-museums</td>
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<td>Planning assistance</td>
<td>Interpretive facilities</td>
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<td>Support for programming, interpretation, guiding</td>
<td>Professional theatre/ entertainment</td>
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<td>Operational funding assistance</td>
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<td><strong>Regional DMOs</strong></td>
<td><strong>Partnership with federal agencies and others for:</strong></td>
<td>Market readiness initiatives</td>
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<td>Coordinate funding and other support (Their plans to be approved by the Tourism Marketing Council)</td>
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<td><strong>Provincial Tourism Assets</strong></td>
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<td>Provincial visitor information centres</td>
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<td>Programming</td>
<td>Provincial historic sites</td>
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<td>Interpretive facilities at Provincial ecological reserves</td>
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development initiatives. The agency would also assist qualified strategic projects brought to it for assistance and support.

The staff seconded to the agency need, in due course to be appropriately qualified with the right skills for the job. The agency staff would need to be trained on entrepreneurial development, market opportunities, etc. to be able to play a leadership role in top-down development. DITRD people need to be trained on tourism and community tourism development.

Funding

The agency would be funded by several sources, in fact, the rationale for such an organization, in addition to its special-purpose, focused role, would be based in its ability to tap into both traditional and non-traditional sources of funding for a development agency. We suggest the following mix of sources:

- Secondments of staff from DTCR and DITRD, along with the budgets that go with them, plus offices and administrative support
- Annual government budgeted contributions, both financial and in-kind services
- Negotiated joint project and program funding with other agencies/partners. The benefit of this is ensuring effective coordination.
- Participation fees for its programs and services, where feasible

The challenge here is the need to pursue and work to maintain support from all of these sources on a continuing basis. This will require the agency to have its own fundraising and sponsor liaison arm, which itself will need to be funded.

A Foundation to Support the Agency?

In the longer term there is also the possibility of establishing a foundation associated with the agency and mobilizing an effort to pursue other sources of financial support through fundraising programs, targeting philanthropic organizations and individuals, corporations, wealthy individuals and citizens generally.

Such a foundation would potentially undertake to build an endowment fund, with the earnings being used to provide operational support to not-for-profit natural and cultural tourism heritage programs. The appeal to donors would be the opportunity to do something of lasting value in helping the province rejuvenate its economy through strategic tourism investments.

One suggestion was for the federal government to be asked to dedicate to such a foundation the dividends it receives annually from its original investment in Hibernia. We understand this sum in the order of $15 million annually. Such a legacy would virtually ensure the success and sustainability of both the agency and the foundation.
Why is This Agency Needed?

Having an agency play this role is very important, for these reasons:

- Generally it has all the flexibility of a corporate entity - it's a legal entity separate from government - can contract outside services, can enter into partnerships and joint ventures, can buy and sell products and services, etc. This will be particularly useful in calling for development proposals, deal-brokering, negotiating and entering into agreements without ministerial approval, and so on.
- It can receive and re-invest revenues directly without them flowing to the government’s general revenue and budgeting system. As a consequence, it can operate enterprises on a net funding basis, in other words, fund their operations through revenues and only rely on government funding allocations to cover any shortfall.
- It can receive funding from federal agencies
- It can do business with companies and other organizations without ministerial approval and without committing the government (within its mandate)
- It could do fundraising, or form a foundation to do it for them
- It can have a board of directors, allowing non-provincial government people to its leadership and decision-making.
- It is more credible to private sector because of de-politicization of the business model as compared to a line department
- It permits more delegation of authority in decision-making - protection of the minister and government is less of an issue

Taken together, these features will make the proposed agency more flexible and effective in engaging in the business of tourism as a key player.

The Benefits to the Stakeholders of Having a Tourism Development Agency

There are major advantages to the government and to the other stakeholders in using an agency in this way:

Benefits to the Provincial Government:

- Levers funding from other sources - federal government, industry partners, etc.
- Increases the level of buy-in from industry - both financial and participatory
- Leaves the ultimate fiscal control of Provincial funding in the government’s hand, via multi-year budgets
- Government can take credit for its successes and be insulated to a degree from its mistakes
- The business model is more in tune with the needs of an entrepreneurial business organization, which is what it needs to be to meet the challenge
- Provides a strong leadership model
- Provides a framework for keeping other industry organizations on track within the context of the strategy
Benefits to the Industry:

- Integrated and efficient planning and strategic decision-making
- Provides a strong leadership model
- Gives the industry a role in decision-making
- Improved flexibility, timeliness and efficiency of decision-making
- Empowers its employees to make commitments
- Opportunity to lever federal funding into the effort
- Is more accountable to the industry stakeholders
- Provides a framework for keeping other industry organizations on track within the context of the strategy

Benefits to other major partners:

- Provides a corporate-style, more depoliticized partner to work with, that can enter into joint ventures
- Provides a framework for keeping other industry organizations on track within the context of the strategy

First Steps

As mentioned, we see the agency coming together in stages over time, which will be beneficial as it will avoid wrenching changes and allow each phase to be properly planned and tested.

The first iteration of the agency model can be accomplished in a fashion such as summarized below:

1. DTCR and DITRD enter into a joint venture agreement to collaborate on the first tasks
2. A startup plan is drafted, setting out initial projects/programs to be undertaken, staff and budget to be allocated to them, timetables and monitoring methods to be followed.
3. An initial director is appointed by DTCR, along with a working group of internal and external stakeholders to function as an advisory committee
4. The agency is established as a crown corporation or other appropriate structure
5. A Memorandum of Understanding (MOU) is negotiated and signed, as appropriate, with ACOA, HNL and any other partners with respect to their participation in items 2 and 3 above

First Projects

We suggest that the first projects might be selected from the following list of priority initiatives:

- One or two of the key strategic projects presented at the end of Section 6
- Planning for the initial natural/cultural heritage support programs
- Design the programs for the Regional DMOs and Regional Tourism Development Associations
- Host regional and sector meetings to present these plans
o Establishment of the initiative to engage tour operators in working with the DMOs and strategic sector alliances, described as Newfoundland Experiences Inc.
o Assist HNL in developing a plan for the Quality Assurance Council
o Design the program to assist communities and destination areas with strategic tourism development plans
o Investigate the implications of integrating the various Provincial tourism-related operations into the agency and develop a plan and schedule to accomplish same

Tourism Alliances/Teams

The establishment of working groups of industry and government into ‘product teams’ was recommended in the 1996 Product Market Match Strategy and subsequently implemented in the Province. However, the progress was limited and the effort has largely fizzled out today, except for the adventure tourism group.

This is unfortunate, as we believe the concept can be made to work. A similar approach has been adopted in Ontario in the establishment of more than 14 alliances of compatible partners to work together on market readiness, packaging and marketing, coordinated by three provincial alliance coordinators. While all of the alliances haven’t prospered, a number of them have, lending credibility to the concept. (It is instructive that the product alliance concept was imported by Ontario from Newfoundland and Labrador during the planning for the Ontario Tourism Marketing Partnership.)

The program didn’t work in Newfoundland and Labrador due to a virtual absence of resources being committed to support the effort, both people and funding. (Ontario provided coordinators for theirs by contracting outside professionals, along with access to budgets to partner with the private sector.) While the Newfoundland and Labrador experience is understandable given the budget realities in government in the province in recent years, it is simply a fact that, without budget and people to do the work, you can’t accomplish much of anything. (And with only a little budget and only a little bit of people-power you can only do a little bit.)

We recommend that the concept be re-established, but this time with both budgets and professionals having the relevant skills be contracted to work with the teams. We suggest this be done under a 3 year revolving agreement among HNL representing the private sector, the federal agencies involved and the provincial government, and administered through the proposed tourism agency.

We suggest that sector groups that represent products that are an important priority in the strategy and that choose to work together on market readiness, packaging and marketing be supported. We foresee up to perhaps six such teams, as follows:

1. Demand influencing accommodations – resorts, character inns, etc.
2. Cultural/heritage/natural attractions programming – heritage, arts and crafts, performing/visual arts, entertainment
3. Major events – festivals, theatre, music, sports
4. Outdoor adventure (already in place), bundled with ‘destination trails’
5. Winter products
6. Hunt and Fish (already in place)

Each of the teams would work essentially as ‘boards of directors’ on the following kinds of initiatives:

- Instigating market readiness enhancement projects to benefit their sector, from HNL, GMIST and others
- Develop standards for their sector for the province-wide quality assurance system proposed in this report and advise on the delivery of the system within their sector
- Contracting the services of one or more in-province tour operators to work with their sector on packaging, package marketing and delivery, and travel trade market development
- Liaising with the provincial Tourism Marketing Council and DTCR on developing participation in provincial marketing partnerships and co-ops
- Partnered marketing within their sector – lure section in the travel guide, website, lure piece

Industry partners on the teams would be limited to those having a product meeting the standards desired and willing to invest and participate themselves in alliance projects. These would be preconditions for participation. Non-industry partners would be limited to those providing funding and/or significant in-kind support.

Funding support would have to be provided to each team for a shared coordinator, plus budget for both administration and contracting tour operator services, and also funding to partner with other organizations the team is working with, such as HNL on education and standards, DTCR on marketing, etc.

Exhibit 12 illustrates the business model for the teams, which would also be used for the regional DMO’s discussed below.

Regional DMOs

We recommend that the system of regional tourism associations (RTAs) be re-engineered in a fundamental fashion. The system the industry has struggled with has, in most cases, been inadequate to accomplish the desired outcomes. This is particularly the case with marketing, where it takes a considerable ‘critical mass’ of budget and effort to be effective. With few exceptions the following weaknesses are inherent among the RTAs:

- Too many
- Too small
- Under-funded
- Under-staffed, both in terms of number and skills/experience, particularly in tourism marketing
- Too few tourism operators involved in leadership
- Too much reliance on public agency people in this role
- Too little buy-in and participation by tourism operators in programs
Exhibit 12

5 Regional DMOs and 5 Strategic Sector Teams

Board of industry partners (Must be investors/participants in the DMO’s programs)

Contracted Facilitators
Contracted Tour Operators

Market Readiness, Standards, Itinerary/Package Development
Marketing tools Marketing $

Funding

HNL Governments & Private Sector

% of Budget committed to Provincial Partnership

Partnerships & co-ops with Provincial DMO

Take to Market Directly (as per approved marketing plan)
This is not to fault the organizations themselves or their boards and staff, who have worked hard with what they had available to them. No, the fault is in the concept of attempting to make organizations constituted in this manner work, or in expecting them to be able to do so.

Tourism development officials need to confront the reality that it takes money and knowledgeable, experienced people to be able to do things that work. The current model lacks both. We need to rationalize, consolidate and fund such organizations adequately, particularly with respect to marketing.

Also, the right kind of organization to do marketing isn’t the right kind of organization to do product development, so we need to look at two different but complementary models. One should be a destination marketing organization; the other a regional tourism development association or committee. We will address the DMO model first; then the other one.

Being effective in marketing requires significant resources. It’s expensive to do it right. It also requires leadership from those involved in its programs, and competent staff.

Given the kind of budget required to ‘do it right’, it is not realistic to support a lot of regional DMOs. Fewer, larger is better than many, smaller. Considering the size of the province, set against the need to do a few well, we recommend a maximum of five regional DMOs, as follows:

- Avalon – Avalon Peninsula (The ACVB is already in place.)
- Eastern – Bonavista and Burin peninsulas, Terra Nova and Eastport Peninsula
- Central – Central region and South Coast
- Western – Western region and South Coast of Labrador
- Labrador – rest of Labrador

‘Fuzzy’ Borders

Note that we have linked Terra Nova and Eastport Peninsula into the Eastern Region rather than Central, as there are stronger natural linkages here, and this idea has been suggested by a number of people.

We strongly recommend that the borders of the region be ‘soft’ or ‘fuzzy’. It should be up to tourism operators to work with the DMOs they choose, even if their location doesn’t exactly fit. Business decisions should govern, not lines on a map!

Industry Investors and Champions are Needed to Lead the Effort

At present, the people that are actively involved in most RTAs are not tourism operators; they are, in the main, people employed to serve and support the tourism industry. They are not the people that will invest in its programs. We need to get the investors to the table, as well as those in the industry that are looked up to and who will agree to champion the program.
The boards of directors should be mainly the investors in the programs. In fact, participation in the DMO’s programs should be a pre-condition of board membership, except perhaps for representatives of key supporting organizations.

A successful DMO is a ‘partner-driven’ organization, rather than a ‘member-driven’ one. This is more about working together in a competitive marketplace than about democracy. It has to be about getting more business, and a partnership approach is the only way that can be made to happen.

A ‘Critical Mass’ of Resources is Necessary

An effective DMO requires a significant budget, strong, industry-based board and committees and professional staff. These are fundamental to the organization’s ability to develop programs that will attract the active participation of sceptical tourism operators.

We propose that each of them be provided with funding sufficient to attract and keep one or more professional, seasoned staff. Additionally we propose that each of them be provided with funding support to contract the services of a professional tour operator to help develop suggested itineraries, programming, packages, trip planning tools and assist with marketing.

Significant and multi-year funding commitments are also essential to establishing a consistent approach and to building momentum. Each regional DMO will need an annual budget in the order of $500,000 or more to be effective. (This would provide something in the order of $150,000 annually for salaries and operating costs, some $100,000 to co-op within the Provincial marketing program, and some $250,000 for its own marketing, packaging and market readiness programs.)

Other Requirements for Success

These include:

- Targeting the ‘right’ markets – those that can be influenced effectively and produce sales for the industry players. This is essential to getting industry buy-in.
- Tracking results and communicating the outcomes to stakeholder is critical to developing and maintaining both participation and funding support.
- The stakeholders working together in partnership to sell the destination, not competing with each other.
- The first priority should be to partner with and link to the Provincial marketing effort.
- The regional marketing approach should be based on multiple brands, not singular ones. This should include brands for each of the icons, key product sectors, key sub-regions/communities, and for the key touring routes.
- There should be two streams of programming – one in the form of co-ops open to all, the other customized partnership in which selected investor partners are involved in planning and managing the program.
Participants in marketing programs need to meet a standard of market readiness to protect the integrity of the product offering and maintain customer satisfaction. Criteria should be used to qualify coop participants and investors in partnership programs. There should therefore also be a concerted effort to assist the industry meet market readiness standards.

Programs

The programs of the DMOs would include:
- Develop and market suggested itineraries and packages for the region (developed by the contracted tour operator)
- Develop and support marketing partnerships and co-ops – in-region, in-province, in partnership with the province on external marketing, and selectively, direct out-of-province marketing (only in accord with an approved plan)
- Develop regional guides, website and other marketing tools
- Assist local and sub-regional groups with their visitor guides and visitor services
- Work with HNL, the tourism development agency and others in bringing market readiness initiatives to the region

Funding

We recommend that the five DMOs be funded through partnership agreements among government agencies, linked to a leverage model involving private sector participation (after year 2), with three year revolving commitments. There need to be conditions attached:

1. Funds are to be used for marketing and market readiness initiatives
2. A maximum percentage is allowed for administration
3. A minimum percentage is required for buy-in to Provincial marketing
4. Continued funding subject to a marketing plan approved by the agency, following review by the provincial Tourism Marketing Council
5. Level of funding after the first two years subject to a formula based on the level of non-government buy-in to marketing and market readiness programs

Funding agencies need to accept the reality that it will be a considerable number of years before these DMOs will be able to evolve to the stage of ACVB in their ability to fund themselves in the absence of government support.

Kick-Starting the Sector Alliances and Regional DMO Programs

Under the previous discussion about ‘first projects’ for the proposed tourism development agency we recommended that the agency and the other partners do the necessary program planning for these two initiatives and consult with the groups involved in getting things started.

This is relatively simple with the two sector groups that are already formed (adventure and fish & hunt), but for the other four, leaders in these sectors will need to be brought together to consider what is being proposed for them and to explore whether there is sufficient interest and
the potential for active commitments from within the sector, and whether there are people prepared to come forward to lead the effort. The agency will need to play a coaching role in this regard as well as assist them in developing a program plan.

In the case of the Regional DMOs, the first steps are a little more of a challenge, given the presence of a number of existing organizations that will be considerably affected. However, this is a time requiring strong solutions and that will require some strong leadership. In this case we suggest the following steps, which should be undertaken by the tourism development agency partners in collaboration with the Tourism Marketing Council:

1. Conduct regional information sessions for the industry on the start-up of the TMC, the highlights of the tourism product strategy, the plan for the tourism development agency and the proposals for the Regional DMOs and Regional Tourism Development Associations. (A particular effort should be made to engage the attention of tourism operators to attend. In that regard, the research that was recently completed for HNL on the spending by the industry on marketing would be useful in providing a list of operators who do have marketing budgets.)

2. Meet with the existing RTAs in each region to discuss the implications of the proposals for their organization and how they might best participate and proceed in future.

3. Facilitate in establishing a working group in each region to prepare a plan for their Regional DMO in the context of this strategy, both an organization plan as well as an initial marketing plan. (The Avalon Region already has the ACVB. Labrador has a plan Destination Labrador. ACOA has recently funded studies to address this issue in the Central and Western Regions.)

4. Facilitate negotiations to have their plans accepted and approved for initial funding.

**Sector Alliance and Regional DMO Program Review in 3 to 5 Years**

In order to avoid the risk of once again ‘institutionalizing’ an industry organization model that is difficult to change, we recommend that both the strategic sector alliance and Regional DMO programs be reviewed in 3 to 5 years and modified where necessary to ensure their effectiveness. In fact, it would be better that these programs ‘sunset’ (dissolve automatically) in five years, in order to ensure that, a) a review takes place and, b) that any continuance of the programs are subject to making new commitments to their support. This will put pressure on both the DMOs and their supporting organizations to ensure that they work or that they are fixed where necessary to make them work.

**Human Resources and Skills Development Support (HRSD) to Industry Organizations**

HRSD funding works well for make work projects and workforce entry/re-entry, but not for funding coordinators and others that need real expertise and experience to be effective. Also, the term of support is so short (6 months) that the people just learn a little and then get let go.

There needs to be a tourism-oriented support program from HRSD for these other kinds of positions, one appropriately designed to be effective. The focus shouldn’t be just on assisting entry into employment, it should look more broadly at creating a position that can, in time, be
supportable by the employer without continuing assistance. Also, HRSD shouldn’t be the ones to select staff – it should be the employer.

Unless and until the foregoing is accomplished, we recommend that staff for tourism organizations not be funded by this agency, except for junior, entry level positions such as VIC seasonal staff, but certainly not coordinators or management positions. (On the other hand, in cases where the association has professional level support at the board level or more senior staff, then junior coordinator staff could certainly be useful, as long as they work under the direction of these more experienced professionals.)

It will be important for the agency partners to meet with HRSD to see what can be done in this regard, and whether HRSD could establish a pilot program of customized support for professional level staffing in the context of this strategy, at least for a period of time sufficient to help get the sector alliances and Regional DMO organizations started on the right footing.

**Linkage with the Tourism Marketing Council**

The TMC and the Marketing Division of DTCR will, of course, play a key role in this overall effort, particularly in providing market-based direction to the product development effort generally, and, more particularly, in providing direction to the sector alliances and Regional DMOs. They should be looked to as a resource in this regard and there should also be an annual event at which the TMC could provide updates on recent research and the marketing directions for the province.

The TMC needs to play a further role in reviewing and approving the annual marketing plans of the sector alliances and Regional DMOs in ensuring their fit with the provincial strategy.

**Regional/local Tourism Development Associations/Committees (RTDAs)**

For the reasons listed earlier in this section, the too-numerous system of RTAs across the province is unravelling in stages. Government and much of the tourism industry have little confidence in them. That is unfortunate in one sense but good in another. The good part is that it should precipitate the development of a more viable and effective model for the future.

