



CANADA
Keep Exploring



2007-2011

STRATEGIC PLAN

Moving Forward with Vision

Canadian Tourism Commission

September 2006

CANADIAN
TOURISM
COMMISSION



COMMISSION
CANADIENNE
DU TOURISME

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President's Message



The Canadian Tourism Commission's (CTC) 2007 – 2011 Strategic Plan outlines a road map for the Commission and our industry partners for the next five years. It provides a clear strategy for the CTC to work towards our vision to *Compel the World to Explore Canada*. The Plan was approved by the Board of Directors in September 2006 and will be reviewed annually.

Mindful of the challenges tourism marketers and most importantly, tourism businesses continue to face, this five-year strategy sees a future that affords cause for optimism. The global and Canadian economic forecast is positive. Our pool of potential travellers continues to grow, and Generation X has even begun spending more than the Baby Boomers. These trends are key to achieving the outcome we all want.

The Strategic Plan defines the company's agenda; it informs our marketing and research; and it ensures that all our activities are measured against the ultimate goal of growing tourism export revenues. In an information age determined to divide our attention, this single-minded approach will yield great dividends for our country. The CTC will attract more high-yield customers from a wider range of lucrative markets, and will focus on markets of highest return on investment. By 2011, these efforts will see international tourism revenues climb 10.9 per cent to nearly \$20 billion.

The heart of our approach is the consistent application of a brand that builds powerful personal relationships between international consumers and Canada. With our brand as the base, industry partnerships, cutting edge research, and the world's most advanced e-marketing techniques will improve Canada's standings in the global tourism rankings by turning us into a *must see now* destination.

If the years past have taught us anything, it is that the business environment can change in ways that sometimes seem as infinite as the range of extraordinary personal experiences Canada has to offer. So while the vision for the road ahead may be clear for the next five years, we will continue to make adjustments to the Plan to ensure that the CTC's strategy generates the returns Canadians expect.

A handwritten signature in black ink, appearing to read 'Michele McKenzie', written in a cursive style.

Michele McKenzie
President & CEO

Executive Summary

The fundamental theme of the 2007-2011 Strategic Plan is *Moving Forward with Vision* to reposition Canada as a destination where travellers can create extra-ordinary personal experiences. The 2007-2011 Plan sets out the Canadian Tourism Commission's (CTC) objectives and priorities for the next five years and reaffirms the CTC's strategic goal and objectives. It includes profiles of many of the CTC activities planned in its core function areas and aims to help employees, industry and other stakeholders identify how their work and interests fit into the bigger picture.

The 2007-2011 Plan is built on the foundation set in the 2006-2008 Strategic Plan and reflects the work that has been underway throughout the last year with Canada's tourism industry to ensure *Canada will be the premier four season destination*. The CTC Board of Directors plays an important role in setting the strategic directions for the Commission, input and comments from employees and committee members are also reflected in the Strategic Plan.

The Plan confirms the CTC's vision to *compel the world to explore Canada* and its overall corporate strategy to *reposition Canada as a destination where travellers can create extra-ordinary personal experiences*. The 2007-2011 Plan reaffirms the new CTC marketing strategy, which includes redefining its international markets, revitalizing the Canada Brand and developing new approaches to reaching the customer.

For the CTC to deliver on its objectives, activities need to be undertaken in each of the priority areas. The diagram to the right illustrates how the goal, objectives and priorities fit together to fulfill the CTC's mission.

To ensure and measure success, the CTC evaluates performance at a number of different levels. In the 2007-2011 Plan, several measurement targets are included which will be used to measure progress on the Plan over the next five years.

Strategic Plan 2007-2011 – *The Plan at a Glance*

GOAL: GROW TOURISM EXPORT REVENUES

OBJECTIVES

1. Convert high yield customers;
2. Focus on markets of highest return on investment;
3. Brand consistency; and
4. Research new market opportunities.

PRIORITIES

- Develop one-to-one relationships with customers;
- Align market allocations for maximum ROI;
- Differentiate Canada;
- Leverage partner investment;
- Leverage media exposure afforded by the Vancouver 2010 Winter Olympic Games;
- Create demand for increased air access; and
- Organizational excellence.

2011 ULTIMATE OUTCOME

- Export revenues increase to \$19.8 billion

STRATEGIC OUTCOMES

- Canada has moved up from #11 on UNWTO
- Awareness levels of the Brand Canada have increased
- Market yield has increased to \$120.40 per day
- Partnership ratio maintained at 1:1
- Employee satisfaction remains constant and/or increased

Throughout the CTC's strategy and activities, brand consistency is critical. Coordinated and consistent branding and marketing helps clearly define to customers the experiences that Canada offers and positions Canada as a premier tourist destination, thereby maximizing the CTC's efforts to move Canada from a destination of consideration to one of choice with a sense of urgency to visit NOW.

The CTC's successes are intrinsically linked to its partnership model. Not only are industry partners involved in setting the direction and priorities for the CTC, but also in the actual delivery of programs and activities. From its industry-led Board of Directors to its minimum 1:1 partnership funding requirement for marketing initiatives, the CTC is uniquely and effectively situated to hear and respond to the needs of the Canadian tourism industry to facilitate the growth of Canada's tourism export revenues.

As the only national tourism marketing organization in Canada, the CTC leads national marketing efforts to market Canada as a four season destination using the *Canada – Keep Exploring* tag line. The CTC offers industry world class research capacity and acts as a leading source of tourism market information. Internationally, the CTC leads the way as a promoter of Canadian tourism and an expert on the Canadian tourism product and services, while also leading all other National Tourism Organizations in leveraging technology and the Internet.

Over the next five years, the CTC will continue to build relationships with non-traditional partners and alliances. The CTC will also continue to find effective new ways of reaching target customers and profile the Canadian experience in new and compelling ways.

The Strategic Plan is the core document for the Commission's new integrated approach to planning. This plan forms the foundation for the CTC's strategic directions and priorities. Marketing, sales and financial planning will be guided by the Strategic Plan. In implementing this Plan, the CTC will strive to maximize available resources to strategically meet its ultimate goal of growing tourism export revenues.

Introduction

Industry Vision:

Canada will be the premier four season destination to connect with nature and experience diverse culture and communities

Industry Mission:

Canada's tourism industry will deliver world-class cultural and leisure experiences year-round while preserving and sharing Canada's clean, safe and natural environments. The industry will be guided by the values of respect, integrity and empathy.

The Canadian Tourism Commission's (CTC) Strategic Plan is industry focused. It outlines the Commission's strategic approach to market Canada as a desirable tourist destination. Specifically, it provides detail on how the CTC will work with industry to ensure that *Canada will be the premier four season destination*.

The ultimate goal for the CTC is **to grow tourism export revenues**.

The 2007-2011 Strategic Plan builds on the foundation set in the 2006-2008 Strategic Plan. Since 2004, the CTC has made a number of changes to its marketing strategy, including redefining its international markets, revitalizing the Canada Brand and developing new approaches to reaching the customer. The 2007- 2011 Strategic Plan

reaffirms these directions. Over the next five years, the CTC will further develop the programs to implement these changes.

In addition, the 2007-2011 Strategic Plan adds three new directions for the CTC:

1. Adjust the investment allocations within Tier 1 markets,¹ to take advantage of market growth opportunities;
2. Develop a Research and Development program to position the CTC to support potential diversification of its marketing strategy for the future; and
3. Shift the focus of marketing strategies to identify specific market segments and niches which will potentially yield the best Return on Investment.

CTC Vision:

Compel the world to explore Canada

CTC Mission:

Harness Canada's collective voice to grow export revenues

¹ Tier 1 markets are identified by the Market Portfolio Analysis rating as those markets, based on relative market conditions, that demonstrated the greatest potential return on investment.

Context

Tourism Benefits to Canadians

- Spending by leisure and business travellers totalled \$62.7 billion in 2005;²
- Tourism GDP reached \$26 billion in 2005, a 7% increase over 2004. Tourism activity represents approximately 2% of Canada's GDP.²
- In 2005, over 625,000 jobs were generated by tourism;²
- In 2005, \$18.8 billion went to government to support programs and services³
 - Federal: \$9.3B
 - Provincial/territorial: \$8.5B
 - Municipal: \$1.0B
- GST revenue from tourism in 2005 was \$2.6 billion³

The Canadian Tourism Commission is the largest marketing company in Canada. It is entirely focused on marketing Canada as a tourism destination for the purpose of generating export revenues to the Canadian economy. The immediate benefactor of this approach is Canada's tourism industry. In fact, Canada's tourism industry recognizes this benefit by investing dollars in the marketing efforts of the CTC at a ratio greater than 1:1.

The ultimate benefactor, however, is the Canadian taxpayer. The taxpayer enjoys the programs and services funded through taxes generated from international 'export' revenues. In addition, Canadians enjoy the quality of life improvements which tourism investment affords such as parks, transportation infrastructure, facilities, events and attractions.

Tourism activity in Canada represents approximately 2% of Canada's overall gross domestic product (GDP). With approximately \$26 billion in GDP in 2005, tourism is a significant

economic sector in Canada that influences all regions of the country. According to the Tourism Association of Canada (TIAC), there are 200,000 tourism related businesses in Canada, of which 80% are small and medium sized enterprises having fewer than twenty employees. In many parts of Canada, these businesses are the backbone of the economy and foster strong economic, social and cultural benefits for both rural and urban communities.

The environment in which Canada competes for international visitors has become more global and more competitive. In the last 20 years, tourism has been the fastest growing industrial sector in the world. Public and private sector players have recognized the potential economic return and invested significant dollars to compete for the growing market. Destinations, such as Dubai have invested significant resources to diversify their economies and develop highly sophisticated tourism infrastructure to attract high yield travellers. The expansion of air routes and capacity has 'opened' these new destinations.

² *National Tourism Indicators, 2005*

³ *StatsCan, Government Revenue Attributable to Tourism (GRAT), 2005*

Worldwide, the number of ‘outbound’ travellers (those traveling internationally) has increased significantly. Globally, established destinations are now competing with new tourism destinations and the result for Canada has been a loss of market share.

