

SUPER, NATURAL BRITISH COLUMBIA®



PEACE RIVER ALASKA HIGHWAY

MARKETING PLAN

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**Prepared for:
Tourism B.C.**

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C A N A D A

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BUSINESS REVIEW- EXECUTIVE SUMMARY

The Peace River Alaska Highway region continued to see substantial growth and economic development throughout the past year, directly driven by the extraction of natural resources within the region.

The town of Fort Nelson has seen the most growth of all communities, again, fueled by resource extraction and business development.

As an industry, tourism continues to be a hard sell in this region. Although approximately 350,000 visitor parties visit the area each year, they are not perceived as an economic generator. Traffic *to* the region is basically "Long-Haul USA" passing *through* the region enroute to Alaska - the destination.

However, we are now seeing a much younger clientel, many with families and some prepared to spend a few more days in the region. Our major increase has been from the International/European market.

Over the past number of years we have undertaken many initiatives to assist in opening up the marketplace for our members. Through the PIT program we have, for example, supported our members in attending trade and consumer shows and advertising in publications of their choice. However, we have not been successful in monitoring the results of these programs and likewise, we have not been able to monitor the results of some of our other initiatives as proposed in our previous marketing plans. Since the return on our investment is critical not only to us, but to Tourism BC, we have revisited these initiatives and have evaluated their effectiveness. Considering the results of these procedures, an attempt will be made by the Association to provide a link between the target market and the tourism operators to better serve the vertical markets.

Work will be undertaken by the Association to help the operators use their marketing dollars on product specific materials, shows and publications.

The tourism industry is a highly competitive marketplace and with each Region competing for recognition, it is critical to the success of our marketing dollars to have a high quality product.

The activities which we have identified in our strategic marketing plan enables us to reach our target markets through a wide range of avenues.

As marketing is our main focus and commands a major portion of our resources, we need to track its success to reach target markets by evaluating travelers coming to the region. The initiatives previously undertaken by the Association did not lend to successful tracking.

For many of our operators, there is neither the time available nor the market knowledge to develop products or create packages to meet demand. Yet the travelers to the region are seeking a variety of things to see and do and this cannot always be provided by one operator. Through our initiatives we hope to be able to identify gaps where there is a marketing demand for a certain type of product or package and provide that for our members.

Our objective will be to bring the operators together with our marketing partners to develop and market new product packages to specific markets.

A major evaluation of our projects has taken place over the past few months. Based on that process, new direction and incentives will be undertaken by the Association and its members to target particular markets. These are reflected in our objectives, our strategic direction and in our overall marketing plan.

Regional Overview



A. Regional Overview

~ THE ASSOCIATION ~

The Peace River Alaska Highway Tourist Association is one of the nine Regional Tourist Association recognized by the Ministry of Small Business, Tourism and Culture in the Province of British Columbia.

The mandate is to provide tourism services for the Northeastern Region of British Columbia. The Association is responsible for planning, coordinating and executing tourism marketing initiatives on behalf of its private sector members as well as public sector interest within said regional boundaries.

~ THE MEMBERSHIP ~

The Peace River Alaska Highway Tourist Association's membership is comprised of approximately 150 members. These members are tourism related businesses, municipalities and chambers of commerce. Affairs of the Association are governed by a ten person Board of Directors and managed by an office staff of three full-time people and one part-time person. The office is located centrally within the region in the city of Fort St. John.

i. Geography

The Region represents one quarter of British Columbia's total land mass and is approximately 135,000 square kilometers in size. It is characterized by rugged wilderness, vast plains, rolling foothills and deep river valleys. Bordered by Alberta on the East, the Rocky Mountains to the West and South, and the Yukon and Northwest Territories to the North. The area is rich in natural resources, abundant in energy and strategically located for trade.

Highway 97 from Prince George enters the region through the Pine Pass; home of the spectacular Bijoux Falls and Powder King Ski Village -- the major downhill ski resort in the region. This resort overlooks the Azu Mountains.

The District of Mackenzie, just 29 km (18 miles) off Highway 97, lies at the southern end of Williston Lake -- a modern paved highway connects the District to the Hart Highway. From the Rocky Mountains the terrain now becomes rolling prairies as one enters the Peace Country and the community of Chetwynd.