Establishing Regional DMOs is part of that solution. The second part is resolving the situation with respect to product development. For this we propose nine tourism associations to focus on the following activities:

- Pursuing demand-influencing product development at the local level, including facilities, programming and event development, with the assistance of the provincial tourism agency and others as appropriate
- Dealing with local signage, visitor services and tourism infrastructure issues, again with agency and others as appropriate
- Liaising with the regional DMO with respect to local/regional tourism collateral and other such matters
We are referring to these organizations as ‘Regional Tourism Development Associations’ (RTDAs). They would be established as follows:

**Avalon**
1. Irish Loop and Cape Shore
2. Baccalieu Peninsula

**Eastern**
3. Heritage Run
4. Discovery Trail and Eastport Peninsula

**Central**
5. Kittiwake Coast and Bay d’Espoir
6. Exploits Valley & Bay, Notre Dame Bay, West/Green Bay and Baie Verte Peninsula

**Western**
7. Gateway/Festival Coast, western South Coast
8. Corner Brook and Humber Valley
9. Viking Trail, including South Coast Labrador

**Rest of Labrador**
Services provided within Destination Labrador

The RTDAs should meet all of the following criteria:

- They should be recognized as being the representative organizations for the tourism industry stakeholders in their area in addressing tourism product development, tourism infrastructure and visitor services issues for their region, its designated destination areas and communities
- They should have a mandate and agenda that is complementary to the tourism strategy for the province and the regional DMO for their region

We propose that nine ‘Regional Tourism Coordinators’ be assigned by the proposed new provincial tourism development agency to work with them on an ongoing basis, under the general direction of the provincial agency, as advisors and as liaison people to connect them with the programs and services that are available from the various tourism development agencies in the province.

To the extent possible, these positions would be filled by secondments of staff from DTCR (3?) and DITRD regional staff (6?) and funded by those departments. They would work out of DITRD regional offices (or perhaps the regional DMO office), which would provide administrative support to them.

With the support of these experienced professionals, the RTDAs can make more effective use of the less experienced co-ordinators they currently employ, usually through HRSD.
The tourism co-ordinators would ensure that the organizations they are assisting are familiar with the tourism strategy for the province, the opportunities identified for their region, as well as the programs that are available to them for development and marketing. They would advise them as to the merits, or lack thereof, of their project proposals, on how to proceed in pursuing support for them and also assist with the submission. Finally they would act as a resource to both sides of a potential transaction and endeavour to facilitate a successful outcome.

**Participating and Supporting Industry Organizations**

**Hospitality Newfoundland and Labrador**

HNL is the lead agency for professional development programs and quality assurance programs, and would continue to play these roles in the product development strategy, as well as facilitating with other program delivery agencies, such as GMIST, where appropriate.

HNL would also undertake to establish the proposed Quality Assurance Council and support its operations, in collaboration with the new tourism development agency.

The association would continue to provide administrative support to the product sector team coordinators.

The association would also have a seat on the board of the provincial tourism agency.

**Department of Tourism, Culture and Recreation**

The department would of course be a key partner in the provincial tourism development agency and supply staff and other resources to it. It would essentially turn its Strategic Product Development Division function and budget over to the agency, along with the staff and budgets from other program areas that are being moved into the agency.

This would not include the division’s regulatory function, which should, in any case, be moved to some other agency. We recommend that the administration of the regulatory program be contracted out to the proposed new Quality Assurance Council, while the enforcement component would be turned over to the Department of Government Services.

**Department of Innovation, Trade and Rural Development**

This department would also be a key partner in the agency and also supply staff and other resources to it. It would, however, continue to operate its regional offices and deliver community economic development services across the province. The difference would be that, for tourism projects, it would have a partner in advising on projects and in helping bring projects forward for funding from ACOA and other agencies.

It is hoped that the department would also use the tourism product development strategy as a framework for its community economic development efforts in tourism. In that way, strategy
tourism development and community economic development can begin to work in concert in a mutually supportive fashion.

Atlantic Canada Opportunities Agency

We recommend that ACOA give consideration to co-ordinating some of its activities with the Provincial tourism development agency, governed by a MOU. The features of the collaboration for different program areas have been described throughout the report. The major areas where the organizations would work collaboratively include:

- Funding the strategic sector alliances and regional DMOs
- Proactively pursuing key strategic projects in the strategy
- Support natural/cultural heritage programs, the Quality Assurance Council and to assist destination area development
- Collaboratively assessing projects brought forward for consideration where the agency’s coordinators are involved
- ACOA would seek the opinion of the agency on other tourism related projects brought to them

Tracking and Performance Measurement

A critical part of the implementation process will be the use of tracking and performance measurement for each program area. Only in this way will it be reasonable to expect government and the other stakeholders to remain at the table and continue to support the various initiatives. It is beyond the scope of this assignment to identify all of the techniques that can and should be used, but doing will be an important part of the implementation process.
PART II

Opportunities for Product Development, and for Accommodations, by Region and Zone
Section 14

Avalon Region
### Section 14
#### Avalon Region

**Overview**

Home to the province’s primary air gateway and the secondary ferry gateway, the Avalon Region provides a mix of urban, coastal and rural experiences to travellers. St. John’s is an increasingly successful city destination for business, and meeting, convention and incentive travellers as well as for pleasure/vacation travellers. The city provides varied dining, shopping, entertainment, attractions and accommodations within a unique heritage and cultural environment. And, within an easy drive, other parts of the Avalon offer outstanding coastal vistas, watchable wildlife – both on land and sea, hiking and sea kayaking, special places such as Mistaken Point, Cape St. Mary’s and Baccalieu Island Ecological Reserves and heritage attractions such as the Colony of Avalon and Castle Hill and Cape Spear National Historic Sites.

The Avalon enjoys the strongest tourism visitation of the province, and, in the St. John’s area at least, it continues from late spring through to mid-October with an ongoing corporate and special event market throughout the rest of the year. The St. John’s resident market provides a large year round market for tourism businesses, and are an important market for many tourism businesses across the province, particularly in the Avalon and Eastern regions.

Areas of the Avalon outside of St. John’s enjoy the benefits of the relatively large number of visitors to the city, but also suffer from their proximity to St. John’s. As a result, much of the tourism activity in other parts of the region is day trips, with visitors using St. John’s as a base and taking several day trips to explore areas such as the Irish Loop, Cape Shore and the Baccalieu Trail. The very limited amount of character, demand-influencing style accommodation outside St. John’s is, in part, a factor in these travel patterns – the properties of this character outside of the city appear to do very well, suggesting a market of visitors who prefer to stay outside the urban area but still seek quality accommodations.

#### Accommodation Supply and Demand

**Supply**

- The Avalon region has some 140 accommodation properties with over 2,300 units. Almost 80% of the units are found in hotels although 40% of the properties are of the B&B type and another 22% are B&B/Inn style facilities.

<table>
<thead>
<tr>
<th>Type</th>
<th>Property %</th>
<th>Unit %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>19%</td>
<td>78%</td>
</tr>
<tr>
<td>B&amp;B</td>
<td>7%</td>
<td>40%</td>
</tr>
<tr>
<td>Cottages</td>
<td>8%</td>
<td>18%</td>
</tr>
<tr>
<td>B&amp;B/Inn</td>
<td>22%</td>
<td>7%</td>
</tr>
</tbody>
</table>

#### Supply of Accommodations in Avalon Region: % of Total

![Supply of Accommodations in Avalon Region: % of Total](image-url)
The region has 25% of all properties and 33% of all rooms in the province.

AVALON REGION

<table>
<thead>
<tr>
<th></th>
<th>Number of Prop’s</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s Units</td>
<td>Prop’s Units</td>
<td>Prop’s Units</td>
<td>Prop’s Units</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>27</td>
<td>1805</td>
<td>0</td>
<td>0</td>
<td>21</td>
<td>752</td>
</tr>
<tr>
<td>B&amp;Bs</td>
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<td>0</td>
<td>31</td>
<td>86</td>
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<td>25</td>
<td>179</td>
<td>0</td>
<td>0</td>
<td>15</td>
<td>129</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>31</td>
<td>170</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>48</td>
</tr>
<tr>
<td>Total:</td>
<td>139</td>
<td>2316</td>
<td>0</td>
<td>0</td>
<td>76</td>
<td>1015</td>
</tr>
</tbody>
</table>

% of Each Type - 54.7% 43.8% 25.2% 26% 20.1% 30.2%

° Avalon region has most of the higher star grade accommodation in the province with 50% of the 4 – 4.5. Star grade properties and 84% of the units at this star grade level in the province no 1- 1.5 star properties. Some 30% of the units in the Avalon region are at the 4 – 4.5. star level, the vast majority of them in St. John’s.

Demand

The Avalon region enjoys the best occupancies in the province, driven by the solid performance of the accommodation sector in St. John’s in recent years. Annual occupancy rates for all properties in the region were in the 60% plus range for the past three years, with July/August occupancies of close to 80% and June through September occupancies of over 75%.

Exhibit 13 provides accommodation occupancy data by type of property and star grade. While some of the data must be viewed with caution due to low reporting rates, it is evident that the higher star grade properties outperform those with lower star ratings.
### Exhibit 13

**Avalon Region – Occupancies by Type of Property and Star Grade**

<table>
<thead>
<tr>
<th></th>
<th>July/August</th>
<th>June-September</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hotel/Motel</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2001</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>76.9%</td>
<td>74.9%</td>
<td>57.7%</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>80.5%</td>
<td>82.7%</td>
<td>69.5%</td>
</tr>
<tr>
<td><strong>2002</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>76.6%</td>
<td>69.5%</td>
<td>51.2%</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>84.9%</td>
<td>83.9%</td>
<td>69.3%</td>
</tr>
<tr>
<td><strong>2003</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>74.9%</td>
<td>67.9%</td>
<td>Not Available</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>85.5%</td>
<td>86.2%</td>
<td>Not Available</td>
</tr>
<tr>
<td><strong>Cottages</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2001</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>61.8%*</td>
<td>51.1%*</td>
<td>48.0%</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>Data Unreliable</td>
<td>Data Unreliable</td>
<td>Data Unreliable</td>
</tr>
<tr>
<td><strong>2002</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>55.9%*</td>
<td>45.0%*</td>
<td>36.2%</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>Data Unreliable</td>
<td>Data Unreliable</td>
<td>Data Unreliable</td>
</tr>
<tr>
<td><strong>2003</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>50.8%</td>
<td>47.5%</td>
<td>Not Available</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>85.7%</td>
<td>68.6%</td>
<td>Not Available</td>
</tr>
<tr>
<td><strong>B&amp;Bs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2001</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>45.5%*</td>
<td>36.5%*</td>
<td>21.6%*</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>47.5%</td>
<td>44.2%</td>
<td>24.7%</td>
</tr>
<tr>
<td><strong>2002</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>40.4%*</td>
<td>32.2%*</td>
<td>18.9%*</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>70.3%</td>
<td>63.7%</td>
<td>39.2%</td>
</tr>
<tr>
<td><strong>2003</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>41.7%</td>
<td>34.4%</td>
<td>Not Available</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>51.2%</td>
<td>44.0%</td>
<td>Not Available</td>
</tr>
</tbody>
</table>
### Exhibit 13 - continued

Avalon Region – Occupancies by Type of Property and Star Grade

<table>
<thead>
<tr>
<th></th>
<th>July/August</th>
<th>June-September</th>
<th>Annual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>B &amp; B Inns</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2001</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>64.8%*</td>
<td>57.7%*</td>
<td>42.5%*</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>62.6%*</td>
<td>55.5%*</td>
<td>40.2%*</td>
</tr>
<tr>
<td><strong>2002</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>39.6%*</td>
<td>30.8%*</td>
<td>20.8%*</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>68.7%</td>
<td>58.3%</td>
<td>34.2%</td>
</tr>
<tr>
<td><strong>2003</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 2.5 Stars</td>
<td>68.8%*</td>
<td>60.4%*</td>
<td>Not Available</td>
</tr>
<tr>
<td>3 Stars Plus</td>
<td>81.3%</td>
<td>71.9%</td>
<td>Not Available</td>
</tr>
</tbody>
</table>

**Notes:**

1. Data Unreliable – annual reporting rates are 20% or less
2. * Caution – annual reporting rates are 20% to 40%

*Note also that reporting rates for 2003 tend to be a bit lower generally since the data was run in early November, and summer reports were still coming in.*
Destination Areas

The discussion of Destination Areas, Touring Corridors and Hubs presented in Sections 7 and 8, identified the following elements of each for the Avalon Region. The map on the following page illustrates these various areas.

Tier 1 Destination Areas
  ° St. John’s and area

Tier 2 Destination Areas
  ° Brigus/Cupids/Port de Grave
  ° Rest of the Baccalieu Trail
  ° Irish Loop
  ° Cape Shore

Service Centres/Hubs and Gateways
  ° St. John’s
  ° Argentia/Placentia

Priority Themed Touring Routes
  ° Irish Loop
  ° Cape Shore
  ° Baccalieu Trail

An overview of the appeals and tourism positioning of each of the destination areas is presented below.

During the course of our work a variety of project ideas were identified by tourism industry stakeholders during interviews or in regional meetings or in earlier studies and reports, or by tour operators and or by the consulting team.

The consultants have, on a preliminary basis, identified those project ideas that appear to fit with the overall strategy presented in this report and that appear, based on our experience, to potentially have merit, and these are listed below. (Note – This list does not include accommodation project ideas; they are presented later in this section by Economic Zone) We have not, however, assessed the market or economic viability of these project ideas, nor whether there is a business or group prepared to take them on. Such an assessment will be required before any decisions are made about proceeding with any of these projects. A further list of other project ideas that were identified for each region and area, but that are not being advanced by the consultants for further consideration, is provided in Appendix II.

It is important to note that the list below is not necessarily comprehensive. There may very well be other projects that fit with the overall strategy that should be considered in the various
regions and destination areas. And, it may well be that some of the project ideas on this list are found, on further evaluation, to not be worthy of pursuit.

**St. John’s and Area**

A city destination with a range of accommodation, dining, shopping, and entertainment. Signal Hill and Cape Spear are major attractions in St. John’s and along with facilities such as the GeoCentre and The Rooms, and activities such as the Grand Concourse and boat tours, provide a range of things to see and do. And, as noted above, many visitors stay in St. John’s and take day trips around the Avalon Peninsula.

St. John’s is an important destination for group tours, although with the recent increase in convention and meeting activity in the city, tour operators are reporting difficulties in getting accommodations at certain times. Special events such as the Junos, the East Coast Music Awards and sporting activities have increased the profile of the city and help to generate business during the winter months.

A number of initiatives have been identified for St. John’s so as to better service its visitor markets, and to help generate more activity in the early/late shoulder periods and in the winter months.

**Suggested Tourism Development Ideas Worthy of Further Consideration**

- Provincial visitor information services at the airport, possibly in association with AVCB
- Visitor information services in downtown St. John’s, possibly as a partnership between the City and the Province.
- New directional signage program – in, to/from St. John’s and other parts of the Avalon along with an improved and expanded city map & street signs.
- Getaway and learning packages based around experiences such as entertainment, theatre, other cultural experiences, dining, shopping, Grand Concourse walking experience for spring, late fall and winter.
- City/region guided and self-guided sightseeing tours.
- Build on the Geo Centre with outreach programs and events, to other locations around the Avalon as well as elsewhere in the province.
- A Natural History Interpretation Centre for the Avalon – in a central, hub location based on and linked to the unique natural attractions of the region. The preferred location is to be determined and it may well be outside the urban core. (See discussion earlier in Section 6)

**Brigus/Cupids/Port de Grave**

A historic town that retains much of its heritage character, Brigus is home to Hawthorne Cottage, a National Historic Site and is an appealing stop-over for a part of the day. Nearby Cupids with its museum and active archaeological dig at the first official English colony in Canada complements the Brigus experience. Visitor services, particularly accommodations, are limited in this area as is the range of additional things to see and do. The consulting team
believes that there is an opportunity to develop this area as a more appealing overnight destination and as a base for exploring this part of the Avalon peninsula. This would require a concerted and co-operative effort among the various players in the tourism industry, along with some character, demand-influencing style accommodation and regular evening entertainment programming to make it an appealing overnight destination.

Suggested Tourism Development Ideas Worthy of Further Consideration

These suggestions are in the context of the overall opportunity described above and should be considered as part of this effort. Additional accommodation (see later discussion) is a fundamental piece of this overall initiative.

- Strengthen and expand the theatre program – Baccalieu Players now do a dramatized walking tour on Sundays and a dinner theatre on Saturdays in July and August only; for the area to become more of an overnight destination, an expanded entertainment program will be required.
- Directional signage program, packaging and cross-marketing to link the communities and heritage experiences of Cupids and Brigus, along with the southern part of Trinity Bay.
- Ongoing development of the Cupids archaeological experience including learning packages.
- Complete the development of hiking trails in the Brigus/Cupids area and promote with Bay Roberts trails which are market ready. This will require a map and hiking guide.

Rest of the Baccalieu Trail

The rest of the Baccalieu Trail offers a variety of cultural and natural heritage and outdoor experiences, including the old Cable Station at Heart’s Content, which is a popular stopping point for group tours. However, most of the tourist activity in the area is of the day trip variety although there is a significant amount of weekend activity drawing from the regional resident market. The Baccalieu Island Ecological Reserve is a major breeding colony for seabirds and there are significant demand from tourists to visit this island. However, it is a very sensitive site and there are also access challenges. The Baccalieu Trail Tourism Association is currently looking at development opportunities for the Island that might include technology solutions (e.g. on-site cameras) as well as educational opportunities and limited tours.

Suggested Tourism Development Ideas Worthy of Further Consideration

- Possible projects emerging out of BTTA’s efforts to identify opportunities for Baccalieu Island. One suggestion is to develop a specialty/high end product for multi-night stays on Baccalieu Island in Lighthouse including educational, scientific and learning programs around the birds, whales, and icebergs.

Irish Loop

This area offers a combination of natural (Witless Bay – Whale watching, seabird viewing, boat tours), outdoor adventure (kayaking, hiking on the East Coast Trail) and historical attractions (Colony of Avalon) that are largely market-ready along with outstanding coastal scenery. As well, it contains other natural and cultural heritage resources that have potential
for interpretation as tourism attractions, such as Mistaken Point Ecological Reserve and Cape Race. The proximity of this area to St. John’s and the lack of any significant accommodations in this area means that it is largely a day-trip at present. It also suffers from limited availability of food and beverage opportunities. Increasing awareness and popularity of the East Coast Trail is helping to generate more interest in the area but the limited accommodations base will continue to be an issue for this market segment as well.

The Colony of Avalon in Ferryland receives about 18,000 visitors with 65% plus from out of province. They spend ½ day at Ferryland but again, overnight stays are constrained in part by the limited accommodation base.

Suggested Tourism Development Ideas Worthy of Further Consideration

° Complete the East Coast Trail and an increased effort around market development, marketing and packaging of this product; support efforts of the Trail Connection program.
° Interpretation at Witless Bay Ecological Reserve, Mistaken Point Ecological Reserve, Cape Race – possibly as outreach programs, guided tours, interpretive signage etc. connected to the natural history interpretation centre proposed for the Avalon region.
° More food and beverage services such as tea shops, cafes
° Enhanced programming and development at Colony of Avalon. There needs to be attention paid to a model for sustainable funding for this site.
° Complete the interpretive/directional signage program that has been planned for the area including signs for the East Coast Trail, Witless Bay, ensuring that they are consistent with provincial themed route signage
° Over the longer term (when/if new accommodations are established – see later discussion) consider an expanded dinner theatre program at Ferryland
° Chance Cove provincial park – develop camping facilities to accommodate users of the East Coast Trail that goes right through the park.

Cape Shore

The Cape Shore Drive in this south-west part of the Avalon Peninsula offers outstanding coastal vistas and scenery. An entry point for the province from June through September, the region is also home to Cape St. Mary’s Ecological Reserve and Interpretation Centre, one of the province’s more popular attractions. The natural heritage of the area is complemented by the history of the Placentia area, the French capital of Newfoundland in the 17th and 18th centuries, including the Castle Hill National Historic Site. Visitor services are concentrated in the Argentia/Placentia area with some limited facilities in St. Bride’s servicing visitors to Cape St. Mary’s. The Colinet/Mount Carmel/Salmonier area also provides accommodations to visitors to the Cape Shore Drive area. The region’s visitor activity is heavily dependent on the Marine Atlantic Ferry service into Argentia.