Table 1: World Tourism Receipts (US \$ billion)

Rank	1980			2005		
		Receipts	World Share		Receipts	World Share
1	United States	10.1		United States	81.7	
2	France	8.23		Spain	47.9	
3	Italy	8.21	38%	France	42.3	35%
4	Spain	7.0		Italy	35.4	
5	UK	6.9		UK	30.4	
6	Germany	6.6		China	29.3	
7	Austria	6.4		Germany	29.2	
8	Mexico	5.4	22%	Turkey	18.2	15.7%
9	Switzerland	3.1		Austria	15.5	
10	Canada	2.3		Australia	14.9	
11	Belgium	1.8		Greece	13.7	
12	Brazil	1.79		Canada	13.6	
13	Greece	1.73	7.8%	Japan	12.4	9.0%
14	Netherlands	1.67		Switzerland	11.3	
15	Singapore	1.4		Netherlands	10.5	
	Others	34.7	32.3%	Others	275.7	40.4%
Total		107.3			682.0	

Canadians have participated fully in the worldwide travel explosion. As a relatively affluent society, with a higher than average interest in travel, Canadians are traveling outbound in record numbers. This is bad news for the Canadian economy, in that it creates a ‘travel deficit’ — Canadians spend more money outside of Canada than international travellers spend in Canada. However, the good news is that Canadians are also traveling in Canada in record numbers. In fact, like many established destinations, domestic travel represents the largest source of revenue for most Canadian tourism businesses. Canadians are well served by a strong investment in domestic tourism marketing. Canadian businesses and destinations compete for the domestic market with hundreds of millions of dollars in marketing investment.

The CTC's role is to focus on bringing international travellers to Canada and generating revenue from external sources. The Commission works with industry to promote the 'Canada' brand internationally and to encourage travellers to visit Canada. In this manner, Canada becomes a more competitive tourism destination and the Canadian economy benefits from wealth generated from external sources.

The CTC currently focuses its marketing programs in the following eleven Tier One markets: United States Leisure, United States Meetings, Conventions and Incentive Travel (MC&IT), United Kingdom, Germany, France, Mexico, Japan, China, South Korea, Australia and Canada.

Defining the Markets

Tier One: Primary markets provide Canada with the majority of its tourists and demonstrate the greatest ROI.

Tier Two: Secondary markets show limited opportunity for growth.

Tier Three: Emerging markets have a greater degree of volatility and the greatest potential for significant growth in tourism to Canada.

The Strategy

Due to the fast changing nature of the tourism industry, the CTC began in 2004 to re-evaluate its approach to marketing the country. Canada has a unique competitive advantage that needs to be articulated to customers. **The CTC strategy will reposition Canada as a destination where travellers can create extra-ordinary personal experiences.**

The strategy is focused on four key objectives:

1. Convert high yield customers;
2. Focus on markets of highest return on investment;
3. Brand consistency; and
4. Research new market opportunities.

Through its marketing strategies the CTC will seek to:

- Identify the key target markets;
- Position Canada in a way that best resonates with these target markets; and
- Communicate messages that are relevant to the target markets.

By implementing a targeted, focused approach to marketing, the CTC will strive to establish one to one relationships with customers and implement marketing strategies that are relevant to their individual needs and the personal experiences that they are seeking in their travel destinations.

Planning at the CTC

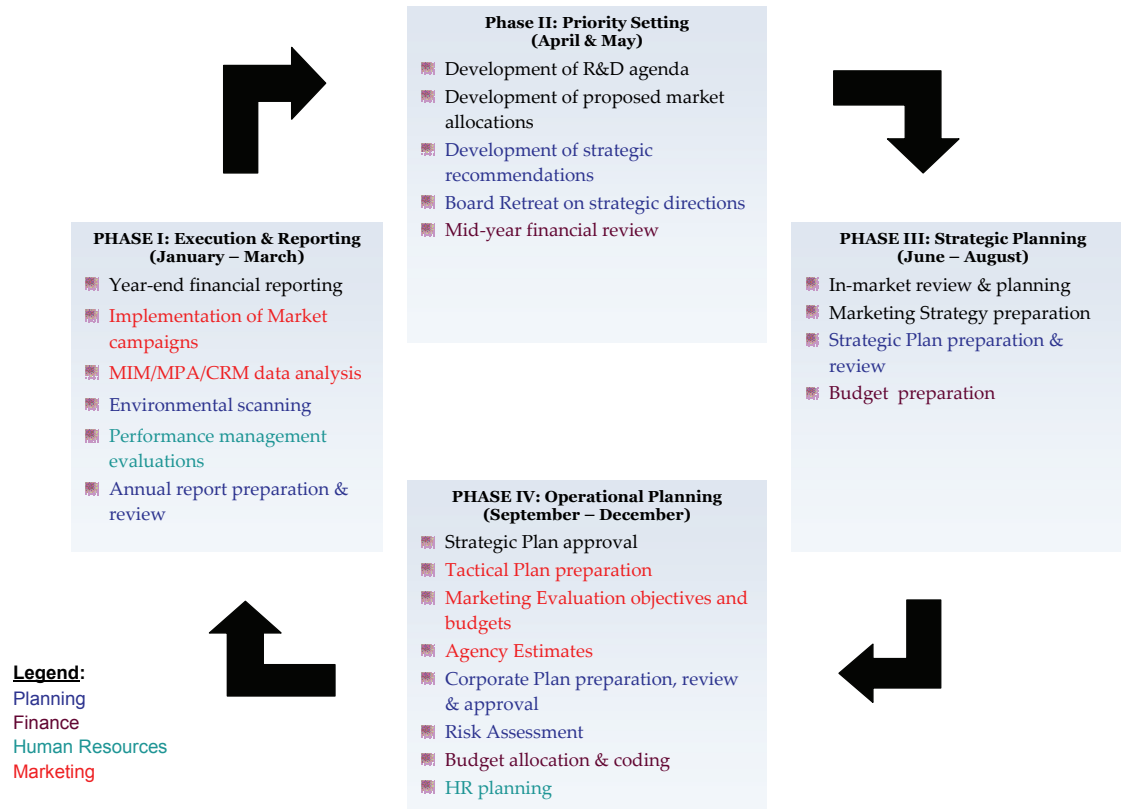
The Commission conducts strategic planning on a five year basis, and updates the plan annually. The Plan identifies the goal and objectives of the Commission and outlines the key priorities it will focus on to support their achievement. In developing its Strategic Plan the CTC examines the environment in which it operates, explores trends that affect tourism in Canada and identifies key issues that will need to be addressed in order to deliver on its mandate. The CTC Board of Directors plays an important role in setting the strategic directions for the Commission.

Strategic Planning is a key component of the overall corporate planning cycle at the CTC. The Plan is developed by analyzing the various marketing strategies from the previous year, reviewing performance, and identifying and assessing overall market trends. This analysis is then presented to the Board to establish key priorities for the coming year and the allocation of resources by market.

“Strategic positioning attempts to achieve sustainable competitive advantage by preserving what is distinctive about a company. It means performing different activities from rivals, or performing similar activities in different ways”.

(Michael E. Porter, Harvard Business Report OnPoint, 2000)

CTC Planning Cycle



Strategic Plan 2007-2011 – *The Plan at a Glance*

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Tourism Snapshot

Global Economy

Although the global economy still performed well, it slowed markedly in 2005, expanding at an estimated pace of 4.3% compared to 5.0% in 2004. The slowdown was widespread, reaching virtually every economic region. The U.S. economy expanded more slowly at 3.5% compared to 4.2% in 2004. Factors influencing this slower growth include: higher oil prices, a weakening U.S. dollar, an increase in short-term interest rates and the hurricanes that hit the country. In Europe, weak domestic demand and the slowdown in export continued to delay economic growth. Similarly, the Japanese economy decelerated due to lower exports. Economic growth in emerging and developing economies such as China and India remained high.

Canadian Economy

According to *Global Insight*, the Canadian economy continues to perform well.

- Canada's GDP grew at 2.9% for 2005, with the pace of growth increasing in the fourth quarter.
- The Canadian dollar appreciated against the U.S. dollar and ended the year around \$0.86 American.
- Consumer views for present and future finances remain unchanged.
 - After a slight drop in May, consumer confidence has rebounded as consumers seem to be more positive about employment conditions.
- Unemployment remains relatively stable, holding around 7%.

Table 2: Consumer Confidence (1991=100 Index)

	2006: March	2006: April	2006: May	2006: June
Consumer Confidence Index	122.4	124.4	120.5	124.1

Source: *The Conference Board of Canada*

International Tourism

In 2005, the United Nations World Tourism Organization (UNWTO) reported the best results in international tourism in the last twenty years, with international tourist arrivals reaching an all-time record of 803 million, for an increase of 5.7%. International travel to the United States grew by 7% over the same period, reaching 49.4 million visitors.

After rebounding in 2004 from the major shocks of 2003, Canada experienced a shortfall against its 2005 forecasts for international tourism receipts. In 2005, Canada experienced a decrease of 4.6% in arrivals from the United States. Factors contributing to this decline include: on-going border crossing issues, higher gas prices and a strong Canadian dollar. Partially offsetting this setback were good performances from CTC's core overseas markets, particularly Mexico, China, Australia and South Korea, each reaching record levels for Canada.

Table 3: International Tourist Receipts/Trips 2002-2005*

	Overnight Receipts (\$M)				% Change			Overnight Trips ('000)				% Change		
	2002	2003	2004	2005*	2003/ 02	2004/ 03	2005*/ 04	2002	2003	2004	2005*	2003/ 02	2004/ 03	2005*/ 04
US Leisure	6,834	5,928	6,585	5,938	-13.3%	11.1%	-9.8%	14,213	12,524	13,097	12,427	-11.9%	4.6%	-5.1%
US MC&IT	1,578	1,361	1,583	1,524	-13.8%	16.3%	-3.8%	1,955	1,708	1,991	1,964	-12.6%	16.6%	-1.3%
Total US	8,412	7,289	8,168	7,462	-13.3%	12.1%	-8.6%	16,168	14,232	15,088	14,391	-12.0%	6.0%	-4.6%
UK	993	945	1,116	1,248	-4.8%	18.1%	11.8%	721	691	801	888	-4.2%	15.9%	10.8%
Japan	666	348	553	559	-47.7%	58.9%	1.1%	423	250	391	398	-40.9%	56.4%	1.8%
France	374	365	405	463	-2.4%	11.0%	14.3%	312	275	337	351	-11.9%	22.5%	4.3%
Germany	385	345	398	410	-10.4%	15.4%	3.0%	292	253	297	311	-13.4%	17.4%	4.9%
Australia	216	206	279	288	-4.6%	35.4%	3.2%	149	136	174	179	-8.7%	27.9%	3.0%
Mexico	229	206	232	240	-10.0%	12.6%	3.4%	161	132	169	179	-18.0%	28.0%	6.1%
South Korea	244	222	232	238	-9.0%	4.5%	2.6%	143	133	164	173	-7.0%	23.3%	5.0%
China	185	143	171	213	-22.7%	19.6%	24.6%	95	77	95	113	-18.9%	23.4%	18.8%
Total Overseas	3292	2780	3386	3659	-15.6%	21.8%	8.1%	2296	1947	2428	2592	-15.2%	24.7%	6.8%
Totals	11,704	10,069	11,554	11,121	-14.0%	10.8%	-3.7%	18,464	16,179	17,516	16,983	-12.4%	8.3%	-3.0%

Source: Statistics Canada, International Travel Survey

* 2005 = preliminary data

Market Share

Canada's performance in international visitation has decreased since 2002, mainly due to a decrease in visitors from the United States. Canada's market share of key overseas markets has begun to recover, currently registering 5.7% of total potential long-haul outbound travellers. However, Canada's market share of outbound travel from the United States has steadily fallen since 2002, dropping by more than 5% to 22.6%. Canada's competitive position has eroded internationally with the drop in share representing an estimated opportunity loss in revenue of \$2.4 billion.

