

1.2 The big picture

It's a global industry

Tourism is a global industry, involving 1 out of every 11.5 people on this planet. It has experienced tremendous growth in the last 40 years, and is considered the number one industry in the world. The industry has also seen steady growth in the Yukon. In 2000, it was estimated that \$164 million in revenue was directly related to non-resident tourism.

Source 1: World Travel and Tourism Commission 2006 Economic Research (www.wttc.org)

Source 2: Yukon Bureau of Statistics, 2000 Yukon Business Survey

What is the industry?

What exactly are we talking about when we say “tourism industry?” To put it simply, it is that whole mix of businesses and agencies that works together to serve the needs of people who travel. Some do this directly, such as bus companies, motels and wilderness guiding companies. Some do this indirectly, such as advertising agencies, consultants and government bodies.

Travel versus tourism

For our purposes, they mean the same thing. Travel/tourism is what happens when people take trips to places away from their home community for any reason except the daily trip to work. The term tourism includes business travel as well as travel for pleasure.

Tourism and the Yukon

The Yukon has been involved in the tourism industry for over 100 years. The Gold Rush brought tourists to see the newly opened country with rail travel between Skagway, Alaska and Whitehorse and steamer excursions offering a comfortable route further into the interior. Then, as now, a major challenge for tourism lay in extending the traditional summer tourist season. That challenge continues today as Yukon operators find opportunities and develop products to attract visitors for all seasons.

Finding your place

While individual businesses do operate separately and competitively, the fact remains, they are dependent on each other for success. After all, the wilderness tour operator needs the services of airlines, restaurants and hotels, among others, to get clients to their door. Recognition of this interdependence has resulted in the development and sale of travel packages. It is helpful to see how businesses fit into the industry as a whole by categorizing them. Generally, the industry can be divided into five sectors. Be aware that many businesses fit into more than one of these sectors, and that the listings below are not necessarily comprehensive.

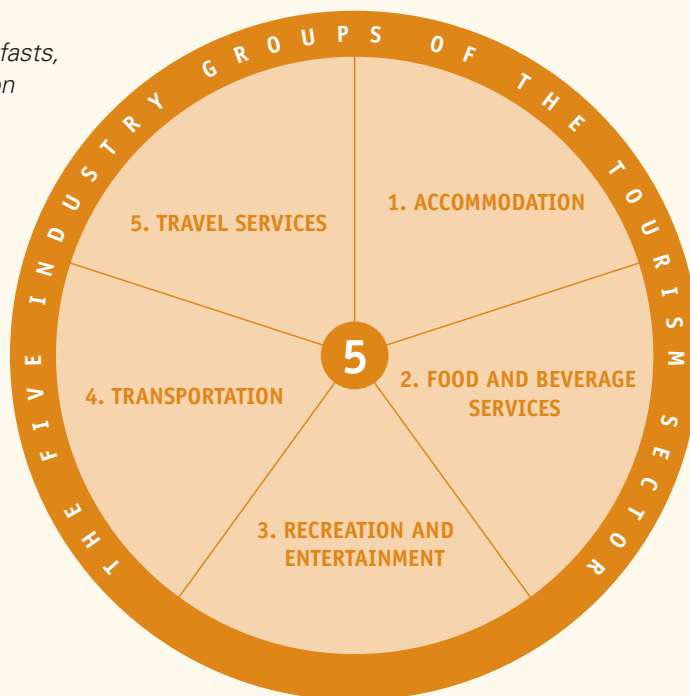
1. Accommodation – hotels, motels, resorts, cabins, bed & breakfasts, campgrounds, lodges, inns, RV Parks, hostels, the accommodation portion of hunting and fishing trips

2. Food and Beverage Services – restaurants, dining rooms, coffee shops, fast food outlets, pubs, lounges, night clubs, cabarets, club facilities, catering operations, specialty food outlets

3. Recreation and Entertainment – ski hills, golf facilities, fishing and hunting facilities, hiking, canoeing, kayaking, rafting and dog-sledding, arts festivals and cultural events

4. Transportation – air carriers, motor coaches, railways, cruise lines, car rentals, recreation vehicles, taxis, shuttle services, gas stations

5. Travel Services – travel agencies, tour wholesalers, tour operators, tour guides, government tourism departments, information centres, research services, reservation services, advertising agencies/trade press, consultant/tourism, auto clubs



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Highway-based

Since the Alaska Highway was opened in 1948, the tourism industry has been primarily highway-based. Accommodations and services grew in response to the demand along the main travel corridors and in related communities.

Growth follows demand

The growth of the industry is often associated with specific demand. In the last 20 years, for instance, there has been an increase in motor coach traffic due to growth in the Alaska cruise ship market, non-highway tourism – particularly wilderness and adventure tourism – plus convention business and sports tourism.

Recent developments

Tourism is a dynamic industry and looking at the numbers can help tell us how we've been doing and where things are heading. The number of tourists visiting the Yukon is on the rise, growing by 8% between the years 1999 and 2004. The majority of tourists coming to the Yukon are Americans, comprising 77% of the total visitor parties in 2004; 14% came from Canada and 9% from other countries. Of those 2004 visitor parties coming from overseas, 31% came from Germany.

Since 1994, the number of visitors younger than 18 and those over 65 years has stayed essentially the same; visitors aged 45 to 64 years have fluctuated frequently since 1994. A group to watch might be those aged 35 to 44 years; the number of visitors in this category has increased steadily since 1994.

Source: 2004 Yukon Tourism Exit Survey

Demographics

Demographics are an important factor in the tourism industry. Demographics are the statistical study of specific populations. Our North American population is aging – a greater number of people are joining the older age group as a percentage of the overall population. This is a “demographic change.”

A study commissioned by the Canadian Tourism Commission anticipates that there will be significant growth in activity-based market segments that appeal to older Americans. Attractions in the areas of heritage, performing arts and wine/culinary and visual arts experiences will be increasingly popular. The same study argues that the number of younger Americans pursuing “hard core adventure” activities requiring considerable physical exertion will decline.

Yukon tourism operators may benefit from offering products that include cultural and heritage tourism, aboriginal tourism, wildlife viewing, photography, and family renewal experiences.

Source: Activity-Based Tourism Segments in Canada and USA (p.27), Canadian Tourism Commission 2003

Customer or “Market” demand

The change in demographics is affecting customer demand patterns. The World Tourism Organization predicts that the five hottest industry trends over the next two decades will be adventure travel, cruises, eco-tourism, cultural tourism, and thematic tourism. What these travellers are seeking are trouble-free experiences that will add value to their lives. They want experiences that combine romance with culture, education and adventure. Yukon operators have been quick to capitalize on their unique position in being able to offer wilderness adventure. The territory is also well positioned to capitalize on the growing interest in winter tourism products. These products appeal to the more experienced traveller seeking new or different experiences in less crowded conditions. Aboriginal tourism products are also an emerging demand with travellers who are seeking authentic cultural experiences. These travellers want to meet and interact with the culture in a first-hand, un-staged manner. Once again, Yukon has great natural potential in this market.

Source: WTO Tourism Vision 2020

Yukon growth potential

Yukon is uniquely positioned to take advantage of these opportunities simply because many of its natural attributes are a good match with emerging trends. In order to grow new businesses in these sectors, entrepreneurs will need to focus their efforts on research that identifies the needs and wants of this emerging market. Then, the work of developing new tourism products to the quality level demanded by international travellers can begin.

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