Continuing on Highway 97 is the Mile "O" City of Dawson Creek, and further 10 kilometers on Highway #2, is the Village of Pouce Coupe. From Dawson Creek north Highway 97 is called the **Alaska Highway**, running through Taylor and Fort St. John to Fort Nelson, then turning west to Muncho Lake and north again to exit the region at the Yukon border near Watson Lake.

Highway 29 leaves Chetwynd and passes through Hudson's Hope before joining the Alaska Highway at Charlie Lake, north of Fort St. John. A major new highway, the extension of Highway 29 south, was constructed to service coal developments in Tumbler Ridge.

~ ACCESSIBILITY ~

Numerous highways make transportation and travel within the region efficient. However, highways are constantly under repair due to perma-frost heaves and increased travel by industry through the region. The area is serviced by daily flights with Canadian Regional, Air BC and Central Mountain Air. They fly in and out of the major cities and municipalities in the region, interior British Columbia, the lower mainland and Alberta. Greyhound bus lines travel in and out of the region on a routine basis. A number of privately owned bus and air crafts now offer charter and rental services throughout the region.

~CLIMATE~

The region's climate lends itself to favour many year-round activities. The region is conducive to year round recreational use as a result of a large number of sunshine hours (approximately 2,192).

~HISTORY~

The region is abundant with history. The City of Fort St. John, where many early trading posts were located, celebrated it's 200th birthday in 1994. Many early trading posts were located there. The region is home to the renowned Mile "O" of the Alaska Highway. The building of the Alaska Highway was one of the most significant happenings in the history of Northern British Columbia and was responsible for the opening up of Northern Canada to the Yukon and Alaska. 1992 marked the International Anniversary of this challenging construction feat and heroic war effort. The celebration involved British Columbia, the Yukon and Alaska. This event gave great exposure to Northeastern British Columbia and will create long term tourism benefits. The final report quantified the benefits of this event and provided recommendations as to the positioning of future tourism strategies within the region.

The 200th anniversary of Alexander Mackenzie's journey took place in 1993. Once again, the Northeastern region of British Columbia was very much involved in the event's promotion and celebration. On February 20, 1995 Jean Chretien, Prime Minister of Canada, recognized and proclaimed the Peace River as a vital and integral part of our Canadian heritage. This is the infamous route followed by Alexander Mackenzie and his crew in 1789. Having this route declared as a Heritage River creates a great opportunity for enroute cooperative tourism development between Canada, the Provinces and the Industry itself.

ii. Tourism Product Analysis

The Peace River Alaska Highway Tourist Association has many opportunities to develop and improve its tourism products. Please refer to Template #1 on the following page which outlines the constraints and opportunities discovered within various product segments.

TEMPLATE #1

PRODUCT ANALYSIS SUMMARY

Product Segments	Constraints	Opportunities
Transportation		
Air	<ul style="list-style-type: none"> • Links to and from the region are weak and expensive • Attempts to get the airlines to work together and assist the Association with marketing and promotion have been somewhat successful 	<ul style="list-style-type: none"> • Group package rates would be helpful • Co-operation and communication with the association has now begun
Ground	<ul style="list-style-type: none"> • Lack of RV rentals and motorhomes • No receptive operators / Bus rental difficult 	<ul style="list-style-type: none"> • Business opportunity for RV rentals and receptive operators
Marine	<ul style="list-style-type: none"> • Motorcoaches have problems getting reservations with the Alaska Marine Ferries • No canoe or boat rentals available 	<ul style="list-style-type: none"> • Improved marine ferry system • Boat and canoe rental business opportunity
Accommodation		
Hotels	<ul style="list-style-type: none"> • Service, quality and rates • Full occupancy during boom periods with industry workers and difficulty in getting guarantees for motorcoaches • No overnight attraction component 	<ul style="list-style-type: none"> • Improve service and quality • Establish attractive rates for motorcoaches and FIT's • Work with communities or other tourism attractions to create "an extra day or over-night" component
Motels	<ul style="list-style-type: none"> • Most cater to highway traffic and workers • Quality and standards low • Most don't have restaurant facilities 	<ul style="list-style-type: none"> • as above