Table 4: Canada's International Market Performance

	2002	2003	2004	2005
Total Long-Haul * Outbound Travel from Overseas (million)	39.7	37.6	43.1	45.5
Total Overnight Overseas Arrivals to Canada (million)	2.3	1.9	2.4	2.6
Overseas Market Share (%)	5.8	5.1	5.6	5.7
Total Outbound Travel from United States (million)	58.1	56.3	61.8	63.8
Total Overnight U.S. Arrivals to Canada (million)	16.2	14.2	15.1	14.4
U.S. Market Share (%)	27.9	25.2	24.4	22.6
Overall Market Share (%)	18.9	17.2	16.7	15.5

**Total Long-Haul Outbound – represents potential travellers from all CTC Core International Market who travel to global destinations outside of their respective continent*

Competing Destinations

Destinations that compete with Canada for the same general target audience in overseas markets include the United States (U.S.), Australia and the United Kingdom (U.K.). In 2005, our primary competition performed well above Canada with both the U.S. and the U.K. experiencing respective increases of 8.0% in international arrivals and Australia registered a gain of 5.0%. Canada, however, experienced a decrease of 3.0%.

Table 5: Canada's Major Competing International Destinations

Trips From:	TRIPS TO:							
	Canada		United States		Australia		United Kingdom	
	#	05/04 %	#	05/04%	#	05/04 %	#	05/04 %
Total International	18,768	-2.0	41,149	8.0	5,497	5.0	29,971	8.0
United States	14,391	-4.6	...	...	446	3.0	3,436	5.0
Other Key Markets								
France	351	4.3	879	13.0	64	10.0	3,333	2.0
Germany	311	4.9	1,416	7.0	146	4.0	3,318	12.0
United Kingdom	888	10.8	4,345	1.0	708	5.0	...	...
Mexico	179	6.1	4,605	15.0	...	...	77	15.0
China	113	18.8	405	24.0	285	13.0	127	-9.0
Japan	398	1.8	3,884	4.0	686	-4.0	326	-6.0
South Korea	173	5.0	705	13.0	250	18.0	...	...
Australia	179	3.0	582	12.0	...	...	915	16.0
Canada	...	...	14,865	7.0	103	4.0	803	9.0
Total Key Markets	16,983	-3.0	31,685	8.0	2,688	4.0	12,335	5.0

Market Yield

From Canada's key international markets, American business travellers are Canada's highest spenders on a per night basis at \$251.19. Canada's highest yielding key overseas markets are Japan, Australia and the United Kingdom. Visitors from China represent the largest per trip expenditures at \$1,878; however, their spending per night is \$57.74.

Table 6: Key Market Information

	2005		2004	
	Ave. # of nights	Ave. \$ per night	Ave. # of nights	Ave. \$ per night
Asia/Pacific				
Japan	11.92	\$117.75	12.12	\$116.62
Australia	13.99	\$115.05	14.09	\$114.00
China	32.52	\$57.74	32.64	\$54.86
South Korea	24.62	\$55.92	23.70	\$59.60
Key Asia/Pacific	17.60	\$85.44	17.22	\$91.38
Europe/Latin America				
United Kingdom	13.35	\$105.30	12.76	\$109.14
Germany	15.76	\$83.66	15.47	\$86.65
France	16.57	\$79.55	14.53	\$82.77
Mexico	17.13	\$78.32	17.12	\$80.40
Key Europe/Latin America	14.83	\$92.09	14.09	\$104.54
U.S. Business	3.09	\$251.19	3.2	\$248.33
U.S. Leisure	4.12	\$115.87	4.15	\$121.13

Source: Statistics Canada, International Travel Survey

Forecasts and Trends 2007-2011

Economic Forecast

The global economic outlook is generally positive, but vulnerable to a number of potential risks. Among these risks are the continued effects of increasing oil prices and instability in some oil-exporting countries, the continued threat of terrorism, a possible pandemic (e.g., avian flu), and the military conflict in the Middle East.

According to *Global Insight*, Canada's economy is expected to continue to perform well into the near future. Private consumption should maintain its strength with slight weakening into 2007 and 2008. The Canadian dollar is forecast to stabilize around \$0.87 - \$0.88 American.

	2005	2006	2007	2008
GDP Growth	2.8%	2.8%	2.7%	2.8%
Private Consumption	4.0%	3.1%	2.4%	2.2%
Unemployment Rate	6.9%	7.0%	7.0%	7.1%
Inflation Rate Change	2.2%	1.8%	1.4%	1.7%
Exchange Rate (\$Cdn/\$US)	0.83	0.88	0.87	0.87

Global Insight Data

Population Forecast

- Population growth in the 25-64 age range in CTC's core markets is expected to reach 1.2 billion by 2011, a 6.3% increase (71 million) from 2005. The Asia/Pacific markets account for the majority of this increase.
- The U.S. target market is forecast to increase by 5.8% (9 million) to reach 165 million in 2011.
- The Europe/Latin America target market (France, Germany, UK, and Mexico) is forecast to increase by 4.5% (7 million) from 2005-2011 to reach 164 million.
- The Asia/Pacific target market (China, Japan, South Korea, and Australia) is forecast to increase by 6.7% (54 million) to reach 865 million in 2011.

Table 8: Population Forecasts (Age 25-64) (In millions)

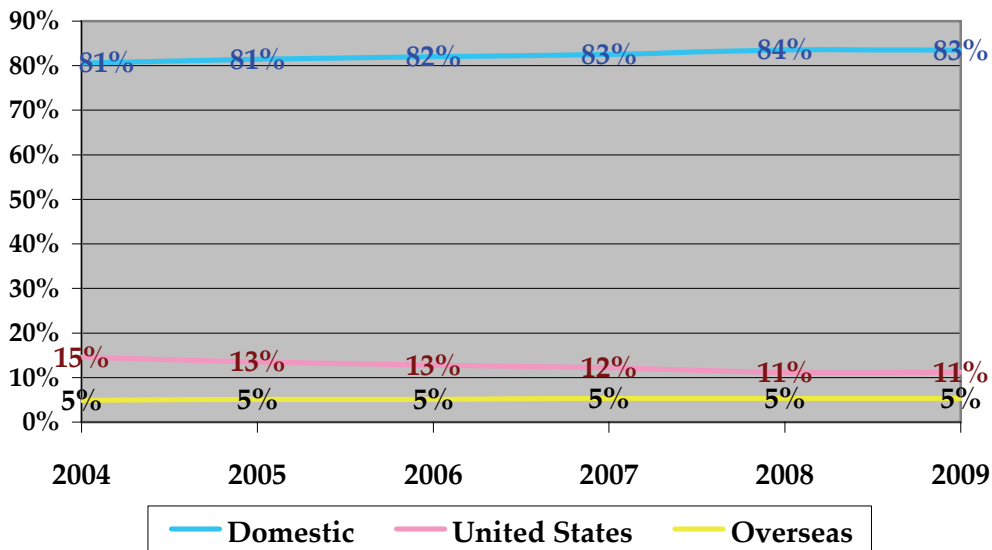
	2005	2006	2007	2008	2009	2010	2011
United States	156	158	160	161	163	164	165
Europe / Latin America	157	158	159	160	162	163	164
Asia / Pacific	811	818	830	840	848	856	865
TOTAL	1,124	1,133	1,149	1,161	1,172	1,183	1,195
% Change		0.8	1.4	1.0	0.9	0.9	1.0

Source: U.S. Census Bureau.

Trip Forecast

- Overall, trips to and within Canada are expected to increase by 18.3 million from 117 million in 2005 to 135 million in 2009.
- Domestic trips are expected to account for 83% of the total.
- Trips from the United States are forecast to fall, reducing their share of the total Canadian market from 15% to 11%.
- Person trips from overseas countries are expected to maintain their 5% share of the Canadian market.

Table 9: % of Total Trips in Canada



Source: The Conference Board of Canada.

Vancouver 2010 Olympic Winter Games Forecast

According to a study by InterVISTAS from November 2002, the expected economic impacts of the Vancouver 2010 Olympic Winter Games for British Columbia, under a medium-high scenario, are:

- \$2.1 billion in direct GDP;
- \$3.3 billion in total GDP, including multiplier impacts; and
- 55,000 direct person years of employment.

These impacts would be spread throughout the 2008-2015 period with the peak occurring around the 2010 Winter Games.

The economic impact solely from visitors and tourists expected from hosting the Vancouver 2010 Olympic Winter Games, under a medium-high scenario, are:

- \$1.4 billion in direct GDP and 39,000 direct person years of employment; and
- \$2.2 billion in total GDP and 54,000 total person years of employment.

Western Hemisphere Travel Initiative (WHTI) Forecasted Impact

A recent study by the *Conference Board of Canada*, for the period between 2005 and 2010, estimates that a Western Hemisphere Travel Initiative (WHTI) requirement for travellers between the United States and Canada to have a passport, or an alternative approved identification card, will result in an estimated loss of over 14 million same-day and overnight inbound trips compared to the best case forecast for the same period. The study estimates a cumulative gross shortfall in international export receipts by the Canadian tourism industry of \$3.6 billion, as well as a net shortfall of \$3.2 billion in overall industry revenues adjusting for domestic substitution effects.

Demographic/Psychographic Trends

Consumers to Watch: While the baby boomers make up the largest and wealthiest portion of the U.S. demographic, adults between the ages of twenty-five and forty, labelled Generation X, now spend more per leisure trip than American baby boomers.

A younger generation of U.S. travellers is emerging as an increasingly important segment of the market. They place a higher premium on unique travel experiences and tend to spend more on activities such as entertainment, dining and shopping, but less on transportation and accommodation.

