



Canadian Tourism  
Commission

Commission canadienne  
du tourisme

# Showcasing Canada on the world stage

Corporate plan summary  
2010–2014



Canada



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# Message from the President & CEO

In a few short months, the 2010 Winter Games will begin under the spotlight of the largest media contingent ever to cover the Olympics. In the face of a global recession that has hit all areas of the economy, including the tourism sector, the Games could not have occurred at a more fortuitous time.

Competition for international visitors is fierce, travel is flowing to new, exotic and emerging destinations, and Canada is under intense pressure to make its tourism personality shine in the global tourism marketplace.

Responding quickly to changing circumstances and conditions, the Canadian Tourism Commission (CTC) is mining the potential of positive trends such as the growing global middle class, the increasing interest in experiential travel, and the once in a generation opportunity of Canada's Games. Our mission is to increase tourism export revenues for Canada.



The CTC and its partners began preparing for the Games in 2007 with a strategy that is focused on taking full advantage of the intense international media exposure that will bring Canada into the homes of over three billion viewers. By offering spectacular high-definition video of each part of our country to broadcasters around the world, we are seizing the chance to differentiate our tourism brand on the global stage.

But our strategy to promote Canada's tourism brand through the Games does not end when the torch is finally extinguished. We will leverage the legacy of this event—the 'afterglow'—as we move to close the sale and inspire visitors to jump on an airplane or hop in their cars and explore our country, any time of year.

Underlying the 2010 tourism strategy is our vision of inspiring the world to explore Canada. It is this vision that informs the CTC's corporate objectives, which in turn put us in the best possible position to fulfill our mandate of sustaining a vibrant and profitable visitor economy.

First, our marketing focuses on global markets and consumer segments which offer the highest return on our investment as we influence the travel decisions of high-yield travellers and compel them to translate good intentions into decisive action. Book now is our message.

Second, we will lead the tourism industry by demonstrating the powerful advantages of a single, strong, consistent global tourism personality for Canada.

Finally, we must be able to move quickly to exploit both short- and long-term opportunities in the face of rapidly shifting market dynamics.

To achieve these objectives over the next four years, we will adopt a number of strategic priorities that include, among others, increased engagement with small- and medium-size enterprises (SMEs).

Canada has around 160,000 tourism-related businesses—and of these, the majority are SMEs with fewer than 20 employees. In many ways the country's economic backbone, they operate in communities of every size from coast to coast to coast, creating over 663,000 jobs and helping to grow tourism revenues which reached \$74.7 billion in 2008. We rely on Canada's SMEs to deliver on our brand promise: we can provide support to help transform their tourism products into extra-ordinary experiences that will keep visitors coming back to Canada for more.

Another priority for the CTC is to continue to invest stimulus funding in areas where it will have a short-term impact on the visitor economy while at the same time positioning Canada for increased export revenues from high-yield markets. This summer, we launched the LOCALS KNOW campaign with stimulus funding, and encouraged Canadians to explore their own country and share their personal and authentic stories, comments and photos of Canada's hidden travel spots with each other. Since the campaign launched in June, there have been over half a million visits to the website, and thousands of photos and stories shared. Recognizing its success, Forbes.com named LOCALS KNOW one of the all time 'Top Ten Travel Campaigns' in the world.

Times are tough in our industry. But with the challenges we see great opportunity as we position ourselves for the recovery. The growth of tourism as an industry, and the ability and desire of people around the world to travel, is one of the greatest economic and social phenomena of the past 50 years. Our game plan is in place.

Keep exploring!

A handwritten signature in black ink, appearing to read 'Michele McKenzie', with a stylized flourish at the end.

Michele McKenzie  
President & CEO

# Executive summary

This is the Corporate Plan of the Canadian Tourism Commission (CTC) for the 2010-2014 period. Our Corporate Plan is an annual, five-year rolling strategic plan submitted to the Government of Canada that outlines our:

- Corporate objectives and strategic priorities;
- Performance measurements; and
- Expected financial statements.

## Canada's National Tourism Marketing Organization

The CTC is a federal Crown corporation wholly owned by the Government of Canada. As set out in the *Canadian Tourism Commission Act*, our purpose is to sustain a vibrant and profitable tourism industry by supporting a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories. We promote Canada as an internationally competitive, premier four-season tourism destination where travellers have access to extra-ordinary experiences. We provide a consistent voice for Canada in the international tourism marketplace.

The immediate beneficiary of our activity is Canada's tourism industry, which includes approximately 159,493 tourism-related businesses and accounts for some 662,900 jobs. The industry recognizes the value of CTC marketing programs by matching federal funding at a ratio greater than 1:1. In other words, we leverage every public dollar invested in tourism marketing to increase the impact of the public money invested. The ultimate beneficiary is the Canadian taxpayer who enjoys tourism's contribution to the quality of life in Canada.

## Operating Context for the 2010-2014 Corporate Plan

There is no doubt that the global recession that began in the fall of 2008 has resulted in fewer people travelling in 2009. Reduced year-over-year leisure travel from the United States – the combined result of global economic turmoil, stricter border controls, higher fuel prices and a strong Canadian dollar – has contributed to decreasing international visitation to Canada. At the same time, competition for tourists is increasing worldwide, and travel is beginning to flow towards new, exotic and emerging destinations. Canada is under pressure like never before to differentiate itself in the global tourism market.

While tourism is often affected in the short-term by decreases in economic demands, the long-term outlook for global tourism remains strong. The growth of tourism as an industry, and the ability and desire for citizens around the world to travel internationally, is one of the greatest economic and social phenomena of the past 50 years.

Although Canada faces challenges in competing for international travellers, there are also new opportunities for renewal and growth. By leveraging such positive trends as the growing global middle class, the increasing interest in experiential travel, and the once-in-a-generation opportunity of the Vancouver 2010 Olympic and Paralympic Winter Games, we are working to position Canada to capture an increasing portion of the global market. With the promotion of Canada's tourism brand, "*Canada. Keep exploring.*," the world is coming to see Canada as a unique destination that stands out from the crowd.

Still, the slow recovery of the global economy represents a challenge to all sectors of the economy, including tourism. As such, the 2009 Speech from the Throne identified tourism as one of the industries to receive support from government. In the federal budget delivered on January 27, 2009, a stimulus package was announced for the tourism industry including an additional \$20 million per annum for the CTC in government fiscal years 2009-2010 and 2010-2011. This stimulus package provides us with the ability to leverage several well-defined business opportunities: half of the \$20 million per annum is being used to enter new emerging markets that demonstrate strong potential for Canada (Brazil and India), increase investments in two of Canada's existing emerging markets (Mexico and China), accelerate the International Meetings, Convention and Incentive Travel (MC&IT) strategy, and tap into high-potential areas of the U.S. market; the other half of the stimulus package is being invested in a comprehensive and integrated domestic Canadian advertising program.

## Corporate Objectives and Strategic Priorities

The 2010-2014 Corporate Plan lays out our objectives and priorities for the next five years and reaffirms the strategic goal of growing tourism export revenues for Canada. By concentrating our efforts on the following three objectives, we will be in the best position possible to achieve our mandate for the benefit of Canada's tourism industry:

- **Focus on markets of highest return on investment and convert high-yield customers**
  - Concentrate on those geographic markets or customer market segments with the highest potential for return on investment.
  - Deepen the relationship with high-yield customers to influence their travel decisions and establish them as travel purchasers.
- **Lead industry in brand alignment and consistency**
  - Harness Canada's collective voice and work closely with industry to communicate the advantage of a strong, consistent global brand for Canada.
  - Lead industry and government in tourism marketing.
  - Ensure brand alignment and relevancy.
- **Respond to changing market dynamics**
  - Be nimble and focus on both short-term and long-term potentials for maximizing return on investment as markets mature and evolve.

In addition, the following six key priorities for action form the framework for how we will achieve our three objectives in the 2010-2014 period:

- **Ensure customer relevancy and differentiate Canada**
  - Develop and maintain relevant communication with targeted potential travellers and ensure that the marketing messaging they receive is relevant and addresses their interests and expectations as customers.
  - Position Canada's tourism brand as a leading storytelling brand in the world where travellers create extra-ordinary stories all their own.



- **Increase engagement with the small and medium-sized enterprise (SME) community**
  - Engage the SME community in order to strengthen and leverage the backbone of Canada's visitor economy.
  
- **Leverage exposure and best practices of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada**
  - Highlight Canada to the world by creating a tourism personality for Canada before the Games, focus on media relations and Web communications during the Games, and work with partners to harvest the "afterglow" following the Games.
  
- **Foster organizational excellence**
  - Focus on becoming a "strategy-focused organization" with the right tools, people and resources in place to deliver.
  
- **Maintain positive and collaborative relationship with the shareholder**
  - Engage the shareholder in order to enhance the perception of the CTC as a value-adding corporation that provides crucial insight and coordinates activities to benefit Canada's tourism industry.
  
- **Leverage stimulus investment to benefit the Canadian tourism industry**
  - Leverage the opportunity of this two-year window by achieving the greatest possible outcomes for the tourism industry during challenging economic times and ensure Canada's tourism industry is well-positioned for the future economic recovery.
  - Focus on providing an immediate economic benefit to Canada's tourism industry while demonstrating long-term potential for return on investment.
  - Increase awareness of visitor economy through domestic marketing and enhancing the CTC's relevance for SMEs.



# Part 1 : Our business

## 1.1 Corporate Profile

### Our Goal

Grow tourism export revenues for Canada.<sup>1</sup>

### Our Vision

Inspire the world to explore Canada.

### Our Mission

Harness Canada's collective voice to grow tourism export revenues.

### Our Role

In partnership with the Canadian tourism industry, we work to promote Canada as an internationally competitive, premier four-season tourism destination where travellers have access to extra-ordinary experiences. We provide a consistent voice for Canada in the international tourism marketplace.

### Our Legislated Mandate

- To sustain a vibrant and profitable tourism industry.
- To market Canada as a desirable tourism destination.
- To support a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism.
- To provide information about tourism to the Canadian private sector, the governments of Canada, the provinces and the territories.

### Our Leadership Role

- To promote the Canada tourism brand under the theme of "*Canada. Keep exploring.*"
- To develop world-class research capacity and performance measurement systems.
- To make optimal use of technology and the Internet in the service of tourism.

### Our Markets

Global markets or consumer segments where there is the highest potential for return on investment. Canada's 12 key geographic markets are Canada, the U.S., the U.K., Germany, France, Mexico, Japan, China, South Korea, Australia, India and Brazil.

### Our Partners

Provincial and territorial governments, other federal departments and agencies, destination marketing organizations, the Canadian private sector and international travel trade and meeting professionals.

### Our Values

Innovation, collaboration, respect.

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<sup>1</sup> Tourism export revenues are defined as total international tourism revenue, calculated by subtracting domestic tourism revenue from total tourism revenue. However, the CTC considers its domestic program to be consistent with its goal to grow tourism export revenues because it acts as a method of import substitution by inspiring Canadian travellers who would otherwise travel outside the country to do their travelling within Canada.



# 1.2 About Us

## Constitution

The CTC is a federal Crown corporation wholly owned by the Government of Canada (the “shareholder”); it is accountable to Canada’s Parliament through the Minister of Industry.

## Governance

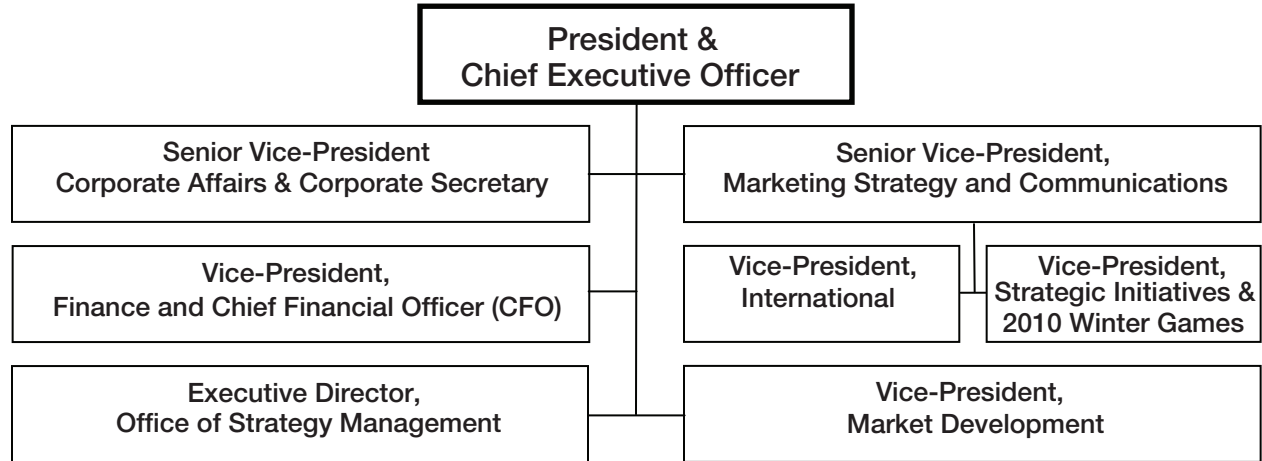
A 26-member Board of Directors governs the CTC. Its role is to provide stewardship and strategic directions and to approve an annually updated five-year Corporate Plan, with allocation of resources. The Governor-in-Council appoints the Chair of the Board, as well as the President & Chief Executive Officer (CEO). The Minister of Industry, with the approval of the Governor-in-Council, appoints the other directors, with the Deputy Minister of Industry Canada serving as an ex-officio director. Appointments to the board are made to reflect the combined private/public sector nature of the industry, represent the various regions of Canada. Four standing committees support the work of the Board:

- Executive Committee
- Governance and Nominating Committee
- Audit Committee
- Human Resources Committee

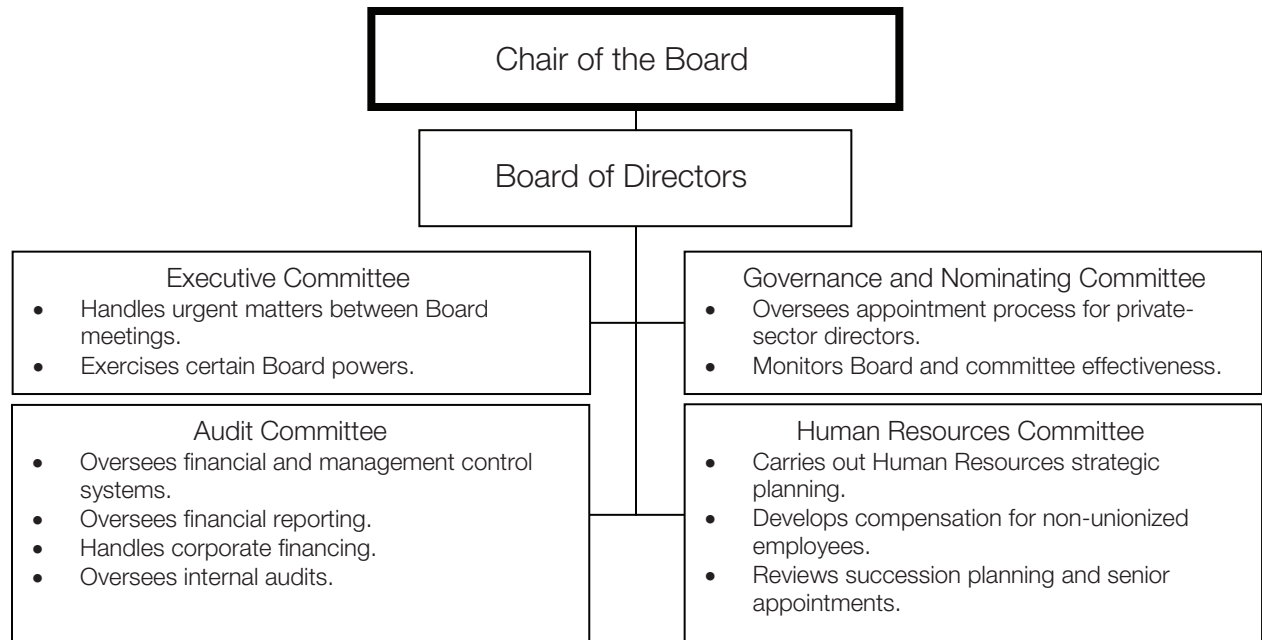
The President & CEO reports to the Board of Directors, which is in turn accountable to Parliament through the Minister of Industry. The organization reports to the Crown through a five-year Corporate Plan and an Annual Report.

