

CANADA'S TOURISM RENAISSANCE

Our Strategy for Recovery

A Summary for Tourism Businesses

SPRING 2022



La Tuque, Québec



**DESTINATION
CANADA**

RECOVERY

This document outlines Destination Canada's corporate strategy entitled *Canada's Tourism Renaissance*. This summary highlights what Destination Canada will work on to support the 225,000 small- and medium-sized tourism businesses across Canada and their communities.

Destination Canada as an organization is laser focused on doing everything we can to drive sector recovery from the pandemic.

At the same time, we have a responsibility to plan and take action for an even better future. This strategy lays out our 3-year plan for revenue recovery from 2022-2025.

Later this year, we will share our long-term strategy for driving future sector growth and resilience over the next decade in support of the new Federal Tourism Growth Strategy expected to be released in 2022 by the Honourable Randy Boissonnault, Minister of Tourism and Associate Minister of Finance.

ACKNOWLEDGEMENT

As storytellers and representatives of Canada's tourism sector, we recognize our position of influence, and the importance of our work, workplace and workforce in reflecting the many voices and places that make up Canada.

At Destination Canada, we acknowledge the Indigenous Peoples of all the lands that we work and live on. We do this to reaffirm our commitment and responsibility in improving relationships between nations and our own understanding of local Indigenous peoples and their cultures. From coast to coast to coast, we acknowledge the territory of the Inuit, Métis, and First Nations people who have called this place home for generations beyond measure.

WHERE WE ARE

After five years of global growth, Canada's hosting economy reached record levels in 2019, generating \$105.1 billion in sector revenue and almost 22 million international overnight visitors.¹ In March 2020, the COVID-19 pandemic brought tourism to a standstill. Canadians discovered what tourism means to their communities and what travel means to their lives.

The hosting economy is finally being seen for its power as a community-builder, a job generator, a path to reconciliation, a protector of natural assets, and as an enabler of Canada's identity and broader global ambitions.

For the past two years, our work has focussed on three industry imperatives: response, recovery and resilience. This document describes Destination Canada's strategy for recovery and begins to lay the foundations for our sector's future.

We are striving for tourism growth that generates wealth and wellbeing for Canada while enriching the lives of our guests—increasing business prosperity, strengthening socio-cultural vibrancy, and lifting environmental sustainability.

We have a new starting place and our new world requires new thinking. Travel will not be the same. Tourism businesses will operate differently. Travellers will choose differently. We want the hosting economy to be even better in its next life. Stronger, more profitable, and more resilient. We want more responsible travel that helps preserve nature and culture. We want to bring the world closer together. We want a sector that produces prosperous business growth *and* net benefits for our communities from a thriving, regenerative tourism ecosystem.

Together, from a formidable crisis, we will forge Canada's tourism renaissance.

¹ Statistics Canada, Tables 36-10-0230-01 and National Tourism Indicators, 2021 Q3

1. SHIFTING OUR FOCUS

The direction set by our new strategy, and the changes we've made in our operations, help lay the groundwork for greater industry success and prosperity. We're collaborating with partners in deeper, more strategic ways to attract high value guests to communities and their businesses. We're changing our sales and marketing approaches to be more innovative and competitive and dynamically re-targeting our investments to ensure we are capturing the best recovery opportunities. We're also taking up the challenge of influencing strategic destination development, embracing destination stewardship, and moving toward a regenerative tourism ecosystem across Canada.

DESTINATION CANADA	WHERE WE WERE	WHERE WE ARE GOING
SECTOR ASPIRATION	Focus on revenue growth and international visitation.	Short-term focus on revenue recovery. Long-term focus on sector resilience and smart growth underpinned by regenerative tourism principles.
DOMESTIC MARKETING	No direct role.	Help inspire Canadians to know and love their country and reduce Canada's travel deficit, with a focus on long-haul urban trips and residents who travel frequently outside of Canada. Provide platforms for pan-national partner marketing opportunities.
INTERNATIONAL MARKETING	Target mid-to-high value audiences using general travel trade, lifestyle media, and consumer direct marketing.	Target high value guests using new global partnerships, new media partners, tighter integration with airlines, and high value trade partners.
DESTINATION DEVELOPMENT	Nascent role.	Thought leadership, strategy and stewardship, and measurement.
BUSINESS EVENTS	Support meetings and event planners, benefiting primarily 6 Canadian cities, with a focus on delegate volume.	Focus on 6 economic growth sectors for business events and incentive travel, targeting event decision-makers and sector leaders, benefiting 23 Canadian city-hubs.
INSIGHTS & ANALYTICS	Focus on consumer research, demand-side data, and a limited number of third-party sources.	Curate industry data for both supply- and demand-side, using a multitude of proprietary and third party global sources, and using advanced analytics and AI to guide decisions.