Factors of Influence: The UNWTO has identified the following shifts in tourist behaviour:

- late bookings;
- trips being taken closer to home;
- sensitivity to price;
- business travel cost cutting;
- individual (not organized) travel and do it yourself;
- internet bookings and travel reservations; and
- low cost airlines.

Niche Markets: Spas are the fastest growing leisure sector in North America, growing faster than golf and skiing combined.

Technological Trends

According to the "2006 Summer Travel" *Consumer Preference Index* (CPI) poll from Prospectiv, 83% of United State's Internet users go online to research or book summer travel. The Internet is becoming the ideal medium to reach consumers with branding messages and travel promotions.

According to Forrester Research, the Internet population is growing at 17% annually and consumers are becoming more comfortable purchasing online.

A new study by Jupiter Research entitled "Market Forecast Report, Travel 2004" finds that the U.S. online travel market has grown at a fast pace over the last year, totalling \$54 billion in 2004 or 23% of travel purchased.

Jupiter projects that for every one dollar generated online, another five dollars is generated offline as a result of online sales leads, as many consumers opt to call the hotel operator directly to book options researched online.

E-commerce consumer revenues are growing 24% annually. Travel has become the largest e-commerce category and will stay this way for the foreseeable future. The online market is projected to grow to \$91 billion in 2009 or 33% of travel purchased.

The 2007-2011 Strategic Plan – Telling the Story

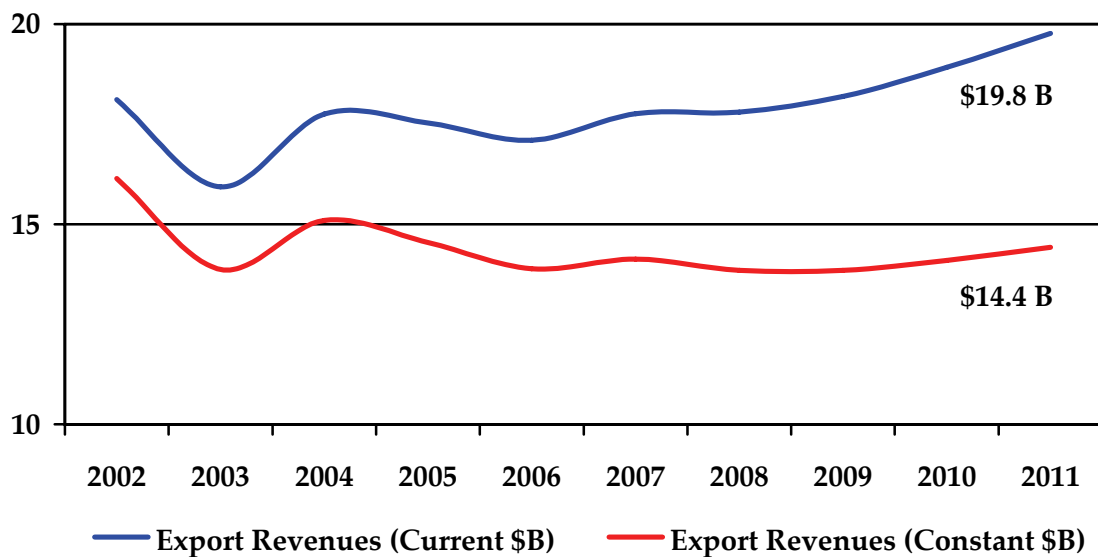
Goal:

CTC's ultimate goal is to *grow tourism export revenues*.

Dollars spent by international visitors in Canada are considered an export revenue as it provides new dollars to the Canadian economy. An item sold to an international tourist is considered an item exported.

In generating export revenues the CTC focuses on bringing international visitors to Canada. To achieve this, 77.5% of the CTC's overall budget is dedicated to marketing Canada internationally. In addition, the CTC dedicates 4% of its budget to marketing Canada to Canadians with the intent of switching their travel habits to **choose Canada** and keep their travel dollars within the country.

Canadian Tourism Export Revenues - Target



From the 2005 base level of \$17.5 billion (current dollars), by 2011, the target for Canada's tourism export revenues is \$19.8 billion (current dollars), for an average increase per year of 2.1% and a net cumulative injection of \$2.2 billion (current dollars) in to the tourism economy.

Objectives:

Building on the foundation set in the 2006-2008 Strategic Plan, the CTC's 2007-2011 Strategic Plan identifies the following four objectives:

1. Convert high yield customers;
2. Focus on markets of highest return on investment;
3. Brand consistency; and
4. Research new market opportunities.

The CTC's approach to growing export revenues is based on deepening the relationship with high yield consumers in an effort to influence their travel decisions and convert them to a travel purchaser.

Second, the CTC's approach focuses on those global markets or consumer market segments where it is felt there is the highest potential for return on investment. Promoting brand consistency is central to marketing Canada as a desirable tourism destination. Over the 2007-2010 planning period, the CTC will work closely with industry to communicate the advantage of a strong global brand Canada and work collaboratively to leverage the brand. Finally, the Commission's strategy will focus on identifying new market opportunities by developing a research and development strategy to assess the potential of emerging markets and position Canada to diversify its marketing strategy.

The CTC's Leadership Role

- Promoter of Canada brand
Canada – Keep Exploring
- Expert on the Canadian tourism product and services
- World class research capacity
- Leading source of information
- Lead all other National Tourism Organizations in leveraging technology and the Internet.

Priorities: CTC Action Plan

For the CTC to deliver on its objectives, activities need to be undertaken in each of the following seven priority areas during the 2007-2011 period.

Priority One: Develop one-to-one relationships with customers

Beginning with its 2006-2008 Strategic Plan, the CTC began to gain competitive advantage by developing one-to-one relationships with customers. Over the 2007-2011 period, the CTC will continue to employ innovative marketing approaches and tools to interact directly with consumers.

Learning more about the customer

Developing a one-to-one relationship with customers begins with identifying who they are and learning more about their travel preferences.

In the coming years, the CTC will continue the implementation of the Explorer Quotient (EQ). The EQ is a unique global traveller segmentation tool which will enable the CTC to better understand global types of travellers and build one to one relationships with them. EQ is based on a consumer's individual social and travel values versus traditional demographic segmenting.

EQ will be central to CTC marketing campaigns and communications activities. By using its innovative methodology, the CTC and its industry partners will be able to match consumers with relevant tourism products.

In addition, the CTC will conduct consumer research to identify travel experience preferences, attitudes and motivations toward international travel, preferred travel experiences, and travel vacation planning and decision-making. The results of this research will support a further identification of travel market segments and support the CTC and its industry partners in developing travel products that meet the needs of the consumer. The Canadian tourism industry, in particular small and medium sized

The Explorer

(The CTC's Global Brand Customer)

- **Who are they?** They believe in a life less ordinary. They are experienced international travellers (possess passports), who seek out authentic, personal experiences. They are somewhat adventurous and place high value on contrasting experiences (different from day to day).
- **What is known about them?** They come from households of \$80,000+ (US). They are educated, open minded and interested in world affairs. They are selective with media consumption and are opinion leaders within their peer and social groups.
- **How to communicate with them?** These people are users of technology, selective television viewers and predisposed to programs that meet their lifestyle and motivation profiles. Intellectual programs and those with knowledge content are preferred. They are keen readers of newspapers and magazines of specific interest. These people are also well connected and like to share, learn and be influenced and/or informed by their peers.

tourism enterprises, plays a critical role in the CTC's ability to deliver on this priority. The CTC will continue to work closely with its industry partners to develop and market tourism products directly to consumers.

Over the next five years, the CTC will continue to develop its Customer Relationship Management (CRM) tool, Epiphany, to identify customers, collect and analyse data related to their travel preferences and spending patterns. The Epiphany system will enable the CTC and its industry partners to target their best customers, manage marketing campaigns with clear goals and objectives, and generate quality leads for the sales team.

Increased knowledge of target customers will enable the CTC and industry to build relationships based on matching consumer travel needs with products and services.

Interacting with the customer

The CTC has made significant investments in the area of e-marketing and customer relationship management over the last couple of years. The strategy for 2007-2011 is to support this investment by creating a valuable online experience ultimately converting interested visitors into customers.

In the coming years, the CTC will continue to place an increased emphasis on using the Web as a primary communication tool. Through implementation of its e-marketing strategy, the CTC will move Web activity from the periphery of the marketing activities to the centre of a fully integrated marketing solution. It will leverage services and tools for streamlining the way it interacts with the consumer.

Unlike any other marketing channel, the Internet provides consumers with a powerful platform where they can easily view a tremendous amount of travel options with a single click. No other channel provides such broad visibility. The user growth trend on the Internet presents an opportunity to communicate directly with consumers in a more effective way.

Using the Web as a hub allows the CTC and its partners to synchronize multiple layers of communication for every region, culture, country and language. The harmony of a centralized system — in creating brand content for the Web, collateral and advertising — maximizes impact and cost-efficiency. Above all, the CTC assures brand content is relevant to local needs and cultures, and that customers enjoy the same, consistent brand experience everywhere.

By moving forward on its e-marketing strategy, the CTC will differentiate itself from competing nations and destinations by making it easier for consumers to research and buy Canadian travel experiences using the Internet.

Priority Two: Align market allocations to achieve highest return on investment

In 2007, the CTC will continue to invest in the same Tier One markets as 2006. In other words, the CTC will focus its investments in the United States (Leisure and Meetings Conventions and Incentive Travel), Mexico, France, Germany, United Kingdom, Japan, China, South Korea, Australia and Canada.

Compared to 2006, some budget reallocation will be implemented to take advantage of growth markets. Specifically, the allocations for Mexico, China, South Korea and Australia will increase in 2007. For the most part, in those markets that have been reduced, this reallocation will be partially offset by the strength of the Canadian dollar relative to that market's currency at current rates.