<b>Legislative Powers and Obligations</b>	
Legislative Powers	<p>The <i>Canadian Tourism Commission Act</i> and subsequent regulations provide the legislative basis for the establishment of the CTC and its activities.</p> <p>The CTC is not governed by the Public Service Employment Act and is considered a separate employer. However, the CTC is governed by or subject to the requirements of several acts, including:</p> <ul style="list-style-type: none"> <li>• <i>Financial Administration Act (FAA)</i></li> <li>• <i>Official Languages Act</i></li> <li>• <i>Privacy Act</i></li> <li>• <i>Access to Information Act</i></li> <li>• <i>Canada Human Rights Code</i></li> <li>• <i>Canada Labour Code</i></li> <li>• <i>Employment Insurance Act</i></li> <li>• <i>Employment Equity Act</i></li> <li>• <i>Federal Accountability Act</i></li> <li>• <i>Public Servants Disclosure Protection Act</i></li> <li>• <i>Conflict of Interest Act</i></li> </ul>
Legislative Obligations	<p>A Special Examination is mandated under the <i>Financial Administration Act (FAA)</i> and a report on the findings must be submitted to the Board of Directors. The next examination is expected to occur in 2013.</p>
Accountability to Parliament	<p>The Government of Canada primarily regulates Crown corporations through their enabling legislation and through the FAA. The CTC is currently listed under Part I, Schedule III to the FAA, and as such is required to:</p> <ul style="list-style-type: none"> <li>• Submit an Annual Report, a Corporate Plan and an Operating Budget to the responsible Minister; and</li> <li>• Undergo regular audits by the Auditor General of Canada.</li> </ul>

## Managerial and Organizational Structure

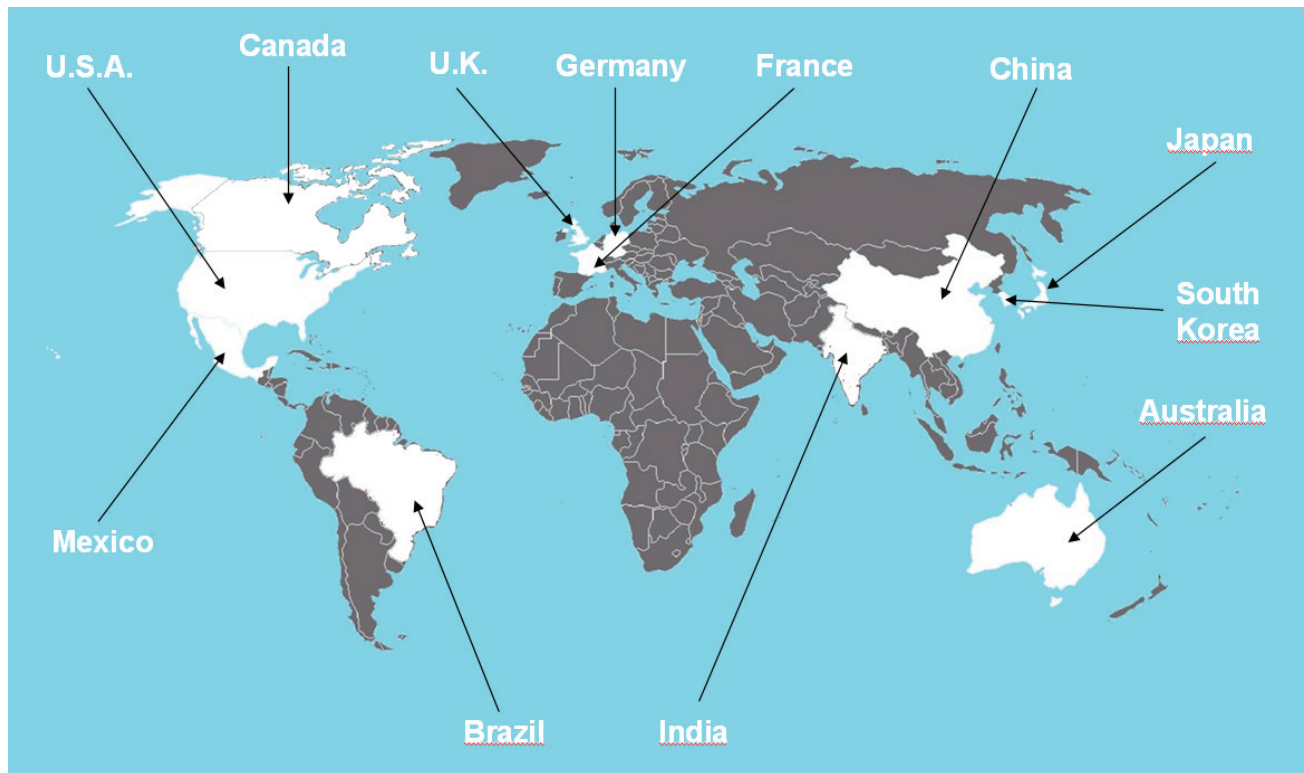


## Board and Committee Structure



## Offices

The CTC is headquartered in Vancouver, British Columbia, and maintains a small branch office in the National Capital Region. As well, we have international offices in the U.S., the U.K., Mexico, France, Germany, China, Japan, South Korea and Australia. We began national tourism marketing activities in Brazil and India in 2009 and will assess future growth potentials and the option of establishing international offices in those markets over the next few years.



## Staff

The CTC has 161 permanent positions, 97 of which (or 60 percent) are located at our head office in Vancouver. These positions are largely engaged in marketing, communications and research activities, as well as providing corporate services. There is also a small office in Ottawa, with two positions. In addition to our Canadian staff, we have 62 permanent positions (39 percent) delivering international marketing and sales services out of international offices. Of this total, 26 work from various centres in the United States. The relatively strong American representation reflects the fact that 74 percent of international overnight trips to Canada are made by American travellers.<sup>2</sup>

In the spring of 2009, additional CTC staff were added on a temporary basis to support the stimulus projects announced in the 2009 federal budget. Incremental staff resources support the Canada domestic advertising program, as well as new initiatives in the U.S., emerging markets and International MC&IT. Additional support resources in procurement, finance, e-marketing, and corporate communications will help to manage this significant two-year project.

<sup>2</sup> CTC estimates.



# Part 2: Our industry

## 2.1 Tourism in Canada

### Selling Canada abroad

The CTC works in the national interest to make Canada more competitive internationally and to generate increased revenues for an industry that contributes significantly to the Canadian economy. Tourism represents approximately 2 percent of the Canadian Gross Domestic Product (GDP), with a value of \$30.3 billion in 2008 which equals approximately the economic value of agriculture, forestry, fishing and hunting combined.<sup>3</sup> Tourism generates “export revenues” as any item sold to an international tourist is considered an export.

### Advertising domestically

Stemming from the 2009 federal budget, we began to invest in a two-year integrated domestic advertising program. This program has the policy objective of import substitution by showcasing world-class Canadian tourism experiences to Canadians and encouraging them to consider replacing a planned international trip with one in Canada. Canada’s domestic tourism industry represented \$59.1 billion in revenues in 2008, an increase of 8.2 percent over 2007.

### Benefitting Canada’s tourism businesses

As well as bringing international money into the country, tourism provides work for many thousands of Canadians. In 2008, Statistics Canada counted 159,493 tourism-related businesses in Canada. Although the majority of those businesses are small and medium-sized enterprises (SMEs) – that is, with fewer than 20 employees – tourism nevertheless accounts for some 662,900 jobs. SMEs operate in communities large and small in every province and territory of Canada, and in many ways they are the economic backbone of the country. Canadian businesses provide tourism services in five key areas: accommodation, food and beverage services, recreation and entertainment, transportation and travel services. They deliver strong economic, social and cultural benefits to Canadians in urban and rural areas alike.

### National benefits

The immediate beneficiary of the CTC’s activity is the tourism industry. Indeed, the industry recognizes the value of our marketing programs by matching federal funding at a ratio greater than 1:1. In other words, we leverage every public dollar invested in tourism marketing to increase the impact of the public money invested. The ultimate beneficiary is the Canadian taxpayer, who enjoys tourism’s contribution to the quality of life in Canada through public and private investments in parks, transportation infrastructure, attractions, events and event facilities. In addition to stimulating export revenue growth and job creation in Canada, we also stimulate high-value knowledge-based businesses and jobs for the Canadian economy (e.g. enabling technology, e-marketing, creative production, research, and creative testing). The tourism marketing industry is a strong customer of Canada’s creative economies. Typically, between 38 and 43 percent of the total marketing investment required to ensure a successful international campaign is spent domestically in Canada.

<sup>3</sup> Based on Statistics Canada 2008 data for Gross Domestic Product at basic prices, primary industries.

## 2008 Economic Picture

- Tourism revenues reached \$74.7 billion, an increase of 5.5 percent over 2007.
- Total international tourism revenue fell to \$15.7 billion, a decrease of 3.6 percent from 2007.
- Total domestic tourism revenue reached \$59.1 billion, an increase of 8.2 percent over 2007.
- Tourism's contribution to Canada's GDP reached \$30.3 billion, an increase of 5.8 percent over 2007.
- Government revenues generated by tourism reached \$21.9 billion, an increase of 5.7 percent over 2007.
- Tourism generated over 662,900 jobs.

Source: Statistics Canada Preliminary Estimates, National Tourism Indicators.

# Part 3: Our brand

## 3.1 “Canada. Keep exploring”

Following the 2007 launch of Canada’s revitalized tourism brand “*Canada. Keep exploring.*” we worked to build a bridge between the world’s nature-based perceptions of Canada and the need to present more diverse and real Canadian travel experiences in a personal, emotional, relevant and interactive way. Throughout 2008, we created a solid platform to share our brand and capture the imagination of travellers around the world.

Designed to inspire, impassion and excite curious travellers, the Canada tourism brand is bringing Canada to life in a consistent way around the world. Created collaboratively by the CTC and our industry partners, the Canada tourism brand takes travellers on a new journey where visitors mingle with the locals, uncover exotic landscapes and stumble upon extraordinary cultural encounters that move spirit, mind and body. The tone is witty, warm, creative and bold. It lets the world know that Canada is a place like no other: a country of dramatic landscapes, vast wilderness, vibrant cities and diverse peoples; a country where nature and humanity come together in distinctive ways; a country with no fewer than 15 United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Sites.



“*Canada. Keep exploring*” has become a reflection of Canada, expressing its attributes and strengths through enticing and modern visuals, along with a personality and tone that mirrors the authentic, warm nature of Canadians.




Canada’s tourism brand will be a leading storytelling brand in the world where travellers bring home *extra-ordinary stories all their own.*

The world will come to see Canada as not just a beautiful place with incredible landscapes, but as 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.

## 3.2 Canada's Unique Selling Propositions

After much research, collaboration and development, we identified five “Unique Selling Propositions” (USPs) that showcase the experiences that make Canada unique in the global marketplace. These USPs set Canada apart from the competition by presenting the country as a distinctive, unusual and extra-ordinary travel destination; they allow us to package and market experiences that are relevant to the interests and values of travellers identified by the Explorer Quotient™ (an innovative, state-of-the-art segmentation tool that enables us to pinpoint travellers in terms of particular travel preferences).

Consistent respect for these five USPs in Canadian marketing ensures that all experiences that are marketed internationally support Canada's tourism brand. The propositions give us focus and a process by which to align sellable products. USPs help to shape messages globally at all channels to ensure that Canada remains distinct and competitive. While it is possible to find similar propositions elsewhere, what makes them special is how they happen here in Canada. USPs help to make Canada the destination of choice for high-yield travellers.

<p><b>Vibrant cities on the edge of nature</b></p> <p>Canadian cities are a tapestry of Canadians of all ethnicities and persuasions, forming a unique urban energy. They speak to a distinctly Canadian set of values, because they are liveable, fresh, new, thriving, and green. Our urban centres have breathing space: in the physical sense, they are not overcrowded; in the social sense, you are free to be yourself and explore. And while they are cosmopolitan and sophisticated, our cities are inspired by the truly authentic nature found both inside and in close proximity to our cities.</p> <p>Tour Halifax's spectacular harbour front, where the vibrant, old and new converge. Discover Toronto's lively neighbourhoods. Explore historic Québec City, the only walled city in North America.</p>	
<p><b>Personal journeys by land, water and air</b></p> <p>A journey is more than getting from one place to the next; it is about exploring, and discoveries made along the way.</p> <p>Cross the country by rail. Take a float plane from downtown Vancouver to a luxury lodge. Drift in a sailboat along the world's longest coastline.</p>	
<p><b>Active adventure among awe-inspiring natural wonders</b></p> <p>Travellers can find adventure by immersing themselves in nature's wonders, water, and wildlife, without having to sacrifice their creature comforts.</p> <p>Be mesmerized by the Aurora Borealis (from the comfort of a hot tub). Get soaked by Niagara Falls (and experience a private wine tasting tour at a nearby winery). Watch polar bears by day (and enjoy a gourmet dinner in the evening). Heli-ski in the Rockies in the morning (and spend the afternoon in a spa).</p>	

### Award-winning Canadian local cuisine

Unique locally-sourced ingredients, a return to natural freshness and low-intensity farming, ethnic fusion, techniques, settings, and people all combine to make Canadian cuisine a savoury experience.

Discover Ontario's ice wines or visit a micro-brewery in Nova Scotia. Try world-renowned Asian fusion restaurants in Vancouver. Find out how Quebec cheeses are made or learn to shuck oysters in Prince Edward Island. From farm to table, there are food movements in the making: slow food, *terroir* and the 100 Mile Diet.



### Connections to Canadians

Travellers can immerse themselves in the communities they visit: Experience Canadian culture and personalities to understand where Canada comes from and where it is going. It is where the brand personality comes to life: Witty, fun, approachable, authentic.

Absorb Canadian art at Montreal's art galleries. Discover Acadian culture at a summer kitchen party. Share stories with a local at the Yukon Storytelling Festival. Learn the legacies of the Great Plains people at Alberta's famous buffalo jump.



## 3.3 Path-to-Purchase Model

Consumer behaviour when making an actual travel purchase can be broken down into different steps that, when followed sequentially, trace a path from the consumer first becoming aware of the destination right down to the actual point of purchasing an experience. The CTC has developed a "Path-to-Purchase Model" to illustrate this process and to track Canada's tourism brand performance at every stage of consumer purchases. Our model examines seven steps: 1) awareness; 2) the "future consideration" list; 3) the "serious consideration" list; 4) creating a movie; 5) planning a detailed itinerary; 6) finalizing trip arrangements; and 7) successfully purchasing a trip. Analysis of the model enables us to compare the brand in all markets and focus marketing activities to address the weak links in the chain. For example, Canada finds its greatest challenge at the "creating a movie" stage, which consists of inspiring consumers to begin imagining themselves actually having the experience. In other words, many consumers, although aware of Canada and even seriously considering visiting Canada, never reach the conscious creation of a 'vacation movie' in their heads. In fact, regardless of the market, Canada loses roughly 50 percent of its audience at this juncture. Of those that do make it, a large portion again never moves on to the next important step of planning an itinerary. Shifting desire to intent, wowing the 'vacation movie' inside the mind of a consumer, then becomes a major hurdle for any destination marketer and seller to surmount. The model helps to determine the stage our target audience is at within the seven steps and allows for a more targeted approach to guide them along the path to purchase.

## Path to Purchase





# Part 4: Our world

## 4.1 Industry Environment

### Keeping abreast

In a fast-changing industry it is vital to have regular access to accurate, up-to-date information. To that end, the CTC monitors economic and market trends on a monthly basis and uses the information collected to support decision-making. We also make this data available to Canadian businesses on our corporate website ([www.canada.travel/corporate](http://www.canada.travel/corporate)) thus helping the Canadian industry to operate optimally at all times.

### State of the global economy

In the second half of 2008, the U.S. mortgage crisis developed into a serious financial crisis that has since resulted in a significant decrease in global demand. Most leading world economies, including Canada, have experienced recessionary pressures and contracting demand. However, the global economy is transitioning from recession to recovery, with renewed output growth expected in 2010.

Although the restructuring and retrenchment underway in a number of key sectors and regions will remain a significant drag on the pace of activity, strong cyclical forces are providing much-needed impetus to growth. Canada, and many other countries around the world, are expected to follow the renewed momentum being generated by the globe's primary economic engines.