Cape St Mary’s had 21,000 visitors in 2003, up 4,000 from the year before and there has been a steady increase since the new interpretive centre opened. A 2002 Visitor survey indicated that 32% of visitors were from Ontario, 18% from Newfoundland and Labrador, 5% from Alberta, 5% from BC, 20% from the US; 7% from Overseas and 5% from the Maritimes. 17%
of those interview indicated a need for more/better accommodation in the area; 18% indicated need for more/better restaurants.

Suggested Tourism Development Ideas Worthy of Further Consideration

° Expanded entertainment and living history program at Castle Hill and dinner theatre in Placentia
° New and improved informational/directional signs for Cape St. Mary’s
° Programming at the Lighthouse at Cape St. Mary’s – artist in residence?; tea room?
° More food and beverage services such as tea shops, cafés
° Strengthen the Colinet/Mount Carmel/Salmonier cluster by adding more evening entertainment, activities, hiking trails, kayaking

Accommodation Supply, Demand, Needs and Opportunities by Zone

The discussion and analysis presented in the balance of this section of the report is presented for each of the Economic Zones in this region. A map illustrating the location of each zone is provided in Appendix III.

The suggestions as to opportunities and needs for accommodations in this region were identified during the course of our work on this study from a number of sources – interviews with tour operators, interviews with tourism industry stakeholders including private operators, representatives of industry associations and provincial and federal government staff, focus groups with consumers, and findings from our field research and analysis. We have not assessed the market potential or financial feasibility of any of these accommodation project ideas and do not, therefore, warrant that an opportunity actually exists. They should not be taken as recommendations but as possibilities warranting further consideration.

The type and size of particular accommodation properties (new or expanded) proposed in any area should be based on a further assessment of the nature of the demand in the region, the gaps, if any, in the type, character and quality of accommodation in the area, and should involve market feasibility assessments for each business opportunity.

The reader is referred to Section 9 of the report for a definition of different types of accommodations warranting support, as well as the issues to be considered when assessing the establishment of new, expanded or upgraded accommodation or campground properties.

Zone 20 - Irish Loop

Supply

° The supply of accommodation is very limited – one of the lowest of all zones in the province
○ There is no supply higher than 3 – 3.5 Star grade, and two of properties at this level are single rental units only
○ The accommodation supply is primarily in B&B style accommodation

### ZONE 20 – Irish Loop

<table>
<thead>
<tr>
<th></th>
<th>Number of Prop’s</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>1 10</td>
<td>0 0</td>
<td>1 10</td>
<td>0 0</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>10 31</td>
<td>0 0</td>
<td>6 19</td>
<td>4 12</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>Cottages</td>
<td>4 10</td>
<td>0 0</td>
<td>2 8</td>
<td>2 2</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>1 5</td>
<td>0 0</td>
<td>1 5</td>
<td>0 0</td>
<td>0 0</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16</strong></td>
<td><strong>56</strong></td>
<td><strong>10</strong></td>
<td><strong>42</strong></td>
<td><strong>6</strong></td>
<td><strong>14</strong></td>
</tr>
<tr>
<td>% Of each type</td>
<td>- -</td>
<td>62.5%</td>
<td>75%</td>
<td>37.5%</td>
<td>25%</td>
<td>- -</td>
</tr>
<tr>
<td><strong>Region (Avalon)</strong></td>
<td>139 2,316</td>
<td>0 0</td>
<td>54.7%</td>
<td>43.8%</td>
<td>25.2%</td>
<td>20.1%</td>
</tr>
<tr>
<td><strong>Province</strong></td>
<td>550 7,121</td>
<td>3.5%</td>
<td>2%</td>
<td>60.5%</td>
<td>57.3%</td>
<td>25.8%</td>
</tr>
</tbody>
</table>

### Demand

○ Occupancy rates are well below provincial averages in both the peak season and the June through September period
○ This is an example of an area, where, to some extent, the lack of appropriate quality and character of supply is a factor in the low occupancies
○ None of the existing properties are in the ‘demand-influencing category – with character and unique appeal, good quality, in scenic setting, and with good dining. As a result, most visitors choose to take day trips only to this area and stay overnight in St. John’s or in the Mount Carmel area (in Cape Shore region)

○ Demand in this region is virtually non-existent from November through May, for those properties reporting (most of properties are seasonal only)

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**Note:** The table and chart data are placeholders and should be replaced with actual data from the document. The text content is a summary of the document's findings and conclusions.
Opportunities and Needs

Potential future development of interpretive facilities/tours at Mistaken Point, Cape Race, Witless Bay, as well as the East Coast Trail will encourage more visits to this area and extended stays. Without appropriate accommodation these visitors will be forced to return to St. John’s and this region will not get the economic benefits associated with overnight stays. As such demand evolves, there will be an increasing need for more accommodations in the southern Avalon area.

° There appears to be an opportunity in this region to establish demand influencing style accommodation property(s) that also fill the gap in terms of the types, character and quality of accommodation available in the area. (See Section 9 for definitions and the introduction to this section on accommodations for cautions and caveats). We see the opportunity being for a demand influencing style accommodation of good quality, with dining, catering to the touring market wanting to stay in the area rather than in St. John’s, as well as the outdoor/adventure market, the East Coast Trail market and also the getaway market from the St. John’s area regional resident market.

° There may also be an opportunity for additional accommodation properties of character and with appropriate services for the hiking market (e.g. more rustic and basic accommodations with packages offered for hikers, early morning breakfasts, places to store hiking equipment, etc.). As the East Coast Trail is completed and becomes more established as a destination hiking trail, it is anticipated that there will be increased demand for accommodation in this area.

Zone 19: Capital Coast (St. John’s & area)

Supply

<table>
<thead>
<tr>
<th>ZONE 19 – Capital Coast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Prop’s</td>
</tr>
<tr>
<td>Hotel/Motel</td>
</tr>
<tr>
<td>B&amp;Bs</td>
</tr>
<tr>
<td>Cottages</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

% Of each type

| Region (Avalon) | 139 | 2,316 | 54.7% | 43.8% |
| Province | 550 | 7,121 | 35.3% | 73.7% |

° St. John’s has some 28% of the accommodation supply in the province, and a significant portion of the supply at the 4 – 4.5 star level
° The city has a good mix of types of properties and star grade levels including a number of professional B&Bs properties at the 4 – 4.5 star level
Additional supply is coming on stream in 2004 – a new 80 room hotel outside of the downtown area; several B&Bs; also another possibly 60 rooms opening downtown in 2005; plus some accommodations at the Spa at the Monastery are under development. There are rumours of several other accommodation properties being considered.

Demand

- St. John’s has enjoyed exceptionally strong demand for June through September for the past three years – and 2003 appears to have been even better. There are reports that the entire city was full for 10 – 15 days in 2003.
- The City had the highest occupancy levels in the country at hotel properties according to Pannell Kerr Foster’s reports.
- The peak season has become longer – with strong demand continuing from June through September and into May and October.
- Tour operators are reporting difficulty finding space, particularly during the fall when conventions are in town. Many tour operators prefer mid-price/quality properties and the supply of this type of facility downtown is very limited.
- 2003 apparently saw many nights when St. John’s was full and visitors were unable to find accommodation.
- Even in the winter, there were only two months when overall occupancies fell below 50%
Opportunities and Needs

With the new accommodation supply coming on stream in 2004 and other proposed and rumoured development, it may well be that the opportunities identified below will be addressed. (See the introduction to this section on accommodations for cautions and caveats) Opportunities and needs identified for the Capital Coast area include:

° Group tour operators have identified a need for a mid-market hotel suitable for group tours. This may well be provided by the property opening in 2004 on Kenmount Road (though it is not a downtown location which is preferred by group tours) and plans for a second Marriott property on the waterfront (60 rooms)
° The other gap identified is a full service, high quality heritage inn with dining – something in the range of 15 to 20 rooms or so, catering to leisure as well as corporate markets.

Zone 18:  Avalon Gateway

Supply

<table>
<thead>
<tr>
<th>ZONE 18 – Avalon Gateway</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Prop’s</td>
<td>Number of Units</td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>3</td>
<td>33</td>
<td>0</td>
<td>0</td>
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<tr>
<td>B&amp;Bs</td>
<td>7</td>
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<tr>
<td>Cottages</td>
<td>3</td>
<td>31</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>3</td>
<td>17</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
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<tr>
<td>% Of each type</td>
<td>-</td>
<td>-</td>
<td>56.3%</td>
<td>54.8%</td>
</tr>
<tr>
<td>Region (Avalon)</td>
<td>139</td>
<td>2,316</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Province</td>
<td>550</td>
<td>7,121</td>
<td>3.5%</td>
<td>2%</td>
</tr>
</tbody>
</table>

° The zone has only 104 units, well distributed by type and star grade – on par with the provincial average
° Two of the B&Bs/Inns are in the Mount Carmel/Colinet area, which is central to the Cape Shore and Irish Loop touring routes and appears to be a popular overnight spot.
Demand

- Occupancy rates in the zone are well below provincial and regional averages for both the July/August period and June through September, and very low during the rest of the year (Note there was a very low reporting rate in 2000 and 2001)
- All types of properties report lower than average occupancies. However, our interviews suggested that some of the better quality properties in this zone had performances that were well above the averages being reported in the data.
- Demand in this zone appears to be very closely tied to the Marine Atlantic Ferry schedule, with many properties filling on the three or four nights a week when travellers are in the area waiting for/disembarking from the ferry. When the ferry service cuts back and then stops in late September, demand drops significantly.
- The popularity of Cape St. Mary’s does not appear to have translated into accommodation demand. As with the Irish Loop Zone, this may be due to a gap in the kinds of accommodations sought by tourists, or the lack of other things to see and do after a visit to Cape St. Mary’s.

Opportunities and Needs

The Cape Shore drive from Argentia to Cape St. Mary’s is rated as a two star attraction by Michelin, ‘Worth a Detour’. This suggests there may be potential for this area to become more of an overnight destination for visitors. Tour operators catering to the FIT market have identified a need to fill the gap in this area in terms of the kinds of accommodations sought by visitors. There may, therefore, be an opportunity for a demand-influencing style property (see Section 9 for definitions and the introduction to this section on accommodations for cautions and caveats) in this area between Cape St. Mary’s and Argentia – perhaps a character inn with dining, and suitable for small group specialty tours as well as independent travellers, somewhere along the shore in this area. Several tour operators commented on the need/opportunity for such a facility.
Zone 17: Mariner (Baccalieu Trail)

Supply

- This zone has only some 175 units of accommodations in 30 properties, most of it at the 2 – 2.5 star level, and found in hotels/motels and B&B style facilities.
- However, there are 4 B&B/Inn style properties at the 4 – 4.5 Star Grade level.

### ZONE 17 – Mariner

<table>
<thead>
<tr>
<th></th>
<th>Number of Prop’s</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>7</td>
<td>88</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>88</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>14</td>
<td>43</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>21</td>
</tr>
<tr>
<td>Cottages</td>
<td>3</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>6</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>12</td>
</tr>
<tr>
<td>Total:</td>
<td>30</td>
<td>174</td>
<td>0</td>
<td>0</td>
<td>19</td>
<td>135</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>% Of each type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

| Region (Avalon) | 139 | 2,316 | 0    | 0   | 54.7% | 43.8% | 25.2% | 26%   | 20.1% | 30.2% |
| Province        | 550 | 7,121 | 3.5% | 2%  | 60.5% | 57.3% | 25.8% | 29%   | 10.1% | 11.7% |

Demand

- Occupancies in this zone are well below the average for both the Avalon region and the province as a whole – at less than 60% in July/August, and less than 50% for the June through September period. Note however that this zone has a very low reporting rate for occupancy data, and the data should therefore be viewed with caution.

Our research revealed that properties particularly on the east side of the peninsula, do well on the weekends during the peak season, with events (e.g. sports tournaments, concerts), being a major demand generator for St. John’s area markets. However, during the week demand is much more limited. Better quality properties appear to have higher than average occupancies.
Like other zones in the Avalon area, the Mariner Zone attracts primarily day trip visitors who are staying in St. John’s.

Opportunities and Needs

- An opportunity was identified earlier to strengthen the Brigus/Cupids area as a destination. If this is to happen, a gap will need to be filled in the accommodations plant in this area – with a demand-influencing style accommodation (See Section 9 for definitions and the introduction to this section on accommodations for cautions and caveats) one of character, offering quality accommodations with dining facilities will be essential for this strategy to succeed. (Note - there is a property that is apparently of this character that was developed recently but it was only open for a short time; we do not know its current status).

- For the rest of the zone, the reportedly low occupancy rates suggest little need or opportunity for additional accommodation capacity at this time.
Section 15

Eastern Region
Section 15
Eastern Region

Overview

Newfoundland and Labrador’s eastern travel region encompasses the Bonavista Peninsula and Discovery Trail area as well as the Burin Peninsula (Heritage Run). The main service centre in the area is Clarenville, which is a popular overnight stop for both group and independent travellers. From a tourism perspective, the region has benefitted from the development of the Trinity area as a destination and from the profile given the Bonavista area as a result of the Cabot 500 Celebrations. The Trinity Bight area is well-established as an overnight, multi-day stay destination for both the vacation market and the getaway market from St. John’s. It offers a variety of accommodations, several of high quality, and is also well known for the Rising Tide Theatre programs and the heritage and coastal character of the communities. Recent enhancements to the tourism product mix in the area include the Random Passage site, a rejuvenated Ryan Premises National Historic Site and restoration of the Cape Bonavista Lighthouse which is also a viewing site for puffins and icebergs.

The Burin Peninsula is a much less travelled route, with much of its tourism activity drawn from visitors en route to/from St. Pierre-Miquelon. However, the region is developing more locally-based tourism, building on its outports, architecture and natural appeals as well as the Summer Theatre Festival in Grand Bank and other culturally oriented festivals and events.

Accommodation Supply and Demand

Supply

- This region has just over 800 units of accommodation in total, provided in some 75 properties. Over 60% of the units are found in hotel/motel properties, with a concentration in Clarenville. The region has only 11% of all of the units in the province with a higher than average proportion of these units in the cottage category.
- The Eastern Region is home to 12 properties that have been identified as falling into the B&B/Inn category, many of these are in the Trinity area.
- Only 45 units in the region are in the 4 – 4.5 Star Category, and, as with the B&B/Inn group, these are concentrated in the Trinity area.

The table below shows the distribution of accommodation supply in the Eastern Region:

<table>
<thead>
<tr>
<th>Category</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>63%</td>
</tr>
<tr>
<td>B&amp;B</td>
<td>35%</td>
</tr>
<tr>
<td>Cottages</td>
<td>31%</td>
</tr>
<tr>
<td>B&amp;B/Inn</td>
<td>19%</td>
</tr>
<tr>
<td>Total Units</td>
<td>100%</td>
</tr>
</tbody>
</table>

The diagram shows the distribution of accommodation supply in the Eastern Region:

- Hotel/Motel: 63%
- B&B: 35%
- Cottages: 31%
- B&B/Inn: 19%

THE ECONOMIC PLANNING GROUP of Canada
D. W. Knight Associates
Newfoundland & Labrador Tourism Product Development
Strategy and Accommodation Needs Study
Demand

- Average annual occupancies for all properties in the Eastern region have only been in the 40% range for the past three years, indicative of the low level of demand outside the tourist season.

- Peak season (July/August) occupancy was 70% in 2002 but occupancy levels for the June through September period decline significantly, to the 55% range, indicating the relatively soft spring and fall markets in this region. Outside of the June through September period, occupancy levels are very low, generally in the 30% - 35% range.

We have looked at occupancy data by type of property and star grade. The number of properties in each of these categories is too small to report the data for confidentiality reasons. However, the data clearly indicates that properties rated at 3 Stars or more outperform those at the 1 – 2.5 Star grade level.
Destination Areas

The discussion of Destination Areas, Touring Corridors and Hubs presented in Sections 7 and 8 identified the following elements of each for the Eastern Region. The map on the following page illustrates these various areas.

Tier 1 Destination Areas
  ° Trinity Bight (Trinity/Port Rexton area)

Tier 2 Destination Areas
  ° Bonavista/Port Union

Tier 3 Destination Areas
  ° Burin Peninsula/St. Pierre-Miquelon

Service Centres/Hubs and Gateways
  ° Clarenville
  ° Marystown

Priority Themed Touring Routes
  ° Discovery Trail

During the course of our work a variety of project ideas were identified by tourism industry stakeholders during interviews or in regional meetings or in earlier studies and reports, or by tour operators and or by the consulting team.

The consultants have, on a preliminary basis, identified those project ideas that appear to fit with the overall strategy presented in this report and that appear, based on our experience, to potentially have merit, and these are listed below. (Note – This list does not include accommodation project ideas; they are presented later in this section by Economic Zone). We have not, however, assessed the market or economic viability of these project ideas, nor whether there is a business or group prepared to take them on. Such an assessment will be required before any decisions are made about proceeding with any of these projects. A further list of other project ideas that were identified for each region and area, but that are not being advanced by the consultants for further consideration, is provided in Appendix II.

It is important to note that the list below is not necessarily comprehensive. There may very well be other projects that fit with the overall strategy that should be considered in the various regions and destination areas. And, it may well be that some of the project ideas on this list are found, on further evaluation, to not be worthy of pursuit.
Trinity Bight (Trinity/Port Rexton Area)

The Trinity Bight area offers an enticing mix of cultural, natural and heritage experiences clustered in historic coastal communities and complemented by a mix of quality and character accommodations and dining. It has benefited from its proximity to St. John’s and ability to attract weekend demand in the late spring and fall shoulder seasons, as well as from new attractions such as the Random Passage Site and the Skerwink Trail. The extension into the fall of the Rising Tide Theatre program has evidently had a positive impact on extending the season in this area.

Suggested Tourism Development Ideas Worthy of Further Consideration
° Continued fall season operation of Rising Tide Theatre possibly with an expanded program. Another possibility for consideration is an earlier start to the season in Spring.
° Strengthen the programming and special events at Hiscock House/Lester Garland House
° Continued development and animation of Random Passage site – add demonstration on building of traditional dories; expand Sundays at the Cape program
° Hiking – link and complete existing trails and ensure they are market ready, develop guide book like the Green Bay one;
° Additional dining including for lunch, possibly bistro/café style.
° Provide more serviced sites at campgrounds

Bonavista/Port Union

Other communities on the Bonavista Peninsula are expanding and enhancing their tourism offer and, as a result, the entire Bonavista Peninsula is becoming a significant tourism destination. However, there are still some gaps in the tourism product offer that need to be filled before it would achieve Tier 1 status.

The Bonavista and Port Union area has developed an appealing mix of attractions including the Ryan Premises National Historic Site, the Cape Bonavista Lighthouse, the Mathew and ongoing waterfront development in Bonavista as well as the efforts around the Sir. William Coaker estate and the Fishermen’s Protective Union in Port Union. The Bonavista area is also a good place to view icebergs and has both cultural and natural heritage appeals. However, the area currently has limited visitor services, particularly accommodations and food & beverage making it more of a day trip destination for visitors staying in Clarenville or the Trinity area, than an overnight stop.

