Industry Canada / Aboriginal Business Canada with the Support of Alberta Economic Development

Alberta Aboriginal Tourism Product Opportunity Analysis

March 2002

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Executive Summary

Industry Canada – Aboriginal Business Canada with the support of Alberta Economic Development commissioned this study to better understand the existing supply and demand for aboriginal tourism products in Alberta and to identify potential future development opportunities. More specifically, the main objectives of the study were to:

- Assess existing and potential market demand for Alberta's aboriginal tourism products in domestic and key international markets;
- Assess the existing aboriginal tourism product inventory in the province including status, market readiness, ability to ensure delivery, and relevance to demand; and
- Provide recommendations on potential aboriginal tourism product opportunities for Alberta based on identified product gaps and opportunities for product enhancement.

The following sections present highlights from the report.

Demand For Aboriginal Culture Tourism In Alberta

Results show that there is significant demand for aboriginal culture tourism products both domestically and internationally. In terms of geography, there are three main geographic markets identified in this study:

- ***The Short-Haul Market*** encompasses Alberta and its border provinces / states – i.e., British Columbia, Saskatchewan, NWT, Nunavut, Yukon and Montana.
- ***The North American Long-Haul Market*** is defined as encompassing all regions of Canada and the United States that are not included in the Short-Haul Market.
- ***The Long-Haul Overseas Market*** is defined as all regions outside of Canada and the United States.

In addition to the geographic markets, two sub-segments were identified as having better than average potential for the aboriginal tourism industry in Alberta. These segments are defined as follows:

- ***Primary Market – The Aboriginal Culture Segment:*** For both the Short-Haul and North American Long-Haul markets, the Aboriginal Culture segment is defined as travellers who have either *"attended aboriginal culture experiences in a remote or rural location"* or *"attended a powwow or other aboriginal celebration"* during the past two years. For the Long-Haul Overseas market, the Aboriginal Culture segment is defined as travellers who *"saw or experienced unique aboriginal or native groups"* on their most recent (long-haul) trip.
- ***Secondary Market – The Culture Segment:*** For both the Short-Haul and North American Long-Haul markets, the Culture segment is defined as travellers who fall

into the *"Knowledge Seekers"* segment defined as part of the TAMS study. Culture travellers are likely to have sought out exploratory vacation experiences (such as visiting historical sites and art galleries and museums) and have above average interest in visiting aboriginal cultural attractions. For the sake of interest, a Culture segment was also defined for Canada's top four Long-Haul Overseas markets – the U.K., Germany, France and Japan. The definition varies for each of the overseas markets depending on the available data.

As seen in **Exhibit 1**, the Short-Haul Market offers excellent opportunity for Alberta representing almost 200,000 potential Aboriginal Culture visitors with potential expenditures of about $41 million. The North American Long-Haul market is by far the largest of the three markets with approximately 800,000 potential Aboriginal Culture travellers to Alberta with potential expenditures of $448 million. In addition, the selected Long-Haul Overseas market represent approximately 18.4 million Aboriginal Culture travellers, of which 11.4 million are interested in visiting Canada in the next five years with potential expenditures of $12.4 billion.

EXHIBIT 1 – SUMMARY OF MARKET POTENTIAL

	POPULATION			LIKELIHOOD OF VISITING ALBERTA IN THE NEXT TWO YEARS		POTENTIAL EXPENDITURES (IN MILLIONS)	
	TRAVELLER POP.	ABORIGINAL CULTURE TRAVELLER	CULTURE TRAVELLER	ABORIGINAL CULTURE TRAVELLER	CULTURE TRAVELLER	ABORIGINAL CULTURE TRAVELLER	CULTURE TRAVELLER
Short-Haul Market	5,325,000	406,000	525,000	187,000	283,000	$41.0	$53.8
North American Long-Haul Market	187,181,000	17,286,000	19,619,000	802,000	875,000	$448.4	$487.7
Long-Haul Overseas Market[2]	87,307,000	18,437,000	10,882,000	11,400,000 [1]	6,628,000 [1]	$12,391	$7,364
Total	***279,813,000***	***36,129,000***	***31,026,000***	***12,389,000***	***7,786,000***	***$12,880***	***$7,906***

[1]BASED ON INTEREST IN VISITING CANADA IN THE NEXT FIVE YEARS.
[2]BASED ON SELECTED KEY MARKETS: GERMANY, U.K., FRANCE, JAPAN, NETHERLANDS, SWITZERLAND, ITALY, TAIWAN, AUSTRALIA AND HONG KONG.

Resource Capability Analysis

In all, there are approximately 112 tourism sites in Alberta that can be considered to offer an aboriginal culture experience. It should, however, be noted that, while there is an abundance of aboriginal tourism sites in Alberta, many are not market ready. In other words, while they are open for business, they do not provide the level of service and amenities required to attract key market segments. The industry is very concentrated in the southern regions of the province, particularly around Calgary. There is also a high concentration of sites around Edmonton. The specific breakdown of sites by type is as follows:

- 9 Accommodations
- 52 Attractions
- 32 Festivals and Events
- 3 Food and Beverage Operators
- 11 Tour Operators
- 5 Tourism Services

With respect to Alberta's tourism infrastructure to support aboriginal tourism:

- Road and air access to and within Alberta is strong and is well established to support aboriginal tourism in Alberta;
- Accommodations are not a significant issue, with the exception of the Rockies and Northern Tourism Destination Regions (TDR) in peak periods, and near reserve-based operations;
- There are sufficient retail and services throughout Alberta to support aboriginal tourism;
- The visitor information centre (VIC) and convention and visitor's bureaus (CVB) are well established in larger communities and those devoted to tourism. Smaller communities, and those based on or around reserves, are typically lacking these types of structures and organizations. For those smaller communities and reserves with significant tourism operations, efforts should be made to establish locally based VIC's or CVB's. Additionally, participation in partnership marketing programs and Niitsitapi are below a level at which their full benefits can be realized; and,
- A high percentage of aboriginal tourism operators utilize new technologies and either maintain their own web site or have their product marketed on another web site.