2. A CLOSER LOOK AT OUR STRATEGY

Sector Context Highlights

Understanding that market conditions have been very volatile for more than two years, here's a snapshot of the current state and future considerations that helped inform our strategy at the time of writing:

- As of spring 2022, with borders open to fully vaccinated travellers and health measures less restrictive in all parts of the country, revenues are forecast to grow to between \$80 billion and \$85 billion in 2022.² Recovery will be uneven, with resort communities performing well, while rural and urban centres that are more dependent on international guests and business travellers may see slower but steady improvements. With about half of industry revenues flowing from Toronto, Montreal and Vancouver, growth in our major urban centres will greatly impact our overall industry performance metrics.
- There are many factors that challenge the short-term recovery and long-term health of the sector, including: constrained labour supply; intense competition; volume management issues at visa centres and borders; restarting air transportation routes and access; supply chain gaps; investment conditions for real estate development; limited private sector innovation and investment in new tourism experiences; comparatively few major, long-term investments in developing destinations; underdeveloped digital maturity among small- and medium-sized tourism operators; insufficient digitalization across the customer journey and use of data; complex policy and uncertain land use rights in some jurisdictions; multi-level government policy responsiveness to ever-changing market conditions.
- Tourism continues to lag other sectors in recovering its workforce. As the sector re-opens for 2022, more than 172,000 jobs remain unfilled³. While the shortage of frontline workers is a current concern of the tourism sector, labour experts have stated that the tremendous drain of management talent and industry knowledge will be the more significant issue facing the sector in the mid- and long-term.
- Domestic expenditures for leisure travel are rebounding strongly and are expected to recover by the end of 2023.⁴
- International expenditures are expected to demonstrate steady growth over the 2022 to 2025 horizon. We forecast that the strongest near-term opportunity will be in the United States. France, the UK, and Germany are also showing immediate strength. We anticipate slower growth from our Asian markets, especially from China. Growth from Australia and, particularly, Mexico has been robust as air routes are re-established.⁵
- Business travel for meetings and events by both Canadians and international travellers is not expected to fully recover before 2026.⁶
- The invasion of Ukraine by Russia is a significant geopolitical crisis that has imposed considerable disruptions on the global economy and introduced varying doses of uncertainties to the tourism outlook. While Ukraine and Russia represent less than 0.2% of international arrivals to Canada, indirect consequences of the war on the global economy, air connectivity, inter-continental travel and travel sentiment have the potential to be far reaching.
- Gaps in the tourism supply chain continue, affecting everything from rental car inventory to attraction closures, from hotel supplies to airline routes. These gaps will hamper recovery as well as impact the guest experience.
- The use of online platforms and the pace of technology adoption has accelerated greatly during the pandemic. Adoption of digital tools and access to data, both publicly and privately held, is increasingly important. We know travellers throughout the world rely heavily on online resources for researching, planning, booking and sharing their travel adventures. To improve the guest experience and business productivity, Canada's tourism sector must elevate its digital literacy and maturity.
- Looking across the globe at other destinations, we see destination development planning initiatives that extend as far as 2050. Destination development strategies ensure a destination evolves with the marketplace and realizes its aspirations for a hosting economy. This requires sustained, strategic, significant investments in economic and cultural development over time.