Still, even with global output growth turning positive in the second half of the year, the contraction in worldwide real GDP in 2009 is still likely to average 2.7 percent. But building upon the strengthening economic momentum, global output growth is now expected to average 2.6 percent in 2010.

### State of the global tourism industry

Although tourism has been more resilient than some other economic sectors, it has not been immune, and international tourism demand has deteriorated further under the impact of the global economic recession. Preliminary figures compiled by the United Nations World Tourism Organization (UNWTO) for the first months of 2009 indicate a continuation of the negative growth trend already experienced in the second half of 2008, when international tourist arrivals declined by two percent following a strong six percent increase in the first half of the year.<sup>4</sup>

In absolute terms, the number of international tourist arrivals is estimated to have reached 247 million between January and April, down from 269 million in 2008 and close to the 254 million of 2007. So far the number of international tourist arrivals is 22 million short of last year's volume. The first four months generally account for some 28 percent of the total annual number. The UNWTO now expects international tourism to decline by between six and four percent during 2009.<sup>5</sup>

<sup>4</sup> UNWTO World Tourism Barometer: volume 7, number 2, June 2009: [http://www.world-tourism.org/facts/eng/pdf/barometer/UNWTO\\_Barom09\\_2\\_en\\_excerpt.pdf](http://www.world-tourism.org/facts/eng/pdf/barometer/UNWTO_Barom09_2_en_excerpt.pdf)

<sup>5</sup> Ibid.

## State of the Canadian tourism industry

A depressed economic environment, new travel documentation requirements, volatility in fuel prices and a strong Canadian dollar have led to a decline in leisure travel from the U.S., which in turn has contributed to worsening international visitations. Since 2002, Canada's market share of outbound travel from the U.S. Leisure travel market has fallen by 7.2 points while the market share of outbound travel from the U.S. Meetings, Conventions and Incentive Travel (MC&IT) market has declined by 2.3 points. Still, with 12.5 million overnight American travellers (leisure and MC&IT) and generating receipts of \$6.6 billion in 2008 while travelling in Canada<sup>6</sup>, the U.S. market accounts for more than all of the CTC's other core overseas (i.e. non-U.S.) markets' receipts combined (\$3.8 billion). Total international markets generated \$12.9 billion in overnight receipts in 2008, of which the CTC core markets accounted for 80 percent, or \$10.4 billion.<sup>7</sup> International visitors generated an additional \$3.2 billion in receipts to Canada in the form of same-day expenditures and fares paid to Canadian carriers to enter or leave Canada.

## Marketing in an economic downturn

Tourism is traditionally a very resilient industry, recovering quickly from economic downturns. As the graph below illustrates, there is seldom a lag in the recovery of tourism spending when economic activity increases. As a result, the current global economic downturn represents a once-in-a-generation opportunity to increase international market share as Canada will be able to market aggressively into this downturn. In the marketing profession and academia there is a great deal of peer-reviewed research proving that increased marketing investment in a downturn is good business. A study by McGraw-Hill of both the 1974/75 and 1981/82 recessions confirmed the

long-range advantage of keeping a strong advertising presence.<sup>8</sup> It found that companies that cut advertising in 1981/82 increased sales by only 19 percent between 1980 and 1985, while companies that continued to advertise in 1981/82 enjoyed an average increase in sales of 275 percent. Likewise, a study by the American Business Press found that 143 U.S. firms that cut advertising investment during the 1974/75 recession saw a 38 percent decline in income over two years.<sup>9</sup> An additional study of the Strategic Planning Institute's Profit Impact of Market Strategy (PIMS) data from the 1990 downturn showed that companies that cut advertising investment gained only 0.2 percent market share, while those who maintained investments experienced a 0.5 percent increase and those who upped their investment experienced a 0.9 percent growth in market share.<sup>10</sup> On average, increases in marketing spending during a recession have proven to boost financial performance throughout the year once recovery begins.<sup>11</sup> The CTC will follow this proven strategy as a result of the stimulus investment provided as part of Budget 2009.

### Economic Activity and Tourism Spending



Source : Tourism Economics, Haver Analytics, IMF

<sup>6</sup> These overnight tourism receipts exclude fares paid to Canadian carriers to enter or leave the Canada; however, they do include fares paid to Canadian carriers to travel within Canada.

<sup>7</sup> Statistics Canada preliminary results from the International Travel Survey.

<sup>8</sup> As cited in DDB's "Capturing Opportunities in Challenging Times: Marketing and Advertising in a Recession": [http://issuu.com/ddbcomyp/docs/ddb\\_yp\\_capturing\\_opps\\_271008?mode=embed&documentId=081112203526-6a4e3edc2c874390a60a305a939e87ba&layout=white](http://issuu.com/ddbcomyp/docs/ddb_yp_capturing_opps_271008?mode=embed&documentId=081112203526-6a4e3edc2c874390a60a305a939e87ba&layout=white)

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Quelch, John A. and Katherine E. Jocz. "How to Market in a Downturn." Harvard Business Review April 2009.

## New competition

The UNWTO now ranks Canada fifteenth in the world both for tourism receipts and for tourism arrivals. As for the future, increased global competition, a strong Canadian dollar and volatile fuel costs present certain challenges for Canada's tourism industry. The world is competing for tourists as never before, and travel is beginning to flow towards new, exotic and emerging destinations in Asia, Africa and the Middle East. Over the next 10 years, emerging regions are expected to post strong gains at the expense of Europe and the Americas. It is projected that, by 2020, Europe and the Americas together will barely reach one billion in international arrivals, while Asia, Africa and the Middle East together will hit the 1.6 billion mark. Canada is not the only country being challenged in the area of international travel, as several of its established international competitors also felt the strain in 2008.

In terms of volume, Canada received fewer overnight trips from four of its core markets in 2008: that is, the U.S. (-5.5%), the U.K. (-6.9%), Japan (-16.7%) and South Korea (-7.8%). These declines contributed to an overall drop of 5.5% for all CTC core markets and a 4.4% decline for all international markets in 2008. As a result of these declines, the Canadian tourism industry has become much more reliant on domestic travel.

2008 Overnight trips (000s)								
	Canada	08/07 %	U.S.	08/07 %	Aus	08/07 %	U.K.	08/07 %
U.S. Total	12,503	-5.5	-	-	454	-1.0	2,959	-16.7
U.K.	837	-6.9	4,564	+1.5	672	-2.0	-	-
France	405	+12.6	1,244	+24.7	86	+16.0	3,636	+6.8
Germany	315	+5.6	1,783	+16.9	161	+6.0	2,905	-14.0
Mexico	257	+11.7	6,235	-7.4	-	-	64	+10.3
Japan	259	-16.7	3,250	-8.0	457	-20.0	239	-22.4
South Korea	187	-7.8	759	-5.8	218	-14.0	-	-
China	159	+5.3	632	+17.1	356	-0.3	137	-23.0
Australia	219	+5.6	690	+3.0	-	-	959	+1.9
Total core markets	15,126	-5.5	19,197	-0.6	2,404	-6.1	11,759	-7.2
Total internat. markets	16,997	-4.4	50,502	+4.4	5,685	-1.0	31,928	-2.6

*Source: Statistics Canada Preliminary Estimates; Tourism Australia; UK National Statistical Office; Office of Travel and Tourism Industries (USA).*

## The travel account

In 2008, total tourism revenues in Canada reached an estimated \$74.7 billion (an increase of 5.5 percent from 2007). However, domestic travel accounted for over 79 percent (\$59.1 billion) of total revenues as Canadians took advantage of a strong Canadian economy. International tourism generated only \$15.7 billion, representing a mere 21 percent of total tourism revenue (a drop of 3.6 percent from 2007). At the same time, Canadian outbound travel spending continued to rise in light of a strong Canadian dollar to reach a record level of \$26.6 billion in 2008 (an increase of 8.1 percent from 2007). As a result, Canada's international travel deficit – the difference between what Canadian residents spend abroad and what international travellers spend in Canada – rose to a record \$12.6 billion in 2008 from \$10.0 billion in 2007.<sup>12</sup> For 2009, it is difficult to predict how such factors as the climbing value of the Canadian dollar and the CTC's marketing efforts to keep Canadian's travelling at home will impact Canada's international travel deficit.

<sup>12</sup> CTC estimates.

## 4.2 Federal Priorities

The Government of Canada recognizes the importance of tourism to the Canadian economy and has taken the industry into consideration in determining current priorities. At the opening of the second session of the 40th Parliament (January 26, 2009), the Speech from the Throne referenced that the Government was acting to support industries in difficulty, including forestry, manufacturing, automotive, tourism and agriculture, and to protect the families and communities that depend on those jobs.

In the 2009 federal budget, the Government of Canada recognized the need and opportunity to bring greater coherence to national tourism activities. To improve the effectiveness of the Government's support in this area, it was announced that the Honourable Diane Ablonczy, Minister of State for Small Business and Tourism, would lead the development of a Federal Tourism Strategy to guide future investments in creating a more coherent whole-of-government approach to supporting the tourism sector.

During Tourism Week (June 1-7, 2009), Prime Minister Harper and Minister Ablonczy met with leaders in Canada's tourism industry and announced that the federal government was taking the next step towards a new Federal Tourism Strategy that seeks to broaden access to, and awareness of, Canadian tourist attractions. "Tourism is an increasingly important industry that supports small businesses in every region of our country and keeps thousands of Canadians employed," said the Prime Minister. "Our Economic Action Plan makes several major investments to strengthen this vital sector. The next step is to improve the coordination of our efforts and better sell Canada as a tourist destination for both domestic and international visitors."

In the 2010-2014 period, the CTC will work with other federal departments and agencies to contribute, wherever possible, to the effort to address the following federal priorities:

- Encouraging product development and investments in Canadian tourism assets and products;
- Facilitating ease of access and movement for travellers, while ensuring the safety and integrity of Canada's borders;
- Increasing awareness of Canada as a premier tourist destination, including the promotion of federal tourism assets; and
- Fostering an adequate supply of skills and labour to enhance visitor experiences through quality service and hospitality.

## 4.3 Federal Programs

### Federal Identity Program

The CTC, as a Part I, Schedule III Crown corporation, is subject to the Federal Identity Program (FIP), which promotes the clear and consistent identification of Canadian government institutions. In 2008, we developed and implemented a FIP Action Plan to guide us in ensuring appropriate and consistent usage of FIP identifiers.

## Official Languages

In its 2008-09 Report Card, the Office of the Commissioner of Official Languages ranked the CTC first out of 15 separate employers and the only organization to earn an “exemplary” rating (‘A’). Over the 2010-2014 period, we will continue to respect the equal status of both official languages, promote the effective use of both languages in the workplace and provide services to both language communities.

## 4.4 Financial Partnerships

### Public-private collaboration

The CTC operates on the basis of public-private partnerships, with partner contributions to match federal funding so as to achieve a maximum return-on-investment for the taxpayer. Our partner contributions totalled \$95.8 million in 2008, for a 1.2:1.0 ratio of tourism industry monies to federal appropriations. Over the 2010-2014 period, we will continue to leverage partner contributions in order to increase the impact of the public money invested in Canada’s tourism marketing activities.

There are four types of CTC partnership arrangements with contributions in 2008:

- **CTC-led marketing or sales campaigns:** \$12.4 million.
- **Marketing initiatives where a partner takes the lead in managing the campaign:** \$29.6 million.
- **Parallel partnerships where the CTC runs parallel advertising with its partners:** \$22.4 million in the form of parallel advertisements.
- **In-kind partner contributions:** \$31.3 million, with in-kind contributions including airfare and free television advertising.

2008 Public-Private Partnership	
CTC Budget Allocation	\$82.9 million
Partnership Contributions	\$95.8 million
<b>Total Investment</b>	<b>\$178.7 million</b>

# Part 5: Our strategic opportunities, factors influencing performance and risks

## 5.1 Opportunities

### Rising demand

The Conference Board of Canada forecasts that the demand for tourism goods and services in Canada will rise from \$130 billion in 2005 to \$220 billion in 2025 (adjusted for inflation to 1997 dollars).<sup>13</sup> Much of the increase in demand relates simply to growth in population. By 2013, increases in the number of people aged 25 to 64 are expected to create a population of some 1.2 billion people in the CTC's core markets (a 7.0 percent increase over 2007 levels, or 80 million people). According to the UNWTO, international tourist arrivals are expected to almost double from an estimated 924 million in 2008 to 1.6 billion by 2020.

At the same time that the number of potential travellers in the world is increasing, it is perhaps even more significant that levels of disposable income are also growing. This trend speaks directly to the CTC's strategy to convert high-yield consumers who tend to remain in Canada longer and contribute more to the economy. Markets such as China, India and Brazil, as well as South-East Asian, Eastern European and Latin American countries, are becoming important outbound markets, backed by growing middle classes on the one hand, and liberalizing policies promoting mobility on the other. For example: according to UNWTO figures, Chinese tourists spent a total of \$42 billion in 2007. China is expected to become the fourth largest source of tourists in the world by 2020 and generate as many as 100 million outbound tourists annually.

### Growing interest in experiential travel

Consumers are increasingly seeking travel opportunities that deliver new experiences, satisfy curiosity and add novelty and exoticism to their lives. Travel tour operators are responding to travellers' holiday needs by introducing a range of new activities, experiences, itineraries and tours for luxury travellers. For increasingly sophisticated tourists, travel is becoming more and more about new experiences and adventures for their own personal fulfillment, while also seeking value for money. Correspondingly, Canada's tourism brand is poised to leverage this new trend in travel preference by offering consumers opportunities to create their own unique stories and experiences.

### Canada's Games in 2010

With some 3 billion viewers worldwide, the Vancouver 2010 Olympic and Paralympic Winter Games provides a once-in-a-generation opportunity to accelerate global awareness of Canada's refreshed tourism brand in 12 key markets around the world. By leveraging the media exposure afforded by the 2010 Winter Games, we will continue to work with our partners to differentiate Canada's tourism brand and inspire the world to explore Canada.

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<sup>13</sup> As cited in the Canadian Tourism Human Resource Council's (CTHRC) report "In Short Supply", 2008: [http://cthrc.ca/~media/Files/CTHRC/Home/research\\_publications/labour\\_market\\_information/sd-tourism-brochure-national-en.ashx](http://cthrc.ca/~media/Files/CTHRC/Home/research_publications/labour_market_information/sd-tourism-brochure-national-en.ashx)



## 5.2 Factors Influencing Performance

### Economic uncertainty

The increasing economic uncertainty that began in the summer of 2008 became a full-scale recession. This continues to impact the consumer confidence and net worth of travellers, especially in the United States. While tourism has historically proven resilient to economic turbulence, the current volatility of the global markets has resulted in cutbacks in various organizations throughout Canada's tourism marketing industry. The importance of continuing to market Canada's tourism brand in order to protect market share during these uncertain times cannot be overestimated.

### Fuel costs

Increasingly, the volatile price of crude oil is impacting the cost of travel and the tourism industry by influencing the price of fuel. In 2008, the price of crude oil climbed during the first half of the year to an all-time high of US\$147.27 in July – more than double what it was a year earlier – before falling below US\$40 by the end of 2008. As oil costs are expected to rise in 2009 and 2010 on the back of a stronger economic outlook, continued market volatility will make it difficult for the tourism industry to strategically plan for the future and manage costs. In this way, volatile fuel costs will continue to impact the performance of Canada's visitor economy.

### Air access

Throughout 2009 airlines have continued to be challenged by fluctuating oil prices, the global economic downturn and the effects of the H1N1 virus on travel demand. The International Air Transport Association (IATA) forecasts that international airline passenger traffic will decline by 8 percent in 2009, with moderate growth in 2010. In line with this trend, air capacity to Canada from CTC core markets is projected to contract by 4.0 percent in 2009 over 2008, despite modest increases forecasted from France (1.8 percent) and Germany (2.8 percent). Open-skies negotiations between South Korea and Canada concluded in July 2009. The new agreement will allow air carriers in either country to operate as many passenger and cargo trips as they wish, increasing both capacity and flight options for travellers visiting Canada. In addition, in February 2009, Canada signed an open-skies agreement with Costa Rica as part of the Government of Canada's priority to re-engage with the Americas.