Visitation to major attractions in the area has been increasing, with some 12,000 visitors to the Cape Bonavista Lighthouse in 2002, up significantly since the restoration was completed, and over 8,000 to the Ryan Premises. A recent visitor survey at the Lighthouse revealed that 58% of visitors were from Canada, 20% from Newfoundland and Labrador, 16% from the United States and 6% from overseas. Almost 70% were on their first trip to the area and 63% were on a day trip to the area. When asked about improvements needed, 18% indicated they were looking for more/better accommodations and 10% for restaurants.
Suggested Tourism Development Ideas Worthy of Further Consideration

- Expanded programming and special events at Cape Bonavista Lighthouse, Mockbeggar Plantation
- Build on existing walking/hiking trail development to ensure trails are market ready (see discussion in Section 6) – amenities, signage, guide book, including trail to Bonavista lighthouse
- Centre of Excellence in Heritage and Cultural Tourism Training. This is an intriguing idea that would serve a major need province-wide and is deserving of further investigation including a concept plan and feasibility assessment
- Provide evening activities and entertainment in Bonavista but make sure they are complementary to the Rising Tide Theatre - not offering the same type of experience, and only when/if there is more commercial accommodations
- Elliston Root Cellars – expanded programming and interpretation; self-guided tour brochure
- Continued development, conservation and programming associated with the Port Union National Heritage District

Burin Peninsula/St. Pierre-Miquelon

One of the Burin Peninsula’s major demand generators for visitor activity is the ferry to St. Pierre-Miquelon and there are clearly opportunities for increased partnerships to maximize the tourism benefits to both regions. The Burin/Marystown area has only a limited accommodation product in terms of both the variety and quality of accommodation properties, and the overall supply. The region also has limited things to see and do and its distance from the Trans Canada Highway is a negative factor in attracting visitors who are not planning a trip to St. Pierre-Miquelon. However, as noted earlier, there is an increasing locally based tourism product, with a cultural/heritage and natural focus. The strategy for the area needs to be twofold – to encourage those going to St. Pierre-Miquelon to spend one or two nights exploring the Burin and to encourage visitors to come to the Burin Peninsula for its own appeals.

One of the ‘sleeper’ opportunities identified earlier that could have a significant impact on travel activity in this area is the offering of a car ferry service from the Burin to the Bay d’Espoir area thereby creating a circle trip route. While this would appeal primarily to the true ‘explorers’ it would help to open up both regions to visitors.

Suggested Tourism Development Ideas Worthy of Further Consideration

- Increased market development and partnership initiatives with St. Pierre-Miquelon; including packages including events, entertainment, activities along the Burin Peninsula
- Expand/enhance the Grand Bank Heritage Society Theatre Program
- Fortune Head Interpretation Centre
- Introduce car ferry service to the Bay d’Espoir area (e.g. Bay l’Argent to Pool’s Cove, Grand Bank to Harbour Breton) to create a circle tour from the TCH at Goobles through the Burin Peninsula and Bay d’Espoir area to Grand Falls-Windsor.
Accommodation Supply, Demand, Needs and Opportunities by Zone

The suggestions as to opportunities and needs for accommodations in this region were identified during the course of our work on this study from a number of sources – interviews with tour operators, interviews with tourism industry stakeholders including private operators, representatives of industry associations and provincial and federal government staff, focus groups with consumers, and findings from our field research and analysis. **We have not assessed the market potential or financial feasibility of any of these accommodation project ideas and do not, therefore, warrant that an opportunity actually exists. They should not be taken as recommendations but as possibilities warranting further consideration.**

The type and size of particular accommodation properties (new or expanded) proposed in any area should be based on a further assessment of the nature of the demand in the region, the gaps, if any, in the type, character and quality of accommodation in the area, and should involve market feasibility assessments for each business opportunity.

The reader is referred to Section 9 of the report for a definition of different types of accommodations warranting support, as well as the issues to be considered when assessing the establishment of new, expanded or upgraded accommodation or campground properties.

**Zone 16: Schooner (Burin Peninsula)**

Supply

<table>
<thead>
<tr>
<th>ZONE 16 – Schooner</th>
<th>Number of Prop’s</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
</tr>
<tr>
<td>Hotel/Motel</td>
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<td>206</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>206</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>8</td>
<td>20</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Cottages</td>
<td>4</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>8</td>
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<tr>
<td>Total:</td>
<td>17</td>
<td>255</td>
<td>1</td>
<td>2</td>
<td>8</td>
<td>229</td>
</tr>
</tbody>
</table>

| % Of each type   | 5.9%  | .8%   | 47.1% | 89.8% | 41.2% | 8.2%  | 5.9%  | 1.2%  |
| Region (Eastern) | 76    | 801   | 4%    | 3%    | 55%   | 60.8% | 28.9% | 30.6% | 11.8% | 5.6%  |
| Province         | 550   | 7,121 | 3.5%  | 2%    | 60.5% | 57.3% | 25.8% | 29%   | 10.1% | 11.7% |

° The zone has over 250 units of accommodation but almost all of it is at the 2 – 2.5 star level – almost 90% compared to a provincial and regional average of around 60%
° The zone has a much lower than average proportion of units at the 3 or 4 star grade level
° There are no B&B/Inn style properties
Note that this zone does not start till just east of the road to Monkstown (hence Kilmory Resort is in the Discovery Zone not in this zone)

**Demand**

- Occupancy rates for the zone are well below provincial and regional averages - both for July/August and June through September.

- Occupancies are particularly low for June and September, compared to provincial averages; and for the rest of the year they are below 20%.

- Occupancy rates at hotel properties are below average for the region; cottages and B&Bs do much better than the average for the region overall.

- Properties in Grand Bank are very dependent on the ferry to St. Pierre-Miquelon in the summer months – they do relatively well when the ferry is scheduled but demand drops off significantly when the ferry service is not offered.

- Better than average quality properties appear to do much better than average for the region.

- Tour operators have expressed some concerns about the quality of the full service hotel in the region and that it may be a deterrent to more tourism activity happening in the area.
Opportunities and Needs

The primary need in this area, based on comments received from tour operators and consumers, is for upgraded accommodation properties – either fundamental transformation of some of the existing properties (particularly the hotel/motel accommodation) or new, better quality, character, demand-influencing style accommodation. (See Section 9 for definitions and the introduction to this section on accommodations for cautions and caveats). The availability of better accommodation is seen to be important if tourism in the area is to develop further – but, it will also be important that this happen in concert with other efforts to provide more things to see and do in the area, more reasons to visit and more promotion of the area, particularly in partnership with St. Pierre-Miquelon. The current supply/demand mix, and the somewhat limited tourism activity in the region suggests no gap in overall supply at present.

Zone 15: Discovery

Supply

○ There is a good mix of properties of different types and star grade throughout the zone; with a higher than average proportion of properties at the 3 – 3.5 star grade level; despite several 4 star plus properties, there is still less than 10% of rooms at this quality level

○ Hotels in the region tend to be at the 2 – 2.5 star level – the lack of air conditioning is a factor; also some of the supply is old style motel properties

○ There is a proportionally larger supply of B&B/Inn style properties than average for the province

○ There is some limited increases in supply coming on stream in 2004 – including an expansion at Fisher’s Loft; and a few additional B&B and cottage units in Trinity and Bonavista; there has also been recent plans for a hotel in Trinity.

<table>
<thead>
<tr>
<th>Zone 15 – Discovery</th>
<th>Number of Prop’s</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>9</td>
<td>321</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>175</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>19</td>
<td>48</td>
<td>0</td>
<td>0</td>
<td>14</td>
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<td>126</td>
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<td>22</td>
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<td>47</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>13</td>
<td>100</td>
<td>0</td>
<td>0</td>
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<td>595</td>
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<td>22</td>
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<td>291</td>
</tr>
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<td>% Of each type</td>
<td>3.2%</td>
<td>3.7%</td>
<td>60.7%</td>
<td>48.9%</td>
<td>24.6%</td>
<td>40.7%</td>
</tr>
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<td>Region (Eastern)</td>
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<td>801</td>
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<td>3%</td>
<td>55%</td>
<td>60.8%</td>
</tr>
<tr>
<td>Province</td>
<td>550</td>
<td>7,121</td>
<td>3.5%</td>
<td>2%</td>
<td>60.5%</td>
<td>57.3%</td>
</tr>
</tbody>
</table>
Demand

- Overall occupancies in the zone are very close to provincial and regional averages; in 2000 and 2001 they were slightly above the average; in 2002 slightly below. Occupancy levels outside the June through September period are in the 20% - 30% range, about 10 percentage points below provincial averages.

- B&Bs in the zone are performing significantly above the provincial average for both July/August and the June through September period – perhaps a reflection of the high proportion of B&B/Inn style properties; they also have better than average annual occupancies.

- Many of the properties interviewed in the area reported that they were full during the peak season in 2003, with turnaways. This was particularly true for properties in Clarenville (where significant turnaways were reported), and for the better quality properties in the Trinity area. As well, the few properties in the Bonavista area were also reported to be full and turning away business. Clarenville is the hub/service centre for this part of the province and clearly the accommodation properties in this area are benefitting from this, particularly with respect to demand from the group tour business. What is not clear, however, is whether the business is going to Clarenville in part due to the lack of accommodations in Bonavista – this may be the case with some of the FIT business but it is unlikely that group tour business would shift to Bonavista due to their preference for staying in major service centres.
- 264 -

○ The fall season of Rising Tide theatre has definitely had a positive impact on fall demand in the Trinity area.

○ Some of the tour operators expressed concerns about the ‘basic’ quality of accommodation in the Clarenville area; also some concern about the quantity of rooms here. Others identified a need and opportunity for a quality inn/character property with dining in the Bonavista area – particularly for the FIT market. This was supported by research done with visitors at the Bonavista Lighthouse.

Opportunities and Needs

○ There appears to be an opportunity for a quality (3.5 star plus) character accommodation on the waterfront in Bonavista, with dining. There is now a character inn under development of a type that appears to be an appropriate type of accommodation. This is another area where the lack of supply of the appropriate type and quality of accommodations (See discussion in Section 9) has been constraining the growth in economic impacts of tourism in the area. (We understand that the new property under development is of very modest scale. We suspect that is may warrant an early expansion, if the latent demand warrants this, as we suspect it may. Doing so would improve viability)

○ Some of the group tour operators have suggested an opportunity for additional hotel capacity in the Clarenville area (3 star plus) to cater to the group tour market as well as the apparent excess of demand during the peak summer season. This may be an opportunity worthy of further consideration after the impact of additional accommodation in the Bonavista area has been absorbed in the marketplace.
Section 16

Central Region
Section 16
Central Region

Overview

The Central Region of the province covers a vast area from Terra Nova National Park in the east to the western reaches of the Baie Verte Peninsula and south through Bay d’Espoir and west to beyond Ramea. Its tourism products and experiences are equally diverse, as are its landscapes and natural and cultural heritage. In the eastern part of the region, Terra Nova National Park and its extensive camping facilities, Terra Nova Lodge and Golf Course and the Eastport Peninsula with its beaches, are popular vacation destinations for the resident market. The Kittiwake Coast area offers three or four different experiences – the Road to the Shore which takes the visitor along a largely coastal route through small communities, offers the Barbour Living Heritage Village as an emerging attraction. The Twillingate Islands area is known for its icebergs and whalewatching tours, and also has appealing cultural and heritage attributes. Fogo and Change Islands offer the visitor a truly unique cultural and outport experience – although not yet an established tourism destination and with a shortage of visitor services, the Islands Experience offers future potential. Gander and Grand Falls-Windsor are the main service centres in the region, offering access to the rural and coastal areas including the Bay of Exploits and Leading Tickles.

The southern portion of the Central Region is largely wilderness with spectacular coastal fjords, cliffs and outport communities along the south coast. Much of this area is accessible only by passenger ferry. In the interior regions, such as the Head of Bay d’Espoir and the Conne River area, the Aboriginal community is developing a number of cultural tourism products such as the Conne River Pow Wow.

The Central region of the province has been working at developing its winter tourism product centred around snowmobiling. A network of trails is already completed and efforts are now underway to finish a link from Deer Lake across to Badger and Grand Falls which will provide a connection to the trails in western Newfoundland.

Accommodation Supply and Demand

Supply

° The Central Region has almost 1,500 units of accommodation,
most of it in hotel/motel style, traveller service properties located primarily in Gander and to a lesser extent Grand Falls-Windsor. This region has 21% of all units in the province; the distribution of properties and units by type is very close to the provincial average.

<table>
<thead>
<tr>
<th>CENTRAL REGION</th>
<th>Number of Prop’s</th>
<th>Number of Units</th>
<th>1 – 1.5 Star Prop’s</th>
<th>Units</th>
<th>2 – 2.5 Star Prop’s</th>
<th>Units</th>
<th>3 – 3.5 Star Prop’s</th>
<th>Units</th>
<th>4 – 4.5 Star Prop’s</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>36</td>
<td>1031</td>
<td>3</td>
<td>16</td>
<td>29</td>
<td>818</td>
<td>4</td>
<td>197</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>36</td>
<td>106</td>
<td>0</td>
<td>0</td>
<td>16</td>
<td>48</td>
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<td>15</td>
</tr>
<tr>
<td>Cottages</td>
<td>23</td>
<td>195</td>
<td>1</td>
<td>14</td>
<td>14</td>
<td>134</td>
<td>7</td>
<td>42</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>16</td>
<td>136</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>36</td>
<td>9</td>
<td>92</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>Total:</td>
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<td>1468</td>
<td>4</td>
<td>30</td>
<td>64</td>
<td>1036</td>
<td>36</td>
<td>374</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>% of Each Type</td>
<td>3.6%</td>
<td>2%</td>
<td>57.7%</td>
<td>70.6%</td>
<td>32.4%</td>
<td>25.5%</td>
<td>6.3%</td>
<td>1.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Central region has a higher than average percentage of its units at the 2 – 2.5 Star level, with over 1,000 units at this star grade or 71% of the supply in the region compared to the 58% average for the province overall.

Conversely, the region has a lower than average percentage of properties and units at the 4 – 4.5 Star level, with only 2% of its units in this category.

Demand

- The average annual occupancy in the Central region is in the 40% range.
- Peak season occupancy rates have only been in the 60% range; with June through September occupancy rates in the low 50’s.
- This region does slightly better than the Eastern region during the rest of the year, but occupancy levels are still generally 40% or lower during the months of October through May.
- Data on demand by type of property and by star grade (sample of properties in each category is too small to report this data), indicates that, overall, the 3 Star plus properties...
perform better than the lower star grade properties. This is true for all types of properties except the cottage sector in this region.

**Destination Areas**

The discussion of Destination Areas, Touring Corridors and Hubs presented in Sections 7 and 8, identified the following elements of each for the Central region. The map on the following page illustrates these various areas.

**Tier 2 Destination Areas**
- Terra Nova/Eastport Peninsula/Salvage (Road to the Beaches)
- Twillingate/Notre Dame Bay

**Tier 3 Destination Areas**
- Wesleyville/Newtown (New Wes Valley)
- Change and Fogo Islands
- Baie Verte Peninsula
- Bay of Exploits/Exploits Valley

**Service Centres/Hubs and Gateways**
- Gander
- Grand Falls/Windsor
- Springdale (Potential future service centre)

**Priority Themed Touring Routes**
- Kittiwake Coast – the Road to the Isles section only

During the course of our work a variety of project ideas were identified by tourism industry stakeholders during interviews or in regional meetings or in earlier studies and reports, or by tour operators and or by the consulting team.

The consultants have, on a preliminary basis, identified those project ideas that appear to fit with the overall strategy presented in this report and that appear, based on our experience, to potentially have merit, and these are listed below. (Note – This list does not include accommodation project ideas; they are presented later in this section by Economic Zone). We have not, however, assessed the market or economic viability of these project ideas, nor whether there is a business or group prepared to take them on. Such an assessment will be required before any decisions are made about proceeding with any of these projects. A further list of other project ideas that were identified for each region and area, but that are not being advanced by the consultants for further consideration, is provided in Appendix II.
It is important to note that the list below is not necessarily comprehensive. There may very well be other projects that fit with the overall strategy that should be considered in the various regions and destination areas. And, it may well be that some of the project ideas on this list are found, on further evaluation, to not be worthy of pursuit.

### Terra Nova/Eastport Peninsula/Salvage (Road to the Beaches)

This destination area is particularly popular with Newfoundland & Labrador residents – Terra Nova National Park and golf course and the beach and cottage areas of the Eastport peninsula are key strengths. Salvage is a classic ‘outport’ community with limited visitor services although it is becoming an increasingly popular place to visit. Much of the accommodation plant in this area is cottages which tend to be rented on a weekly basis with high levels of repeat visitation from local markets. Likewise, Terra Nova National Park’s camping facilities and the other accommodations in the region receive high levels of visitation from Newfoundlanders, making it more difficult for tourists to stay in this area. There is a limited supply of higher quality accommodation. Terra Nova National Park has been working on a number of initiatives and events including a late spring event based on Eagle watching.

**Suggested Tourism Development Ideas Worthy of Further Consideration**

- Expanded interpretive and activity programming and packages at Terra Nova National Park – hiking, sea kayaking, photography, birding, wildlife viewing
- An initiative to link existing hiking trails from Terra Nova National Park to Salvage to create a world class hiking experience is being worked on by the Road to the Beaches and TNNP. The trails would offer marine vistas, and opportunities for wildlife viewing and birding.
- Further development of natural history festival – The Eagle Festival at TNNP in June

### Twillingate/Notre Dame Bay

This area offers the visitor scenic rugged beauty, numerous harbours and coves and many of the province’s tourism icons – icebergs, whales, lighthouse, living fishing village, and local culture and entertainment as well as established attractions such as Boyd’s Cove Beothuk Interpretation Centre, Prime Berth – the Twillingate Fishing Museum, and the Long Point Lighthouse and Interpretation Centre. Twillingate offers a mix of basic services, accommodations and food and beverage services are limited with respect to both supply and variety, and the area is largely a day trip visit, particularly for the group tour market.

There is a recent tourism strategy for Twillingate and Islands area with a number of proposals as part of a plan to build more of a critical mass of attractions and activities in the area to make it a destination. Most of the suggested tourism development ideas presented below were contained in this strategy and have been proposed in the context of making Twillingate and Islands more of a destination area. As part of this overall strategy there is also a need for accommodations; this is discussed later in this section of the report.
Suggested Tourism Development Ideas Worthy of Further Consideration

- Complete development of the Long Point Lighthouse property – iceberg interpretation, restaurant
- Varied food service – e.g. tea room or café
- In the context of the tourism strategy mentioned above, the development of the Twillingate Experience Centre to provide a range of visitor services and act as a point of arrival and orientation to the area, and a location for booking local activities.
- The plan also proposes development of the harbourfront on the south side of the Twillingate Harbour in a cluster of attractions, activities and experiences.
- Develop a series of guided and self-guided tours with interpretation materials in the Twillingate Islands area; as part of initiative there may be some improvements needed to the hiking trail system.

Wesleyville/Newtown (New Wes Valley)

This area is still in the early stages of development as a tourist destination area. However, the establishment and ongoing development of the Barbour Living Heritage Village is providing a focus for tourism activity in the area. There is currently a very limited supply of accommodations and other things to see and do, hence this area being identified as a Tier 3 destination area.

Suggested Tourism Development Ideas Worthy of Further Consideration

- Continue efforts to develop and enhance the Barbour Living Heritage Village with expanded programming; enhanced dinner theatre, and other efforts to strengthen its sustainability

Change and Fogo Islands – The Island Experience

Adjacent to the Twillingate area, Fogo and Change Islands offer a unique Newfoundland outport experience. Limited visitor services and challenges with respect to access mean that tourism activity in the Islands is limited, but it has been increasing. There is an opportunity to build on the appeals and market recognition of the Twillingate area, in combination with Fogo and Change Islands to create a particularly unique tourist destination area in this central part of the province. Tilting was officially designated by the Heritage Foundation of Newfoundland and Labrador as the first provincial heritage district in 2003.

