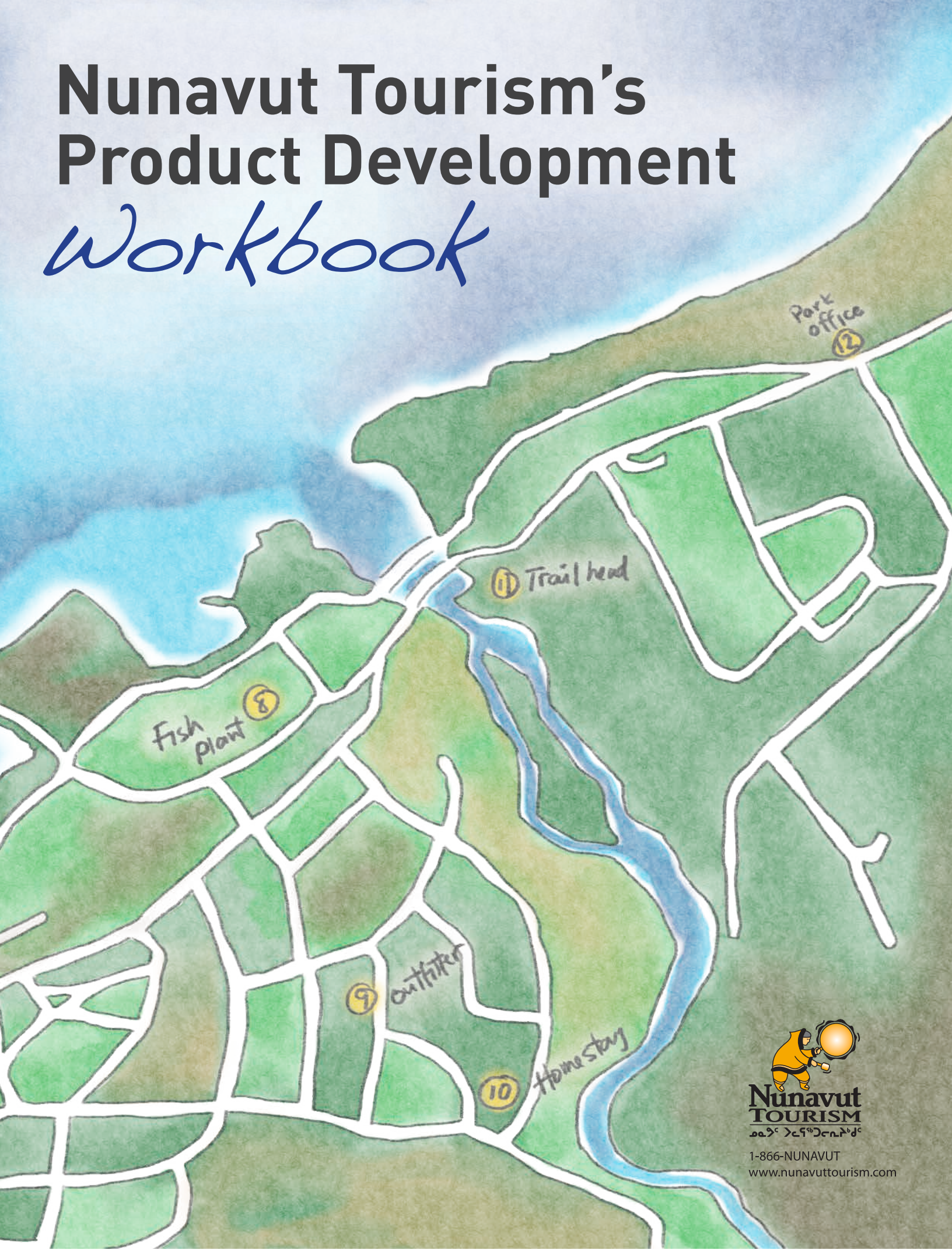


Nunavut Tourism's Product Development *Workbook*



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Foreword

Dear Nunavummiut:

I am delighted to be able to present this *Product Development Workbook* as a practical guide to working in the tourism sector.