### Exchange rates

The strength of the Canadian dollar affects Canada's international competitiveness. Although the dollar strengthened during 2007, reaching parity against the U.S. dollar and even surpassing it, by October 2008 the global economic crisis had caused the Canadian dollar to drop to a four-year low. As the economic recovery began to take hold in 2009, the Canadian dollar increased in value, approaching parity with the U.S. dollar by the fall. While a strong Canadian dollar is good for Canada's purchasing power and living standard, it also threatens to slow the economic recovery by undermining our manufacturing sector, export base and domestic competitiveness. In addition, a strong Canadian dollar undermines the competitive advantage of Canada's tourism industry as U.S. travellers (originating mainly in border states) no longer have the benefit of a good exchange rate.

### Competitive funding levels

The CTC's enterprise risk management exercise has identified that we have inadequate resources to deliver against our mandate. This risk is enhanced by increased investments by many of Canada's competitors.

Among Canada's main competing international destinations of Australia, the U.K. and New Zealand, only New Zealand (with a population of 4.2 million) has a lower tourism budget than Canada when one looks at base appropriations. Like the CTC, other national tourism marketing organizations partner with industry to leverage their budget allocations. While Canada has invested in additional tourism marketing to help combat the economic downturn, so have many of our competitors.

Canada also competes with U.S. destinations for American visitors, as well as long-haul international travellers. Historically, the lack of a U.S. national tourism marketing organization and the lack of a strong tourism brand under which to unite U.S. destinations in the global tourism industry has been a strategic advantage for Canada. Canada's tourism brand has had to compete for international visitors against a variety of disaggregated U.S. states and cities with their own international tourism marketing budgets.

In 2008, the California Travel & Tourism Commission's budget was \$58.9 million. The Las Vegas Convention & Visitors Authority now has a budget of \$234.0 million.

<b>Tourism marketing organization</b>	<b>2008 base appropriations (\$CDN)*</b>
Las Vegas Convention & Visitors Authority	\$234.0 million
Tourism Australia	\$122.7 million
VisitBritain	\$97.9 million
Hawaii Visitors and Convention Bureau	\$90.7 million
<b>Canadian Tourism Commission</b>	<b>\$76.6 million</b>
California Travel & Tourism Commission	\$58.9 million
Tourism New Zealand	\$56.5 million
<small>*Using Bank of Canada average exchange rate for 2008: US\$1= CAN\$1.06601429 Sources: Las Vegas Convention and Visitors Authority Annual Budget 2008/09; Tourism Australia Appropriations 2007/08; Hawaii Visitors and Convention Bureau Budget 2007/08; VisitBritain Annual Report and Accounts 2007/08; California Travel and Tourism Commission Financial Statements 2008; Tourism New Zealand Annual Report 2007/08.</small>	

The U.S. *Travel Promotion Act* – which would establish an independent, non-profit corporation to operate a nationally coordinated, public-private campaign to counter negative perceptions of America's entry process, clearly communicate its travel policies and promote the U.S. as a premier international destination – was passed by the U.S. Senate on September 9, 2009 and will likely be introduced in the House of Representatives before the end of the year. This new national tourism marketing organization would be funded by private sector investment up to US\$100 million, as well as a matching contribution made via a \$10 fee on overseas visitors arriving from countries that participate in the Visa Waiver Program, resulting in a total budget of approximately US\$200 million. A U.S. national tourism marketing organization would enhance the ability of U.S. destinations to unite under a collective tourism brand, thus significantly impacting Canada's competitive advantage of having a strong tourism brand to compete for international long-haul travellers.

## 5.3 Risks

### Risk Assessment

The CTC monitors significant organizational risks and implements appropriate mitigation to reduce these risks to acceptable levels. The annual risk assessment for 2008 identified a number of specific risks – as outlined in the accompanying chart – and a program of mitigation was designed in response. The CTC will update its risk assessment and report on the effectiveness of the Commission’s mitigation activities in its 2009 Annual Report.

Risk	2007 Rating	2008 Rating	Change	2009 Mitigation Activities
<b>Resourcing:</b> <i>Maintain adequate resources to deliver against the strategy</i>			N/C	Identify efficiencies; reduce overhead costs; consult with partners to ensure maximum alignment of resources.
<b>Retention:</b> <i>Retain key staff</i>			↓	Implement succession plan.
<b>Competition:</b> <i>Compete effectively for international tourism revenue</i>			N/C	Execute marketing strategy focusing on differentiation and diversification; continue to identify new market segments.
<b>External shock:</b> <i>Manage effectively the impact of natural disasters (e.g. pandemics, environmental) and other external shocks (e.g. air traffic disasters) on Canadian tourism spend</i>			↓	Incorporate competitive advantages in marketing and sales plans; implemented crisis management framework.
<b>Relevancy/attribution – performance measurement:</b> <i>Fully measure and attribute performance and demonstrate influence on tourism in Canada</i>			↓	Completed implementation of Balanced Scorecard.
<b>Leadership development:</b> <i>Establish effective training programs to support personnel</i>	–		New risk	Commenced implementation of leadership development program.
<b>Recruiting:</b> <i>Ensure the right people are in the right jobs</i>			N/C	Strengthen recruitment process; conduct periodic salary benchmark surveys.
<b>Privacy:</b> <i>Avoid unintentional disclosure of confidential or sensitive information to third parties</i>			↓	Develop privacy policy and opt-in procedures for e-marketing.
<b>Technology effectiveness:</b> <i>Leverage IT capability to effectively conduct internal processes (e.g. procurement, CRM, security and privacy)</i>			↓	Commenced system needs assessment.
<b>Board governance:</b> <i>Leverage best governance practices as established by the Board of Directors</i>	–		New risk	Completed governance review; submitted report to shareholder.
<b>Corporate reputation:</b> <i>Continue positive relationship with shareholder</i>	–		New risk	Maintain presence of government relations in Ottawa with federal organizations.
<b>Special examination:</b> <i>Address action plan items included in the special exam report</i>	–		New risk	Continue to implement and report on action plan; next special exam deferred to 2013.
<b>Marketing effectiveness:</b> <i>Leverage Canada’s tourism brand to market effectively while addressing FIP requirements</i>	–		New risk	Completed move towards new global platform; differentiation through focus on Explorer Quotient™ (EQ) experiences.
<b>Employee contract negotiations:</b> <i>Complete collective agreement negotiations with union</i>	–		New risk	New collective agreement signed.

#### Legend

High risks	
Medium-high risks	
Medium risks	
N/C	No change.
↓	Decrease from previous year.

# Part 6: Our plan

The 2010-2014 Corporate Plan lays out objectives, priorities and strategies for the next five years and reaffirms the strategic goal of growing tourism export revenues for Canada. The strategies build on foundations set out in the previous plan and reflect recent efforts to promote Canada's tourism brand, "Canada. Keep exploring." In general terms, the CTC will continue to fully adopt a targeted, focused approach to marketing so as to reposition Canada as a destination where travellers have access to extraordinary experiences.

## 6.1 Objectives

The CTC's plan is founded on three main objectives, with a high-level measures and strategies for each as follows:

### Objective 1.

#### Focus on markets of highest return on investment and convert high-yield customers

##### Key Measures

- Tourism export revenues
- Tourism growth domestic product (GDP)
- Tourism employment
- International tourist receipts from the CTC's core markets
- Average spend per person per night among the CTC's core markets
- Marketing campaign return on investment (ROI)
- MC&IT leads and prospects
- MC&IT lead conversion

##### Key Strategies

- We will concentrate our efforts on global markets or consumer market segments with the highest potential for return on investment.
- We will deepen our relationships with high-yield consumers in an effort to influence their travel decisions.

## Objective 2.

### Lead industry in brand alignment and consistency

#### Key Measures

- Partner brand alignment
- Partner satisfaction

#### Key Strategy

- By harnessing the collective energy of governments and the private sector and working closely with industry, we will take the lead in communicating a strong, consistent, global brand for Canada.

## Objective 3.

### Respond to changing market dynamics

#### Key Strategy

- By focusing on both short-term and long-term potential for maximizing return on investment, we will position ourselves for maximum flexibility as markets mature and evolve.

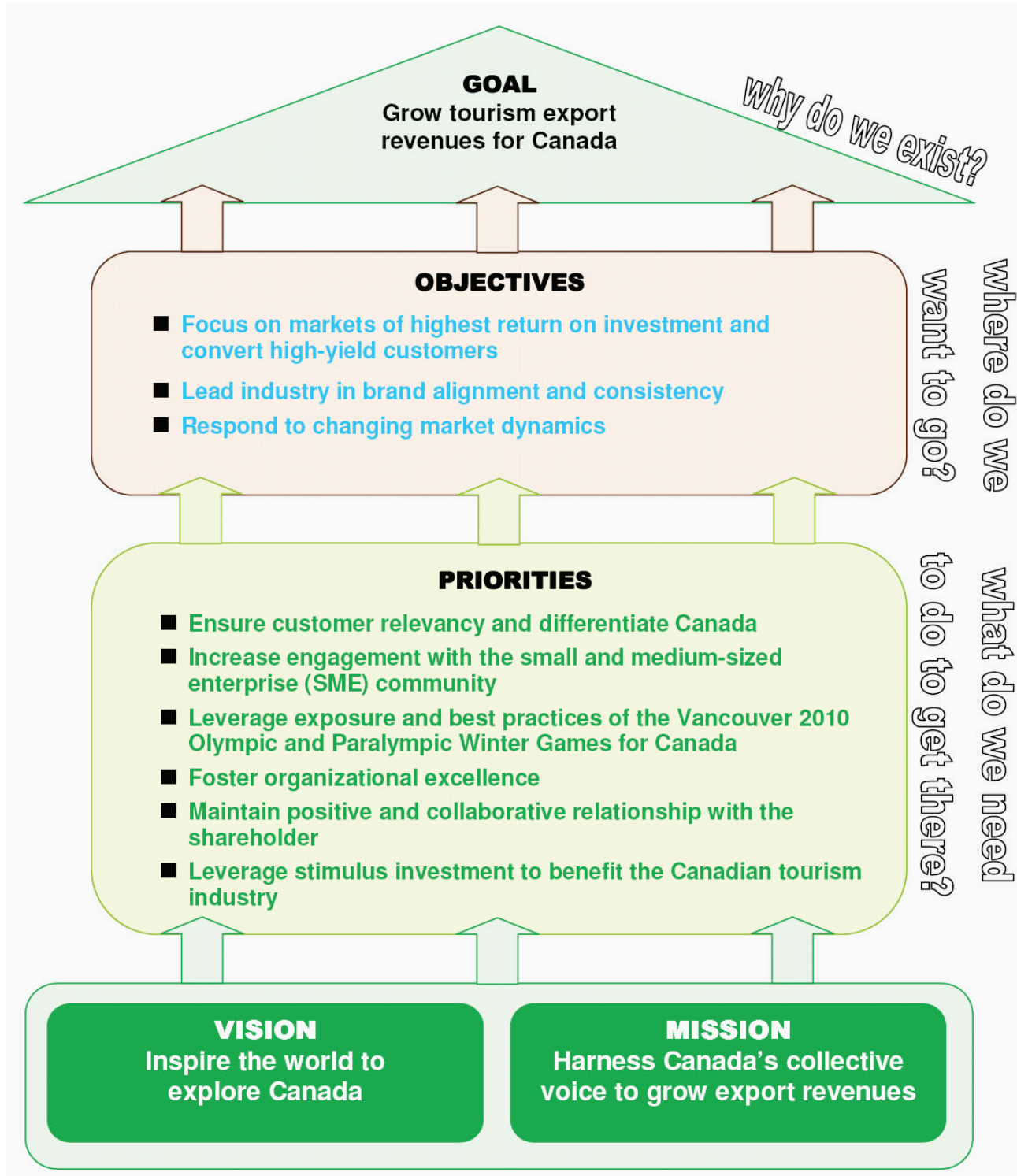
## 6.2 Priorities

The Corporate Plan is built around six key priorities for action:

- Ensure customer relevancy and differentiate Canada;
- Increase engagement with the small and medium-sized enterprise (SME) community;
- Leverage exposure and best practices of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada;
- Foster organizational excellence;
- Maintain positive and collaborative relationship with the shareholder; and
- Leverage stimulus investment to benefit the Canadian tourism industry.

## 6.3 Strategy Framework

The structure of the Corporate Plan is illustrated below, outlining the relationship of the various perspectives to corporate vision, mission, priorities, objectives and overall goal.





## Perspectives

The CTC envisions a six-pronged approach to each priority to ensure that each element of the program addresses specific perspectives, specifically: the shareholder and stakeholder perspective; the budget/financial perspective; the customer perspective; the internal business process perspective; the learning and growth perspective; and the Olympic perspective. In this way, we will continue to take the views of the shareholder, stakeholders and customers into consideration in the application of our strategies. At the same time, we will consider how internal business processes and financial and budgetary realities affect the program. We will continue to routinely define lessons learned and look for opportunities to evolve and grow, including best practices for leveraging the 2010 Winter Games.

## 2010-2014 Priorities

The CTC has analyzed each of its six priorities for action in terms of risk and has put mitigation plans in place. As well, for each priority there is a series of detailed strategies that will allow us to meet our objectives and, ultimately, to increase tourism export revenues for Canada. For each priority, at least one key result has been defined; however, a number of additional performance measures have been listed in the Enterprise Balanced Scorecard.

### Priority 1.

#### Ensure customer relevancy and differentiate Canada

##### Key Measures

- Aided destination awareness
- Aided destination consideration
- Aided brand awareness
- Country brand rank

##### Key Strategies

- We will develop and communicate relevant destination messages to targeted potential travellers, also working to ensure that messages address the particular interests and expectations of those consumers.
- We will consistently apply the global creative platform that delivers against the travel motivators and desires target customer segments to deliver effective communications and differentiate Canada.
- We will provide video content that differentiates Canada and advances Canada's tourism brand to rights-holding broadcasters of the 2010 Winter Games.
- We will work with partners to create or refresh products that extend Canada's tourism brand and respond to the consumer's expectations.

### Risks and Mitigation

1. **Marketing effectiveness.** The CTC will leverage Canada's tourism brand to market effectively while addressing Federal Identity Program (FIP) requirements. This risk is being mitigated with effective marketing that is compelling to customers and partners.
2. **Privacy.** The CTC must ensure that the consumer's privacy is protected; it will do this by implementing and communicating its privacy policies for both employees and consumers and opt-in procedures for e-marketing.
3. **Technology effectiveness.** The need for technological effectiveness will be mitigated through the activities of the Information Technology (IT) Committee and through development and implementation of an IT action plan. A system needs assessment has been commenced.
4. **Competition.** Canada faces enormous competition in attempting to seize a larger share of the global tourism market. This risk will be mitigated by execution of a marketing strategy that focuses strongly on differentiation and diversification of the Canadian experience, as well as identification of new market segments.
5. **External shock.** This risk will be mitigated by incorporating competitive advantages into marketing and sales plans. A crisis management framework has been implemented.

### Learning more about the potential traveller

The CTC needs to reach the right people, at the right time, with the right message, presented in the right way. Consumer relevancy (which includes both the matching of products to particular clients and the successful design of marketing messages) begins with knowing the particular consumer. We regularly conduct consumer research to identify travel experience preferences, attitudes and motivations and to define travel market segments; to this end, we are already using the Explorer Quotient™ (EQ), a unique global traveller segmentation tool. The EQ is an engaging and interactive approach to matching consumers with tourism products in light of individual travel values, motivations and desired experiences. The basis of EQ is not demographics but rather social values: how people interpret a travel experience and what that experience means to them. The EQ allows us to understand the consumer better and to build and maintain more relevant communication programs. During the next five years, information gleaned through the EQ will drive marketing-related decision-making, providing Canada with a new competitive advantage.

### Offering more compelling experiences and content

Good information helps to shape a desirable product. Throughout the 2010-2014 period, the Brand Experiences team will continue to use market segments identified by the EQ to build a repository of products and experiences that go well beyond the traditional selling points of nature and geography. New emphasis will be placed on food and wine, festivals, major cities on the edge of nature, outdoor adventure and experiences that strongly differentiate Canada from other destinations. The goal is to surprise potential travellers, change their perception of Canada and inspire them to visit.