A key requirement for the Islands, if they are to become more of a tourist destination, is improvements to the ferry service. It needs to be made more tourist friendly, offer more crossings, and there needs to be better directional and informational signage as well as more information provided to passengers on how the system works.
Suggested Tourism Development Ideas Worthy of Further Consideration

- There are a number of basic services needed such as food and beverage services in various locations, ATM machines, etc.;
- Economuseum on Fogo (already being discussed?)
- Evening entertainment and activities;
- Packages such as photography, painting; outport stays;
- Develop Stages & Stores experience
- Explore complementary experiences and programming in Tilting to build on the provincial Heritage District designation

Baie Verte Peninsula

The Baie Verte Peninsula has suffered as a tourism destination due to its location, off of the Trans Canada Highway and some distance between Deer Lake and Grand Falls-Windsor, and due to the limited things to see and do, or places to stay in the area. Its major attraction is the Dorset Soapstone Quarry in Fleur de Lys that has recently been expanded and is seeing increasing visitation. Other attractions in the area include the Miner’s Museum in Baie Verte and King’s Point Pottery. The area has a network of hiking trails and an excellent guidebook to these trails. The area is also an excellent place to view icebergs.

A tourism strategy was recently completed for the Emerald Zone which incorporates most of this area. The strategy identified a variety of needs/opportunities and initiatives for this area and was the source for most of the projects identified below.

Suggested Tourism Development Ideas Worthy of Further Consideration

- The Whale Centre – Whale/iceberg interpretation centre/information centre on the TCH at Springdale
- Upgrade quality of food services and accommodations
- Further development of Springdale as a service centre with an expanded supply of market ready hotels and restaurants; evening entertainment/cultural program
- It may be that other proposals in the strategy have merit as well, such as for example develop the Community Whale display program linked to The Whale Centre (skeletal displays), additional scheduled professional boat tour businesses – whale watching, iceberg viewing such as from Fleur de Lys, La Scie, Triton

Bay of Exploits/Exploits Valley

This area incorporates the area from Badger up through Grand Falls-Windsor, Botwood, Bishops Falls and along to Leading Tickles as well as to Lewisporte on the other side of the Bay of Exploits. The Town of Grand Falls-Windsor is the service centre/hub of this area. The area is known for its salmon fishing and interpretation centre, as well as for the Beothuk heritage of the area as illustrated at the Mary March Regional Museum. It is also known for its aviation heritage. The region has several major special events, such as the Salmon Festival and is a popular destination for recreational vehicle caravans. Accommodations in this area
primarily of the hotel/motel variety with little in the way of demand influencing character accommodations. The tourism industry in the area has been working on a strategy for series of linked coastal experiences – the Bay of Exploits Coastal Tourism Initiatives including hiking trails and interpretive signage, as well as other coastal activities and incorporating areas such as Leading Tickles.

**Suggested Tourism Development Ideas Worthy of Further Consideration**

° Norris Arm – Flying Boat Re-Enactment and Heritage Facility  
° Snowmobiling link to Deer Lake (underway)  
° Signage for Salmon Interpretation Centre in Grand Falls  
° Implementation of key projects from the Exploits Coastal Trail Tourism initiative, including things such as hiking area, eagle viewing and iceberg watching in the Leading Tickles area  
° Beothuk themed experiences – satellite activities/interpretation connected to Boyd’s Cove; suggested itineraries

The Central region of the province is also home to one of the several ‘sleeper destinations’ identified earlier. The Coast of Bays area has appeals as a remote outdoor/wilderness area, for its coastal fjords and scenery and for its Aboriginal cultural heritage. However, services are very limited and the long distances through remote areas are a deterrent to visitors, particularly since they have to return via the same route. The concept of linking this region to the Burin via a car ferry would certainly raise this region to a Tier 3 destination area. A more extensive tourism product offer around the Aboriginal cultural/heritage in the area would also increase the appeal of the area to the true ‘explorer’ markets. The proposed Arts and Cultural Exploration Centre may provide a vehicle for these types of experiences. This area would also benefit from the development of a south coast or ‘around the Island’ adventure cruising product.

**Accommodation Supply, Demand, Needs and Opportunities By Zone**

The suggestions as to opportunities and needs for accommodations in this region were identified during the course of our work on this study from a number of sources – interviews with tour operators, interviews with tourism industry stakeholders including private operators, representatives of industry associations and provincial and federal government staff, focus groups with consumers, and findings from our field research and analysis. We have not assessed the market potential or financial feasibility of any of these accommodation project ideas and do not, therefore, warrant that an opportunity actually exists. They should not be taken as recommendations but as possibilities warranting further consideration.

The type and size of particular accommodation properties (new or expanded) proposed in any area should be based on a further assessment of the nature of the demand in the region, the
gaps, if any, in the type, character and quality of accommodation in the area, and should involve market feasibility assessments for each business opportunity.

The reader is referred to Section 9 of the report for a definition of different types of accommodations warranting support, as well as the issues to be considered when assessing the establishment of new, expanded or upgraded accommodation or campground properties.

**Zone 14: Kittiwake Coast**

**Supply**

- This zone has over 12% of all accommodation units in the province - most of them in the hotel/motel category. Many of the accommodations in the region are located in Gander;
- Most of the accommodations are at the 2 – 2.5 star level though there are a scattering of better quality properties.
- The supply of 4 – 4.5 star accommodation is very limited
- A number of smaller additional properties are potentially opening in 2004 on Fogo/Change Islands; also another B&B in Twillingate is under development; no significant new supply was identified as being planned

<table>
<thead>
<tr>
<th>ZONE 14 – Kittiwake</th>
<th>Number of Prop’s</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
</tr>
<tr>
<td>Hotel/Motel</td>
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<td>638</td>
<td>2</td>
<td>7</td>
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</tr>
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<td>B&amp;Bs</td>
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<td>0</td>
<td>12</td>
<td>118</td>
</tr>
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<td>B&amp;Bs/Inns</td>
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<td>56</td>
<td>0</td>
<td>0</td>
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<td>8</td>
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<td>0.8%</td>
<td>55.6%</td>
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<td>3.6%</td>
<td>2%</td>
<td>57.7%</td>
<td>70.6%</td>
</tr>
<tr>
<td>Province</td>
<td>550</td>
<td>7,121</td>
<td>3.5%</td>
<td>2%</td>
<td>60.5%</td>
<td>57.3%</td>
</tr>
</tbody>
</table>

- The quality of cottages in this region is primarily at the 2 – 2.5 star level with little supply of better quality properties in this categories; there are reports that this product is tired

**Demand**

- Overall, occupancies are better than other parts of this region, but below the provincial average
- Annual occupancies are close to provincial averages
- Hotel/motel occupancies are similar – slightly better than the region overall, but below provincial averages; cottages have higher occupancies than average in July and August,
but demand outside this period is very low; B&Bs in this region perform better than both regional and provincial averages – interestingly the area has a higher than average proportion of B&Bs at better than 3 stars.

The patterns and levels of demand vary by type of property and area within this zone:

- Gander – demand varies with properties reporting turnaways on less than 50% of the nights during the peak season; the community is clearly a hub for touring the area with about 50% of demand being one night stays and 50% two night stays.

- Eastport/Traytown area – the better quality cottages are reportedly full all summer; some into mid September, with primarily a Newfoundland resident market.

- Twillingate Islands area appears to be full with turnaways and there are reportedly lots of nights when there is no accommodation available. There appears to be an overall shortage of supply during the peak season as well as a gap in the types and quality of accommodations available.

- Fogo/Change Islands are apparently getting more multiple night stays, although demand is still limited.

Overall, better quality, character properties appear to do better than average.

Opportunities and Needs

- A demand-influencing style property(s) with character, and of quality, such as an inn with dining in Twillingate (See Section 9 of the report.
for definitions and the introduction to this section on accommodations for cautions and caveats). This gap in the type and quality of accommodations available is constraining the further development of this area as a destination. This need has been identified by a number of tour operators, particularly those catering to the FIT market.

- Upgrading of cottages and/or additional better quality properties in the Eastport Peninsula area to meet contemporary standards and the criteria as described in Section 9.

- There may be future needs for additional accommodation on Fogo/Change Islands as the area develops. However, some additional accommodation is already coming on stream for 2004 and our research indicates that there are a number of unlicensed accommodation properties in this area. A first priority should be to make sure that all existing properties offering accommodations to visitors are licensed. Tilting was identified as being as possible priority area for accommodations, given its recent heritage designation, but we understand a new property is opening there in 2004.

- Accommodations in Salvage. This is becoming more a more popular destination for visitors and the proposed development of the hiking trail network from TNNP discussed earlier will help create demand. A character property, in keeping with the nature of the community would be appropriate.

Zone 13: Coast of Bays

Supply

<table>
<thead>
<tr>
<th>ZONE 13 – Coast of Bays</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Prop’s</td>
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<tr>
<td>1 – 1.5 Star Prop’s</td>
</tr>
<tr>
<td>2 – 2.5 Star Prop’s</td>
</tr>
<tr>
<td>3 – 3.5 Star Prop’s</td>
</tr>
<tr>
<td>4 – 4.5 Star Prop’s</td>
</tr>
</tbody>
</table>

- Hotel/Motel 5 72 0 0 5 72 0 0 0 0 0 0
- B&Bs 3 8 0 0 3 8 0 0 0 0
- Cottages 0 0 0 0 0 0 0 0
- B&Bs/Inns 0 0 0 0 0 0 0 0 0 0
- Total: 8 80 0 0 8 80 0 0 0 0

<table>
<thead>
<tr>
<th>% Of each type</th>
<th>Region (Central)</th>
<th>Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>3.6% 2%</td>
<td>3.5% 2%</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>57.7% 70.6%</td>
<td>60.5% 57.3%</td>
</tr>
<tr>
<td>Cottages</td>
<td>32.4% 25.5%</td>
<td>25.8% 29%</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>10.1% 11.7%</td>
<td></td>
</tr>
</tbody>
</table>

- The zone has only 80 units in total, in 8 properties; most are in hotel/motel style accommodation and all of them at the 2 – 2.5 star grade level.
Demand

- Overall occupancies are well below provincial and regional averages, with peak season demand only just at 50%.
- Occupancies outside of the June through September period are less than 30%.
- Properties interviewed report that they are rarely full and that 2003 was slow compared to previous years.

Opportunities and Needs

There is no evidence of any demand for additional accommodation at this time unless it was truly of destination/demand generating character, and this zone is not likely to be a preferred location for such a property.

---

Zone 13 Coast of Bays Occupancy with Comparison to the Region and Province; 2002

<table>
<thead>
<tr>
<th>Month</th>
<th>Zone</th>
<th>Region</th>
<th>Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>July/Aug</td>
<td>50%</td>
<td>61%</td>
<td>71%</td>
</tr>
<tr>
<td>June-Sept</td>
<td>42%</td>
<td>53%</td>
<td>63%</td>
</tr>
<tr>
<td>Annual</td>
<td>28%</td>
<td>41%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Zone 13: Coast of Bays - Monthly Occupancy Rates 2002
Zone 12: Exploits Valley

Supply

<table>
<thead>
<tr>
<th>Hotel/Motel</th>
<th>Number of Prop's</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prop's</td>
<td>Units</td>
<td>Prop's</td>
<td>Units</td>
<td>Prop's</td>
<td>Units</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>7</td>
<td>226</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>212</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>7</td>
<td>25</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Cottages</td>
<td>4</td>
<td>28</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>22</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>6</td>
<td>50</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>24</td>
<td>329</td>
<td>0</td>
<td>0</td>
<td>13</td>
<td>261</td>
</tr>
</tbody>
</table>

% Of each type

<table>
<thead>
<tr>
<th>Region (Central)</th>
<th>Number of Prop's</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prop's</td>
<td>Units</td>
<td>Prop's</td>
<td>Units</td>
<td>Prop's</td>
<td>Units</td>
</tr>
<tr>
<td>Region (Central)</td>
<td>111</td>
<td>1,468</td>
<td>3.6%</td>
<td>2%</td>
<td>57.7%</td>
<td>70.6%</td>
</tr>
<tr>
<td>Province</td>
<td>550</td>
<td>7,121</td>
<td>3.5%</td>
<td>2%</td>
<td>60.5%</td>
<td>57.3%</td>
</tr>
</tbody>
</table>

° The zone has some 330 units of accommodation, most of it in hotel/motel style properties, and most of it at the 2 – 2.5 Star level

° The zone has a lower than average proportion of accommodation at the 4 star plus level – only 8 rooms; also a lower than average proportion of rooms at the 3 – 3.5 star level – overall, the quality of accommodations is below average for the province

Demand

° Occupancies in Zone 12 are above the regional average for both July/August and the June through September period but slightly below provincial averages.

° For the November through June period, monthly occupancies are generally under 40%
Demand at hotel/motel properties is slightly higher, with occupancies over 70% for July and August, and in the 60% plus range for June through September – this is slightly below provincial averages.

Occupancies at cottage properties in the zone are slightly above provincial averages, at B&Bs they are slightly below provincial averages.

Tour operators expressed some concern about the quality of hotel properties in this region, and also spoke about the need for more evening entertainment activities; however, they made more comments about the lack of things to see and do generally in central NL,

and the need for some “experiences” in this region if it is going to attract and hold more visitors

Local tourism industry personnel believe that there is a shortage of character style accommodation in the Grand Falls-Windsor area and that it is constraining the growth of the industry

It appears from our interviews that there are selected periods when properties are full – e.g. the Salmon Festival, but demand is not consistent throughout the summer period;

Opportunities and Needs

Based on these findings, there does not appear to be sufficient demand for additional transient/service style accommodation unless and until the region starts to see an increase in visitors staying one night or more.

There may however, be opportunities for new capacity in demand influencing style, character, quality accommodations, in the Exploits Valley area, outside of Grand Falls – Windsor. (See Section 9 of the report for definitions and the introduction to this section on accommodations for cautions and caveats). This type of development would be particularly appropriate in conjunction with the development of more things to see and do in this zone so as to increase its appeal to overnight visitor markets.
Zone 11: Emerald

Supply

<table>
<thead>
<tr>
<th>ZONE 11 – Emerald</th>
<th>Number of Prop’s</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>7</td>
<td>95</td>
<td>1</td>
<td>9</td>
<td>5</td>
<td>79</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>4</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Cottages</td>
<td>3</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>1</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Total:</td>
<td>15</td>
<td>130</td>
<td>1</td>
<td>9</td>
<td>8</td>
<td>94</td>
</tr>
<tr>
<td>% Of each type</td>
<td></td>
<td></td>
<td>6.7%</td>
<td>6.9%</td>
<td>53.3%</td>
<td>72.3%</td>
</tr>
<tr>
<td>Region (Central)</td>
<td>111</td>
<td>1,468</td>
<td>3.6%</td>
<td>2%</td>
<td>57.7%</td>
<td>70.6%</td>
</tr>
<tr>
<td>Province</td>
<td>550</td>
<td>7,121</td>
<td>3.5%</td>
<td>2%</td>
<td>60.5%</td>
<td>57.3%</td>
</tr>
</tbody>
</table>

- The zone has some 130 units, with no properties at the 4 – 4.5 star level and fewer than 30 rooms at the 3 – 3.5 star level

Demand

- Occupancy rates in this zone are the lowest of all zones in the province, with even July/August barely reaching 40% - this is illustrative of the highly transient nature of the tourism activity in this area – visitors are passing through but not staying over.
- This may in part be a reflection of the relatively poor quality of accommodation in the area – according to the Emerald Zone Tourism Strategy, the quality of much of the accommodation in the area has dropped to the point where tour operators and independent visitors choose not to stay in the region
- Demand levels are similar for each category of property – with the cottages doing slightly better than the hotels/motels and B&B properties
Opportunities and Needs

- The area has not been a tourist destination to date and a significant level of further development would be needed to move it to this status.
- Poor quality accommodations have further hurt the area – it is not appealing as an overnight stop currently.

Further development of attractions and activities in the area, in line with the Emerald Zone tourism strategy, should help to increase visitation to the region – and it will be important that accommodations be upgraded to meet the expectations of these visitors.

Occupancies suggest limited need for additional accommodations. There may be an opportunity for a small, demand influencing style property (See Section 9 of the report for definitions and the introduction to this section on accommodations for cautions and caveats) in Fleur De Lys or Coachman’s Cove to respond to the growth in visitation to this part of the area.
Section 17

Western Region
Section 17
Western Region

Overview

Western Newfoundland is the major gateway to the province for visitors arriving by auto on Marine Atlantic’s ferries into Port aux Basques. Increasingly, it is also an air gateway with improved service from central Canada and the Maritimes into Deer Lake. Western Newfoundland is also home to one of the province’s major icons – Gros Morne National Park, and to the UNESCO World Heritage Site at L’Anse aux Meadows. The region has a robust summer tourist season and is seeing increasing activity in the early fall. As well, the Deer Lake to Corner Brook area is a winter destination for downhill skiing, primarily for the resident and Maritime markets, and much of the western region also offers snowmobiling. The region is known for its outdoor adventure experiences – hiking, kayaking, wildlife viewing, and boat tours, and also offers a mix of cultural entertainment and heritage sites. He new Humber Valley Resort project is creating a new niche market of visitors to this area, a high end, European market who are purchasing recreational real estate in the region. Corner Brook is the major service centre for the region.

Accommodation Supply and Demand

Supply

- Western Newfoundland has almost 2,000 units of accommodation, some 27% of the accommodation units in the province and 34% of the properties

- It has the highest percentage of properties and units at the 1 – 1.5 star level; it also has the lowest percentage of properties at the 4 – 4.5 Star level on the Island, but the highest proportion of units at the 3 – 3.5 Star level

- While over 1,100 units are found in hotel/motel style facilities, the Western Region has a lower proportion of its accommodation in this category and a higher proportion in the cottage category than other regions of the province.

Supply of Accommodations in Western Region: % of Total

<table>
<thead>
<tr>
<th></th>
<th>Prop’ts</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>20%</td>
<td>59%</td>
</tr>
<tr>
<td>B&amp;B</td>
<td>11%</td>
<td>35%</td>
</tr>
<tr>
<td>Cottages</td>
<td>19%</td>
<td>27%</td>
</tr>
<tr>
<td>B&amp;B/Inn</td>
<td>18%</td>
<td>11%</td>
</tr>
</tbody>
</table>
### Western Region

<table>
<thead>
<tr>
<th></th>
<th>Number of Prop's</th>
<th>Number of Units</th>
<th>1 – 1.5 Star Prop's</th>
<th>1 – 1.5 Star Units</th>
<th>2 – 2.5 Star Prop's</th>
<th>2 – 2.5 Star Units</th>
<th>3 – 3.5 Star Prop's</th>
<th>3 – 3.5 Star Units</th>
<th>4 – 4.5 Star Prop's</th>
<th>4 – 4.5 Star Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>37</td>
<td>1135</td>
<td>3</td>
<td>29</td>
<td>25</td>
<td>568</td>
<td>9</td>
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<td>B&amp;Bs</td>
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<td>5</td>
<td>51</td>
<td>158</td>
<td>11</td>
<td>44</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Cottages</td>
<td>51</td>
<td>375</td>
<td>4</td>
<td>32</td>
<td>30</td>
<td>216</td>
<td>16</td>
<td>121</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>33</td>
<td>215</td>
<td>1</td>
<td>9</td>
<td>14</td>
<td>86</td>
<td>9</td>
<td>64</td>
<td>9</td>
<td>56</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>186</strong></td>
<td><strong>1933</strong></td>
<td><strong>10</strong></td>
<td><strong>75</strong></td>
<td><strong>120</strong></td>
<td><strong>1028</strong></td>
<td><strong>45</strong></td>
<td><strong>767</strong></td>
<td><strong>11</strong></td>
<td><strong>63</strong></td>
</tr>
<tr>
<td>% of Each Type</td>
<td></td>
<td></td>
<td>5.4%</td>
<td>3.9%</td>
<td>64.5%</td>
<td>53.2%</td>
<td>24.2%</td>
<td>39.7%</td>
<td>5.9%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

### Demand

- Average annual occupancy rates in the Western region are in the 40% range.
- Peak season rates have been in the 73% - 74% range for the past two or three years, with occupancies in the 60% - 62% range for the June through September period. Outside of this period, occupancies are generally in the below 30%.
- An exception to this is in the Humber Valley area where the winter activity at Marble Mountain contributes to better than average January through March occupancies. In fact, a number of the accommodation operators in the vicinity of Marble Mountain report that their winter season is as good as if not better than their summer season.
Destination Areas

The discussion of Destination Areas, Touring Corridors and Hubs presented in Sections 8 and 9 identified the following elements of each for the Western region. The map on the following page illustrates these various areas.