We know that tourism is a major industry; while Nunavut has its unique challenges, I believe that with understanding and encouragement we will be able to grow this sector and encourage visitors from Canada and the rest of the world to visit us and gain a deeper understanding of our people, our history and our culture.

I am very aware that local communities need support as they look to find ways to join the travel industry. This workbook, and the workshop series that introduce this work, is the first step to expanding the range of tourism products throughout the Territory.

Tourism is fun and need not be complicated; this workbook will show you the path that you can take from “an idea” to “a client”.

Enjoy the book, and please let us at Nunavut Tourism know as you start to build new tourism products in your community. We really do want to help!

Best regards

Kevin Kelly
CEO - Nunavut Tourism

Key Terms

The following are key words used in this section, and which may be new to you. The **Glossary** lists all of the important tourism industry words used in your Workbook. Both lists are in alphabetical order.

Chain of distribution: The different people who help to make a tourism product or service successful.

Clients/customers: People who pay for a product or service.

Operator: Someone with a tourism product or service to sell.

Package: When you combine several tourism products into one experience for your clients/customers.

Pricing: What you will charge for a product or service when you know what your expenses are and when you know how much clients/customers might be willing to pay.

Product: A single activity or service that you offer a client/customer. This can range from a free attraction to paid activities such as a guided walk, an airport transfer, a home-visit with coffee, a boat tour, an archaeological tour, storytelling or a cultural exhibition.

Product development: Turning tourism ideas into products or services that can be sold.

Profitable: Able to provide an income after expenses have been paid.

Sustainable: Able to exist for a long time.

1. Introduction to the Workbook

What is Nunavut Tourism's Product Development Workbook?

Overview

This chapter describes the structure and content of the Workbook. It also lists the kinds of things you will learn. You can use the Workbook to keep your notes as you begin to develop new ideas for tourism in your community.

The Purpose of the Workbook

Any new tourism **product** starts with an **idea**. Perhaps you have:

- identified the need for a brand new activity or service for tourists?
- seen something done in another community that you think might also work in your own community?
- a tourism **product** or service, but have an idea to change it?

Your ideas are the start of a **process**. The process of **product development** will help you turn your idea into a viable, **profitable**, **sustainable** reality. Going through a proper process will help save you time and money on ideas which may not be viable, **profitable** or **sustainable**.

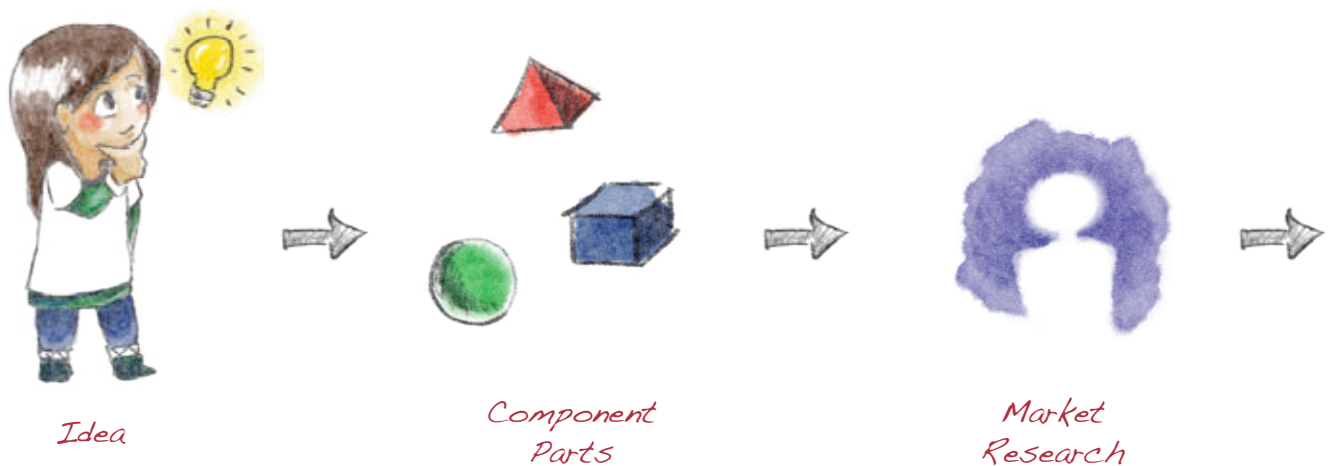
By the time you have completed the pre-workshop learning, read the Workbook and completed the training session, you will be able to:

- describe the **chain of distribution** in the international travel and tourism industry
- explain the **roles and responsibilities** of each of the professionals in the **chain of distribution**, in other words “who does what, and why”
- compare **different types of tourists**—the **clients**/customers who may purchase your **product**
- begin to use your knowledge and understanding to become an effective **operator** in the tourism industry in your community

You will also have:

- **practical experience** in **product development**
- a practical toolkit to use each time you develop a new **product**

Product Development Process



The Structure of the Workbook

The Workbook is organized into a number of chapters. Each one includes not only the chapter's topic area, but also questions to help you think about your own experiences. You will find a list of learning objectives, an explanation of new terms, learning activities, and “top tips” for you to put into practice.

In **Chapter 2** you will be introduced to the **market**—the different types of customers who may want to purchase your **product**. Understanding your customers is very important because without them, your business cannot make a **profit**.

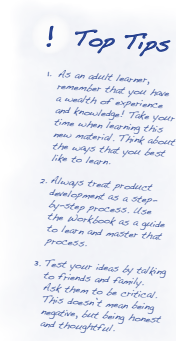
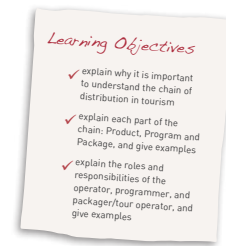
Chapter 3 defines the **chain of distribution** and describes the various people that are part of it. If you want to be a successful **operator** by selling your **products** to customers, you must understand the tourism **chain of distribution**.

Once you understand the **chain of distribution**, **Chapter 4** guides you step-by-step through the process of turning an idea into a **profitable** customer experience. This chapter is the core of this Workbook.

Chapter 5 looks in more detail at pricing, one of the most important decisions you will make about your **product**.

Chapter 6 then shows you how to **market** and sell your **product**.

Chapter 7 describes how **products** can be combined together into **programs** and **packages**.



In **Chapter 8** you will learn how Nunavut Tourism can help to make your business a success.

Chapter 9 explains the importance of making sure that each visitor leaves with a little more awareness and understanding of the Nunavummiut way of life.

The **Glossary** lists all of the important tourism industry words used in your Workbook. The list is in alphabetical order.

How to Use the Workbook

The *Product Development Workbook* is designed to be practical. In the pre-workshop material, you became familiar with new terms, and began to work on some practical ideas to bring to the workshop. Now, you will work through the process step-by-step, making notes in the spaces on the pages.

*Make notes
on the pages to help you
develop your ideas!*

If you can, use the Workbook with other people. A critical friend can ask questions to make sure that you're not making assumptions or, even worse, basing your **product** on wishful thinking.

Once you have completed the Workbook, keep it in a safe place. The notes you make on it will be a good reminder of the process you used to develop your new **product**. Or, it may remind you of the reasons why you did not do so.

Finally, if you have other ideas, use the Workbook step-by-step for each of them. The more often you follow the **product development** process, the easier and quicker it becomes.

Good luck!

! Top Tips

1. As an adult learner, remember that you have a wealth of experience and knowledge! Take your time when learning this new material. Think about the ways that you best like to learn.
2. Always treat product development as a step-by-step process. Use the Workbook as a guide to learn and master that process.
3. Test your ideas by talking to friends and family. Ask them to be critical. This doesn't mean being negative, but being honest and thoughtful.
4. If it turns out that an idea is not profitable or sustainable, put it to one side and explore another idea.
5. Finally, remember that you know your community well. You can find many ways to show visitors the rich culture, the plants and animals, the special places and landscapes, and the unique experiences of life in Nunavut.

Key Terms

Clients/customers: People who pay you for a product or service.

Business clients: People who are already in your community for their work.