### Interacting with the potential traveller and strengthening online presence

The CTC has invested significantly in e-marketing over the last couple of years. Over the next five years, we will invest in the creation of online experiences designed to convert interested visitors into customers. Internet technology allows us and our partners to develop unique communications strategies for particular regions, cultures, countries and languages and to ensure that Canada is presented in a way that is relevant to local needs and cultures and, at the same time, consistent in terms of content and quality. An effective e-marketing system not only makes it easier for customers to research Canada as a travel destination, but it will also differentiate Canada from competing nations.

### **Building relationships**

As well, during the 2010-2014 period, the CTC will continue to develop its Customer Relationship Management (CRM) system as a means to collect and analyze consumer data related to travel preferences and spending patterns. The CRM system enables us and our partners to target our best customers and generate quality leads.

### **Standing out from the competition**

We have had enormous success in launching Canada's tourism brand, "*Canada. Keep exploring*," in world markets and establishing a visual identity for Canada. Canada's tourism brand earned the number two spot on the list of the world's top country brands, according to *FutureBrand's Country Brand Index* for 2008, jumping from 12th spot in 2006. In addition, *Lonely Planet*, one of the world's most respected travel guides, listed Canada among its top 10 countries to visit in 2009. The inclusion of Canada alongside emerging tourism markets is proof the "*Canada. Keep exploring*" tourism brand is sound, solid and working. Our challenge is to take Canada's positive brand association and present consumers with compelling reasons to visit Canada. We will continue to work to position Canada's tourism brand as a leading storytelling brand, and Canada as a destination from which travellers will bring home extra-ordinary stories.

### **Bringing the brand to life**

Visual recognition is only the beginning. We will continue to create the raw materials needed to sell Canada as a distinctive destination (the publications, the stories, the images). We will align communications, marketing, media and public relations activities to build on strong country awareness. We will make Canada's tourism brand better and more widely known by familiarizing targeted EQ segments with relevant Canadian experiences. We will seek opportunities to expose global travel media and potential travellers to Canada's new experiential brand. We will, in effect, complement marketing campaigns by entrusting the brand to empowered brand ambassadors and partners. The aim is to further the brand to "inspire the explorer within" with promises of "a life less ordinary," so that targeted consumers choose to experience Canada today. Over the next five years, our global marketing will evolve to bring Canada's tourism brand to life. In 2010, we will continue to develop the new personality for Canada's tourism brand, one that is authentic, informal and witty.

### **Tourism in Canada's North**

Tourism in the North represents an exciting opportunity for one of Canada's most important developing regions. The CTC joined with Northern partners (Nunavut Tourism, Northwest Territories Tourism and the Yukon Department of Tourism and Culture) to look at opportunities where all three Northern territories could participate in our programs as a single consortia, namely "Canada's North." On May 12, 2009, the CTC and its three Northern partners came together at *Rendez-vous Canada* in Calgary for the official signing of the Memorandum of Understanding (MOU) to confirm the ability of Canada's North to advance Northern tourism by joining the CTC's programs as a single entity equivalent to a provincial partner. We will continue to work with federal and territorial partners to assess opportunities to market Northern tourism experiences in our core markets.

### **Sustainable tourism**

Consumers are increasingly sensitive to environmental issues, and Canada's competitors have responded with new programs. Visit Britain, Visit Wales, Tourism Australia and Tourism New Zealand have all developed comprehensive sustainable tourism strategies designed to serve the sustainable tourism market. The CTC has found that 87 percent of travellers interested in Canada consider environmentally-friendly tourism important; 81 percent believe Canada to be an environmentally-friendly destination. Clearly, this perception represents a potential competitive advantage for Canada within the global sustainable tourism industry. Over the next five years, we will lead the effort to promote Canada as a destination that offers high-quality, export-ready sustainable tourism experiences. We will also help industry realize the benefits that sustainable tourism can provide.

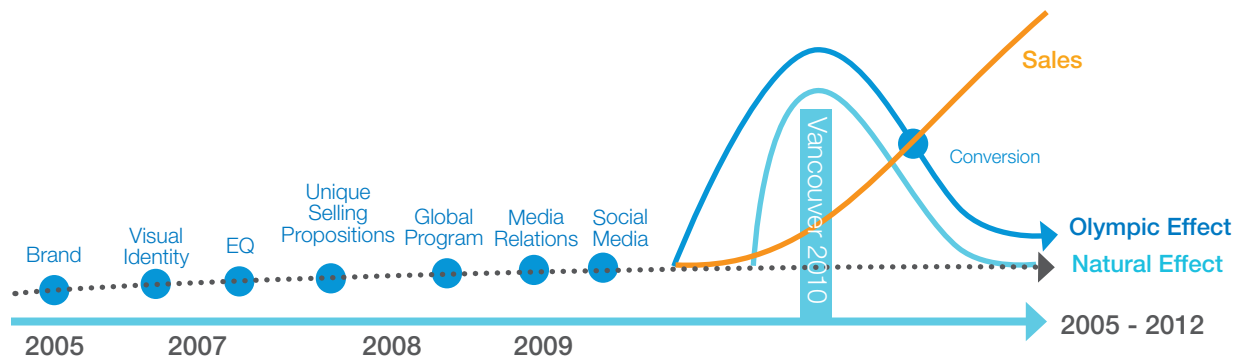
### **Aboriginal tourism**

Research shows that interest in Aboriginal culture does not actually bring tourists to Canada but confirms that Aboriginal themes are indeed seen as a value-added component. Moreover, travellers interested in Canadian Aboriginal tourism seek meaningful cultural interaction, along with spiritual sharing, as part of their experience: merely visiting a museum or watching a film will not satisfy them. Throughout the 2010-2014 period, we will assess opportunities to market export-ready Aboriginal cultural tourism experiences to international target audiences, and we will integrate these into existing programming wherever possible.

### **The Global Platform**

In 2008, the CTC developed a Global Platform and strategy as part of a 10-year plan to inspire the world to explore Canada. The strategy focuses on global markets and consumer market segments with the highest potential for return on investment. Research shows that social value and travel value factors are consistent across all core markets, thus reinforcing that we can globally focus on two EQ segments to deliver on optimal growth in export tourism revenues for Canada: Enthusiastic Indulgers and Learners. For these two EQ segments, travel is a lifestyle; they are some of the most passionate and constant high-yield international travellers in the world. The Global Platform is designed to align Canada's tourism brand with the travel preferences identified by the EQ segmentation tool. As a result, it will enable the marketing, sales and communications teams to advance perceptions of a Canadian travel experience to create a renewed sense of urgency to visit. It will also deliver on operational efficiencies tied to reduced spending on creative, photography, copy and agency fees and increased production values tied to the development of EQ-relevant imagery and broadcast marketing, sales and media assets that bring Canada's travel experiences to life. This new strategy has already shown positive signs of generating year-over-year improvement and has been well received by key stakeholders in the tourism industry. Still, the real reward of this global approach will be realized as it is applied in the run-up to the Vancouver 2010 Olympic and Paralympic Winter Games.

## Ensuring customer relevancy and differentiating Canada: A 10-year plan to inspire the world to explore Canada

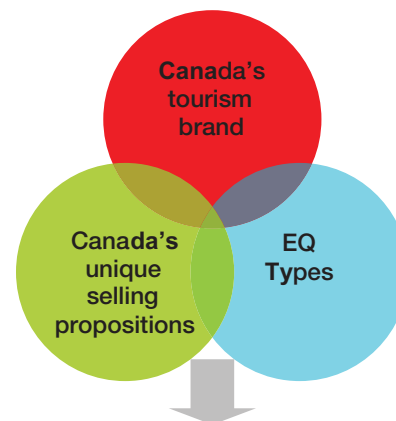


- **Brand** provides a compelling and consistent vision of the Canadian travel experience;
- **Visual Identity** a common look & feel to integrate into our communications;
- **Explorer Quotient™ (EQ)** a shared global and market-specific understanding of our best target travelers and the ability to reach their hearts and minds;
- **Unique Selling Propositions** differentiate Canada with unique experiences and focus our product messages and content creation efforts;
- **Global Program** builds on brand elements to present a consistent and compelling image of Canada to the world; creates efficiency in communications, content development & distribution efforts
- **Media Relations** takes Canada's tourism brand message and leverages it through the world's media
- **Social Media** creates opportunities for Canada to be part of the conversation
- **Conversion** leverages heightened awareness of Canada's tourism brand to convert customers

### Key filters

Over the next five years, the CTC will continue to take a bold approach in all marketing, sales and communications efforts in order to build on the past two years' efforts to shift consumer perceptions of Canada from simply beautiful landscapes to uniquely Canadian characteristics that will inspire the explorer to achieve extra-ordinary experiences. In order to focus efforts in relation to six priorities and to stay on strategy, we will subject all activities to three key filters: Canada's tourism brand, Canada's unique selling propositions and Explorer Quotient™ (EQ) segments. These three filters will operate as follows:

- **Canada's tourism brand, "Canada. Keep exploring"**: By evaluating all activities in terms of the support they give to the image of adventure, variety and exploration themes, the tourism industry will give Canada a strong, coherent and immediately recognizable image in the world.
- **Canada's unique selling propositions**: By shaping products and defining messages in light of travel experiences that consistently differentiate Canada from other destinations, the tourism industry will market its products/experiences more effectively.
- **EQ types**: By shaping and marketing products/experiences in terms of the social behaviours and travel preferences of consumers, as determined by the EQ segmentation tool, the tourism industry will deliver relevant products to consumers.



There is significant evidence that our approach in revitalizing Canada's tourism brand and marketing Canada as a tourism destination to the world has been working, as evidenced by third-party endorsements. Besides receiving recognition from *FutureBrand's Country Brand Index* for 2008 and *Lonely Planet, Forbes.com* declared our 2009 domestic "Locals Know" campaign one of the world's top 10 travel marketing campaigns of all time.

In addition, the CTC conducts conversion studies in several markets to measure the impact that Canada's tourism brand has on consumer awareness. We collect research data through the Global Tourism Watch (GTW) survey to measure the impact of Canada's tourism brand attributes on target consumers. This research informs us of the specific messaging that resonates with potential travellers, thus demonstrating alignment between our marketing activities and the increasing resonance of Canada's tourism brand. In 2008, aided awareness of Canada's tourism brand in the CTC core markets reached 46.4 percent, up from 43.8 percent in 2007.

## Priority 2.

### Increase engagement with the small and medium-sized enterprise (SME) community

#### Key Measures

- SME direct participation in CTC programs
- CTC News subscriptions

#### Key Strategies

- Given the importance of SMEs as the central pillar of Canada's tourism industry, we will engage and strengthen our relationship with provincial/territorial and destination marketing organizations and the SME community in order to harness the collective voice of Canada's tourism partners, both big and small, and work together to advance Canada's tourism brand and entice travellers to come to Canada now.
- We will provide tools, knowledge, research information and customer insights that allow Canada's tourism SMEs to be more competitive and to align their products with the expectations of today's experiential traveller.

### Promoting the "experience"

The CTC will work with SMEs to encourage them to think of Canada as an experience, rather than a product. To help these businesses to develop powerful and consistent messages for the marketplace, we will refer them to "Canada's Unique Selling Propositions." These will help Canadian tourism businesses to differentiate the experiences they are offering from those being sold in other parts of the world. To that end, we will also build on the first edition of the "Experiences Toolkit." The Toolkit is a marketing tool developed by the Brand Experiences team to aid SMEs in positioning and marketing their products as experiences, rather than commodities; it helps to create a collective Canadian voice for the presentation of exceptional and distinctive experiences to the marketplace. In addition, we will continue to seek input from provincial and territorial marketing organizations and destination marketing organizations, and vet export-ready SME tourism businesses against established criteria to promote tourism experiences that advance Canada's tourism brand. The Brand Experiences team will build these experiences into a database to service CTC sales, marketing and media/public relations teams.



### Priority 3.

## Leverage exposure and best practices of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada

### Key Measures

- PR impressions in CTC markets covering both Canadian tourism and the 2010 Winter Games
- Ad equivalency in CTC markets covering both Canadian tourism and the 2010 Winter Games

### Key Strategies

- We will leverage the Vancouver 2010 Olympic and Paralympic Winter Games to enhance the way that Canada is seen by the world.
- After the completion of the Games in March 2010, we will begin phase three of our 2010 Olympic Strategy. We will convert increased awareness and interest to booked business by working with key travel trade partners on joint tactical initiatives in order to “harvest the afterglow” of the 2010 Winter Games.

### Seizing the opportunity

In 2007, the CTC developed a 2008-2012 Olympic Games Tourism Strategy, with \$26 million of funding from the federal government. The idea is to take advantage of the Vancouver 2010 Winter Games, with 3 billion world viewers, to make Canada better known around the world as a potential destination. We will create awareness of Canada by leveraging media exposure. We will work with partners to build relationships with high-yield international travellers. In particular, we will introduce consumers targeted within EQ segments to relevant Canadian experiences with the goal of “inspiring the explorer within” to seek out the unusual and extra-ordinary. The strategy has the following explicit objectives:

- Accelerate our corporate strategy to differentiate Canada in a way that is relevant to consumers;
- Add depth and dimension to Canada’s image as a tourism destination;
- Accelerate the building of a bold new tourism personality for Canada;
- Ensure that the 2010 Winter Games have a lasting, positive effect on Canada’s tourism sector;
- Support the Vancouver Olympic Committee’s (VANOC) goal to promote the 2010 Winter Games as “Canada’s Games”; and
- Support VANOC’s commitment to applying sustainability principles and practices.

The strategy, which has already been distributed to a wide audience, including industry, government and 2010 Games partners, is built on a three-phased approach to be implemented between 2008 and 2012, as follows:

- **Phase 1: Before the Games**

We will use the run-up to the 2010 Winter Games to create a tourism personality for Canada (i.e. brand building) and to strengthen partner relationships. In particular, we will develop an enhanced and sustained relationship with the media and new business partners. We will also develop assets (e.g. video, images, and stories) required for subsequent phases of the project.

- **Phase 2: During the Games**

During the active period of the 2010 Winter Games, we will leverage relationships established in Phase 1 but will shift our focus to media relations and Web communications. Media relations activities will showcase the “refreshed” Canadian experience via dynamic and intriguing images and stories targeted to global media and through our enhanced Websites (e.g. consumer, corporate, media).

- **Phase 3: After the Games**

We will work with partners to harvest the “afterglow” and will sustain interest aroused by the event by extending it to new travel experiences in Canada. In particular, we will work with partners to target consumers and convert their interest in Canada into travel intentions, with a focus on “closing the sale.”

#### Priority 4.

#### Foster organizational excellence

##### Key Measures

- Partner contribution
- Variance to forecast (Q2)
- Overhead costs
- Systems effectiveness
- Alignment of budget and planning process
- “Managing for Results” maturity level
- Core values exhibited
- Employee engagement
- Training plans implemented by both supervisor and employee

##### Key Strategy

- We will strive for organizational excellence through the promotion of our two main assets – our people and Canada’s tourism brand – to create a “strategy-focused” organization.

##### Risks and Mitigation

1. **Recruiting.** Success for the CTC depends largely on its ability to recruit and retain skilled, knowledgeable and dedicated staff. The risk associated with “recruiting” will be mitigated by strengthening the recruitment process and conducting periodic salary benchmark surveys.
2. **Retention.** The CTC will implement its succession management plan.
3. **Employee contract negotiation.** This risk has been mitigated with the signing of a new collective agreement that is in effect until June 20, 2011.
4. **Board Governance.** The CTC Board of Directors commissioned an independent assessment of current structures, including a review of the Board’s bylaws and constitution. The findings of the review have been communicated to the Government of Canada for future consideration to maximize the effectiveness of the Board.
5. **Leadership Development.** The health of the organization hinges on good governance, accountability and leadership. The CTC will address these risks by conducting periodic governance reviews, and it will promote good leadership through implementation of a leadership development program.
6. **Relevancy/attribution – performance measurement.** Risk will be mitigated by continued implementation and cascading of the Balanced Scorecard.

## A strategic focus

For the CTC as an organization, “excellence” is defined as an efficient, effective and productive work environment. It means having the right tools, the right people and the right resources in place to implement strategies. We aim to develop as a “strategy-focused organization,” where a corporate or organizational strategy shapes our management system and determines organizational alignments. In keeping with this focus and with the Balanced Scorecard philosophy, we have created an Office of Strategy Management. We also adopted five principles which, over the next five years, will enable us to execute our corporate strategy rapidly and effectively and create strong alignments between it and the strategies of individual divisions and business units.