While the number and magnitude of the barriers that each operator faces will differ depending upon their situation, it is obvious from the research and interviews that the large majority of operators face at least some of these challenges. Overall, a general lack of product development and readiness is the result of these challenges and barriers, specifically:

- Limited funding and access to capital;
- Limited awareness and inadequate marketing of the aboriginal tourism industry in Alberta;
- Limited experience and training in tourism business management;
- Limited understanding of the market for aboriginal tourism; and,
- Social issues such as band politics and labour force attitudes.

Product Opportunities

The product market matching revealed the following seven distinct product opportunities:

- ***Tour Routes:*** These are formally mapped out and marketed itineraries linking several aboriginal tourism products (i.e., historical sites, museums, accommodations, hiking trails, etc.) of a similar theme in a particular geographic area.
- ***Aboriginal Themed Accommodation:*** These accommodations would be designed to offer visitors the opportunity to experience the traditional aboriginal way of life. Some options for development include tipi villages, fly-in fishing/hunting lodges, campgrounds or resorts.
- ***Aboriginal Themed Restaurant:*** A themed restaurant would be designed to offer visitors the opportunity to experience traditional aboriginal cuisine.

- ***Casino:*** This would be a casino similar to those on Indian reserves elsewhere in North America.
- ***Packaging Opportunities:*** Packages would consist of a combination of a number of select products and services that would normally be purchased separately, but which in a package are offered as a single product at a single price. Packages could be built around sub-themes that are relevant to the target markets, such as culture and history, adventure/eco-tourism and/or experiential.
- ***Aboriginal Cultural Centre:*** This attraction would represent a learning centre, where visitors could get an appreciation for aboriginal life and culture. The attraction could incorporate a vast array of components both indoors and outdoors.
- ***Re-enactive/Interactive Villages:*** This attraction would essentially consist of an aboriginal village recreated to reflect an actual village as it may have stood in a chosen time period. The village would be designed to provide visitors with the opportunity to see the aboriginal way of life in the chosen period. Elements that might be portrayed include living conditions, daily routines, roles of different members of the tribe, diet, processes for making/preparing things and more.

A high-level implementation plan has been outlined in this report for five of these opportunities (all but tour routes and casinos). It should be noted that the two opportunities not selected for this section are also excellent opportunities that merit further investigation.

Conclusions

- There is significant demand for aboriginal tourism products.
- A good base of aboriginal tourism products already exists throughout the province. However, there is a need to educate stakeholders of the benefits of tourism and for better cooperation among existing operators.
- While there are no major holes in the "hard" infrastructure, there are some serious issues around the "soft" infrastructure, specifically in the areas of skilled staff and marketing.
- A successful marketing program is a key element to enhancing visitation to the Province and to the various aboriginal tourism attractions. The industry fragmentation and lack of a co-ordinated marketing effort is a major hinderance to the industry. There is a definate need for marketing program that is a co-operative venture between all aboriginal tourism operators and led by a central organization such an Alberta wide aboriginal tourism body.
- One of the issues identified through the research is the lack of awareness of the benefits created by Aboriginal Tourism, both within the aboriginal community and outside the community. Clearly, some form of communications plan needs to be in place so that people, including the various bands and their chiefs, can understand the importance of the industry and its economic benefits.
- Several key actions were identified as being critical to industry survival. Specifically, the industry needs to:

- develop a vision and long-term marketing strategy for the industry;
- develop a communications plan to enhance the understanding of the benefits of tourism within the aboriginal community; and
- develop training programs for tourism industry staff.

♦ The aboriginal tourism industry in Alberta is at an early stage in its development. To grow, it must adopt a strategy to gradually improve its coordination, co-operation and marketing efforts as well as its overall product offering.

♦ The bottom line is that for the aboriginal industry to grow, buy-in and consensus among the various players (aboriginal operators, bands, chiefs etc.) is critical. The major challenges of marketing, training, social issues and education also need to be addressed.

♦ The Alberta aboriginal tourism industry can learn from other destinations like British Columbia, NWT, Ontario, Montana, South Dakota, Utah, New Mexico etc. to understand how the native people representing those areas have developed their tourism industries.

This report is not intended to provide a detailed business plan; rather it provides a starting point for industry stakeholders. There is still much work and research to be done before any of the opportunities can be brought to market. It is now up to industry stakeholders to grab hold of these opportunities and make the industry world-class.

Table of Contents

1. Introduction

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The intent of this report is to provide a foundation for moving the Alberta aboriginal tourism industry forward so that it can compete for tourists with other aboriginal culture destinations.

This report is organized accordingly:

- Chapter 2 presents a detailed analysis of the demand for aboriginal tourism products in domestic and international markets.
- Chapter 3 provides an overview of the current aboriginal tourism product and infrastructure in Alberta. It also discusses the challenges and barriers faced by industry operators.
- Chapter 4 presents the product market matching and gap analysis and presents product opportunities to fill those gaps.
- Chapter 5 details a high-level implementation strategy for priority action items and to bring the various products to market.
- Chapter 6 summarizes the key findings in this report.