Table 10: CTC 2007 Strategic Program Allocations - Exchange Rate Fluctuations

International Markets	CTC 2006			2007 Allocations			Net Impact in Local Currency (000)	Net Impact in \$Cdn (000)
	Investment (\$Cdn 000)	%	Investment in Local Currency (000) *	Investment (\$Cdn 000)	%	Investment in Local Currency (000) **		
U.S Total.	\$22,600	57.3%	\$US 18,483	\$19,043.0	50.7%	\$US 16,863.6	-\$US1,619.4	-\$1,828.7
Europe/LA	\$9,276.9	23.5%	-	\$9,412.0	25.1%	-	-	+\$468.0
UK	\$4,221.5	10.7%	1,972.9 pounds	\$3,992.0	10.6%	1,916.6 pounds	-56.3 pounds	-\$117.2
France	\$1,989.6	5.0%	1,352.2 euros	\$1,769.0	4.7%	1,235.5 euros	-116.7 euros	-\$167.1
Germany	\$1,941.7	4.9%	1,319.6 euros	\$1,647.0	4.4%	1,150.3 euros	-169.3 euros	-\$242.4
Mexico	\$1,124.1	2.8%	9,808.9 pesos	\$2,004.0	5.3%	19,475.2 pesos	+9,666.3 pesos	+\$994.7
Asia/Pacific	\$7,592.0	19.2%	-	\$7,954.0	21.1%	-	-	+\$1,045.7
Japan	\$5,600.0	14.2%	512,774.0 yen	\$4,947.0	13.2%	507,072.6 yen	-5,701.4 yen	-\$55.6
S Korea	\$610.0	1.5%	517,388.0 won	\$970.0	2.6%	817,186.0 won	+299,798.0 won	+\$355.9
China	\$564.0	1.4%	3,790.3 renm	\$907.0	2.4%	6,419.0 renm	+2,628.7 renm.	+\$371.4
Australia	\$818.0	2.1%	\$A 889.4	\$1,130.0	3.0%	\$A 1,329.3	+\$A 439.9	+\$374.0
R & D				\$1,160.0	3.1%	-	-	-
Total	\$39,468.9	100%		\$37,569.0	100%			-\$315.0
Canada	\$2,900.0		\$2,900.0	\$2,775.0		\$2,775.0	-	-

* As of July 2005

** As of July 2006

Establish Research and Development fund to be ready for the future

In May 2006, the CTC Board of Directors agreed to establish a \$1.2 million Research and Development fund. The purpose of this fund is to support projects to ensure the CTC and industry are prepared to capitalize on growth opportunities. This could include a variety of research projects such as the development of a return on investment model, a standardized model to measure advertising effectiveness and the analysis of emerging markets.

New Market Opportunities:

Markets that show signs of strengthening can have the greatest potential for rapid growth and greater returns, according to development theories such as the Rostow Development Model.

Two new emerging markets expected to impact travel to Canada in the coming years are India and Brazil. Competition for travellers from these markets is expected to be fierce so it will be increasingly important for Canada to prepare itself to be able to capitalize on the potential market growth. Brazil and India have demonstrated solid performance and growth in the Market Portfolio Analysis (MPA) model over the past several years. Socio-economic conditions in Brazil and India suggest that significant growth in visits to Canada from these markets is possible. The Governments of Canada and India have agreed to liberalize the current bilateral air transport agreement, allowing a five-fold increase in passenger flights between the two countries. Brazilian travellers have grown from 28,600 visitors in 2003 to 55,900 in 2005.

To ensure market opportunities are assessed in a consistent manner, a framework has been developed to guide the research and assessment process for emerging markets. If a market demonstrates opportunity, recommendations for a market entry strategy will be made.

The framework is designed to include five distinct stages or “gates” and will be implemented over a three year period. The framework is described in Annex A.

Priority Three: Differentiate Canada

An assessment of global tourism destination marketing shows that many countries are marketing themselves in very similar ways. What is missing in advertising for tourism destination markets are clear differentiators and clear positioning.

Another emerging challenge is nation branding. Countries worldwide are increasingly focusing on building their national identities and realizing the importance of a strong national brand in delivering not only tourist arrivals, but also investment and business opportunities for their nations.

Many destinations are competing for the tourist’s dollar. Canada needs to stand out — not just be a major competitor but strive to be beyond category and above comparison. Promoting a consistent brand Canada will differentiate Canada from its competitors.

Consumer research and trade customer perceptions of Brand Canada tell us that people from around the world have a very positive attitude toward Canada. But their idea of Canada is primarily nature-based and they are unsure of whether Canada will be a rewarding and interesting vacation beyond “the sights” — the landscapes, the beauty and nature.

*“Brand Canada is a powerful brand.”
(Simon Anholt)*

According to the Nation Brand Index, Canada ranks #3 in the world; its author, Simon Anholt, says, “Canada is the best largely unexploited Brand in the world, almost universally admired, positively angelic and almost too perfect.”⁴

Brand Positioning

Canada.

Keep Exploring

Position Canada as a catalyst for self-expression.

As a country, a culture and a people, we will invite travellers to share in our belief of the value of a life less ordinary. Our imagery will build on people’s love of the Canadian landscape but portray it on a more personal and interactive level (people with/in nature).

The world will come to see Canada as not just a beautiful place, with incredible landscapes, but a place that offers travellers an opportunity to create their own stories and experiences, unique stories that are a little unexpected, unusual and out of the ordinary.

Highlights of result findings from the Nation Brand Index put Canada in top rankings in almost all categories, from hiring Canadians to living and working in Canada. Of those surveyed, 28,500 people in 35 countries all said they would like a Canadian friend. If given the choice to hire a Canadian or someone of another nation, all said they would like to hire a Canadian. When it came to purchasing products and merchandise, if there were more Canadian made products, the survey said people would purchase them. And, Canada scored incredibly high as a choice for long term residency (study or work). Next to Australia and New Zealand, Canada ranked third in the world for beauty and landscape.

Other tourism destinations have used their marketing approaches to capture the consumer’s attention with a more compelling and urgent reason to visit. Images of nature and landscape are being enhanced with an interesting and focused idea of a brand and a promise of a particular type of vacation or experience. Canada needs to follow a similar approach.

According to the UNWTO, Canada is currently #11 in the world for international tourist arrivals. Over the next five years, the CTC will work with industry to improve this ranking. Our challenge is to take Canada’s positive brand association and present consumers with compelling reasons to visit Canada. The CTC will work with its partners to create new or refreshed products that extend Canada’s brand and respond to the consumer’s expectation.

⁴ Taken from a speech by Simon Anholt at Rendez-Vous Canada, Toronto, ON, April 2006.

Brand consistency is critical to positioning Canada as a premier tourist destination. The brand essence must remain the same across all communication mediums - advertising campaigns, consumer websites, visiting journalist programs or promotional activities with the trade.

Coordinated and consistent branding and marketing will clearly define for customers the experiences that Canada offers and move Canada from a destination of consideration to one of choice with a sense of urgency to visit NOW.

Communications, Media and Public Relations

Over the next five years, the CTC will work to align its communications, media and public relations activities to strengthen the brand. To strengthen the brand position and distribute more content about Canadian tourism experiences, the CTC will leverage events such as the 2010 Winter Games and the 400-Year Anniversary of Quebec City. Efforts will also focus on the exploration of non-traditional alliances, stronger relations with provincial destination marketing organization public relations staff, and the distribution of more brand stories and content.

Non-traditional alliances and partners will include National and Worldwide Olympic Partners and Canadian companies in film, music, fashion, architecture and multimedia sectors over the next five years. Working with these partners, the CTC will seek to find new ways of reaching target customers. The objective will be to break through the media clutter and profile the Canadian experience in new and compelling ways. These non-traditional partners can be further leveraged to enhance the Canada presence at trade shows and events on a global stage and attract more buzz for the brand.

Priority Four: Leverage partner investment

Partnerships are essential to the CTC's ability to deliver on its mandate and extend its marketing reach with limited resources. There is agreement that a high level of partnership indicates endorsement/reinforcement of CTC's activities and maximizes potential market impact.

Historically, partner agreements have generated revenues that have, for the most part, enabled the CTC to maintain the targeted 1:1 investment ratio. The CTC calculates an overall average to enable flexibility between mature, developing and emerging markets. On a program by program basis, industry financial support often exceeds the required 1:1 ratio. It should be noted that the CTC's mandate is to target the core budget allocation overall, not maintain a specific ratio for every individual program.

Table 11: Industry Support by Program in millions of Dollars (Partner Funding)*

Program	2004	Ratio	2005	Ratio
United States	\$47.0	2.3:1	\$30.2	1.5:1
Europe/Latin America	\$16.3	1.2:1	\$15.0	1.4:1
Asia/Pacific	\$10.3	0.9:1	\$14.3	1.6:1
Canada	\$5.9	1:1	\$4.7	1.6:1
MC&IT	\$5.7	1:1	\$12.4	2:1
Product Innovation and Enhancement	\$4.9	1.7:1	\$1.8	1.4:1
Research	\$4.6	1.2:1	\$6.6	2.5:1
TOTAL	\$94.7	1.2:1	\$80.3	1.5:1

*Ratio in Partner funds to budget. Source: CTC Compilation

Over the next five years, the CTC will seek to leverage its partnerships to maintain an average 1:1 ratio.

As efforts continue to find new, non traditional, marketing approaches to reach consumers on an everyday basis, the CTC will continue to build partnerships with non-traditional partners who can assist in achieving its strategic objectives.

Priority Five: Leverage media exposure afforded by the Vancouver 2010 Olympic Winter Games

The Vancouver 2010 Olympic and Paralympic Winter Games provide unprecedented opportunities to showcase Canada to the world by telling compelling stories of excellence, diversity, vibrant communities and cultures, and endless excitement. These opportunities can be realized in the years leading up to, during, and after the Games. Post games opportunities are dependent upon executing a successful Olympic Winter Games that puts Canada on the map and increases its profile.

The positive impact to a region from hosting this global event has been described as the “Olympic Games Advantage”⁵ and stems from the unique features of this event:

- Value of the Olympic Games brand;
- Truly international focus and experience;
- Unique global and national sponsor network;

⁵ *New Initiatives in Promoting Business and Tourism Development*, David Faulks, John Morse and Terry Goss

- High level catchment of business contacts;
- Unsurpassed global exposure; and
- Unique public excitement and interest.

Through carefully executed media and public relations strategies, all tourism regions can benefit from the Vancouver 2010 Olympic Winter Games. Canadian images and stories will be available to the media to drive demand for national tourism products. The world will see a different Canada through the lens of the Olympic and Paralympic Games and associated media, accelerating brand recognition and activation. Tourism is the industry sector with the most opportunity to benefit.

CTC involvement in the “Olympic Games Advantage” will accelerate business development opportunities. National and Worldwide Olympic and Paralympic Partners will be interested in activating their sponsorship and will look to organizations like the CTC with national and international reach to partner with. These Games motivated partnerships can become long term opportunities to support the achievement of the CTC’s goal and objectives. Sponsors will be interested in connecting with all regions of the country creating opportunities for effective partnership to promote Canada and tourism.

To fully engage in realizing the “Olympic Games Advantage” opportunity, the CTC will continue to be proactive, innovative and collaborative. Success will depend upon all areas of the CTC leveraging the Games to accelerate or enhance their activities. The Games will come and go but the CTC will be left with a legacy of new productive partnerships and relationships that will allow continued use of “Olympic” channels to promote Canada as a premier tourist destination long after 2010.