- **Mobilize change through executive leadership**

Since adopting the Balanced Scorecard last year, we have informed our leadership team of the benefits of being a strategy-focused organization and have engaged them actively as agents of change in fostering excellence throughout the organization. We have integrated strategy management into our core business practices; regular strategy management sessions guide the leadership team in program evaluation and enterprise decision-making.

- **Translate strategy into operational terms**

The ability to understand and articulate the organizational strategy is key to placing it at the centre of the management system. In 2007, we developed a Strategy Map and a corresponding initial enterprise balanced scorecard. In the fall of 2008, we implemented a comprehensive cascade and roll-out of the balanced scorecard performance management framework across the organization. We now have in place an enterprise scorecard that is supported by five Vice-Presidential scorecards and 27 vertically-aligned unit-level scorecards, all of which are horizontally aligned. In 2009, we rolled out individual balanced scorecards which will complete the five-year action plan two full years ahead of schedule. With the individual balanced scorecard roll-out completed in Q2 2009, all members of the organization are now working from a scorecard that shows accountability for their activities and investments, all of which support the enterprise objectives. For 2010, we have simplified many of the tools and ensured that these are easier to understand and apply for all employees throughout the organization. For example, the Strategy Map has been replaced by an easy-to-understand strategic Steering Wheel. Furthermore, a logic model clearly demonstrates how our outputs drive directly attributable outcomes that support the broader Canadian tourism industry. This helps to identify areas where we have complete attribution and control, as opposed to areas where our work is contributory in nature. These tools help to articulate our desired goal and strategic approach, both internally to employees and externally to key stakeholders.

- **Align the organization with the strategy**

This year, we accelerated our efforts to better align our divisional unit and business unit strategies with the organizational strategy. This means that each unit defines key objectives and performance measures that both strategically and operationally support those expressed in the corporate scorecard (which is a performance measurement framework that links objectives, performance measures and initiatives to the strategy at all levels). For example, in advance of the 2010 Winter Games, the Marketing and Sales functions were integrated into one unit under the executive leadership of one Senior Vice-President to ensure that Phase 3 of our Olympic Strategy is executed swiftly in an integrated fashion. Activities resulting from Budget 2009 stimulus announcements were placed under distinct executive leadership to ensure consistent delivery and reporting.

- **Make strategy everyone's job**

The successful execution of a strategy hinges on the commitment of employees. Through internal communications and ongoing peer-to-peer work between the Office of Strategy Management and staff responsible for program delivery, we have encouraged staff to understand and articulate the strategy. We will ensure organizational alignment through further internal communications, and personal balanced scorecards.

- **Make formulating strategy a continual process**

Beginning in 2009, we further refined the link between our organizational strategy and the budgeting process. We also introduced formal monitoring into management meetings, with performance data being presented for each quarterly target in the Balanced Scorecard. Depending on the results of the performance analysis and the lessons learned, we will establish an ongoing process for adapting the strategy.

### **Fostering a positive corporate culture**

"Canada. *Keep exploring*" is more than a tagline to market the country; it defines us as an organization committed to searching for best practices. We aim to foster a work environment that promotes and celebrates excellence. The global roll-out of Canada's tourism brand gives us an opportunity to discuss our global ethic with employees and to explore their roles within the organization. We will invest in learning and leadership development to ensure that we have the right talent in the right positions. Through our human resources strategy, we will also continue to implement and develop the structures and tools needed to support the delivery of strategic priorities.

### **Promoting core values**

Clearly articulated values remind employees of what they stand for as members of the team and outline a code of conduct for all. In consultation with our employees, we have identified, and are in the process of defining, our three core values: innovation, collaboration and respect.

### **Reviewing board governance**

We are committed to excellence in corporate governance. To that end, the CTC Board of Directors commissioned an independent assessment of current structures, including a review of the Board's bylaws and constitution. The findings of the review have been communicated to the Government of Canada for future consideration to maximize the effectiveness of the Board.

## Priority 5.

### Maintain positive and collaborative relationship with the shareholder

#### Key Measures

- Shareholder engagement
- Compliance with the *Official Languages Act*

#### Key Strategies

- In keeping with its status as a Crown corporation, we will maintain ongoing communications with federal government departments and agencies, including Industry Canada and the office of the Minister of State (Small Business and Tourism).
- We are committed to inputting as appropriate to the Federal Tourism Strategy as announced in Budget 2009. We anticipate playing a leading role with regard to marketing and promotion, along with providing customer and experiential insights to ensure that Canadian supply is aligned with customer demand.

#### Risks and Mitigation

1. **Corporate reputation.** The ability of the CTC to work effectively with the federal government – the “shareholder” – depends in large part on corporate reputation. The CTC will continue to maintain a small presence in Ottawa to establish, build and maintain relationships and closely liaison with government as well as facilitate an open dialogue between the shareholder and the CTC.
2. **Resourcing (Shareholder).** The risk of declining budget allocations is being mitigated to the extent possible by identifying efficiencies and reducing overhead costs.
3. **Special examination.** The CTC will continue to address the action plan items contained in the most recent special exam report. The next special examination has been deferred until 2013.

#### Maintaining focus on government relations

The CTC has a number of government and private-sector “stakeholders” and one “shareholder” (that is, the federal government). By enhancing the shareholder’s perception of our activities and products, we will bolster our ability to grow tourism export revenues for the Canadian economy. Over the 2010-2014 period, we will continue our focus on government relations that was initiated during the previous planning period. We will monitor and respond to all opportunities for governmental support. We will establish, build and maintain relationships with key government officials and policy-makers. We will facilitate open communication with federal departments and will monitor public policy, as well as parliamentary, political and media issues that could affect our organization.

#### Managing corporate reputation

Leveraging Canada’s tourism brand, “*Canada. Keep exploring,*” is a clear priority for us. Directly linked with this objective is the goal of enhancing our leadership role in coordinating marketing activities within Canada’s tourism industry. The tourism sector, in its broadest sense, includes much of what makes up a nation, including infrastructure, government and private services, the environment, arts and culture and community engagement. As Canada’s national tourism marketing organization, we will seek to leverage Canada’s tourism brand in support of broader national objectives.

### Communicating effectively with industry, public and the shareholder

The success of our organization depends on our ability to partner effectively with the private sector, as well as with the governments of Canada, the provinces and territories. The health of these partnerships hinges in turn on effective communication. We will increase industry, public and shareholder engagement by proactively communicating with the relevant players.

### Corporate reporting

We will respect statutory reporting obligations that ensure the proper accountability to Parliament, including the annual tabling of corporate plans and annual reports. We submit high-quality corporate documents, clearly and concisely presented, aligned with government strategic priorities and delivered within established statutory time frames. The Memorandum of Understanding between the CTC and Industry Canada will continue to support strong understanding between us and the shareholder in relation to our mandate, governance, finances and reporting.

### Priority 6.

#### Leverage stimulus investment to benefit the Canadian tourism industry

##### Key Measures

- Tourism domestic demand (revenue)
- International intenders to domestic conversion
- Stimulus campaign return on investment (ROI)

##### Key Strategies

- We will create compelling advertising domestically within Canada that will compel Canadians to consider replacing planned international vacations with travel to Canadian destinations.
- We will create value-driven marketing campaigns in the U.S. and Mexico to drive immediate business from two of Canada's most important source markets.
- We will pursue the International Meetings, Convention and Incentive Travel (MC&IT) market in order to convert business from the lucrative European Congress market and to support current and recent federal infrastructure investments in meeting and congress facilities in Vancouver and Ottawa.
- We will create new opportunities for the Canadian travel industry by entering the growing Chinese incentive market segment.
- We will pursue prudent diversification by entering emerging markets primed for increased travel to Canada: India and Brazil.

##### Risks and Mitigation

1. **Resourcing (Partnerships).** The CTC's ability to partner on activities is being challenged in 2009 and will continue to be challenged in 2010 as there are fewer resources available for partners to commit. CTC is mitigating this risk by consulting extensively with partners on program plans to ensure the maximum alignment of resources possible.



## Canada Advertising Program

In the Government of Canada's Budget 2009, the CTC was allocated \$10 million in each of the government's fiscal years 2009-2010 and 2010-2011 to re-engage in a fully-integrated domestic tourism marketing program. The objectives of this program are: 1) to act as a method of import substitution by inspiring Canadian travellers who would otherwise travel outside the country to do their travelling within Canada; 2) in the interest of economic stimulation, to encourage Canadians to travel within the country and spend money to stimulate Canada's tourism industry, especially benefiting SMEs; and, 3) to leverage the 2010 Winter Games as "Canada's Games" from coast to coast to coast.

In 2009, we launched a successful domestic marketing campaign called "Locals Know," which encouraged Canadians to discover the Canada they did not know. Locals Know featured Canadian travel experiences that were exciting and exotic and invited Canadian consumers who were planning to travel overseas to consider Canada instead. Polling part way through the campaign indicated that the Locals Know campaign had a very high recall rate (72 percent) and that a significant number (3 percent) of viewers who saw the campaign chose to change their summer travel plans from international travel to a Canadian trip as a result of the campaign. In 2010, the Canada Program will build on the momentum created by the Locals Know campaign in order to leverage the 2010 Winter Games.

## Emerging Markets

Canada's tourism marketing has had significant success in emerging markets such as Mexico, South Korea and China due to strong research showing when to enter the markets, excellent strategies and on-the-ground expertise. These three markets now represent some of the strongest performing markets in the CTC's portfolio. In Budget 2009, the Government of Canada recognized that we are well-positioned to leverage our expertise to generate success in other emerging economies, including Brazil and India. A challenging economy is an opportune time to invest in lucrative markets, and presents a once-in-a-generation opportunity to gain valuable market share. As media costs are lower and competition is decreased, Canada's tourism brand will accelerate sooner and provide a basis for easier conversion.

Research shows that new customers in emerging markets are pre-disposed to destinations such as Canada because it is safe, accessible, well-governed and affords appropriate travel experiences and luxuries for members of an emerging middle class. Recognizing the growing middle classes in emerging markets such as Brazil and India, we have begun the process of seizing the opportunity to invest in these new markets to provide increasing rates of growth in the short-term and over the long-term. Initial investments in 2009 focused on travel-trade and media and public relations in these markets. In 2010, limited consumer direct marketing will also take place in India and Brazil.

In addition, significant up-side potential exists in fast-growing new markets such as China and Mexico. We invested in developing the growing Chinese outbound incentive market in 2009, providing a new source of customers for the Canadian tourism industry. This process will continue in 2010 to advance Canada's place with Chinese incentive travel influencers. Undoubtedly, the Chinese tourism market holds tremendous growth potential. According to the UNWTO, China is expected to become the fourth largest source of tourists in the world by 2020 and generate as many as 100 million outbound tourists annually. With the potential for Canada to receive Approved Destination Status (ADS) from China, the CTC will be permitted to advertise Canada and promote travel; currently travel by the Chinese to Canada is limited to business travellers, students, family and friends, and a limited number of pleasure travellers. Still, the CTC has been successful in increasing Chinese tourism volumes and receipts through the CTC's office in Beijing, consumer/trade events, and awareness-based activities such as media trips and trade missions.

In Mexico, the outbreak of the H1N1 flu virus and the Government of Canada's decision to impose new visa requirements for Mexican visitors impacted the CTC's planned stimulus campaign. The move to end Mexico's visa-exempt status puts an end to Canada's competitive advantage over the U.S., which has traditionally required Mexican travellers to have visas. As a result, our planned stimulus campaign timing was adjusted and a more tactical focus was initiated. By the end of 2009, we will have used \$839,800 from the 2009 stimulus funding for campaigns in Mexico City, where direct access to major urban centers will be the focus. We will continue to work closely with the three airlines which have direct flights to and from Canada and Mexico City (Mexicana, Air Canada and Aeromexico) in order to capitalize on distribution and improved service. In 2010, stimulus investments in Mexico will work to drive shoulder-season business and examine secondary cities.

### **International MC&IT**

The U.S. Meetings, Convention and Incentive Travel (MC&IT) market is highly measurable and provides an excellent quality of customer for Canada. The meetings traveller is the highest yielding traveller, spending an average of \$240 per person per day when in Canada.

The Government of Canada recognized this potential in Budget 2009 and, as a result, we began investing in an international MC&IT program with a modest investment in 2009. This investment will leverage existing partner city and convention centre investments in the lucrative international congress market. With additional funds, we accelerated this program in 2009 and quickly provided an increased return to industry with a target of delivering 125 qualified leads and prospects for major pieces of meetings, congress and convention business for the Canadian industry.

The need to diversify sales and promotional activities in the MC&IT segment is partially driven by new convention centre capacity in major centres such as Vancouver, where the federal government has invested in infrastructure. Linking our effective new marketing and sales programs to increases in convention centre capacity will help to ensure that infrastructure investments provide the economic stimulus that had been envisioned for Canada.

By the end of 2009, our target is that these activities will result in driving an additional 35 qualified leads and 125 prospects to Canadian partners.

### **Leveraging new opportunities in the U.S. market**

At the same time that Canada faces declines in the number of visiting Americans, Canada's tourism industry is also confronting new opportunities for renewal and growth. Through leading-edge strategic marketing of the wide array of destinations and products found in this country, Canada must position itself to capture an increasing portion of the global opportunities for tourism, including new opportunities in the U.S. market. Recognizing this, the 2009 federal budget provided funds to support us in seeking new opportunities to tap into the U.S. market; in particular, we continued to:

- Segment the market to define and reach the customers who potentially have the greatest financial benefit for Canada.
- Engage in relevant marketing and sales tactics for those segments to increase awareness of Canada, to confirm travel intentions and to generate actual bookings.
- Deliver a measurable, integrated, consistent and cost-effective marketing mix.

The aim is to reach the highest-yield consumers – who are the most resilient to barriers and economic challenges – with compelling messages, both in traditional markets and in new areas of the United States. We are already marketing intensively in California, New York and Massachusetts (especially in New York City, Boston, Los Angeles and San Francisco), and have added Chicago as a new city to the list of prime targets in key traditional markets. This effort will continue in 2010 to bolster visitation from the United States.

# Part 7: Our results

## 7.1 Measuring Performance

### Balanced Scorecard

In 2007, the CTC adopted the Balanced Scorecard (BSC) as a performance measurement framework. The BSC manages our strategy by linking objectives, performance measures and initiatives to the strategy at all levels. By integrating financial and non-financial measures, it provides a holistic view of the organization's overall performance. Furthermore, by acting as a strategy management tool, as well as a measurement tool, the BSC assists in strategy execution: it helps to keep management focused on the strategy. A comprehensive dashboard measuring outcomes of the stimulus programs announced in Budget 2009 will report on the performance of these project funds; this is similar to the Olympic dashboard, which reports on outcomes of the \$26 million one-time funding for 2008-2012.

### Performance measures

The CTC measures organizational performance in relation to the external environment, but it also keeps a finger on the pulse of the tourism economy. Therefore, the scorecard contains a mixture of CTC performance measures and tourism industry indicators. We have identified the four most relevant measures to achieving our goal of growing tourism export revenues for Canada; they are as follows:

- Aided destination awareness;
- Marketing campaign return on investment (ROI);
- Partner contributions; and
- Employee engagement.

Key corporate measures are **global brand awareness** (in other words, how much more 'aware' the target audience is of Canada as a tourism destination as a result of CTC marketing); and **conversion** (or, the number of people who actually took a trip to Canada as a result of CTC marketing as measured by the amount of money they spent). Ultimately, these measures produce a return on investment ratio, or ROI, the target for which currently stands at 50:1 (or \$50 direct tourism expenditure for every \$1 spent by the CTC) for potential travellers who were only thinking about visiting Canada and made up their minds once they saw the material.

### Incentive compensation

In 2010, we will link incentive compensation to results as expressed in the BSC in order to motivate individuals to contribute to the success of the strategy.

### Oversight

Execution of the CTC strategy, to be effective, requires oversight by management and the Board of Directors. Also, the Audit Committee will review organizational performance against the scorecard on an annual basis. Performance results will be communicated to Parliament through the CTC's Annual Report.

## Steering Wheel

In 2009, a strategic Steering Wheel was developed to replace the CTC's Strategy Map for the 2010-2014 period. The Steering Wheel is simple to read and understand, making it a more effective tool to communicate the CTC's strategy and the key drivers.