Tier 1 Destination Areas
- Top of the Viking Trail (St. Anthony and North, centred on L’Anse aux Meadows)
- Gros Morne National Park and its communities, primarily Rocky Harbour and Norris Point at present

Tier 2 Destination Areas
- Corner Brook/Marble Mountain/Humber Valley

Tier 3 Destination Areas
- Stephenville and Port au Port Peninsula
- Codroy Valley/Southwest Coast
- Central Viking Trail – north of Shallow Bay

Service Centres/Hubs and Gateways
- Port aux Basques
- Corner Brook
- Stephenville
- Deer Lake
- Rocky Harbour
- Hawkes Bay/Port au Choix
- Plum Point (for motorcoach)
- St. Anthony

Priority Themed Touring Routes
- Viking Trail/South Coast of Labrador

During the course of our work a variety of project ideas were identified by tourism industry stakeholders during interviews or in regional meetings or in earlier studies and reports, or by tour operators and or by the consulting team.

The consultants have, on a preliminary basis, identified those project ideas that appear to fit with the overall strategy presented in this report and that appear, based on our experience, to potentially have merit, and these are listed below. (Note – This list does not include accommodation project ideas; they are presented later in this section by Economic Zone). We have not, however, assessed the market or economic viability of these project ideas, nor whether there is a business or group prepared to take them on. Such an assessment will be required before any decisions are made about proceeding with any of these projects. A
further list of other project ideas that were identified for each region and area, but that are not being advanced by the consultants for further consideration, is provided in Appendix II.

It is important to note that the list below is not necessarily comprehensive. There may very well be other projects that fit with the overall strategy that should be considered in the various regions and destination areas. And, it may well be that some of the project ideas on this list are found, on further evaluation, to not be worthy of pursuit.

**Top of the Viking Trail (St. Anthony and North, centred on L’Anse aux Meadows)**

Anchored by a UNESCO World Heritage Site, L’Anse aux Meadows, and several other major attractions including, The Grenfell Centre and Norstead, this area offers a range of other experiences including watchable wildlife (whales, moose, seals), icebergs, and Burnt Cape Ecological Reserve. St. Anthony is the service centre of the area with a number of smaller heritage communities such as Raleigh developing tourism experiences and interpretative programs. Some of the services in St. Anthony are constraining the further development of tourism in the area. One example is the need for additional car rental capacity and the ability to drop off vehicles in St. Anthony which is not now possible.

The area is seeing increasing visitation, as evidenced by attendance levels at L’Anse aux Meadows which reached 33,000 in 2003, a slight increase from 2002 levels but up from 23,000 in 1998. Grenfell Museum receives 12,000 or so visitors a year. This area also receives a number of bus tour visits, however most of them stay at Plum Point due to challenges with the accommodation plant (capacity and quality) in the St. Anthony area. These challenges are also impacting the ability of the area to further develop as a destination for visitors.

The Gros Morne area (see discussion below) also has a number of challenges with respect to accommodation capacity, particularly with respect to demand-influencing and quality properties. Given that both of these Tier 1 destination areas have accommodation issues that need to be addressed, it is recommended that accommodation plans be prepared for the Top of the Viking Trail and the Gros Morne area, identifying preferred locations and the types of properties that would be appropriate in each location. This report could then be used as a basis for pro-active efforts to solicit new accommodations development in these areas.

The Labrador Straits area is discussed in the Labrador section of this report. However, it should be considered as an extension of the Viking Trail and be promoted as such.

**Suggested Tourism Development Ideas Worthy of Further Consideration**

- Evening entertainment and activities, including at L’Anse aux Meadows – such as the Viking Feast, also concerts, theatre, tours,
- Burnt Cape Interpretation Centre
- Additional food and beverage services
- Strengthen the Iceberg Festival in St. Anthony
- Raleigh – consider proposals for development and programming that will celebrate the area’s cultural heritage including restoration, fishing heritage learning vacation,
- Car rental capacity in St. Anthony including ability to do drop off here

**Gros Morne National Park and its communities – primarily Rocky Harbour/Norris Point at present; (Woody Point, Trout River and Shallow Bay have future potential)**

Gros Morne National Park is a major demand generating attraction for Newfoundland and Labrador with national and international market recognition. Product offer includes a range of sightseeing, touring and outdoor adventure activities as well as interpretive programs, wildlife and the Gros Morne Discovery Centre. The surrounding communities provide accommodations and other visitor services. The area is experiencing strong demand (and appears to be at capacity in terms of accommodations) during the peak tourist season and demand remains strong into September. The Gros Morne Theatre at Cow Head is increasingly popular with over 11,000 visitors in 2003 up from 1,300 in 1996.

This area has seen an increased supply of accommodations over the past four or five years. However, our research indicates a shortage of accommodation in this area during the peak season, as well as a gap in terms of high quality, demand-influencing style accommodation. As well, several other reports, as well as interviews conducted with tour operators as part of this study, have identified the lack of a high quality, four star plus property suitable for groups and adventure travellers as being a key need and opportunity for this region, and a constraint to developing new, higher end markets for this area.

**Suggested Tourism Development Ideas Worthy of Further Consideration**
- Re-profiling of Visitors Centre at Gros Morne National Park into a visitor centre for the complete Viking Trail (Rocky Harbour)
- Major shoulder season festivals - late September/October as a first priority, possibly around Thanksgiving. Themes might include - Arts? Nature? Theatrical involving Theatre Newfoundland and Labrador. Spring themes might include - Moose in May - tracking, learning, photography
- Implementation of key elements of the Norris Point Waterfront development plan - quality inn with restaurant; RV park, marina, walking tours, conservation of Fishermen’s Cove, community interpretation; interpretation programs at Marine Sciences facility
- Development of fall conference/workshop market - packaging
- Enhanced live interpretive program on Western Brook Pond tour
- Norris Point to Woody Point Car ferry or Water Taxi
- Evening activities – music/entertainment/storyteller
- More diverse/better quality food and beverage service
- Enhance the visual appeal of Rocky Harbour as a tourist community
- Extend the season of Theatre Newfoundland and Labrador at Cow Head

**Corner Brook/Marble Mountain/Humber Valley**

This area is well-established as a destination with a mix of accommodations and other visitor services in Corner Brook, and winter activities at Marble Mountain as well as snowmobiling.
The ongoing development of Humber Valley Resort and Golf Course will attract new markets to the area, including international markets. Improving air access into Deer Lake from Halifax and central Canada is a plus. The area benefits from year round corporate and winter recreation activity as well as some conference/meetings activity, sports tourism and an increasing number of cruise ship visits. It is also an important overnight stop for group tours entering/leaving through Port aux Basques.

However, the area lacks better quality, character accommodations and accommodation capacity is currently insufficient for conferences of significant size. Evening activities and cultural programming are lacking and there is an opportunity for more things to see and do for visitors who stay in this area. Development of the fall season in this area has also been identified as a key opportunity, given the strength of the fall colour throughout the Humber Valley.

There is a opportunity to establish this area as a full four season destination. We suggest preparation of a Humber Valley Destination Tourism Strategy that explores opportunities to improve the synergies, programming, and packaging so as to make this area a four season destination.

Suggested Tourism Development Ideas Worthy of Further Consideration

° In the context of four season destination development as discussed above, there are opportunities for further development include skiing, snowmobiling, kayaking, hiking, rafting on river, ATV touring, boating, Fall colour, etc. Suggestions include a Fall Festival of Colours as well as more summer activities including sightseeing tours, dinner theatre and entertainment on a regular basis
° Explore operation of a summer/fall chair lift service at Marble Mountain, other summer activities
° Sir Richard Squires Park has a significant water falls and potential for more development, upgrading, interpretation

Stephenville and Port au Port Peninsula

Stephenville is the service centre for this part of Western Newfoundland and home to the Stephenville Theatre Festival. It is also known for its aviation heritage and has recently been successful in getting some direct air access from central Canada via one of the discount carriers. The Port au Port Peninsula is known as the French Shore due to its French heritage. This area remains largely undeveloped as tourist destination although there are a number of unique character accommodation properties starting to be established in this area. The coastal areas around St. George’s are known for its birdwatching and fishing opportunities. The area also has excellent whale watching with whales visible from the coast.

Suggested Tourism Development Ideas Worthy of Further Consideration

° Expansion of Stephenville Theatre Festival programming into the Port au Port Peninsula
° French/Acadian interpretive centre with themed restaurant
Codroy Valley/Southwest Coast

This area encompasses the Cordroy Valley to the northwest of Port aux Basques as well as the south coast east of Port aux Basques to Rose Blanche lighthouse which has been developed as a tourist attraction by a community group. It also includes the Burgeo area which, while remote, offers outstanding sea kayaking opportunities along with the beautiful beaches at Sandbanks Provincial Park. Ferry access from Burgeo is provided to Ramea and along the south coast of the province.

The Codroy Valley is a major migratory birding area and, although tourism here is largely undeveloped, has some potential. A new ‘demand influencing’ style accommodation at the lighthouse at Cape Anguille may help to draw more traffic into this region.

Port aux Basques is the prime auto traffic gateway into the province. Its tourism activity is heavily dependent on the ferry service and it is primarily a one night stop for travellers en route to or from the ferry.

Suggested Tourism Development Ideas Worthy of Further Consideration
- Further to consideration to a Gateway Centre concept as part of a review of the entrance to Newfoundland and Labrador and the provision of visitor information services. The original concept proposed was ambitious - perhaps a more modest complex should be considered.
- Grow/further develop local events
- Further packaging of outdoor adventure (sea kayaking, coastal cruising) in the Burgeo area

Central Viking Trail – north of Shallow Bay

This is a large area stretching from north of Gros Morne National Park to north of St. Barbe, the access point to the Labrador south coast. It includes Port au Choix National Historic Site and area – this area has recently emerged as a priority project under a strategy on tourism opportunities being undertaken for the Viking Trail area. With the increasing appeal of the Labrador south coast, and the eventual opening up of the road through to Happy Valley-Goose Bay, this area can expect to see increasing visitation levels. Ferry traffic across the Straits of Belle Isle has been increasing steadily and there appears to be some accommodation capacity issues beginning to occur as a result. The Plum Point area is a popular overnight destination for motorcoach tours – and in fact has been identified as a bottleneck by some group tour operators since it is the only place north of Rocky Harbour that can accommodate more than one tour at a time (and it can only hold two tours).

A variety of other smaller scale initiatives are currently being investigated throughout this stretch of the Viking Trail.

Suggested Tourism Development Ideas Worthy of Further Consideration
- Further development and enhancement of Port aux Choix including a Heritage Master Plan, waterfront development, interpretive programming and possibly an economuseum
around shrimp products. Other possible elements include the restoration of Bread Oven at Port aux Choix, and the protection of the Lighthouse

- St. Barbe area – Gateway to Labrador – signage, interpretive facilities, information, hiking/walking trails
- Interpretation at Table Point (geology, fossils)
- Lighthouse near Port Saunders – possible location for Quirpon Island style accommodation

Accommodation Supply, Demands, Needs and Opportunities by Zone

The suggestions as to opportunities and needs for accommodations in this region were identified during the course of our work on this study from a number of sources – interviews with tour operators, interviews with tourism industry stakeholders including private operators, representatives of industry associations and provincial and federal government staff, focus groups with consumers, and findings from our field research and analysis. **We have not assessed the market potential or financial feasibility of any of these accommodation project ideas and do not, therefore, warrant that an opportunity actually exists. They should not be taken as recommendations but as possibilities warranting further consideration.**

The type and size of particular accommodation properties (new or expanded) proposed in any area should be based on a further assessment of the nature of the demand in the region, the gaps, if any, in the type, character and quality of accommodation in the area, and should involve market feasibility assessments for each business opportunity.

The reader is referred to Section 9 of the report for a definition of different types of accommodations warranting support, as well as the issues to be considered when assessing the establishment of new, expanded or upgraded accommodation or campground properties.

Zone 6: Nordic (St. Anthony area and south past St. Barbe)

**Supply**

- The supply is very limited with only some 225 units. It is heavily concentrated at 2 – 2.5 star level with a lower than average proportion at the 4 – 4.5 star level, and even at the 3 – 3.5 star level compared to the rest of the Western Region. The nature of the product in the area and its strong appeals to the vacation/pleasure market, suggest that the supply is not a good match with the markets available, and that there are gaps in the supply.
Demand

- Reported occupancies for the tourist season are slightly below average
- Demand in the rest of the year is very weak
- Data suggests that visitors to this area are not staying overnight to the extent that they might – the lack of a supply of appropriate accommodations appears to be a major reason for this, based on comments from tour operators, and local industry representatives
- Occupancies at hotel/motel properties are below average for the western region and the province
- Occupancies at cottage properties are very high, albeit for a short season; Note that the quality of cottage properties is higher than average for the region
- Occupancies at B&B’s are higher than average for the region and the province.
Opportunities and Needs

- Tour operators and other tourism stakeholders have expressed major concerns about the accommodation available in the St. Anthony area – both in terms of the overall quantity of rooms available and in terms of the supply of accommodation of the type, quality and character that the market is seeking. One of the concerns is hotels that are local entertainment establishments rendering them less suitable for tour groups. Another is the marginal state of cleanliness and state of repair in some instances, according to tour operators. Two major needs have been identified:
  - Demand generating/influencing style accommodations (see Section 9 for definitions and the beginning of this section on accommodations for cautions and caveats) such as a quality (4 Star minimum), character inn with dining.
  - Better quality facilities to meet the needs of the group tour market than is currently available. These would be properties offering a quiet, restful overnight environment and a high standard of cleanliness and state of repair. A minimum of 40 rooms is appropriate in that up to 30 are required for the tour group itself. A dining room on-site or immediately adjacent is also important. This would either be a new property or potentially a fundamental transformation of an existing property.
  - There is also an option to expand the capacity in Plum Point which is strategically located for group motorcoach tours, some of whom prefer this location over St. Anthony.

- Additional accommodation capacity in the St. Barbe area to handle future growth in traffic to/from the Labrador coast.

Zone 7: Red Ochre (Gros Morne north to Plum Point)

Supply

<table>
<thead>
<tr>
<th></th>
<th>Number of Prop’s</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>11</td>
<td>276</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>22</td>
<td>69</td>
</tr>
<tr>
<td>Cottages</td>
<td>23</td>
<td>136</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>6</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>62</strong></td>
<td><strong>516</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>1</td>
<td>10</td>
<td>9</td>
<td>246</td>
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<tr>
<td>B&amp;Bs</td>
<td>2</td>
<td>5</td>
<td>14</td>
<td>43</td>
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<tr>
<td>Cottages</td>
<td>2</td>
<td>6</td>
<td>11</td>
<td>55</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>5</strong></td>
<td><strong>21</strong></td>
<td><strong>37</strong></td>
<td><strong>361</strong></td>
</tr>
</tbody>
</table>

% Of each type

- Region (Western)
  - 186
  - 1,933
  - 5.4%
  - 3.0%
  - 64.5%
  - 53.2%
  - 24.2%
  - 39.7%
  - 5.9%
  - 3.3%
- Province
  - 550
  - 7,121
  - 3.5%
  - 2%
  - 60.5%
  - 57.3%
  - 25.8%
  - 29%
  - 10.1%
  - 11.7%

This area has over 500 units of accommodation at the time this inventory was undertaken and we are aware of another 60 or so rooms opening in 2004. The supply of properties/units at the 4 – 4.5. star is almost non-existent; the supply is much lower than average at the 3 – 3.5 star level. Given the profile of this destination area and attraction of
GMNP, this is a significant gap in the supply of accommodation of the type and quality to meet market demands and expectations and suggests an opportunity for more, better quality properties.

- The supply of properties at the 1-1.5 star level is double the provincial average; also there is a much higher proportion of units at the 2.5 star level – this is in part due to the high number of Hotel/Motel units and the fact that air conditioning is required to get a 3 star grade in this category.
- Most of the better quality units in the region are in the cottage category.

**Demand**

- Occupancy rates are well above average for July/August, and have been increasing steadily; June through September occupancy is slightly above average. This is due to higher July/August figures.
- Occupancies are very low for the rest of the year.

**Zone 7: Red Ochre - Monthly Occupancy Rates 2002**

**Opportunities and Needs**

- As discussed earlier, there is a gap both in the overall supply of accommodation in the Gros Morne area during the peak season, and a gap in accommodation of the type and character being demanded by the marketplace. There is an opportunity for demand generating/demand influencing style property(s) (see Section 9 for definitions and the introduction to this accommodation section for cautions and caveats), 4 star minimum, in the GMNP area.
One should be of sufficient size for groups with a minimum 40 units; in a natural setting with dining and a variety of amenities. A resort lodge style property has been suggested in earlier studies. Tour operators, adventure operators and industry leaders have all identified that the lack of properties of this calibre and character in this area is constraining the development of tourism.
There is virtually no accommodation on the south side of the Park and this is also constraining the growth of tourism activity in this area; there appears to be an opportunity for 4 star + demand influencing style accommodation with dining in this area as well.

There may also be an option to address the concerns about accommodation for group tours in St. Anthony by expanding the capacity in Plum Point which is strategically located for group motorcoach tours, some of whom prefer this location over St. Anthony.

Zone 8: Humber (Includes Deer Lake, Corner Brook)

Supply

<table>
<thead>
<tr>
<th></th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>460</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>19</td>
<td>59</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cottages</td>
<td>15</td>
<td>169</td>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>11</td>
<td>89</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total:</td>
<td>56</td>
<td>777</td>
<td>1</td>
<td>23</td>
</tr>
<tr>
<td>% Of each type</td>
<td>1.8%</td>
<td>3%</td>
<td>62.5%</td>
<td>35.5%</td>
</tr>
<tr>
<td>Region (Western)</td>
<td>186</td>
<td>1,933</td>
<td>5.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Province</td>
<td>550</td>
<td>7,121</td>
<td>3.5%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Note that the supply does not take into account the 200 plus units being developed at the Humber Valley Resort, some of which (most?) will be available for rent. These will be very high end, expensive by NL standards, and will be large units suitable for families and small groups.

The almost 800 units in the area is concentrated in the hotel/motel category and at the 3 – 3.5 star level – due to several hotels in Corner Brook at this grade.

There is a significant number of cottages in the area but they are mostly at the 2 – 2.5 star grade.

A low proportion of the supply is at the 4 star plus level, and almost all of it is in the B&B/Inn category.

Our research indicates some increases in supply coming on stream in the Marble Mountain/Steady Brook area.
Demand

- Annual occupancies are close to provincial averages – the region benefits from the winter activity associated with Marble Mountain
- Hotel/motel occupancy rates have been above average for both July/August and the June through September period. They have also been reasonable on a year round basis – due to commercial traffic in the area, as well as winter demand associated with skiing. Note that 2003 occupancies are likely to be quite a bit lower due to a downturn in group tour business which is a mainstay of demand for hotels in Corner Brook during the July/August period.

Opportunities/Needs

- There is no evident shortages of accommodation, however there have been suggestions made by tour operators and industry leaders as to the need for:
  - Upgrading of hotel accommodations in Corner Brook
  - 4 star plus, demand-influencing style property in Corner Brook
  - Additional capacity in Corner Brook to accommodate larger conventions (apparently the Corner Brook Economic Development Corporation is having this assessed)
- These opportunities should be assessed in the context of the earlier discussion about the opportunities to establish the Humber Valley area as a four season destination,
- The full impact of Humber Valley from an accommodation rentals stand point is not known at this time. However, the rental rates being proposed, ranging from $300 $700 per night for multi-bedroom units, suggests that only the high end of the market will be served by this property.