Product Segments	Constraints	Opportunities
Cabin/lodge/resort	<ul style="list-style-type: none"> Few properties offer cabin rental Few lodges offer shoulder season product No resorts in region 	<ul style="list-style-type: none"> A focus on shoulder season products or specific products i.e. Elder hostels would be helpful Improvement in quality and quantity Wilderness lodge could offer hut to hut adventure products, meeting facilities, or incentive travel opportunities
Bed & breakfast	<ul style="list-style-type: none"> Each property does marketing and promotion on their own - none are members of our Association 	<ul style="list-style-type: none"> Become members of the Regional Association and produce a Bed & Breakfast brochure Network and promote together
Nat'l/prov'l park campground	<ul style="list-style-type: none"> Government cut-backs in park maintenance Closure too early / Opening too late Need for supervision because of vandalism and theft Complaint of standards of some parks 	<ul style="list-style-type: none"> Private sector must do better job Look at shoulder season opportunity Fee for service to include wood
Private campground/RV park	<ul style="list-style-type: none"> Inconsistent pricing Standards and quality Number adequate at present 	<ul style="list-style-type: none"> Pricing formula Improve service and quality
Cruiseship / charter or rental boat Personal boat	<ul style="list-style-type: none"> None available Business slow Region Membership as a whole needs to do more promotion 	<ul style="list-style-type: none"> Start boat/canoe rental Members need to promote each other Package with other members or products
Private home / cottage	<ul style="list-style-type: none"> Non-existent 	

INSTRUCTIONS: Where appropriate, indicate constraints and opportunities within each of the product segments identified above.

Expenditure & Performance Analysis



B. Expenditure & Performance Analysis

i. Visitor Volume & Revenue

Overseas Market

The highest growth rates once again for British Columbia were seen in the overseas markets of Asia/Pacific 32% and Europe 15%. British Columbia outperformed the Canadian average in terms of growth in visitation from all overseas countries except Germany in the first quarter of 1996.

Eight of the 12 top overseas countries contributing visitors to BC saw double digit growth in the first quarter of 1996 - led by Taiwan and South Korea. Germany and Switzerland were moderate performers, both with growth of less than 2%. Australia and France were the only major countries to see declines in visitation to British Columbia in the first quarter of 1996 decreasing by 3% and 15% respectively.

Canada

1995 was a banner year for European travel to Canada and the outlook for 1996 and 1997 is very positive, with growth in revenues expected to reach 12% and 11.7% respectively. This means more potential business is available for everyone in Canada's tourism industry.

British Columbia

Tourism in British Columbia saw continued growth in the first quarter of 1996 after a record-breaking \$6.7 million in revenues and 27 million visits in 1995. An estimated 5.5 million trips were taken in British Columbia in the 1st quarter of 1996 - an increase of 3.6% over the same period of 1995.

British Columbia residents traveling in BC displayed moderate growth, an increase of 2.5% over the same period in 1995. (*Intouch, August 1996*) No particular growth of the overall BC market was realized in the Northeast Region of BC in relation to tourism travel. Any growth realized was due in whole to economic and industry development.

Provincial & Regional Room Revenue Stats

During 1995, room revenue in BC increased 10.8% to \$995.4 million. Although revenue increases were seen in all accommodation categories, growth in hotel revenue was the driving force behind the provincial increase. Hotels, accounting for nearly three quarters of the provincial room revenue, posted revenue growth of 11.5% in 1995. The increase was lead by hotels with 250 or more rooms, whose revenue rose 14.8%. Motels saw revenue increase 7.4% (*BC Stats*).

With the concentration of large hotels, it comes as no surprise that revenue growth in the Mainland/Southwest Development Region led the province at 14%. Room revenue in the Northeastern Region fell 1.7% to \$19.2 million. This is approximately 2% of the provincial total. This drop follows the phenomenal growth experienced in 1994, when revenue increased by 54.5%.

While revenue fell 14.4% for hotels with fewer than 76 rooms, the larger hotels, motels, and vacation rentals all posted increases. Room revenue rose 10.8% in Dawson Creek compared to a 5.6% revenue decline in Fort St. John (*BC Stats - Northeast*).

Regional View

The trend towards greater air travel has some interesting implications for our Regional operations. Air travelers tend to spend more money compared with car travelers, which is welcome news for some segments of the industry. Evidence of this factor is apparent from the fact that in 1995, while overnight pleasure trips grew by a modest 3.1%, spending grew by more than 12%. For some operators, especially those hotels and motels catering to the "rubber tire" market, the trend toward more air travel implies that they can expect to see little growth in the number of US visitors.

Even though the dollar remains low, Americans still react negatively to our high gas prices. The recent upswing in the price of gasoline will certainly not help increase the US traveller to this region.