# Our Steering Wheel





## 7.2 2010 Enterprise Balanced Scorecard

Perspective	Measure	Unit	2007		2008		2009		2010	
			Result	Target	Result	Target	Result	Target	Result	Target
1. Shareholder & Stakeholder	<b>1.1 Objective: Focus on markets of highest return on investment and convert high-yield customers</b>									
	Tourism Industry Performance Indicators									
	a	Tourism export revenues	\$	16.5 billion		15.7 billion				
	b	Tourism GDP	%	2.0		2.0				
	c	Tourism employment	#	650,400		662,900				
	d	International tourist receipts from CTC's markets	\$	10.7 billion		10.2 billion				
	e	Average spend per person per night among CTC's markets	\$	113.75		110.2				
	f	Tourism domestic demand (revenue)	\$	54.6 billion		59.1 billion				
	CTC Performance Measures									
	<b>1.2 Objective: Lead industry in brand alignment and consistency</b>									
	a	Partner brand alignment	%	33.1			33.1			
	b	Partner satisfaction	%	75			80			
	<b>1.3 Priority: Leverage stimulus investment to benefit the Canadian tourism industry</b>									
	a	International intenders to domestic conversion	#				234,329			TBD
	b	Stimulus campaign ROI	#				50 : 1			50 : 1
	<b>1.4 Priority: Maintain positive and collaborative relationship with shareholder</b>									
	a	Shareholder engagement	%				70			75
	b	Compliance with the <i>Official Languages Act</i>	Grade	Exemplary	Good	Exemplary	Good			Good
<b>1.5 Priority: Increase engagement with small and medium sized enterprise (SME) community</b>										
a	SME direct participation in CTC programs	#							10,000	
b	CTC News subscriptions	#	8,045	25,000	8,733	50,000			50,000	
2. Customer	<b>2.1 Objective: Focus on markets of highest return on investment and convert high-yield customers</b>									
	a	<b>MARKETING CAMPAIGN ROI</b>	ratio	74 : 1		45 : 1	50 : 1			50 : 1
	b	MC & IT leads and prospects	#	806	850	845	975			1,025
	c	MC & IT lead conversion	%							TBD
	<b>2.2 Priority: Ensure customer relevancy and differentiate Canada</b>									
	a	<b>AIDED DESTINATION AWARENESS</b>	%	32.8	benchmark	35.3	35.0			38.5
	b	Aided destination consideration	%	73.1	benchmark	73.2	77.0			77.0
	c	Aided brand awareness	%	43.8	55.8	46.4	57.0			50.0
	d	Country brand rank	Top 6: yes/no (rank)	no (6)	yes (5)	yes (2)	yes (4)			yes (5)
	<b>2.3 Priority: Leverage exposure and best practices for Canada of the 2010 Winter Games</b>									
a	PR impressions in CTC markets covering both Canadian tourism and the 2010 Winter Games	#		2 million	84.1 million	98 million			1.9 billion	
b	Ad equivalency in CTC markets covering both Canadian tourism and the 2010 Winter Games	\$		\$500K	\$8.2M	\$4.5M			\$66M	
3. Budget & Finance	<b>3.1 Priority: Foster organizational excellence</b>									
	a	<b>PARTNER CONTRIBUTION</b>	ratio	1.2 : 1	1 : 1	1.2 : 1	1 : 1			1 : 1
	b	Variance to forecast (Q2)	%	2.0	1.0	0.8	1.0			1.0
c	Overhead costs	%	18.2	18.0	17.4	18 maximum			18 maximum	
4. Internal Operations	<b>4.1 Priority: Foster organizational excellence</b>									
	a	Systems Effectiveness	%							benchmark
	b	Alignment of budget and planning process	yes/no							benchmark
c	"Managing for Results" Maturity Level	5-point scale							4	
5. Learning & Growth	<b>5.1 Priority: Foster organizational excellence</b>									
	a	Core values exhibited	%	60	63	69	65			70
	b	<b>EMPLOYEE ENGAGEMENT</b>	%	63	65	58	65			65
c	Training plan implemented by both supervisor and employee	%							80	

LEGEND	
Blue text	= CTC performance measures
<b>BOLD CAPS</b>	= CTC Critical Metric
Black text	= industry performance indicators
<p>While the CTC contributes to the achievement of broader tourism industry outcomes, such as increases in tourism revenue and employment, the efforts of other provincial/territorial and destination marketing organization, as well as tourism SMEs, also have an impact on the performance of the tourism sector. Given that it's difficult to link the results in the tourism sector directly to the efforts of the CTC, the CTC does not set targets for industry performance indicators.</p>	

## 2010 Enterprise Balanced Scorecard Measure Definitions

**1.1a Tourism export revenues:** Total spend by foreign visitors on Canadian-produced tourism goods and services. Purchases may take place outside of Canada if the goods or services are supplied by a Canadian company e.g. purchase of an airline ticket from a Canadian international carrier to travel to Canada. Source: National Tourism Indicators, Statistics Canada.

**1.1b Tourism gross domestic product (GDP):** Unduplicated value of production, within the boundaries of a region, of goods and services purchased by tourists; represented as a share of total GDP. Source: National Tourism Indicators, Statistics Canada.

**1.1c Tourism employment:** The number of jobs generated, directly or indirectly, by tourism spending. It is based on an estimate of jobs rather than “hours of work.” Thus, someone who works 10 hours a week counts for as much, by this measure, as someone who works 50 hours a week. Source: National Tourism Indicators, Statistics Canada.

**1.1d International tourist receipts from CTC’s markets:** Total spend by visitors from CTC’s core markets on Canadian-produced tourism goods and services during stays of at least one night. Purchases may take place outside of Canada if the goods or services are supplied by a Canadian company e.g. purchase of an airline ticket from a Canadian international carrier to travel to Canada. Source: International Travel Survey, Statistics Canada.

**1.1e Average spend per person per night among CTC’s markets:** A measure of yield achieved from inbound visitors from CTC’s core markets, based on total trip spend and the number of nights spent in Canada.

**1.1f Tourism domestic demand (revenue):** Total spend in Canada by Canadians on domestically produced commodities. Note: not seasonally adjusted. Source: National Tourism Indicators, Statistics Canada.

**1.2a Partner brand alignment:** Percentage of partners who have aligned with at least one element of the CTC brand: visual identity (e.g. logo, colour palette, typography, pattern bar graphics); tone and writing style; experiential photography style; and/or assets (video, text, social media). Source: CTC’s Bi-Annual Partner Survey.

**1.2b Partner satisfaction:** Percentage of partners who are satisfied with their relationship with the CTC. Source: CTC’s Bi-Annual Partner Survey.

**1.3a International intenders to domestic conversion:** A projection of the number of Canadians who were intending on travelling to an international destination and, upon exposure to the campaign, decided to travel within Canada.

**1.3b Stimulus campaign ROI:** The value of tourist receipts generated by CTC’s stimulus marketing campaigns per dollar spent to execute the campaigns. This form of conversion counts those individuals who were considering travelling to/within Canada but had not yet booked a trip prior to being exposed to the campaign, and were positively influenced to visit or book a trip to/within Canada upon seeing the advertising.



**1.4a Shareholder engagement:** Percentage of Government shareholders who feel they receive the right level of support and information from the CTC. Source: CTC Annual Shareholder Survey.

**1.4b Compliance with the *Official Languages Act*:** The overall rating given by The Office of the Commissioner of Official Languages; the CTC is among numerous federal institutions evaluated biannually in terms of its obligations under the *Official Languages Act*. The rating scale is defined as:

- A: Exemplary (90% - 100%);
- B: Good (80% - 89%);
- C: Fair (70% - 79%);
- D: Poor (60% - 69%); and
- E: Very Poor (below 60%).

Source: [http://www.ocol-clo.gc.ca/html/performance\\_rendement\\_e.php](http://www.ocol-clo.gc.ca/html/performance_rendement_e.php)

**1.5a SME direct participation in CTC programs:** Number of times SMEs were engaged by the CTC:

- Requested the Experiences toolkit and/or Brand Guidelines;
- Attended a CTC seminar or presentation;
- Provided product for the CTC's website; and/or
- Participated in a CTC-led initiative.

**1.5b CTC News subscriptions:** The number of individuals who subscribe to CTC News. Note that an organization may have multiple individuals subscribed.

**2.1a Marketing Campaign ROI:** The value of tourist receipts generated by CTC's core marketing campaigns per dollar spent to execute the campaign. This form of conversion counts those individuals who were considering travelling to Canada but had not yet booked a trip prior to being exposed to the campaign, and were positively influenced to visit or book a trip to Canada upon seeing the advertising.

**2.1b MC&IT leads and prospects:** The CTC considers a lead to be an organization that is seriously considering hosting an event in Canada. A prospect is considered to be an organization that has the capability of holding an event in Canada and has a need to hold an event; is aware of Canada; has legitimate authority and ability to buy or commit; has a sense of urgency about making a buying decision; and has no requirements that would exclude Canada.

**2.1c MC&IT lead conversion:** The number of MC&IT leads that have resulted in an actual booking made this calendar year. Note the lead itself could have occurred in a previous year; we are measuring when the booking was made.

**2.2a Aided destination awareness:** Percentage of long-haul travellers in CTC markets who rate their knowledge of vacation opportunities in Canada as "excellent" or "very good" after having been prompted with a set of predetermined destinations.

**2.2b Aided destination consideration:** Percentage of long-haul travellers in CTC markets who are somewhat or very interested in visiting Canada in the next two years when prompted about Canada among a set of competitive destinations.

**2.2c Aided brand awareness:** The average value of Aided destination awareness, Aided destination consideration and Aided advertising awareness\* in CTC markets. \*Aided advertising awareness is the percentage of respondents in CTC markets who recall seeing or hearing any Canadian advertising related to travel or holidays within three months of the survey.

**2.2d Country brand rank:** An annual rank of country brands, according to the *FutureBrand's Country Brand Index*. The approach incorporates a global quantitative survey, expert opinions and external statistics which are compared and combined to better understand drivers, preference, importance and relativism of country brands.

**2.3a PR impressions in CTC markets covering both Canadian tourism and the 2010 Winter Games:**

The total number of people potentially exposed to a print or broadcast\* story that was influenced by the CTC, or featured CTC assets, and mentioned both Canadian tourism and the 2010 Winter Games. \*The CTC will primarily track broadcast stories run by, but not limited to, the eight Rights Holding Broadcasters: Channel 9/FOXTEL (Australia), ARD (Germany), NHK (Japan), CCTV (China), BBC (UK), NBC (USA), CTV (Canada), and SBS (South Korea).

**2.3b Ad equivalency in CTC markets covering both Canadian tourism and the 2010 Winter Games:**

The equivalent advertising value of a print-based editorial story or broadcast\* media that was influenced by the CTC (e.g. CTC supported the trip for the journalist and/or broadcast crew in some way: paid for airfare or worked with partners to host the media). Pricing as indicated by the print/broadcast medium through which the article was published / aired will be used or, if unavailable, an industry average price will be used. Multipliers will not be applied. \*The CTC will primarily track broadcast stories run by, but not limited to, one of the eight Rights Holding Broadcasters: Channel 9/FOXTEL (Australia), ARD (Germany), NHK (Japan), CCTV (China), BBC (UK), NBC (USA), CTV (Canada), and SBS (South Korea).

**3.1a Partner contribution:** Ratio of total partner contributions (cash, in-kind, parallel, 3rd party) versus CTC investment (parliamentary appropriations).

**3.1b Variance to forecast (Q2):** Actual expenditures subtracted from expenditures forecasted at the end of the second quarter, divided by the total expenditure forecasted at the end of the second quarter. A positive variance indicates that actual spend is under budget; a negative variance indicates that actual spend is over budget.

**3.1c Overhead costs:** Actual overhead expenses divided by the sum of total annual appropriations and total partnership cash revenues:

- Marketing/Sales/Business Development/Communications & PR- all expenses, excluding program, salaries, professional services and contract/temp.
- IT - all expenses excluding: website maintenance costs.
- Corporate Services: all expenses.

**4.1a Systems effectiveness:** Employee satisfaction with the support provided by applicable IT applications.

**4.1b Alignment of budget and planning process:** Whether or not the budget and planning processes occurred with mutual consultation and consideration.

**4.1c “Managing for Results” maturity level:** The stage at which the CTC rates in terms of the TBS Managing for Results Self-Assessment tool. There are five stages overall; items measured include:

- Commitment to Results;
- Results-based strategic planning;
- Operational/business planning;
- Measuring results; and
- Reporting on Results.

**5.1a Core values exhibited:** The average value of three Employee Survey questions regarding how the company overall effectively demonstrates CTC’s core values: innovation; collaboration; and respect.

**5.1b Employee engagement:** The Employee Engagement Index is calculated as the average score of the results of six questions in the Annual Employee Survey:

- There is good cooperation and teamwork within my work group;
- The CTC is the kind of place I want to work for today;
- The CTC is the kind of place I want to work for in the future;
- I am proud to work for the CTC;
- I would prefer to remain with the CTC even if a comparable job were available in another organization;
- I would recommend the CTC to others as a good place to work.

**5.1c Training plan implemented by both supervisor and employee:** Percentage of employees who completed their training plan during the year (as agreed upon in each employee’s mid-year personal balanced scorecard).

# Part 8: Our financial plan

## 8.1 Financial Statements, Forecasts and Capital Budget

### 2010-2014 Financial Plan

#### **CTC Financial Statements and Forecasts**

The financial analysis includes actual and projected financial information for the fiscal years 2008 to 2014. Specifically, the following CTC financial statements and forecasts are included:

- A Balance sheet as at December 31, 2008 to December 31, 2014;
- A Statement of operations, comprehensive income and accumulated deficit for the years ending December 31, 2008 to December 31, 2014;
- A Statement of cash flow for the years ending December 31, 2008 to December 31, 2014;
- A Reconciliation of Parliamentary Appropriations to Government Fiscal Year for the years ending December 31, 2008 to December 31, 2014; and
- Operating and Capital Budgets for the years ending December 31, 2008 to December 31, 2010.

As a federal Crown corporation, the CTC is largely funded through appropriations. Core funding is currently at \$76.3 million. Funding levels have fluctuated since the inception of the organization due to one-time funding, and adjustments to the core funding to take into account transfers from other agencies/ departments.

The CTC is an organization that actively partners with industry to develop marketing programs. Although in most partnership arrangements the CTC is not the organization that disburses the funds, this does occur in some cases. The CTC is estimating to receive approximately \$14 million per annum from partners in the current year. Corresponding expenses offset these funds.

#### **Major Assumptions**

The Financial Statements, Operating and Capital Budgets are based on the following assumptions:

- Appropriations in 2008/09 were reduced by \$536,000 from \$76.6 million to \$76.0 million. This cut is reflected in the 2009 fiscal year of the CTC.
- Further reductions, representing across-the-board efficiency percentage reductions to base appropriations, of 0.3% (\$230,000) in 2009-2010, 0.55% (\$421,000) in 2010-2011 and 0.85% (\$649,000) in 2011-2012 on an ongoing basis. These cuts are reflected in CTC's fiscal years 2010, 2011 and 2012.
- One-time funding of \$26 million to support the CTC in delivering programs related to the Vancouver 2010 Olympic and Paralympic Winter Games will be utilized over a 5-year period, commencing in fiscal 2008.
- One-time funding of \$40 million to support an economic stimulus strategy will be utilized over a 2-year period, commencing in fiscal 2009.