² Destination Canada Spring Forecast (internal document)

³ Statistics Canada. Table 14-10-0326-01 Job vacancies, payroll employees, job vacancy rate, and average offered hourly wage by industry sector, quarterly, unadjusted for seasonality

⁴ Destination Canada Spring Forecast (internal document)

⁵ Destination Canada Spring Forecast (internal document)

⁶ Destination Canada Spring Forecast (internal document)

OUR ASPIRATION:

Tourism generates wealth and wellbeing for all of Canada and enriches the lives of our guests.

Where We Will Compete

While we welcome all guests to Canada, we will compete for three travel segments in marketing and developing our destinations:

→ **Domestic Leisure Travel**

High value, long-haul Canadian travellers who travel internationally frequently, with a focus on urban centres within Canada;

→ **International Leisure Travel**

High value guests from nine key source markets: United States, United Kingdom, France, Germany, Mexico, Australia, Japan, South Korea and China; and

→ **International Business Events**

High value group travel for meetings, incentives, conferences, and business events aligned with key industry growth sectors—in particular: technology, life sciences, natural resources, advanced manufacturing, agribusiness, and finance and insurance.



Team Canada partners can have access to our full Corporate Strategy and Global Market Plans for leisure travel and business events and more information on our destination development and stewardship role. Contact Communications@DestinationCanada.com to request this information.

		WHAT	WHY
STRATEGIC DRIVERS	BRAND RESONANCE	We will express the emotional motivators and market Canada's legendary experiences to capture the hearts and minds of travellers.	We need to strengthen the appeal of Canada as a travel destination for high value guests. We want the life-enriching experiences offered by our unique mosaic of people and places to define and differentiate us from a world of other choices.
	LEGENDARY EXPERIENCES	We will work with partners and industry to identify and nurture unique destinations (clusters, corridors, and communities) able to compete well for high value international guests.	To attract high value international guests, Canada needs exceptional travel experiences that reflect the essence of our country and its diverse destinations, and can compete with a great big world of other choices available to global travellers. We want to attract and influence strategic investments in tourism settings and destinations, products and experiences, and infrastructure—from the private sector and all levels of government—that will yield smart growth for tourism in alignment with communities' broader goals.
	INDUSTRY VITALITY	We will help grow our sector by influencing thoughtful action across the full spectrum of private and public sector levers guided by regenerative principles.	Coming out of the pandemic, we want Canada's tourism businesses to grow stronger, more profitable, and more resilient in the future. We need to help create the conditions that enable business and community success. Industry vitality means taking a holistic view of all the factors impacting the health and prosperity of the hosting economy, such as revenues across multiple seasons, private sector investment in urban and rural areas, public infrastructure investments, government policies in transportation, labour, arts, culture, parks, and many other factors.
	SUPPORT FROM CANADIANS (SOCIAL LICENCE)	We will foster positive, welcoming sentiments in host communities and help Canadians become ambassadors for tourism.	Our sector needs to have the trust and respect of Canadians so they welcome tourism into their communities and want to invest in its growth. With the assurance of net benefits to communities (socio-culturally, environmentally, economically), Canadians become champions for the sector and our best ambassadors—proud to share and show off their hometowns and recommend local businesses to support. And, with a deeper understanding of tourism's benefits, public policy-makers will also recognize the importance of tourism to the wealth and wellbeing of Canadians.

How We Will Win

Our strategy will build Canada's tourism sector strength across four strategic drivers to gain a competitive edge and win in our chosen markets:

- **Brand resonance:** Fortify Canada's global identity as an ideal place to travel to (and, by extension, to study, work, invest and live);
- **Legendary experiences:** Increase the quality and quantity of internationally competitive travel experiences;
- **Industry vitality:** Increase sector global competitiveness, business prosperity, and seasonal/geographic strengths;
- **Support from Canadians (Social Licence):** Improve Canadians' perception of the contribution tourism makes to their wealth and wellbeing.

Capabilities and Systems

At the heart of any successful organization are the right people, with the right skills and motivations, and the right tools to support their work. To execute our strategy, the critical capabilities and management systems we need include marketing and sales innovation, destination stewardship, deep visitor insight and marketplace knowledge, collaborative leadership, and corporate agility.