Zone 9: Long Range (Includes Stephenville, Port au Port Peninsula, Burgeo area)

Supply

- This zone has fewer than 200 units, but they offer a mix of types of properties and star grades – except there is very little in the way of cottages; hotel/motel properties tend to be at the 2 – 2.5 star grade level
- Note that a new property opened in 2003 out near the end of the Port au Port Peninsula - at the 4 Star Level– Crosswinds Resort with 9 rooms with dining
### ZONE 9 – Long Range

<table>
<thead>
<tr>
<th>Number of Prop's</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>6</td>
<td>1</td>
<td>7</td>
<td>4</td>
<td>78</td>
</tr>
<tr>
<td>B&amp;Bs</td>
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<td>0</td>
<td>5</td>
<td>17</td>
</tr>
<tr>
<td>Cottages</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>6</td>
<td>37</td>
<td>12</td>
<td>111</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>19</strong></td>
<td><strong>196</strong></td>
<td><strong>1</strong></td>
<td><strong>12</strong></td>
<td><strong>111</strong></td>
</tr>
<tr>
<td>% Of each type</td>
<td></td>
<td>5.2%</td>
<td>3.6%</td>
<td>63.1%</td>
<td>56.6%</td>
</tr>
<tr>
<td>Region (Western)</td>
<td>186</td>
<td>1,933</td>
<td>5.4%</td>
<td>3.0%</td>
<td>64.5%</td>
</tr>
<tr>
<td>Province</td>
<td>550</td>
<td>7,121</td>
<td>3.5%</td>
<td>2%</td>
<td>60.5%</td>
</tr>
</tbody>
</table>

#### Demand

- Occupancy rates in this zone are well below average in July and August, and June through September, not reaching 55% even in July and August for the past two years.
- For the rest of the year, the occupancies are similar to those for the entire Western Region, and they appear to remain fairly steady throughout the year – likely due to commercial traffic in major properties in Stephenville.

#### Opportunities and Needs

- There does not appear to be an excess of demand over supply at this point – though there may be some short term challenges with increased visitation due to the Acadian celebrations.
- The zone has at least two ‘demand influencing’ properties – one new one that is just getting started and will take a few years to build market demand and awareness.
There may be some future opportunities in Burgeo, depending on growth in adventure tourism activity in this region.

**Zone 10: Marine and Mountain (Port aux Basques/Codroy Valley Area)**

**Supply**

<table>
<thead>
<tr>
<th>ZONE 10 - Marine and Mountain</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Prop’s</td>
<td>Number of Units</td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>4</td>
<td>164</td>
<td>0</td>
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<tr>
<td>B&amp;Bs</td>
<td>3</td>
<td>9</td>
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<td>0</td>
</tr>
<tr>
<td>Cottages</td>
<td>6</td>
<td>35</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>5</td>
<td>25</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total:</td>
<td>18</td>
<td>233</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>% Of each type</td>
<td>-</td>
<td>-</td>
<td>83.3%</td>
<td>40.3%</td>
</tr>
</tbody>
</table>

| Region (Western)             | 186         | 1,933      | 5.4%    | 3.0%    | 64.5%   | 53.2%   | 24.2%   | 39.7%   | 5.9%    | 3.3%    |
| Province                     | 550         | 7,121      | 3.5%    | 2%      | 60.5%   | 57.3%   | 25.8%   | 29%     | 10.1%   | 11.7%   |

- The zone has only just over 200 accommodation units; with 2/3 provided in four hotel/motel properties; two of these properties are at the 3–3.5 star level
- The zone has no properties at the 4–4.5 star range

**Demand**

- Demand in the area is strong during the June through September period with occupancies significantly higher than the provincial and regional average – given the distance from Port aux Basques to the next community, and the ferry schedules, most visitor using the ferry have to stay overnight in the area
- Hotel/motel occupancies are particularly strong – close to 90% in July and August, and 60% - 70% in June and September
- Occupancy rates for the November through April/May period are very low – well below the provincial averages
Opportunities and Needs

- While there are some turnaways in this region, there does not seem to be sufficient demand that is not being met to justify additional transient style properties, at least with current levels of visitation.
- There may be opportunities in this region for unique, demand-influencing style accommodation that would help encourage some of the large number of visitors passing through this area to spend some time in the region. Examples of this would include the lighthouse accommodation property in the Codroy Valley area – a unique, character property that has the potential to attract visitors to this part of the province.
Section 18

Labrador Accommodation Assessment
(Zones 4 and 5)
Section 18
Labrador Accommodation Assessment
(Zones 4 and 5)

Overall Accommodation Supply and Demand

Supply
- Labrador a total of some has some 600 units of accommodation in under 40 properties. It has 8% of all accommodation units in the province.

<table>
<thead>
<tr>
<th>LABRADOR REGION</th>
<th>Number of Prop’s</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
</tr>
<tr>
<td>Hotel/Motel</td>
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<td>0</td>
<td>16</td>
<td>435</td>
</tr>
<tr>
<td>B&amp;Bs</td>
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<td>42</td>
<td>1</td>
<td>2</td>
<td>10</td>
<td>37</td>
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<tr>
<td>Cottages</td>
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<td>39</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>24</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>4</td>
<td>27</td>
<td>1</td>
<td>8</td>
<td>3</td>
<td>19</td>
</tr>
<tr>
<td>Total:</td>
<td>37</td>
<td>602</td>
<td>2</td>
<td>10</td>
<td>31</td>
<td>515</td>
</tr>
<tr>
<td>% of Each Type</td>
<td></td>
<td></td>
<td>5.4%</td>
<td>1.7%</td>
<td>81.1%</td>
<td>85.5%</td>
</tr>
</tbody>
</table>

Note: All data excludes hunting/fishing/outfitting camps.
- Most of the accommodation is in hotel/motel style properties.

Supply of Accommodations in Labrador - % of Total
Demand

Labrador occupancy rates are the most consistent on a year round basis of all region – but they are considerably lower than rates for the rest of the province. Annual rates have been in the 40% range for the past three years with a peak season rate of 50% - 57% and June through September rates in the high 40s to low 50s.

Accommodations in Labrador - Monthly Occupancy Rates: 2002
Accommodations Supply, Demand, Needs and Opportunities by Zone

The suggestions as to opportunities and needs for accommodations in this region were identified during the course of our work on this study from a number of sources – interviews with tour operators, interviews with tourism industry stakeholders including private operators, representatives of industry associations and provincial and federal government staff, focus groups with consumers, and findings from our field research and analysis. We have not assessed the market potential or financial feasibility of any of these accommodation project ideas and do not, therefore, warrant that an opportunity actually exists. They should not be taken as recommendations but as possibilities warranting further consideration.

The type and size of particular accommodation properties (new or expanded) proposed in any area should be based on a further assessment of the nature of the demand in the region, the gaps, if any, in the type, character and quality of accommodation in the area, and should involve market feasibility assessments for each business opportunity.

The reader is referred to Section 9 of the report for a definition of different types of accommodations warranting support, as well as the issues to be considered when assessing the establishment of new, expanded or upgraded accommodation or campground properties.

Zone 4: Aurora

Supply

<table>
<thead>
<tr>
<th>Number of Prop’s</th>
<th>Number of Units</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
<td>Units</td>
<td>Prop’s</td>
</tr>
<tr>
<td>Hotel/Motel</td>
<td>3</td>
<td>47</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cottages</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>2</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
<td>64</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>% Of each type</td>
<td></td>
<td></td>
<td>85.7%</td>
<td>98.4%</td>
<td></td>
</tr>
<tr>
<td>Region (Labrador)</td>
<td>38</td>
<td>603</td>
<td>5.3%</td>
<td>1.7%</td>
<td>81.6%</td>
</tr>
<tr>
<td>Province</td>
<td>550</td>
<td>7,121</td>
<td>3.5%</td>
<td>2%</td>
<td>60.5%</td>
</tr>
</tbody>
</table>

° There are less than 100 units in total in this zone, almost all at the 2 – 2.5 star range

Demand

° Note that reporting rates have been generally low – less than 50%
There has been significant use of accommodations by commercial travellers and workers involved with the highway in the past few years – data may not reflect pleasure travel demand, even in the summer season.

Occupancy rates in the peak season are above average for Labrador as a whole – and in 2002 above provincial averages as well.

Hotel/motel properties did particularly well in the past three years – from June through September and into November. This may be due to unusual activity such as road construction.

A new 6 room motel and restaurant opened in Cartwright in September 2003. There is at least one proposal for the expansion of an existing property in Cartwright but any decision is on hold till the issue around the ferry is resolved. There are also rumours of a couple of other new properties or expansions that are apparently not proceeding at this time due to the uncertainties.

The Alexis Hotel in Port Hope-Simpson just completed adding 12 additional units, significantly increasing the supply of accommodation in this community.

Opportunities/Needs

The situation in this part of Labrador is very much in flux due to several issues, all of which will impact on accommodations needs and opportunities over the next five years. These include:

- The role of Cartwright as a port for the Sir. Robert Bond ferry. This ferry operated between Happy Valley-Goose Bay and Cartwright in 2003 and passenger volumes were up some 40% over the preceding year when it operated from HVGB to Lewisporte (with a stop in Cartwright). This generated a significant increase in business for accommodation operators in the Cartwright area. Unfortunately, there is no data on the split between
local/regional residents and tourists on the ferry but local operators suggest that the increase in demand is a combination of residents and a big increase in the number of tourists taking the circle tour - the 12 hour run from HVGB to Cartwright is much more appealing, apparently, than the 35 hour run to Lewisporte. However, the routing of the ferry has been the subject of much discussion and a recently completed study, and it remains unclear whether the terminus for the route will be Cartwright or Lewisporte.

- The completion of the road link to Happy Valley-Goose Bay. A final routing has recently been announced and plans are for the road to be developed over the next 3 – 5 years. The road will connect with the existing road some 87 km south of Cartwright, meaning that through traffic will tend to bypass Cartwright and head to Port Hope-Simpson and further south. When this road is completed, we assume that the ferry service from HVGB will be discontinued. Cartwright’s potential future role in any ferry service that goes along the north Labrador coast is unknown. The volume of traffic that will use this route will have a major impact on demand for accommodation (and also on campgrounds albeit to a lesser extent since we understand that the current activity includes a notable number of recreational vehicles) all the way from Happy Valley-Goose Bay to the Straits of Labrador and beyond. However, it is impossible at this time to estimate what volumes of traffic might be generated.

- The proposed Mealy Mountain National Park – Cartwright is proposed as the gateway community for this park.

- The Port Hope-Simpson area may well see increased demand after the road opens since it would be the first/last convenient overnight stop between the coast and Happy Valley-Goose Bay. Also, we understand that there is to be some consolidation of air service in the area with the phasing out of air strips in Mary’s Harbour and Charlottetown, leaving the Port Hope-Simpson air strip to service the area. However, as noted above, there has just been a significant increase in the supply of accommodations in this community.

- Potential increases in attendance at Battle Harbour. Attendance volumes remain fairly low and there are challenges accessing the site. However, if attendance were to increase, this would impact demand for accommodations in the Mary’s Harbour area.

Given that the impact of the above factors is unknown at this point, it is impossible for us to identify any future needs or opportunities for accommodations in this zone. A careful monitoring will be required once some of these factors are resolved, and after the road is completed, to assess likely future accommodation needs and opportunities.
Zone 5: Labrador Straits

Supply

<table>
<thead>
<tr>
<th>ZONE 5 – Labrador Straits</th>
<th>1 – 1.5 Star</th>
<th>2 – 2.5 Star</th>
<th>3 – 3.5 Star</th>
<th>4 – 4.5 Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel/Motel</td>
<td>Prop’s 2</td>
<td>Units 73</td>
<td>Prop’s 1</td>
<td>Units 14</td>
</tr>
<tr>
<td>B&amp;Bs</td>
<td>Prop’s 4</td>
<td>Units 13</td>
<td>Prop’s 4</td>
<td>Units 13</td>
</tr>
<tr>
<td>Cottages</td>
<td>Prop’s 2</td>
<td>Units 24</td>
<td>Prop’s 2</td>
<td>Units 24</td>
</tr>
<tr>
<td>B&amp;Bs/Inns</td>
<td>Prop’s 0</td>
<td>Units 0</td>
<td>Prop’s 0</td>
<td>Units 0</td>
</tr>
<tr>
<td>Total:</td>
<td>Prop’s 8</td>
<td>Units 110</td>
<td>Prop’s 7</td>
<td>Units 51</td>
</tr>
</tbody>
</table>

% Of each type
- Region (Labrador) 38 603 5.3% 1.7% 81/6% 45.5% 12.5% 53.6% - - 2.6% 0.2%
- Province 550 7,121 3.5% 2% 60.5% 57.3% 25.8% 29% 10.1% 11.7%

- This region has only 110 units in total and, at an average of 2.5 persons per room, could accommodate some 275 persons per night or over 25,000 during a 100 day tourist season
- There is only one property at more than a 3 star grade – the Northern Lights Inn in L’Anse-au-Claire

Demand

- Occupancy levels are below the average for Labrador and for the province overall. Our interviews suggest that demand in the peak season of 2003 was mixed with some properties reporting strong demand and others not doing as well. The very short season is a major weakness in the area.
- Note, however, that the reporting rate is less than 50% - and there are only a small number of properties in total; data for 2002 indicates that only 50 rooms were reporting occupancy rates – this could be one hotel property alone. As such, the occupancy data must be viewed with caution.
- Outside July and August, demand is very low with occupancy rates in the 20% range every month; hotel/motel properties do the best in the winter months, likely due to commercial traffic.

![Zone 5 Labrador Straits Occupancy](image_url)
Our interviews and data such as the passenger loads on the Labrador Straits ferry, suggest increasing visitation to this area, with more visitors from a variety of origins. The Red Bay National Historic Site appears to be the main destination, creating demand for accommodation in this area. There is only one Bed & Breakfast in Red Bay (4 rooms) and a 14 unit property in West St. Modeste.

Most of the demand in the area is for one night only. Operators report that there has definitely been an increase in activity since the new road opened up.

Opportunities and Needs

The Labrador Straits area is also going to be impacted by the decision about the Sir. Robert Bond and the eventual opening of the road to Happy Valley-Goose Bay. Red Bay National Historic Site is attempting to achieve UNESCO designation and if these efforts were successful, this would likely help to generate an increase in visitation to this site.

There appears to be a need for upgrading at some properties, and, other than that, the only opportunity that might exist in the short term is for additional accommodation in the Red Bay area, either in a B&B or a small inn. However, demand in this location is highly seasonal and viability will be a challenge.

There is also an interesting mix of uses emerging in the Point Amour area, between Forteau and L’Anse au Loup, as discussed earlier in the report, that, as they develop and begin to impact visitor activities, could contribute to an increased length of stay in this area and help to raise occupancy levels. This includes the 1857 Point Amour Lighthouse, Labrador Straits Museum and the 7,500 year old Maritime Archaic burial ground. In addition, the Labrador Natural Heritage Centre is being developed on the site to study and celebrate the area’s distinctive natural heritage (sub-arctic, rare plants, landforms and fossil beds), with participation by Memorial University. It will also include a small gallery/theatre venue. There are also major hiking opportunities in the area. Major stories that can be told include the Grenfell Mission and the well documented 1922 wreck of HMS Raleigh on the rocks off Point Amour. This mix of activities, when developed and packaged, could increase length of stay in the area and help raise occupancy levels for local accommodations operators.
As with Zone 4, activity in the Labrador Straits Zone will need to be monitored carefully as the various factors discussed above are resolved or take effect, so as to determine the impact on the need and opportunity for accommodations.
Appendix I

Information of New Zealand’s Qualmark™

Source: www.qualmark.co.nz
Tourism businesses

All non-accommodation tourism businesses seeking the Qualmark™ endorsement are assessed against standard general criteria based around customer expectations in six core quality areas.

Some businesses must also be assessed against additional criteria that are specific to their type of operation. For example, there are additional "bolt-on" criteria for all adventure tourism business as well as sector specific "bolt-on" criteria for some sectors like sea kayaking, horse trekking, and all terrain vehicles etc. The additional criteria typically fall into the quality areas of "General safety and welfare", "Facilities and equipment" and "You and staff", and may be in the form of additional minimum requirements or quality scoring criteria.

<table>
<thead>
<tr>
<th>Quality areas for assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Customer Service</td>
</tr>
<tr>
<td>2. Facilities and equipment</td>
</tr>
<tr>
<td>3. You and your staff</td>
</tr>
<tr>
<td>4. Environmental and cultural impacts</td>
</tr>
<tr>
<td>5. General safety and welfare</td>
</tr>
<tr>
<td>6. Overall business operations</td>
</tr>
</tbody>
</table>

The assessment criteria for the endorsement system are based on the quality tourism standards (QTS) developed by the industry under the guidance of the Tourism Industry Association (TIA) and published for the first time in 2001. Some sectors have further extended the standards to ensure they are appropriate to the special aspects and requirements of those businesses.

Simply New Zealand

"Endorsed" definition:
Professional and trustworthy

For more detailed definitions Click here

"It enables the customer to shop with confidence in the knowledge that they are dealing with a retailer that will ensure customer satisfaction."
Assessment process

The assessment process is an important part of Qualmark's relationship with operators and provides Qualmark with an opportunity to add value to their business and the industry as a whole. It is not a test but a process that the assessor works through with the operator to assist them to achieve Qualmark endorsement.

- The assessment is divided up into six "quality areas" that represent aspects of the business that contribute to the quality of the customer experience. Within some of the quality areas there may be two or more sections to the assessment depending on the type and complexity of the business.
- Each quality area contains a series of minimum requirements. These are aspects of the service that must be in place in order to meet travellers' fundamental requirements. These minimum requirements must be met to ensure eligibility for an endorsement.
- Each quality area also includes quality scoring criteria, out in three columns. Those in the first column represent reasonably basic customer expectations, the middle column reflect higher quality expectations, and the third column recognizes aspects that are likely to delight customers. Your quality score is determined by the number of ticks you have in each column. An excerpt from the assessment criteria is shown below.

<table>
<thead>
<tr>
<th>Quality area</th>
<th>Quality score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of business when answering the phone</td>
<td>0</td>
</tr>
<tr>
<td>Clear directions are provided on how to locate the activity or facility</td>
<td>1</td>
</tr>
<tr>
<td>Credit card payment facilities available</td>
<td>2</td>
</tr>
<tr>
<td>All booking inquiries are normally cleared and responded to within 24 hours</td>
<td>3</td>
</tr>
<tr>
<td>Evidence of an organized approach for dealing promptly with customer inquiries, bookings, correspondence, complaints, etc: eg systems and forms, 0000 number, reference or confirmation number provided, etc</td>
<td>4</td>
</tr>
<tr>
<td>Convenient payment options available: e.g. EFTPOS, foreign currency, charge to guest account, direct deposit, visa etc.</td>
<td>5</td>
</tr>
<tr>
<td>Ability to acknowledge and give recognition to repeat customers</td>
<td>0</td>
</tr>
<tr>
<td>Rapid turnaround to inquiries, including &quot;off hours&quot;</td>
<td>1</td>
</tr>
<tr>
<td>Where applicable, details are always communicated at times of booking</td>
<td>2</td>
</tr>
<tr>
<td>Evidence of an organized approach for dealing promptly with customer inquiries, bookings, correspondence, complaints, etc: eg systems and forms, 0000 number, reference or confirmation number provided, etc</td>
<td>3</td>
</tr>
<tr>
<td>Convenient payment options available: e.g. EFTPOS, foreign currency, charge to guest account, direct deposit, visa etc.</td>
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<td>0</td>
</tr>
<tr>
<td>Where applicable, details are always communicated at times of booking</td>
<td>1</td>
</tr>
</tbody>
</table>

- The score in each quality area is "weighted" to reflect the relative importance of the different quality areas to the overall customer experience, and combined to give an overall quality score.
- An overall score of 60% or more, and a score of at least 50% in each of the six quality areas, must be achieved to be eligible for the Qualmark™ endorsement. Click here to out more about joining.
The Licensing Process

The assessment systems determine the eligibility of tourism accommodation businesses to be part of the Qualmark™ licensing system. The integrity and scope of the assessment systems are critical in establishing the credibility of the Qualmark™ as a mark of quality.