Canadian Tourism Commission  
Balance sheet  
As at December 31, 2008 to December 31, 2014  
(in thousands)

	Actual Dec 31, 2008	Estimated Dec 31, 2009	Planned Dec 31, 2010	Planned Dec 31, 2011	Planned Dec 31, 2012	Planned Dec 31, 2013	Planned Dec 31, 2014
<b>Assets</b>							
<b>Current assets</b>							
Cash	\$ 23,168	\$ 16,811	\$ 18,563	\$ 16,773	\$ 19,438	\$ 19,289	\$ 19,267
Accounts receivable:							
Partnership contributions	1,575	1,500	1,500	1,500	1,500	1,500	1,500
Government of Canada	532	1,000	1,000	1,000	1,000	1,000	1,000
Other	522	500	500	500	500	500	500
Prepaid expenses and other assets	2,665	2,500	2,500	2,500	2,500	2,500	2,500
	<u>28,462</u>	<u>22,311</u>	<u>24,063</u>	<u>22,273</u>	<u>24,938</u>	<u>24,789</u>	<u>24,767</u>
Capital assets	4,610	6,157	5,753	4,640	4,262	3,794	3,541
	<u>\$ 33,072</u>	<u>\$ 28,468</u>	<u>\$ 29,816</u>	<u>\$ 26,912</u>	<u>\$ 29,200</u>	<u>\$ 28,583</u>	<u>\$ 28,308</u>
<b>Liabilities</b>							
<b>Current liabilities</b>							
Accounts payable and accrued liabilities:							
Trade	\$ 16,274	\$ 11,703	\$ 11,283	\$ 8,717	\$ 8,319	\$ 8,169	\$ 8,148
Employee compensation	2,248	2,000	2,000	2,000	2,000	2,000	2,000
Government of Canada	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Deferred parliamentary appropriations	5,855	4,339	6,789	8,024	11,089	11,089	11,089
Deferred revenue	1,205	1,388	1,110	650	650	650	650
	<u>26,582</u>	<u>20,430</u>	<u>22,182</u>	<u>20,392</u>	<u>23,058</u>	<u>22,908</u>	<u>22,887</u>
Deferred capital funding	4,678	6,225	5,821	4,708	4,330	3,863	3,609
Accrued benefit liability	2,488	2,488	2,488	2,488	2,488	2,488	2,488
	<u>7,166</u>	<u>8,713</u>	<u>8,309</u>	<u>7,196</u>	<u>6,818</u>	<u>6,351</u>	<u>6,097</u>
Accumulated deficit	(676)	(676)	(676)	(676)	(676)	(676)	(676)
	<u>\$ 33,072</u>	<u>\$ 28,468</u>	<u>\$ 29,816</u>	<u>\$ 26,912</u>	<u>\$ 29,200</u>	<u>\$ 28,583</u>	<u>\$ 28,308</u>

Canadian Tourism Commission  
Statement of operations, comprehensive income and accumulated deficit  
For the years ending December 31, 2008 to December 31, 2014  
(in thousands)

	Actual Dec 31, 2008	Estimated Dec 31, 2009	Planned Dec 31, 2010	Planned Dec 31, 2011	Planned Dec 31, 2012	Planned Dec 31, 2013	Planned Dec 31, 2014
<b>Revenue</b>							
Partnership contributions	\$ 12,366	\$ 13,879	\$ 11,100	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500
Other	570	302	250	200	200	200	200
	<u>12,936</u>	<u>14,181</u>	<u>11,350</u>	<u>6,700</u>	<u>6,700</u>	<u>6,700</u>	<u>6,700</u>
<b>Expenses</b>							
Marketing and sales	76,190	98,363	94,189	70,313	67,635	66,594	67,111
Corporate services	17,197	15,954	15,656	13,901	13,448	12,960	12,497
Strategy and planning	1,436	1,521	1,397	1,187	1,128	1,072	1,018
Amortization of capital assets	1,895	1,196	1,589	1,773	978	1,068	853
	<u>96,718</u>	<u>117,033</u>	<u>112,830</u>	<u>87,175</u>	<u>83,188</u>	<u>81,694</u>	<u>81,480</u>
Net cost of operations	(83,782)	(102,853)	(101,480)	(80,475)	(76,488)	(74,994)	(74,780)
Parliamentary appropriations	82,730	101,656	99,891	78,701	75,510	73,926	73,926
Amortization of deferred capital funding	1,895	1,196	1,589	1,773	978	1,068	853
	<u>84,625</u>	<u>102,853</u>	<u>101,480</u>	<u>80,475</u>	<u>76,488</u>	<u>74,994</u>	<u>74,780</u>
Net results of operations and comprehensive income	843	(0)	(0)	(0)	(0)	-	-
Accumulated deficit, beginning of year	\$ (1,519)	\$ (676)	\$ (676)	\$ (676)	\$ (676)	\$ (676)	\$ (676)
Accumulated deficit, end of year	<u>\$ (676)</u>	<u>\$ (676)</u>	<u>\$ (676)</u>	<u>\$ (676)</u>	<u>\$ (676)</u>	<u>\$ (676)</u>	<u>\$ (676)</u>

Canadian Tourism Commission  
Statement of cash flows  
For the years ending December 31, 2008 to December 31, 2014  
(in thousands)

	Actual Dec. 31, 2008	Estimated Dec. 31, 2009	Planned Dec. 31, 2010	Planned Dec. 31, 2011	Planned Dec. 31, 2012	Planned Dec. 31, 2013	Planned Dec. 31, 2014
Cash flows from / (used in) operating activities:							
Cash paid to employees and suppliers	\$ (88,897)	\$ (123,896)	\$ (113,125)	\$ (89,086)	\$ (83,210)	\$ (81,375)	\$ (81,248)
Parliamentary appropriations used to fund operating activities	80,726	102,884	103,526	80,596	79,175	74,526	74,526
Cash receipts from partners	13,225	13,954	11,100	6,500	6,500	6,500	6,500
Interest income received	570	302	250	200	200	200	200
Cash flows from / (used in) operating activities	5,624	(6,757)	1,751	(1,790)	2,665	(149)	(22)
Cash flows from / (used in) investing activities:							
Acquisition of capital assets	(2,157)	(2,743)	(1,185)	(660)	(600)	(600)	(600)
Cash flows from / (used in) financing activities:							
Parliamentary appropriations used for the acquisition of capital assets	2,157	2,743	1,185	660	600	600	600
Foreign exchange gain / (loss) on cash held in foreign currencies	175	400	-	-	-	-	-
Increase (decrease) in cash for the year	5,799	(6,357)	1,751	(1,790)	2,665	(149)	(22)
Cash, beginning of year	17,369	23,168	16,811	18,563	16,773	19,438	19,289
Cash, end of year	\$ 23,168	\$ 16,811	\$ 18,563	\$ 16,773	\$ 19,438	\$ 19,289	\$ 19,267

Canadian Tourism Commission  
Reconciliation of Parliamentary Appropriations to Government Fiscal Year  
For the years ending December 31, 2008 to December 31, 2014  
(in thousands)

	Actual 2008	Estimated 2009	Planned 2010	Planned 2011	Planned 2012	Planned 2013	Planned 2014
Amount provided for operating and capital expenditures:							
Amounts voted:							
Main estimates	\$ 76,577	\$ 82,884	\$ 83,526	\$ 100,596	\$ 79,175	\$ 74,526	\$ 74,526
Supplementary Estimates A - Collective Bargaining	5	-	-	-	-	-	-
Supplementary Estimates A - Economic Stimulus	-	-	20,000	-	-	-	-
Supplementary Estimates B - 2010 Winter Olympic and Paralympic Games	2,700	-	-	-	-	-	-
	79,282	82,884	103,526	100,596	79,175	74,526	74,526
Less: Portion recognized in previous calendar year	(50,491)	(56,096)	(77,612)	(75,162)	(53,927)	(50,862)	(50,862)
	28,791	26,788	25,914	25,434	25,248	23,664	23,664
Amounts voted							
Main estimates	82,884	83,526	100,596	79,175	74,526	74,526	74,526
Supplementary Estimates A - Collective Bargaining	-	-	-	-	-	-	-
Supplementary Estimates A - Economic Stimulus	-	20,000	-	-	-	-	-
	82,884	103,526	100,596	79,175	74,526	74,526	74,526
Less: Portion to be recognized in next calendar year	(20,933)	(21,575)	(18,645)	(17,224)	(12,575)	(12,575)	(12,575)
Parliamentary appropriations receivable/(deferred) at year end	(5,855)	(4,339)	(6,789)	(8,024)	(11,089)	(11,089)	(11,089)
	56,096	77,612	75,162	53,927	50,862	50,862	50,862
	84,887	104,400	101,076	79,361	76,110	74,526	74,526
Amount used to purchase capital assets	(2,157)	(2,743)	(1,185)	(660)	(600)	(600)	(600)
	\$ 82,730	\$ 101,656	\$ 99,891	\$ 78,701	\$ 75,510	\$ 73,926	\$ 73,926

Note: This schedule serves to reconcile the government funding period of April to March to the CTC's fiscal period of January to December. Each fiscal year (2008, 2009, etc.) is funded by two government fiscal periods. For example, the CTC year of 2008 is funded by appropriations from 2007/08 and 2008/09.

## Variance Analysis for the year ending December 31, 2008

### Canadian Tourism Commission Operating and Capital Budget For the year ended December 31, 2008

	Actual Dec 31, 2008	Planned Dec 31, 2008	Variance
<b>Operating and Capital Costs:</b>			
Marketing and Sales	\$ 82,708,054	\$ 80,851,147	\$ (1,856,907)
Strategy and Planning	1,434,634	1,466,486	31,852
Corporate Services	13,826,685	14,555,340	728,655
	<b>97,969,373</b>	<b>96,872,973</b>	<b>(1,096,400)</b>
<b>Funded by:</b>			
Parliamentary Appropriations	86,205,253	86,205,253	-
Partnership Income	12,365,861	9,967,720	2,398,141
Other	569,905	700,000	(130,095)
	<b>99,141,020</b>	<b>96,872,973</b>	<b>2,268,047</b>
<b>Net Surplus</b>	<b>\$ 1,171,647</b>	<b>\$ -</b>	<b>\$ 1,171,647</b>

Note: Expenses include amounts funded by partnership income.

## Analysis for the year ending December 31, 2009

### Canadian Tourism Commission Operating and Capital Budget For the year ending December 31, 2009

	Estimated Dec 31, 2009	Planned Dec 31, 2009	Variance
<b>Operating and Capital Costs:</b>			
Marketing and Sales	\$ 100,261,010	\$ 101,069,944	\$ 808,934
Strategy and Planning	1,520,714	1,311,115	(209,599)
Corporate Services	16,798,852	17,665,692	866,840
	<b>118,580,576</b>	<b>120,046,751</b>	<b>1,466,175</b>
<b>Funded by:</b>			
Parliamentary Appropriations	106,032,352	106,032,352	-
Partnership Income	13,878,588	13,464,399	414,189
Other	302,055	550,000	(247,945)
	<b>120,212,995</b>	<b>120,046,751</b>	<b>166,244</b>
<b>Net Surplus</b>	<b>\$ 1,632,419</b>	<b>\$ -</b>	<b>\$ 1,632,419</b>

Note: Expenses include amounts funded by partnership income.



Analysis for the year ending December 31, 2010

**Canadian Tourism Commission  
Operating and Capital Budget  
For the years ending December 31, 2008 to December 31, 2010**

	<b>Actual Dec 31, 2008</b>	<b>Estimated Dec 31, 2009</b>	<b>Planned Dec 31, 2010</b>
<b>Operating and Capital Costs:</b>			
Marketing and Sales	\$ 82,708,054	\$ 100,261,010	\$ 94,938,528
Strategy and Planning	1,434,634	1,520,714	1,396,712
Corporate Services	13,826,685	16,798,852	16,091,005
	<b>97,969,373</b>	<b>118,580,576</b>	<b>112,426,245</b>
<b>Funded by:</b>			
Parliamentary Appropriations	86,205,253	106,032,352	101,076,245
Partnership Income	12,365,861	13,878,588	11,100,000
Other	569,905	302,055	250,000
	<b>99,141,020</b>	<b>120,212,995</b>	<b>112,426,245</b>
<b>Net Surplus</b>	<b>\$ 1,171,647</b>	<b>\$ 1,632,419</b>	<b>\$ -</b>

Capital Budget analysis for the year ended December 31, 2008

**Canadian Tourism Commission  
Capital Budget  
For the year ended December 31, 2008**

	<b>Actual Dec. 31/08</b>	<b>Planned Dec. 31/08</b>	<b>Variance</b>
Leasehold improvements	\$ 44,545	\$ 200,000	\$ 155,455
Office furniture	82,075	120,000	37,925
Computer equipment and software	691,810	350,000	(341,810)
Website	1,338,211	1,450,000	111,789
	<b>\$ 2,156,641</b>	<b>\$ 2,120,000</b>	<b>\$ (36,641)</b>

### Capital Budget analysis for the year ending December 31, 2009

<b>Canadian Tourism Commission Capital Budget For the year ending December 31, 2009</b>			
	<b>Estimated Dec. 31/09</b>	<b>Planned Dec. 31/09</b>	<b>Variance</b>
Leasehold improvements	\$ 263,166	\$ 160,000	\$ (103,166)
Office furniture	120,000	122,315	2,315
Computer equipment and software	461,969	512,000	50,031
Website	1,898,318	1,950,000	51,682
	<b>\$ 2,743,453</b>	<b>\$ 2,744,315</b>	<b>\$ 862</b>

### Capital Budget analysis for the years ending December 31, 2008 - 2014

<b>Canadian Tourism Commission Capital Budget For the year ending December 31, 2009</b>			
	<b>Estimated Dec. 31/09</b>	<b>Planned Dec. 31/09</b>	<b>Variance</b>
Leasehold improvements	\$ 263,166	\$ 160,000	\$ (103,166)
Office furniture	120,000	122,315	2,315
Computer equipment and software	461,969	512,000	50,031
Website	1,898,318	1,950,000	51,682
	<b>\$ 2,743,453</b>	<b>\$ 2,744,315</b>	<b>\$ 862</b>

## Capital Budget analysis for the years ending December 31, 2008 - 2014

Canadian Tourism Commission Capital Budget For the years ending December 31, 2008 to December 31, 2014							
	Actual Dec. 31/08	Estimated Dec. 31/09	Planned Dec. 31/10	Planned Dec. 31/11	Planned Dec. 31/12	Planned Dec. 31/13	Planned Dec. 31/14
Leasehold improvements	\$ 44,545	\$ 263,166	\$ 110,000	\$ 60,000	\$ -	\$ -	\$ -
Office furniture	82,075	120,000	75,000	50,000	50,000	50,000	50,000
Computer equipment and software	691,810	461,969	250,000	250,000	250,000	250,000	250,000
Website	\$ 1,338,211	1,898,318	750,000	300,000	300,000	300,000	300,000
	<b>\$ 2,156,641</b>	<b>\$ 2,743,453</b>	<b>\$ 1,185,000</b>	<b>\$ 660,000</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>

# Appendix A: Glossary of Defined Terms and Abbreviations

## Defined Terms:

**Explorer Quotient™ (EQ):** An innovative research tool that identifies the underlying emotional motivators of travellers beyond traditional demographics like age and geography.

**Global Tourism Watch (GTW):** An annual tracking study initiated by the CTC in 2007 to gather information on each of its core markets.

**International tourism revenue:** Spending by foreign visitors on Canadian-produced tourism goods and services, including spending that may take place outside of Canada, such as the purchase of an airline ticket from a Canadian international carrier in order to travel to Canada.

**International tourist arrivals:** Total number of arrivals (not persons) in Canada who are overnight visitors staying at least one night in a collective or private accommodation. Note: A person who makes several trips to Canada during a given period will be counted as a new arrival each time.

**Tourism employment:** Measure of the number of jobs in an industry generated by, or attributable to, tourism spending on the goods and/or services produced by that industry. It is based on an estimate of jobs rather than “hours of work.” Thus, someone who works 10 hours a week counts for as much, by this measure, as someone who works 50 hours a week.

**Tourism export revenue:** Total international tourism revenue, calculated by subtracting domestic tourism revenue from total tourism revenue.

**Tourism Gross Domestic Product (GDP):** Unduplicated value of production, within the boundaries of a region, of goods and services purchased by tourists.

**Tourism revenue:** Spending of Canadian and foreign visitors on domestically-produced commodities, as reported by Statistics Canada as total tourism demand in the Canadian Tourism Satellite Account. It is the sum of tourism domestic demand and tourism exports.

**Tourist receipts:** Expenditures made by visitors from abroad generated by overnight trips, as reported by Statistics Canada as overnight international trip spending.

**Abbreviations:**

BSC	Balanced Scorecard
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSO	Chief Strategy Officer
CRM	Customer Relationship Management
CTC	Canadian Tourism Commission
DMO	Destination Marketing Organization
EQ	Explorer Quotient
FAM	Familiarization
GDP	Gross Domestic Product
GTW	Global Tourism Watch
HR	Human Resources
MC&IT	Meetings, Convention & Incentive Travel
PMO	Provincial and Territorial Marketing Organization
ROI	Return on Investment
SME	Small and Medium-Sized Enterprise
UNWTO	United Nations World Tourism Organization