Priority Six: Create demand for increased air access

The CTC is committed to working over the next 5 years with its partners to create demand to stimulate increased air access to Canada. Air access is critical to converting high yield customers. The CTC can effectively work with its partners to create increased demand for travellers to visit Canada, however, without adequate air access Canada is limited in its ability to increase tourism export revenues.

Data from the Official Airline Guide (OAG) suggests that air capacity from all Tier One markets except Japan increased in 2006 compared to 2005. Increases from the United States and the United Kingdom were very small, while others such as China, Mexico and Australia, demonstrated more robust growth. However, while growth in air capacity may be positive in most of Canada’s key markets, growth has tended to be stronger for Canada’s competitors. Although this data only compares 2006 to 2005, it indicates that Canada’s competitive position is being eroded. Canada’s ability to create demand to support increased air access is critical to growth in tourism receipts and providing access to a wider diversity of product offerings to promote Canada as a four season destination.

Table 12: Change in Scheduled Air Capacity: 2005 - 2006

	From								
	US	UK	France	Germany	Mexico	Japan	China	South Korea	Australia
	05/06	05/06	05/06	05/06	05/06	05/06	05/06	05/06	05/06
to Canada	0.07%	0.01%	4.44%	2.32%	14.72%	-5.77%	15.10%	2.28%	10.40%
US domestic	-5.29%								
to US		1.26%	2.10%	8.01%	2.77%	-8.02%	22.98%	6.86%	3.37%
to UK					-12.64%		23.64%	2.77%	-10.74%
to China		22.98%	3.48%	18.27%					20.61%
		Brazil	Brazil	Brazil	Spain	Australia	Australia	Australia	
to Other		2.34%	10.99%	14.09%	14.30%	0.83%	9.25%	4.41%	

Source: OAG

In the coming years, the CTC will focus on two main target areas. The first will be markets where demand exceeds current capacity, such as the current situation in Japan where Narita International Airport is at capacity. Growth in capacity in these markets can only come from additional slots being assigned to Canada or incremental air service being added at other key airports. The second target area will be new market development within Canada to introduce product, drive demand to new destinations and add incremental visitation.

The CTC proposes to work in partnership with Provincial Marketing Organizations, Destination Marketing Organizations and industry to create demand to increase air access. The primary focus of the CTC will be to develop shoulder season business and to maximize the potential of high demand periods in specific target markets through both charter and scheduled air capacity.

In support of this priority, the CTC will develop a long term integrated approach that will include research, trade and consumer development, product distribution and content management.

Priority Seven: Organizational excellence

The two main assets of the CTC are its people and the Canada Brand. Over the next five years, the CTC will continue to strive for organizational excellence through the promotion of these two assets.

Corporate Culture

Canada.Keep Exploring is more than a tag line to market the country, it defines the CTC as an organization – its commitment to Canada and its commitment to continually seeking to find new ways of doing things. The roll out of Brand Canada globally provides an opportunity for the CTC to articulate its global ethic and discuss with employees the goal and objectives of the organization and their roles within it.

Being a workplace of choice involves rewarding outstanding work, offering accessible and relevant learning and growth opportunities, and fostering an environment that is responsive to employee needs. The CTC is committed to continuing to provide a challenging and motivating work environment where employees feel they have the tools and supports necessary to embrace their roles in the organization. Through its human resources strategy, the CTC will continue to implement and develop the structure and tools needed to support and nurture its employees.

Core Values

Values are important to an organization because they remind employees what they stand for as members of the team and articulate a code of conduct and behaviour for all. The CTC has established three core values for the organization. These values were developed in consultation with CTC employees and reflect the organizational culture of the Commission.

Innovation, Collaboration and Respect

The CTC's employees believe in the work they do and feel strongly about their commitment to Canada. They are committed to finding new and creative ways to market Canada, to working together as a team and to respecting each other's differences.

The CTC



Through the annual employee survey, the CTC will continue to monitor the overall health of the organization and take the necessary steps to meet its commitment to organizational excellence.

Strategic Outcomes

Performance Measurement

The CTC evaluates performance at a number of different levels. The following is a list of performance measurement and evaluation tools used by the CTC:

- Performance Measurement dashboard: evaluates overall performance of the CTC and reflects an aggregate of overall business unit measures;
- Business unit performance measures;
- Conversion and evaluation studies: determine the success of marketing campaigns and guide decisions regarding future campaign launches;
- The Market Portfolio Analysis Index (MPA): evaluates the potential and performance of markets and then establishes priorities based on the results. The outcome of the model provides a framework for rating markets according to a tier structure;
- The Market Investment Model (MIM): assists in determining budget allocations by market.

Over the next five years, the CTC will develop and implement a common evaluation framework to support the assessment of its marketing campaigns. This framework will establish a consistent approach for undertaking pre-campaign, post-campaign and conversion studies. In addition, the CTC will develop an evaluation cycle for each of its markets. Finally, we will place a greater emphasis on the collection and analysis of in-house data from the Epiphany system to evaluate marketing campaigns and measure performance.

The following table outlines the performance targets to measure the CTC's strategic outcomes over the next five years.

Table 13: Performance Measurement Targets 2007-2011

Priorities	Measure	Benchmark	2007	2008	2009	2010	2011
Grow tourism export revenues	Tourism Revenues	\$1,752.6 (2005)	↑ 3.9% \$17,765	↑ 0.2% \$17,800	↑ 2.2% \$18,192	↑ 4.0% \$18,920	↑ 4.5% \$19,771
	UNWTO Ranking	#12 (Revenue)	Aim to improve ranking back towards #10	Aim to improve ranking back towards #10	Aim to improve ranking back towards #10	Ranked in top 10	Ranked in top 10
Align market allocations with ROI	MPA/MIM	Score of 30 = Tier 1	Maintain alignment with Tier 1 markets	Maintain alignment with Tier 1 markets	Maintain alignment with Tier 1 markets	Maintain alignment with Tier 1 markets	Maintain alignment with Tier 1 markets
	ROI		The CTC will create a tool to assess ROI of market investments	TBD	TBD	TBD	TBD
Develop one to one relationship	Qualified consumers in databases with email	1,000,000 in database (25% with email)	↑ 12%	↑ 15%	↑ 15%	↑ 15%	↑ 15%
	# of unique visitors to Canada.travel consumer site	1,931,942 (2005)	The CTC will establish a tool to track visitors in 2007	TBD	TBD	TBD	TBD
	% of customers converted		The CTC will establish a benchmark and measurement tool in 2007	TBD	TBD	TBD	TBD
Differentiate Canada	Brand awareness	-	The CTC will establish a benchmark in 2007 to measure brand awareness	TBD	TBD	TBD	TBD
Market Yield	Increase average per person spend per night	\$103.4 (2005)	↑ 1.9% \$105.9	↑ 1.6% \$107.6	↑ 2.9% \$110.7	↑ 4.0% \$115.1	↑ 4.6% \$120.4
Leverage partner investment	Partnership ratio	1:1	Maintain 1:1	Maintain 1:1	Maintain 1:1	Maintain 1:1	Maintain 1:1
Organizational Excellence	Employee Survey	Overall satisfaction of employees from 2006 survey	TBD	TBD	TBD	TBD	TBD

Core Functions:

Brand Canada

In 2005, the CTC launched the Brand Canada strategy with a brand promise to travellers to *“Come to Canada. Create extraordinary experiences all your own.”*

Over the next five years, the brand management unit will continue to implement the strategy to bring the brand to life and ensure the CTC remains brand focused.

In January 2007, the CTC will launch a full global brand roll out across all of its markets. The roll out will include industry training and initiatives to generate a high awareness of the brand Canada global look and feel. Over the first two years, the CTC will focus on training and awareness building, building global partnerships and alliances that support the brand and sharing best practices across the markets. By implementing a strong brand strategy the CTC will ensure its value and credibility of the brand are maintained and strengthened.

Success requires a clear vision of the brand’s core values and a clear statement to make those values accessible and comprehensible to the public. A solid CTC structure to support a global brand is essential to ensuring all key touch points and communication channels are delivered with a consistent look and feel.

A solid brand plan — that is concise and simple to follow - will easily receive employee and industry buy-in and result in simplifying the Canada message for consumers and increasing tourism revenue for Canada.

For employees of the CTC, this plan will allow them to clearly see the “BIG PICTURE” — global brand goal and objectives versus regional or unit responsibilities. The plan will act as a framework for industry partners, helping them to see how they fit in, where they can make a difference, and that globalization means increased brand awareness, resulting in increased revenue.

The return on investment internally will be brand discipline and the development of pride in fulfilling the brand promise on a daily basis.

The return on investment externally for the industry will be Canada speaking with a consistent messaging and images globally. Over the next five years, the CTC will work with industry to ensure a common understanding of the brand. This is a long term commitment to growing tourism in Canada.

The Brand management unit will focus on the following priorities:

- Ensuring consistent brand messaging across all communications vehicles regardless of country, language or demographics, thereby giving consumers simple and compelling reasons to visit Canada;

- Internalizing the brand and its principles, instilling a culture committed to innovation, and a collaborative approach in all its efforts;
- Engaging and aligning the industry behind the brand to ensure that consumers receive the most compelling messages to explore and experience Canada; and
- Aligning the CTC's marketing efforts behind the brand to ensure efficiency and impact for its marketing dollars.

Product Innovation and Enhancement

The goal of the CTC's Product Innovation and Enhancement Division (PIE) is to work with the tourism industry in identifying tourism products that promote new experiences in Canada. The brand promise is **Come to Canada. Create extraordinary experiences all your own.** To deliver on this promise, PIE works with industry to develop "experience product".

Through research PIE identifies market demand for product, assesses Canada's capacity to deliver on this demand and facilitates the development of new tourism experiences to meet this demand. Secondly, PIE facilitates market access for the product via the marketing, public relations and e-marketing channels of the CTC.

The Explorer Quotient (EQ) is a key tool for PIE to gather information and intelligence on consumer preferences. In 2007, PIE will focus on gaining a better understanding of Canada's global customer and conducting analysis of the experiences being sought by consumers from each Tier one market. PIE will also support further research and market development opportunities for niche products.

Over the next five years, PIE will focus on the following priorities:

- Facilitating and supporting product demand research through customized research based on product clusters or customer segments (i.e. aboriginal tourism, sports tourism);
- Promoting awareness of new products;
- Integrating "experience product" into marketing initiatives and new campaign development;
- Advocating new market development opportunities;
- Formulating a web content strategy designed to ensure the Canada.travel website contains planning and product information that is relevant to the target audiences it seeks to influence;
- Introducing and validating product content in e-marketing initiatives; and
- Developing niche marketing opportunities for spa health and wellness tourism and exploring new niche opportunities.