Tourism-related businesses can enter the Qualmark™ licensing system by way of a star grading assessment for accommodation businesses, or an endorsement assessment for activity, adventure tourism, transport and service operators.

Qualmark's assessment systems

Qualmark's assessment systems have been developed in conjunction with operators, sector and industry associations other stakeholders to ensure they accurately reflect the needs and expectations of today's visitors, and that they have broad support within the industry. The systems have also been developed with reference to international tourism assessment systems and customer research, as well as drawing on Qualmark's own extensive experience in assessing tourism businesses.

All of Qualmark's assessment systems are based on the same basic methodology and processes. They first determine that traveller's minimum requirements (ie the things that absolutely must be there) are met. They then assign quality scores in a variety of areas appropriate for that business, which are weighted to determine an overall quality score. For accommodation businesses, this overall quality score determines the star grade, while for other tourism businesses the quality score must be 60% or more in order to confirm the Qualmark endorsement.

The assessment process

appropriate fee and application received
Pre-assessment pack is sent to operator

- The operator can use this information to ensure they:
  - meet minimum requirement
  - identify area where service levels can be easily or inexpensively enhanced prior to the assessment visit.

Onsite assessment is completed

- Takes between two hours and a full day depending on the size and scope of the business.
- It provides an opportunity to discuss ideas and opportunities with assessors.
- Assessor will talk with the operator to understand their business focus and then undertake the assessment of the business, working through the detailed criteria.
- During each assessment it is a further goal of each assessor to add value for the business by:
  - giving feedback
  - discussing ideas
  - identifying possible areas for improvement.
advising on where effort and capital be best invested.

The assessment report sent to operator

- The assessment re details:
  - quality score
  - comments
  - additional opportunities each area of assessment.
  - the outcome the assessment (i.e. the star grade or pass/fail for endorsement)

- If minimum requirements have been met the licence holder has eight weeks to provide any evidence that they have been put right in order to confirm the star grade or endorsement.

Additional process notes

- The emphasis of the criteria is on the outcome, rather than being a 'prescriptive' checklist. Eg, the booking service is user friendly and provides the necessary level of service and information rather than having to use specific technology or process.
- The length of time taken by the assessment depends on the type, size and complexity of business being assessed.
- The assessor determines where the business sits in relation to the standards and criteria.
- A flexible approach is taken to the application of the
criteria based on the business being “fit for purpose”
the degree to which the facilities or services are suit
the business’s target market(s) and/or the type of vi:
experience they aim to deliver.
- Accommodation assessments are carried out by
Qualmark’s own assessment team. Assessments for t
endorsement system are carried out by an external
assessment agency under contract to Qualmark.

Customer feedback

Customer feedback is an important element of the Qualmar
programme, to validate assessment findings and help identi
improvement opportunities for the operator.

Qualmark’s onsite assessment takes place on a single day d
annual or biannual period. Customers, on the other hand, a
experiencing the product or service on a daily basis and are
important judges of an operator’s performance.

Qualmark encourages all forms of feedback from customers
and negative - via feedback cards available in star graded
accommodation, direct contact with the Qualmark office an
Qualmark’s web site. Feedback is noted and forwarded to o
so they can see what customers say they’re doing right, or
think could be done better.

From time to time Qualmark receives complaints from custc
disappointed by the service they’ve received. In these insta
Qualmark refers the complaint on to the operator encouragi
to resolve the matter directly with the customer, with a cop
Qualmark. If a significant problem reoccurs, Qualmark seek
explanation from the operator about the circumstances surr
the complaints and agrees corrective actions to be implem
the case of persistent and serious complaints, Qualmark ha:
ability to suspend or terminate an operator’s licence if they
unable or unwilling to rectify the problem.
Appendix II

Other Tourism Project Ideas Identified During the Study
Appendix II

Other Tourism Project Ideas Identified During the Study

During the course of preparing this product development strategy a considerable variety of project ideas were identified. Many were identified by tourism industry stakeholders during interviews or in regional meetings; others had been identified in earlier studies and reports and a number were identified by the consulting team during the course of our work. Those of them identified as potentially fitting with the overall strategy and potentially having merit in the context of warranting further evaluation, were identified in the report.

This appendix presents a list of the other ideas, by region and destination area. These were not seen by the consultants as either fitting the strategy or having the same level of merit or potential. However, if a proponent was to pursue one of them further and is able to make an effective case in its support, that should be listened to. In other words, our judgement, being of a preliminary nature, should not be taken as an absolute disqualification of this idea.

Avalon Region

St. John’s and Area
- Signal Hill – Enhanced interpretation program; more live events and programming; also at Cape Spear
- Guided walking/interpretive hikes similar to the haunted hike; heritage walks;
- Dining/entertainment/meeting banquet facility on the waterfront – suitable for group tours, convention and meeting groups
- Cold Ocean Aquarium, Logy Bay

Brigus/Cupids/Port de Grave
- Events targeting the St. John’s market for day’s trip
- Packages including the Bay Roberts art gallery and museum
- Expand the Bay Roberts/Port de Grave Xmas Festival of Lights

Rest of the Baccalieu Trail
- Expand the theatre programming in Carbonear
- Develop boat tours and visits to Carbonear Island
- Salmon Cove – trails, beach, Eagle Trail
Appendix II: Other Tourism Project Ideas Identified During The Study

Irish Loop
- No additional ideas identified

Cape Shore
- Boat tours – Argentia Harbour/Placentia Bay – Islands
- Traymore Players – Agnes Walsh – plays, storytelling – south of Placentia

Eastern Region

Trinity Bight (Trinity/Port Rexton area)
- Packages – art/painting vacations, photography,
- Preservation of shoreline fishing premises in various communities to protect the built heritage

Bonavista/Port Union
- Interpretive panels/signage and stopping points at various locations around the Discovery Trail, e.g. King’s Cove

Burin Peninsula/St. Pierre-Miquelon
- More activities and things to see and do such as boat tours,

Central Region

Terra Nova/Eastport Peninsula/Salvage
- Develop wilderness canoeing and kayaking in TNNP; Terra Nova River has been identified as a possible Canadian Heritage River
- Promote Terra Nova National Park as a destination for cruise ships
- Burnside archaeological dig
- Expand The Winterset in Summer, a Literary festival held in the Eastport Peninsula

Twillingate
- No additional ideas identified

Wesleyville/Newtown (New Wes Valley)
- Finish the Badger’s Quay area – golf course, harbour development, boat charters for icebergs and whales
- Encourage the development of activities such as kayaking, wind surfing, fishing, birding, iceberg viewing
Change and Fogo Islands – The Island Experience
  ° Expand and improve walking trails.
  ° Kayaking/marine tours around the Islands;
  ° Heritage tours around the Islands
  ° Brimstone Head;

Baie Verte Peninsula

These further project ideas were identified in the Emerald Zone strategy:
  ° Packages using improved air links into Deer Lake
  ° Link to T’Railway for snowmobiling – a snowmobile trail up the Baie Verte Peninsula, also additional snowmobile trails primarily for resident market, ATV tourism in rest of year
  ° Build on hiking trails – complete existing trails add amenities, improve marketing
  ° Specific developments in La Scie (tourist orientation plaza, headland harbour look-off, boat tours; redevelopment of old forge bakery); Fleur de Lys (signage, interpretive panels, village promenade, additional tourist service businesses)
  ° Tourism signage program – interpretation, directional

Bay of Exploits
  ° Implement the Exploits Coastal Trail Tourism Initiative
  ° Botwood Heritage Park – upgrading and expansion of this community facility so that it is better able to accommodate the growing recreational vehicle caravan market visiting the area
  ° Sailing, boating, kayaking – in Bay of Exploits/Notre Dame Bay
  ° Packaging of outdoor and cultural experiences; museum passport

Western Region

Top of the Viking Trail
  ° Develop/strengthen circle route experience through Roddickton
  ° Further development of Viking Festival
  ° Learning vacations – the Vikings, whales and wildflowers, heritage learning vacation in fishing crew bunkhouse
  ° Review projects proposed in tourism development strategy for St. Lunaire-Griquet as to their fit with the strategy and potential priority
  ° Adventure cruising including 3 – 4 day boat cruise from St. Lunaire to Battle Harbour;
  ° Continue with shoulder and winter season development – snowmobiling, snowshoeing, cross country, packages
Appendix II: Other Tourism Project Ideas Identified During The Study

Gros Morne Area
- Learning vacations – geology, research adventures, etc.
- Continued development of winter product including birding, winter adventure activities

Corner Brook/Marble Mountain/Humber Valley
- Interpretation centre at the Captain Cook Site – the ‘Signal Hill’ of the West
- More market development and marketing of winter product such as Blomidon cat skiing, and snowmobiling; (Humber Valley offering day ski doo excursions)
- Additional trails and connections to the T’Railway for snowmobiling, ATVs
- Complete the West Coast Exhibition Centre (outreach from the Rooms) as an arts, cultural and heritage attraction
- Market development efforts for the cruise ship market

Stephenville and Port au Port Peninsula
- Hiking trails on Port au Port Peninsula and Cape St. George area – hiking, whale watching from shore, bird watching,
- Starting point for snowmobile trail network to St. Anthony – packages?
- Promote Port au Port/St. George area as a whalewatching destination – Interpretation Centre or whale tour sites
- Sandy Point is a significant birding site – there may be opportunities for trails, spring/fall and summer bird watching, interpretation, possibly a boat tour?
- Interpretive signage, scenic look offs, additional services – e.g. restaurant/café, on Port au Port Peninsula

Cordroy Valley/Southwest Coast
- Interpretation of migratory birding in the area
- Appalachian Trail?

Central Viking Trail – north of Shallow Bay
- Salmon Interpretation Centre at Hawke’s Bay
- Loggers Museum proposed for Roddickton, with trail, underground salmon pool
- Small scale facilities at Conche, Englee, etc.
- Build on network of cross country trails all the way up the Peninsula
- Interpretation of Limestone Barrens
- Additional pull-offs and interpretive signage
Appendix III

Map of Regional Economic Development Zones
Regional Economic Development Zones included in the Accommodations Assessment

Zone 4  Aurora
Zone 5  Labrador Straits
Zone 6  Nordic
Zone 7  Red Ochre
Zone 8  Humber
Zone 9  Long Range
Zone 10  Marine and Mountain
Zone 11  Emerald
Zone 12  Exploits Valley
Zone 13  Coast of Bays
Zone 14  Kittiwake
Zone 15  Discovery
Zone 16  Schooner
Zone 17  Mariner
Zone 18  Avalon Gateway
Zone 19  Capital Coast
Zone 20  Irish Loop
Appendix IV

Glossary of Terms
Appendix IV
Glossary of Terms

ACOA: Atlantic Canada Opportunities Agency

Adventure Tourism: Tourism that involves physical exertion, usually in the outdoors.

ACTP: Atlantic Canada Tourism Partnership - a marketing alliance involving ACOA, the four provincial departments of tourism and the four provincial tourism industry associations.

Airlift: Aircraft capacity

Authentic cultural/heritage product: A tourism product that is to a large extent a genuine cultural feature or a genuine heritage artifact, rather than one that is that is contrived. It involves restoration rather than replication. It is original rather than representational.

Canada Select: A national program of rating fixed-roofed accommodations to assist the consumer.

Camping Select: A national program of rating campgrounds and recreational vehicle parks to assist the consumer.

Collateral: Print materials used in marketing, such as brochures, flyers, information sheets, etc.

Commission: The compensation that a travel agent or other intermediary receives from a product supplier in return for selling their products or services. Commissions are usually based on a percentage of the retail value of the transaction.

Consolidator: In the air transportation sector, this is someone that charters aircraft on behalf of several clients, in which each client group commits for using/selling a block of the seats on a charter flight.

Cooperative Marketing: The sharing of marketing costs for mutual benefit. Participants in a cooperative marketing initiative may include one or more travel product suppliers, a destination marketing organization, and travel trade companies such as tour operators or wholesalers. Usually all participating organizations share in the administration and/or cost of the marketing program.

CTC: Canadian Tourism Commission

Cultural Heritage: The human presence in the world – people and communities today; history of cultures, communities and regions; cultural entertainment, festivals and events (art, theatre, books, media)
**Cultural Tourism:** Tourism based on cultural heritage features.

**Customer Orientation:** A business philosophy whereby you give the needs and wants of your customers first priority in how you operate your business. Also referred to as ‘customer (or consumer)-driven’. ‘Market-driven’ is also used.

**DITRD:** Department of Innovation, Trade and Rural Development

**DTCR:** Department of Tourism, Culture and Recreation

**Demand Generator:** In tourism, this is something that can, by itself, motivate people to make a trip or select a destination.

**Demand Influencer:** In tourism, this is something that either contributes to the motivation to take a trip or select a destination, or induces traveller’s behaviour while on the trip.

**DMO:** See ‘destination marketing organization’ below.

**Destination Area:** An area containing a mix of attractions for visitors along with supporting traveller services.

**Designated Destination Area:** A destination area that has been identified as a priority for future development and marketing.

**Destination Marketing Organization (DMO):** An organization that promotes a travel destination – including provincial tourism departments, regional tourism associations, convention and visitors bureaus, and chambers of commerce.

**Eco-tourism:** Tourism that involves experiencing and learning about the natural environment, conducted in an environmentally sensitive and sustainable fashion.

**Fulfilment:** The practice of sending out travel literature in response to enquiries.

**FIT:** (See ‘Fully Independent Tour/Travel’ below.)

**Fully Independent Tour/Travel (FIT):** Packaged travel/tourism products that are designed for independent travellers and that do not usually involve group activities at any stage in the trip. A typical example is the fly-drive package, offering a saving in air, car rental and perhaps some additional services on a package basis.

**Gateway:** An entry point to the destination.
**Geographic Markets:** Market segments defined by place of residence. This is the primary segmentation method used in general travel advertising targeting the touring and ‘explorer’ markets discussed in this report. It is also generally used as a sub-segmentation method in other markets.

**HRSD (formerly HRDC):** The federal Department of Human Resources and Social Development

**Infrastructure:** Travel support systems and services - roads, highways, transportation services, information services, etc.

**Integrated Resource Management:** The practice of planning and managing the allocation of features of the natural environment to different uses and users, and in a manner to renew and sustain them over time. Traditional uses include forestry, power generation and mining; however, tourism is becoming a major stakeholder in this regard.

**Itinerary:** A planned sequence of activities. In tourism, this means a planned sequence of stops and activities. An itinerary is the foundation of a tourism package.

**Learning/Enrichment Travel:** Leisure travel that involves structured instruction and learning as part of the trip.

**Leisure Travel:** A trip made for the purpose of personal reward - relaxation, enjoyment, adventure, etc. It is a ‘discretionary’ trip (at the choice of the traveller) rather than one being compelled by business or personal needs.

**Travel Trade Marketplace:** A trade show where tourism suppliers and DMOs have scheduled appointments with tour operators and other travel trade buyers.

**Market-driven:** Done in response to the marketplace. A market-driven initiative is one that responds to customer needs and wants in specific market segments.

**Marketplace:** An environment in which buyers and sellers transact business. In the travel trade, this term refers to an event in which tour operators, travel product suppliers and destination marketing organizations do business with one another (See ‘Travel Trade Marketplace’ above).

**Market-Readiness:** The state of preparedness of a tourism operation, or a destination as a whole, in meeting the expectations of its customers. It refers to the whole spectrum of things affecting customer satisfaction - quality of facilities and services, range of services provided, information services, business policies and practices that affect the customer directly or indirectly, etc. It can also refer to the state of preparedness in meeting the needs and expectations of the travel trade.
Market Segments/Segmentation: The definition of segments of the marketplace in which the members of the target audience share like characteristics. Market segmentation is usually done on the basis of one or more of the following: purpose-of-trip/travel, geographic area, demographics, psycho-graphics (interests, values), and travel mode.

Media: Communications tools available in reaching target audiences.

Mentoring: Coaching provided by a knowledgeable, experienced and respected professional.

Motorcoach Tour: A group tour in which the primary mode of transportation is by motorcoach.

Natural Heritage: The natural environment in the absence of human intervention – forests, lakes, oceans, mountains, flora and fauna, wildlife, etc.

Niche Markets: Specialized market segments that can be narrowly defined, usually because of avid interests. An example would be avid birdwatchers who are prepared to travel for that activity.

Package: A pre-arranged combination of travel components "packaged" together and sold at an all-inclusive price in a single transaction.

Positioning: The manner in which a product or service is presented to the consumer in marketing materials that draws attention to its unique appeals to targeted market segments.

Primary Research: The collection of original information, usually obtained from customers or users of a business’ product. Common techniques include mail surveys, telephone surveys and personal interviews.

Purpose of Trip/Travel: A form of market segmentation based on the reason for travel.

Quality Assurance: Providing assurance to a buyer as to the quality of the product on offer. In tourism this refers to rating and endorsement programs, such as Canada Select.

RTA: Regional tourism association

RTDA: Regional tourism development association

RV (Recreational Vehicle): A motorized recreational vehicle with onboard living accommodations.

Receptive Operator: A tour company that specializes in particular destinations, providing services at the destination to group travel organizers and tour operators. Some limit their services to the community and area in which they are based; others provide services to entire regions.
Regional DMO: Regional destination marketing organization

Secondary Research: The compilation of existing data, drawn from such sources as internal reports, newsletters, trade journals, and so on.

Sector Alliance/Team: A group of partners in the same type of business that work together.

Shoulder Season: A season immediately before or after the primary season – usually spring and fall.

Sleeper: A latent, undeveloped tourism product.

Special Interest Market: A market segment based on a common interest in a specific subject or activity.

Stewardship: The practice of protecting, conserving and nurturing valued natural and/or cultural assets.

Strategy: The mix of initiatives/tactics undertaken in order to reach an objective.

Sustainability: The ability of an organization to sustain itself over time from the resources available to it, without degrading or using up those resources over time. A sustainable entity in tourism is one that is financially viable, environmentally neutral and culturally/community supportable.

Target Markets: Market segments that have been identified as having the greatest potential, and towards which marketing activities are directed.

Tier: A layer among several layers.

TDMS: The Tourism Destination Management System formerly in use on a province-wide basis in Newfoundland and Labrador. It involved the provision of travel information to consumers via a call centre and literature fulfilment service.

Tour: A trip involving visits to a number of areas and attractions.

Tour Operator: A business that designs, develops, markets and operates packaged travel and tourism products and tours – usually group tours and FIT packages. Tour operators sell through travel agents and/or directly to consumers.

Tourism Marketing Council (TMC): The public-private council that advises the Department of Tourism, Culture and Recreation on marketing the province to tourism markets.
**Trade Show:** An exhibition of travel and tourism products designed to solicit business from travel trade buyers.

**Travel Agent/Agency:** A licensed travel product retailer that provides travel information, reservations and other forms of assistance to consumers, companies and groups in making travel arrangements. Sometimes referred to as a ‘retailer’.

**Travel Party:** People travelling together, for example; a couple, a family or group tour.

**Travel Suppliers:** Tourism operators.

**Travel Trade:** A term describing the various types of organizations that operate as intermediaries in the travel and tourism industry. These typically include tour operators, wholesalers, receptive operators, and travel agents.

**Unique Selling Propositions (USPs):** The unique characteristics and experiences of a travel product or package that are used to promote and sell it.

**Wholesaler:** A company that operates as an intermediary between the travel product supplier and the retail travel agent in the marketplace, generally providing services such as information and reservations to travel agents. Tour operators are a common example. So are central reservation systems, online booking systems, representation companies, sales agents, etc.

**Yield:** The combination of volume and price, determining total revenues.