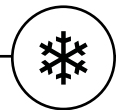
3. HOW WE WORK FOR BUSINESSES

In today's challenging environment, our mutual success depends on working together, not independently, toward common goals—we call this our 'collaborative advantage' in recovery and in competing with other countries. Our Team Canada approach, working with our provincial, territorial, Indigenous and city partners, as well as key travel trade accounts, supports tourism businesses in many ways. Here are a few highlights:

- We're building Canada's brand as a travel destination with our partners. We're working together to build agile co-op programs with travel trade, investing in keystone sector players, like airlines, and pooling resources to extend the global impact of our collective investments.
- We're looking more broadly at the many complex factors that influence our sector's ability to succeed and evolving our work accordingly—moving beyond marketing and research to enabling strategic destination development. We will be working with destination management organizations, industry, communities, and across governments at all levels to influence how destinations grow and prosper.
- We're striving to improve our business intelligence across six dimensions: strategy; people; process; logic; data; and technology. We will bring the right data together, share the insights with industry and our partners, and take action around it. As a sector, we must be able to quickly identify and respond to emerging trends and issues, deeply understand our target travellers, develop a seamless digital path to purchase, monitor and optimize guest experiences in real time, and understand the assets and sentiments of local communities, among other capabilities.

- We will bring together supply-side data about our sector (e.g. accommodation, transportation, investment, labour) and demand-side data yielding deep customer insights (e.g. decision dynamics, consumer preferences, purchasing profiles, travel behaviours) to build a rich, connected, and actionable ecosystem of tourism intelligence—for Destination Canada and for our industry. One of these initiatives is the Canadian Tourism Data Collective, which is being developed with Statistics Canada and industry partners, creating better intelligence for our entire sector. We are investing in growing our data sources and our analytical capabilities quickly.

Working in Partnership with Winter Resort Businesses



As part of a marketing and data partnership with Destination BC, Travel Alberta, Tourism Whistler and other Team Canada partners, we were able to better leverage our marketing dollars to elevate Canada's competitiveness in the USA during winter 2021/22. Working together with 13 destination ski resorts on a ski/winter campaign in California was one of our first shared marketing and data activations using new shared data technology systems. As a result of this pilot, we developed a deeper understanding of the consumer journey at a Canada-wide level and helped achieve a reduction of as much as 85% in the cost of acquiring leads for some partners. Our ability to work together means we can be more competitive with other countries.

4. MORE ABOUT HIGH VALUE GUESTS

For our industry to recover and prosper, we are sharpening our focus on the most valuable guests we can attract to Canada. We look at this from both a value and a values perspective. We refer to them as our high value guests (HVGs). What guests are going to make tourism businesses and host communities thrive?

We are targeting travellers that have a higher than average income, travel more frequently and show intentions of travelling within the next two years. HVGs also have a greater lifetime value as guests to Canada because they return more often. High value guests are naturally curious, actively seeking culture, engaging with locals, value experiences over price, and love what Canada offers. They spend their money on local goods and services that re-circulate in Canada's economy, generating greater return-on-marketing-investment and higher GDP for Canada compared to other guests.

We want guests who leave a destination better than they found it. People who appreciate our cultures and contribute to the host community's economy. Who visit and interact with our places and people, respectfully. These are travellers who make travel choices based on extraordinary experiences and a sense of life-enrichment. They seek experiences that support their self-concept (what travel says about them as a person), making them proud to share their travel adventures with friends and family. When we earn their appreciation, these guests enthusiastically share their stories about Canada with the world.

The important shift here is that we are no longer simply focussed on attracting *more* international visitors to Canada, and have started to focus on attracting the travellers who yield the best return on investment for Canada and contribute to Canadians' wealth and wellbeing. Our focus includes how much they spend, as well as what they buy, where and when. And, in the case of Americans, we are particularly intent on increasing the lifetime value of these very best repeat customers. In other words, value and values over volume.

We've sharpened what defines our target audience. We've done a deep dive into the growth potential for American travellers from five key revenue-producing states: California, Texas, New York, New Jersey and Florida. And, we are working with airlines, hotels and travel reward programs to help us better target and learn more about HVGs.