Research

In June 2006, previously separate research units (macro-economic and market research) were integrated under the Vice President Marketing to better serve the strategic needs of the CTC.

Faced with intense and fierce competition and a changing tourism landscape, the overall function of the CTC Research Group is to provide timely and relevant business intelligence and data (market and industry), to support strategic and effective business, marketing, and investment decisions.

Business intelligence is critical to maintain and build a competitive edge for the CTC and the Canadian tourism industry.

The industry more than ever will require thorough consumer and industry research. In addition, performance tracking of tourism will be vital to ensure maximum return on investment and industry benefits are achieved from each possible market and each targeted market segment.

Over the next five years, the Research program will focus on the following priorities:

- Expanding consumer based intelligence, analytical tools and services to support marketing, product and industry development. An emphasis will be placed on developing consumer segmentation models to support CTC marketing programs;
- Monitoring, assessing and analyzing global market conditions from a socio-economic and geopolitical perspective to identify opportunities and threats;
- Improving business intelligence that measures and tracks Canada's competitive position, the export performance of the Canadian tourism sector and the CTC's Tier One markets;
- Sustaining core surveys and relevant economic modeling projects that enable the CTC to measure, monitor and evaluate the importance and impact of tourism to the Canadian economy; and
- Communicating timely, accurate and relevant business intelligence to decision makers within the CTC as well as industry partners and stakeholders.

Marketing and Sales Programs

The CTC currently focuses its marketing programs in the following eleven Tier One markets: United States Leisure, United States Meetings, Conventions and Incentive Travel (MC&IT), United Kingdom, Germany, France, Mexico, Japan, China, South Korea, Australia and Canada.

It is through the marketing programs that the CTC focuses on achieving its four key objectives:

1. Convert high yield customers;
2. Focus on markets of highest return on investment;
3. Brand consistency; and
4. Research new market opportunities.

The marketing programs develop annual strategies that outline the key high yield markets being targeted and the approach used to position Canada in a way that best resonates with these target markets. While each market is unique there are common threads across the marketing programs.

The CTC's marketing programs are centered around executing the brand. It is through the marketing strategies that the brand promise comes to life. **"Travelling in Canada will enable me to create extra-ordinary experiences all my own."**

Over the 2007-2011 period, each of the CTC marketing programs will seek to learn more about their target consumer and the experiences they are seeking through market segmentation research and tools such as the EQ.

As the CTC moves forward on its objective to convert high yield customers, it will be important to target marketing strategies to high yield niche groups as well as high yield demographic and geographic groups. Currently, the CTC targets niche groups such as ski and spa. Over the coming years, the CTC will work with industry to identify other high yield niche markets and develop and market "experience" product targeted to these markets.

In addition, the CTC will explore expanding the Meetings Convention and Incentive Travel (MC&IT) program to its other international markets. With the highest per person spend per day of \$251.19, the United States' business traveller represents a key high yield market for the CTC. In the coming years, the CTC will explore whether or not an international MC&IT program would represent an emerging high yield market for Canada.

Consistent with the 2006-2008 strategy, each marketing program will use the same three phased communications approach to reach the consumer, create a sense of urgency and influence their travel purchase to choose Canada now.

1. Create Consideration and Awareness for Canada as a vacation destination, which serves to intrigue the consumer with a new idea about Canada. This strategy is achieved predominantly through media and messaging best suited to leverage the Canada brand. Customers that would be targeted to Tier 1 activities are those for whom a vacation to Canada is vaguely on their radar screen, not necessarily on the short list, or where there is no sense of urgency to visit Canada.
2. Create Understanding for Canada as a vacation destination allowing the consumer to experience Canada without leaving home, by breaking their routine and immersing them in a sense of what it feels like to travel in Canada. This strategy is achieved through both brand awareness and a tactical marketing approach to appeal to consumers that have Canada on their radar screens and possibly on their short lists.
3. Create the opportunities for the consumer to shop and purchase by stimulating consumers to explore options for travel in Canada through partners. Customers that would best respond to Tier 3 activities have likely been exposed to Tier 1 and Tier 2 activities and are pre-disposed to more tactical offers. This approach is achieved through a mix of tactical marketing and media.

Each tier represents a way for the brand to influence consumers, bring partners in with their messaging, and allow the CTC to link to industry partners to close the sale with consumer leads.

A critical component of the CTC's overall strategy is brand consistency. Through its marketing strategies the CTC will employ a global brand strategy that will communicate consistent Canada brand messages and a consistent look and feel across all markets. In rolling out the global brand strategy, the marketing programs will share the learning across markets so the best practices from one market may be transferred to another.

Canada Domestic Program

The goal of the Canada program is to switch the travel habits of Canadians to choose Canada and travel at home rather than abroad.

Beginning in 2007, the Canada Program will employ an aggressive e-strategy to reposition Canada as offering more than what has previously been perceived or expected. The program will employ new approaches to position Canada in a manner more relevant to its target markets.

Over the next five years, the Canada Program will focus on the following priorities:

- Raising awareness of Canada and capturing the imagination of Canadians, thereby changing the mindset about traveling in Canada through the Explorer Quotient (EQ) and the Keep Exploring brand promotion;
- Using CRM to identify, reach and communicate with the target customer;

- Continuing with the development and deployment of EQ by targeting two key EQ profiles;
- Creating alliances with non-traditional partners to market Canada in non-traditional ways with partners who evoke the target customer's interests; and
- Customizing both the message and the offer specific to targeted markets.

United States Leisure

Building on the extensive research that was conducted on the U.S. market in 2006, the strategic focus for 2007-2011 for the U.S. Leisure program will be to further analyse the research to identify target market segments. The U.S. Leisure program will work to ensure that its marketing approach is relevant to the right travellers. Utilizing the extensive research data on yield, activity, motivations, and experiences the marketing approaches will deliver a more targeted and efficient message to consumers, including new and existing niche markets.

Over the next five years, the U.S. Leisure Program will focus on the following priorities:

- Conducting market segmentation to know the customer better;
- Analysing all research data;
- Identifying the highest yield customers with the highest propensity for travel to Canada, regardless of geography;
- Marketing to the 'customer' and targeting market segments in the most cost effective and persuasive ways;
- Aligning resources against top priorities in support of the US strategy;
- Executing horizontal marketing tactics, plus high yield new and existing vertical niches;
- Communicating "experiences" that fit target market motivators through brand Canada;
- Reducing product and awareness gaps;
- Creating alliances and programs with airlines to increase access and ensure program sustainability; and
- Leveraging non-traditional partnerships.

United States Meetings, Conventions and Incentive Travel

The US business traveller represents the highest per person per day spending average at \$251.19. The MC&IT Sales Program strategy for 2007-2011 will focus on creating strong linkages with the U.S. Leisure strategy. The MC&IT program will leverage the leisure message to position Canadian destinations as desirable MC&IT venues to delegates. The program will focus on defining and targeting the "Canada customer".

Over the next five years, the MC&IT Sales Program will focus on the following priorities:

- Incorporating brand message by focusing on positioning MC&IT destinations, facilities and services as a quality alternative to the U.S. (M&C) and overseas incentive competitors;
- Leveraging activities linked to the CTC Leisure Marketing Programs;
- Increasing incremental meetings and incentive business to Canada from the U.S.;
- Cultivating and invigorating sustainable demand for Canada as a first-tier meetings, conventions and incentive travel destination through relationship selling;
- Conducting an extensive research study into the buying habits and preferences of the MC&IT clients;
- Defining and targeting the “Canada customer” not just as accounts that can meet in Canada;
- Accelerating concentration on niche sectors (e.g. pharmaceutical, scientific, medical);
- Creating an effective balance between new business development and retention, through successful direct sales, database, and account management;
- Identifying non-traditional business partners and media vehicles to position the Canada meeting and incentive messages.

Europe/Latin America

Building on the foundation established in 2006, the Europe/Latin America (ELA) program will maintain the same overall direction in 2007-2011. 2007 marks the second year of implementation of the Canada brand strategy in the Europe/Latin America markets (United Kingdom, France, Germany and Mexico). Building on the awareness created for brand Canada, the ELA program will continue executing the Canada brand to stimulate curiosity and interest about Canada and motivate and inspire potential visitors to travel to Canada.

The ELA program aims over the long term to develop four season travel from each of its markets. In the short to medium term, the focus will remain on the summer and winter seasons.

Over the next five years, the ELA program will focus on the following priorities:

- Stimulating four season travel to Canada;
- Targeting high yield customers that have the highest propensity to travel to Canada;
- Creating multi-market horizontal alliances and modernizing the marketing mix around the concept of content distribution;
- Creating and leveraging existing alliances with non-traditional partners that have similar targets and a need for new, fresh content;

- Utilizing and building on existing database initiatives for e-marketing and segmentation activities;
- Increasing the focus on the Internet to drive traffic to an enhanced web presence;
- Initiating segmentation studies in all markets to further refine our communication approach and have a greater knowledge of target audiences;
- Expanding airline partner base and air capacity with commercial and charter flights;
- Taking a leadership role to leverage partner investment and grow Canada's share of voice;
- Positioning Canada as the number one overseas ski destination; and
- Exploring new niche market opportunities.

Asia Pacific

The Asia Pacific (AP) program works with four markets: Japan, China, South Korea and Australia. With expanding air access, these markets represent an area of expansion and new growth for Canada, in particular China and South Korea. One of the key challenges for these markets is that there is a general lack of awareness of the Canada brand and 'experience' product. A key objective of the AP program will be to introduce the brand in all its initiatives and reposition Canada using existing icons to leverage new experiential, regional and seasonal products.

Over the next five years, the Asia Pacific program will focus on the following priorities:

- Branding Canada as the preferred four-season destination offering unique, experiential, seasonal and regional products;
- Enhancing and building partnerships with traditional and non-traditional partners that will launch and create exposure for experiential products;
- Working with all air carriers/charters to expand air capacity;
- Leveraging the Beijing 2008 Summer Olympic Games to profile the Vancouver 2010 Olympic Winter Games; and
- Developing an enhanced Canada Specialist program linked and supported by in market and Canadian industry partners.

Enabling Units

E-Marketing

The newly created E-Marketing team is responsible for executing a global e-business platform for the CTC. It is to ensure that the CTC's web platform is integrated across the CTC and with partners from all levels of industry in order to create value to consumers. By ensuring consistent and relevant messages in its online tools, the CTC will protect the integrity of brand Canada to extend presence in mature and emerging markets. Through e-marketing the CTC will position Canada as an innovator in e-marketing and customer relationship management. The CTC will focus on creating and measuring leads for its destination, supplier and distribution partners as a core element of its partnership and revenue model that bring value to consumers.