Domestic market: Potential clients from Canada.

International market: Potential clients from other countries.

Leisure clients /tourists: People who travel for fun.

Market: The group of potential clients who might buy your product or service.

Market research: The process of finding out as much as you can about the group of people who might buy your product or service.

Operator: Someone with an individual tourism product or service to sell.

Packager: A person or organization that combines different products and/or services for different communities so that the visitor has less planning to do. Another name for a packager is a tour operator.

2. Understanding Clients

Clients as individuals

Overview

There are different kinds of **clients**/customers who are interested in life in your community. If you understand the different kinds of people who might want to visit your community, you can make better decisions when you are planning or **marketing** your tourism **product**. You can also make sure that it meets the visitor's needs and expectations. **Market research** helps you to gather information about the kinds of people who might want to see and experience more of the Nunavut.

Learning Objectives

When you have completed this chapter, you will be able to:

- ✓ describe different groups of clients who make up your market: those who are already in your community, and those who may come to your community as tourists (business or leisure travellers, domestic or international markets)
- ✓ locate sources of information for your market research, including Nunavut Tourism and online resources (websites, blogs, discussion groups)
- ✓ identify the characteristics of tourists you have met or who have visited your community.
- ✓ identify typical reasons why tourists would be interested in visiting your region or community (their motivation)
- ✓ describe some of the adjustments that operators need to make for different client groups

Showing Nunavut to People

If you are reading this Workbook, you have a passion for Nunavut tourism. You have some ideas for tourism **products** that you want to develop. But passion and ideas aren't enough. You need to understand who will buy your **product** and how you are able to reach those potential **clients** or customers. Without a **market** there would be no point in developing any sort of tourism **product**.

The **market** refers to all the potential **clients** who might buy your **product**. Potential **clients** are people who have an interest in the culture, landscape, and history of your community. They will pay money to have these things explained to them or to go out and see some of your local area. **Clients** are usually not able to do these things for themselves. They do not have the experience, the knowledge, or the equipment necessary. The **operator** makes these visits possible.

There are several types of **clients**. You can think of the **market** as groups of potential **clients**. The **clients** in each group have similar characteristics, but the groups have different characteristics. For example, a group of European biologists may take a week to see a special ecosystem, but business people may only have a few hours to experience something.

Some **markets** are easier to communicate with than others. Generally, the easiest **clients** to communicate with are those who are already in Nunavut.

Business people and government officials are people who are already in your community. They have come for a number of reasons, but the opportunity for you is that they are already there. They often have time to spare while waiting for a flight, and are happy to make use of their time. They may take a tour, for example, to learn more about the community while they wait for their flight.

Leisure clients are different. They may come from all over the world, and they choose where they want to visit and how they spend their money. They have specific budgets and try to find an interesting vacation that fits into their budget. They will also have different amounts of time to spend. They may want to learn something new or just have an interesting holiday that they can tell their friends about. They may be travelling by themselves, with their friends, or with family members.

There are many **leisure clients** who find the **prices** in Nunavut very high. It is the role of the **packager** (you will learn more about this in the next chapter) to work with all available **products** and **operators** to create a **package** that will tempt the **client** to travel to your community. This means that the **packager** will be working with airlines, hotels, and even other communities to put together an experience that is both interesting and good value for the **client**.

Leisure clients can come from Canada (the **domestic market**) or from other countries (the **international market**). Each group will have different reasons for wanting to visit and different abilities to pay. It is important to remember that the **prices** may determine if people choose to visit or not.

It is also important to be sure about what the **client** wants to see or experience. It may not always be what you think they might be interested in. Finding out what the **clients** want to see will come from **market research**— an important part of this process.

Finding and Using Market Research

Knowing what experience or activity visitors want to buy (and why) is important. You need to do your research. You want to understand your **clients** as groups and as individuals. If you are able to develop a **product** that includes all the elements that a visitor wants at a **price** that they are willing to pay, then your idea has some great possibilities.