5. BUILDING OUR CAPACITY

Rebuilding our industry's capacity is critical to restoring the industry.

Here's how we will continue working to improve capacity and support businesses and communities:

Air

Coordinating a Team Canada approach with major airport and destination marketing partners to restore flights, aligning national air capacity development strategies and incentive marketing programs with key airlines, and leveraging this work to access new data sources for marketing.

Land

Working to find innovative solutions to support the diverse range of ground transportation providers needed to transport guests across our destinations—such as buses for groups and rental cars for independent travellers.

Sea

Collaborating with cruise lines and community partners to build strategies to optimize local revenues. Working with industry to develop the future of Canada's marine-based tourism experiences and determine where sustainable growth opportunities exist.

Labour Supply

Getting behind the all-of-sector response led by a new workforce strategy being developed by the Tourism Workforce Recovery & Growth Task Force. Implementing our commitments to: provide data and analytics for the industry; evaluate labour supply as a critical component of destination development; use our powerful owned media channels to showcase the incredible talents and diversity of tourism employees; and leverage our marketing, media relations and partnership efforts to help reposition tourism as an industry with positive career prospects.

Destination Development

Strengthening the quality of our destinations to ensure long-term tourism competitiveness and resiliency requires a new way of working together with diverse stakeholders. Working with Team Canada partners, as well as across government agencies and alongside communities, our role will be to provide thought leadership and resources for industry.

We will share knowledge, encourage dialogue and provide information. We will engage Federal Family departments and agencies by providing advice on tourism policy levers and programs in key areas: labour, transportation, economic development and infrastructure, parks and trails, arts/culture/heritage, Indigenous tourism, environmental sustainability, and digitalization.

Sector Targets for Short-term Recovery 2022-2025

It's our goal to help grow a vibrant tourism sector—driving a rapid recovery while setting the foundations for greater resilience. When done right, tourism should result in net economic, socio-cultural and environmental benefits for all Canadians.

For the next three years, we will help our industry achieve ambitious goals:

- Tourism industry revenue increases from \$78.3 billion to \$105.1 billion,⁷ including \$1.9 billion from Indigenous tourism by 2025.⁸
- Canada's net promoter score is within the Top 5 among past US visitors and Top 2 among past international visitors from our key markets.
- Canadians' perceptions of tourism's contributions improves by 5 points.

Destination Canada will monitor five sets of corporate performance indicators to assess our progress in delivering on our Strategic Drivers:

1. **Overall:** Attributable tourism revenue
2. **Brand Resonance:** Share of search; International business events booked; Net promoter score
3. **Legendary Experiences:** Private and public investments
4. **Industry Vitality:** Tourism revenue by region and season
5. **Support from Canadians (Social Licence):** Canadians' perceptions of tourism

Each year, as part of our planning cycle, Destination Canada sets targets for these metrics in our Corporate Plan for Government. You can reference those targets [here](#).

Sector Outcomes for Long-term Resilience 2022-2032

Our evolving long-term strategy will be guided by regenerative principles that will enable our sector to be more profitable and resilient over time and will be measured by these wealth and wellbeing outcomes:

1. Tourism businesses prosper, are deeply rooted in, and generate wealth for communities;
2. Tourism jobs are coveted and inclusive of diverse people and geographies;
3. Local cultures thrive and guests feel welcome;
4. Tourism contributes to ecological abundance and rebalancing of the carbon cycle;
5. Indigenous peoples have agency over the potential of tourism to enhance their lives; and
6. Guests feel enriched by experiences that distinguish Canada in the world.

Following the new Federal Tourism Growth Strategy expected to be published later in 2022, we will release our long-term strategy for driving future sector growth and resilience over the next decade, and outline our plan for fulfilling our role in support of the new Federal strategy.

⁷ Destination Canada Spring Forecast (internal document)

⁸ Indigenous Tourism Association of Canada, the Impact of COVID-19 on Canada's Indigenous Tourism Sector: 2021 update (September 10, 2021)

Work With Us

We have a new starting place and a new destination.

Together with our industry partners, we are embarking on the next era of travel and tourism.

Our new strategy will take us there together. We invite you to work with us.

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