Over the next five years, the E-Marketing unit will focus on the following priorities:

- Marketing Canada globally by leveraging the Internet and technology more effectively than all other global National Tourism Organizations;
- Using a solid technology infrastructure that allows for content management and data management on one global platform to achieve cost savings, efficiencies, and flexibility in order to create a one-to-one relationship with customers;
- Driving the most relevant and targeted traffic more cost effectively to CTC web properties (Canada.travel portal) by leveraging consumer intelligence, and automated campaign management;
- Creating a more valuable online experience that excites consumers to travel to Canada (lead generation) and creates an environment for data capture;
- Turning customer data into intelligence so it can be leveraged to create targeted and personalized campaigns, which lead to a meaningful and mutually beneficial relationship between industry and consumer; and
- Offering fee-based services to industry that in return increase the value proposition for consumers to enhance the research and purchase process of a trip to Canada. Revenue streams will be re-invested in demand generating initiatives (e.g., online advertising), which will increase visitors and therefore enhance the ROI for industry to opt-in to these partnership opportunities.

Human Resources

Human Resources are key to the success of the CTC as this organization possesses only two assets, its Brand and its employees. The CTC needs to ensure it has a qualified, motivated and productive workforce. Human Resources will implement the right policies, practices, tools and procedures; attract, develop and retain competent resources; and develop a business culture that promotes excellence and open communications.

Over the next five years, the Human Resources unit will focus on the following priorities:

- Investing in continuous learning and development
- Promoting CTC's ethics and core values, *collaboration, innovation and respect* and ensuring that they are fully integrated in the culture and behaviour;
- Providing effective and appropriate resources to both management and staff;
- Being an ally in the work of management and staff;
- Engaging and influencing staff;
- Placing a strong focus on management of change; and
- Serving as resources, mentors and educators.

Corporate Communications & Public Relations

The Corporate Communications and Public Relations (PR) unit is responsible for managing communications and public relations with external and internal audiences.

Communications and PR will work to secure high stakeholder satisfaction for CTC leadership on issues that impact tourism marketing and CTC staff will signal high satisfaction with internal communications processes.

Over the next five years, the Communications and PR unit will focus on the following priorities:

- Positioning the CTC as a leading source of information about tourism marketing, research and news;
- Globalizing public and media relations activities to strengthen brand position and to distribute content about Canadian tourism experiences;
- Working with internal and external stakeholders to manage issues that impact CTC and Brand Canada;
- Establishing effective internal communications processes; and
- Ensuring that the CTC carries out its obligations with respect to the *Official Languages Act* as well as its associated policies and regulations.

Planning and Evaluation

The Planning and Evaluation unit is responsible for the management and integration of the planning and strategic management functions of the CTC. Specifically, the unit plays a lead role in the development of the Commission's Strategic Plan, Corporate Plan and Annual report.

Over the next five years, the Planning and Evaluation unit will focus on the following priorities:

- Promoting integrated planning across the CTC to ensure that all planning activities (marketing, sales, finance and human resources) are driven from the strategic plan;
- Developing and managing the annual planning cycle;
- Developing and implementing an evaluation framework for all CTC marketing programs; and
- Developing and implementing a performance measurement framework for all programs and business units.

Government Relations

The Government Relations office collaborates closely with Industry Canada and other government departments, agencies and Crown corporations, and works with tourism stakeholders headquartered in the National Capital Region to leverage resources and disseminate information relative to tourism in Canada. The office ensures Parliamentarians have the necessary tools to recognize the importance of tourism as an economic generator, and to expand the visibility of the CTC and its products and services across Canada.

Over the next five years, the Government Relations Office will focus on the following priorities:

- Distributing information to federal ridings across Canada to promote the CTC and its activities around the world, including regular statistical updates highlighting domestic and international tourism trends and ROI in tourism;
- Facilitating opportunities for Members of Parliament to participate in *market place* and other CTC events;
- Liaising between the Minister's office, the CTC's Board of Directors and Senior Management;
- Monitoring Parliamentary reforms, legislation and committee proceedings as they may affect CTC's strategic priorities and federal accountability requirements; and
- Establishing alliances and ensuring key decision-makers realize the potential of Canada's tourism industry in Canada and around the world.

Finance

The Finance unit is responsible for the daily accounting operations, treasury, and management of financial policies, controls and financial systems. Finance maintains the integrity of CTC's financial management through internal controls and ensuring that our accounting and reporting processes are compliant with legal and financial requirements, and generally accepted accounting principles. In addition, Finance maintains important relationships with external customers, such as suppliers, partners, and government.

Over the next five years, the Finance unit will focus on the following priorities:

- Continuing to streamline financial processes to allow our limited resources to spend more time on value-added activities;
- Optimizing the use of financial software and other tools for the purposes of financial management;
- Assessing reporting needs and developing reports to assist in identifying risks and opportunities and better business decisions;
- Enhancing internal controls through implementation of compliance audit programs and recommendations of external and internal audits to assure the integrity of financial information and safeguarding of assets;
- Providing training and support on finance and financial tools; and
- Communicating financial policies and processes to increase knowledge across the organization.

Information Technology

The Information Technology (IT) unit is responsible for maintaining and supporting end user hardware and software and supporting the business strategy through the use of technology. The appropriateness and effectiveness of the CTC's IT infrastructure will be a key factor in its ability to market Canada to the world. The IT strategic plan must position the CTC to respond to future trends by planning for and developing now, the infrastructure and services that will be required over the next five years. The CTC will adopt information systems that are effective, efficient, usable, responsive, flexible, and represent good value for money.

Over the next five years, the Information Technology (IT) unit will focus on the following priorities:

- Improving the flexibility and versatility of IT systems and platforms;
- Improving security, reliability, and scalability of applications, systems and data;
- Setting and maintaining appropriate standards for web applications, databases, desktop or laptop computers and software used by the CTC and its suppliers;

- Ensuring a solid return on investment in hardware, software and services;
- Moving to a centralized hosting service for all CTC web, data, and systems assets; and a single, common repository for retrieving and repurposing content to achieve cost savings, efficiencies, and flexibility; and
- Ensuring web properties are built and maintained properly to support the e-marketing strategy.

Procurement

The primary responsibility of the Procurement unit is to ensure that the CTC selects the best suppliers to support its mandate in the most cost effective and transparent manner.

Over the next five years, Procurement will focus on the following priorities:

- Providing support to business units and our suppliers to ensure the CTC receives the best possible value for its money without sacrificing quality, accountability or effectiveness;
- Ensuring suppliers understand the procurement policies and procedures of a Crown Corporation;
- Providing consistent and meaningful feedback to, and receiving meaningful feedback from, suppliers to reduce costs and improve efficiencies; and
- Providing ongoing support and training for business unit personnel in contractual and supplier management.

2007 Budget

The budget allocations of the CTC proposed for 2007 reflect the programs and directions set out in this plan. The implementation of this plan will commence in 2007. The core budget for 2007 is \$75.7 million with: \$61.7 million allocated to Marketing and Sales; \$715,000 allocation to Planning and Evaluation and \$13.2 million to Corporate Services.

Canadian Tourism Commission

Budget 2007

After \$3.8 million cuts

	Base	Capital	Compensation	Subtotal	Revenue	Total
Marketing and Sales:	50,162,240		11,570,646	61,732,886	\$-	\$61,732,886
Marketing:						
VP Marketing	308,750		271,328	31,244,558		
US Leisure	11,953,202		470,141			
Europe Latin/America	6,070,980		314,529			
Asia Pacific	621,000		388,397			
Canada	2,832,600		157,415			
Brand	180,000		316,245			
E Marketing	1,245,865		703,247			
Product Development	1,383,960		284,278			
Research and Development	1,160,000					
Research	1,798,000		784,621			
Sales:						
VP Sales	898,000		326,736	30,488,328		
US Leisure	3,807,990		1,420,932			-
MC and IT	4,523,192		1,848,037			-
Europe Latin/America	4,648,443		2,804,058			-
Asia/Pacific	8,730,258		1,480,682			-
Research and Planning	178,000		536,936	\$714,936	\$-	\$714,936
Planning	178,000		536,936			-
Evaluation	-		-		-	
Corporate Services:	\$7,861,760	\$-	\$5,416,418	13,278,178		\$13,278,178
President's Office	1,456,235		741,545			-
Communications	831,260		721,376			
Corp. Affairs and Int. Issues	531,189		582,424			
Corporate Secretary	503,758		744,739			
Human Resources	526,018		666,068			
Finance/Admin/IT	4,013,300	-	1,960,266		-	-
Total	\$58,202,000	\$-	\$17,524,000	\$75,726,000		\$75,726,000

ANNEX A

Emerging Markets - Research and Development Fund

To ensure market opportunities are assessed in a consistent manner, a framework has been developed to guide the research and assessment process for emerging markets. If the market objectively demonstrates opportunity, recommendations for a market entry strategy will be made.

The framework is designed to include five distinct stages or “gates” and will be implemented over a three year period.

Gate One (Year One): This first stage focuses on exploratory research of the proposed market to clearly establish the potential that the market holds for Canada. During this stage, the CTC will conduct an environmental scan to identify market conditions, economic growth, political dynamics, population base, travel trends and perceptions, air access and travel trade organization. This research will include a SWOT analysis and result in a decision as to whether or not the market holds enough potential to proceed further.

Gate Two (Year One): The second stage involves more extensive research to identify and fill the market intelligence gap through quantitative and qualitative research. The completion of this gate will ensure that the appropriate market intelligence exists to develop a market entry strategy.

Gate Three (Year One): Having completed the necessary research, the third stage moves toward the development of a strategic plan and identification of opportunities for industry participation. In-market strategies may include an official mission, engaging a general sales agent or proposal based opportunities / programs. The strategic plan would be submitted to the Board for approval.

Gate Four (Year Two): The fourth stage is the implementation of the strategy and recommendations approved by the Board in Gate Three. An in-year operating plan will be established to provide for partner investment opportunities if appropriate and establish the budget. An evaluation at the end of year two will determine whether or not to maintain a niche approach to the market or switch to a mainstream approach.

Gate Five (Year Three): Implementation continues in the fifth stage and further refinements are made to the approach as necessary. During this stage, the CTC will conduct an evaluation to make recommendations to the Board on whether or not the proposed market should remain as an emerging market or advance to a Tier One program area.