You also want to understand your **clients** so that they will be satisfied customers. If you understand a **client's** needs and expectations, you can make better decisions about what to plan and offer. This increases the chances of success for you and the **client**. **Clients** will then tell others about their amazing experience in your community.

Your **market research** should start with **Nunavut Tourism** (NT). Their job includes listening to what **operators** say and letting their members know what is and is not possible. NT regularly talks to airlines, domestic companies, and international companies to understand what is necessary to make a **product** successful.

*Nunavut Tourism
regularly talks to airlines,
domestic companies, and
international companies to
understand what is necessary to
make a product successful.*



Learning Activity 2.1

What types of visitors already come to your community?

Where do most of the visitors come from?

What activities or places in your community might business/government clients be most interested in experiencing?

What activities or places in your community might leisure clients be most interested in experiencing?

NT also knows which companies are interested in sending their **clients** to the Arctic, in what style, and at what **price**. They know what **clients** are expecting, and they know what is necessary to help to sell the **products**. They know who already comes to visit, why they come, and how long they stay.

Their website is: <http://nunavuttourism.com>

You can find additional sources of tourism information at the **websites from other provinces and territories**, as well as:

- www.destinationcanada.com
- www.ttracanada.ca



Learning Activity 2.2

What kinds of things would be absolutely necessary to know about someone who wants to visit your community?

What other kinds of things would be nice to know about someone who wants to visit your community?

You may also want to check out **other websites** that your potential **clients** might visit. For example, you can check out outdoor recreational organizations, professional associations, hobby groups, or special interest clubs. Sometimes you can get great ideas for activities there. You can also get a sense of what people expect and how much activities cost in other places.

Friends in your community and in other communities who have worked with visitors are another source of **market research**. Have they been successful? What worked? What didn't work?



Learning Activity 2.3

List the most useful websites you have found. When you are on the internet, you can copy and paste useful website addresses and URLs into a document for later use. You can also bookmark them on your computer.

Describe what types of market research you would do for any product you want to develop.

Understanding Clients as Individuals

Clients are often similar in many ways. They share a common interest in travelling to the Arctic. They come to remote places because they want to learn, and are interested in:

- the beauty of such a remote landscape,
- a cultural introduction to a fascinating group of people,
- an introduction to the wildlife of the region,
- an introduction to the geography and history of the region,
- an understanding of the changes (social and environmental) affecting Arctic communities, and
- an introduction to the art and carving of the region

Finding ways to offer these and other insights into your community is key to developing an attractive and **profitable product**.

While groups of **clients** may have similar interests, each individual visitor is different.

The individual visitors will vary in age, mobility, language, cultural background, specific interest, and their own understanding of the Arctic. They may come with a deep knowledge of the region or they may know absolutely nothing. They will have different expectations about their experience.

Some **clients** will be able to walk all day, while others may have problems with mobility. Some may have allergies or certain food preferences. The **operator** must be aware of and ready to meet all reasonable needs of **clients**. Each **client's** experience of your **product** should be similar in excellence. That's why it's so important to understand your **client** group.

While groups of clients may have similar interests, each individual visitor is different. The operator must be aware of and ready to meet all reasonable needs of clients.

! Top Tips

1. Remember that your clients have chosen to visit you, and they are your guests.
2. Find out as much as possible about the characteristics and expectations of possible types of clients.
3. Talk to Nunavut Tourism about what your clients will expect.
4. Think about the ways that you may need to adjust your tourism product for different client groups.
5. Success depends on understanding your market well.



Learning Activity 2.4

List some of the ways that you can help visitors experience the following in your community:

The beauty of the landscape

The culture, art and music of the region

The history of the community

How social and environmental changes affect Arctic communities

Hosting Visitors

Every tourist who arrives has made a choice. In the case of leisure travellers, they could have chosen to travel to anywhere in the world, but they chose Nunavut. For the individual communities, these tourists become guests. Each **leisure client** has spent a great deal of their money to come and learn about the way of life in Nunavut. Business travellers have also made a choice to extend their stay or to buy a local tour in order to learn more about the unique culture and heritage of the people of the Arctic.

If you know what they're looking for, you can offer them a great experience!



Learning Activity 2.5

What types of tourists have you met? Make a list of their characteristics.

What are some of the ways that you can find out more about tourists who have visited your region or community?

Each visitor is different. How can you help accommodate the variety of people who may be your clients? For example, what would you need to consider if your clients are:

- an older couple, one of whom has limited mobility (such as bad knees)
- a young couple with a baby
- university exchange students studying English
- professionals in town for business for two days, with spare time in the evening.

Key Terms

Business licence: Formal approval to operate as a business.

Chain of distribution: The different people who help to make a tourism product or service successful. The way that different people work together to find clients for individual products, programs and packages.

Commission: A small amount of money paid to different people in the chain of distribution in exchange for services that help to bring in new clients.

Down-payment: An amount of money paid in advance to reserve a seat or service.

Itinerary: The schedule of things that have been planned.

On-demand: As requested, possibly without much notice.

Package: A pre-arranged collection of programs (perhaps in different communities) in combination with airfares and hotel accommodation that is offered by a tour operator.

Packager/tour operator: A person or organization that combines different products and/or services for different communities so that the visitor has less planning to do.

Program: A local tourism program that is made up of different products. As an operator, you control your parts of the program.

Programmer: A local person or organization who puts together a program that combines and coordinates various activities offered by one or more local operators.

3. Chain of Distribution

The chain of distribution defined

Overview

If you want to develop a good tourism **product**, you need to understand the different people who are part of the chain that links you to your **client**. The individual **operator**, the **programmer**, and the **packager/tour operator** are all important in getting your **product** distributed to its **market**. Because everyone needs to get paid for their work, this **chain of distribution** will affect your pricing and your **profit**. If you want people to help you distribute information about your **product**, you will need to pay them.

Learning Objectives

When you have completed this chapter, you will be able to:

- ✓ explain why it is important to understand the chain of distribution in tourism
- ✓ explain each part of the chain: Product, Program and Package, and give examples
- ✓ explain the roles and responsibilities of the operator, programmer, and packager/tour operator, and give examples
- ✓ draw your own chain of distribution, and provide examples from your own experience for each part and role
- ✓ explain the role of commissions

The Chain of Distribution

In every kind of business, individual **products** can become part of something bigger—something that a **client** wants to buy. How does a single engine become part of a boat purchased in Nunavut? How do some tomatoes become part of a spaghetti sauce sold at the Northern Store?

Tourism is no different!

A tourism **package** takes different tourism **products** and combines them in a way that is attractive to a **client**. Each **product** may be part of a few different **packages**. Also, of course, each **product** may be sold by itself.

Parts of the chain of distribution

Product

A single item offered to visitors within a community. This can range from a free attraction to paid activities such as a guided walk, an airport transfer, a home-visit with coffee, a boat tour, an archaeological tour, storytelling or a cultural exhibition. It can be any activity or service that you want to offer.

Program

A combination of two or more local **products** creates a local **program**. For example, you can combine the flight transfers, a walking tour and a boat trip - all for a single **price**.

Offering **programs** makes the destination more attractive to a visitor. It allows visitors to see all the things that they can do at once and with a single **price**.

Package

Programs and **products** can be combined with accommodation, airfares, and perhaps activities in more than one community. **Packages** can be of different complexity, and may even include an airfare from overseas.

Packages are designed to make a destination simple to sell. They also offer tourists an advantageous **price**.

A community walk, for example, may be sold in the community to a visiting business/government traveller. It may be added to two other local tours and accommodation, and sold to a domestic tourist. Or, it might be combined with tours in other communities, tours in Ottawa, and a flight from England for an international tourist.

However, the walking tour itself never changes. It is simply included with other **products** to make different **programs** and **packages**.

The Different Roles

It is also very important that you understand the different roles required to create a tourism **package**. Different responsibilities come with each role. One person may even operate in more than one role. For example, someone may be an **operator** and a **programmer**. By taking on more roles, people can take on more responsibilities.

Roles of the chain of distribution

Operator

The person who offers a **product** is an **operator**. They offer their **product** on an **on-demand** or a scheduled basis, and offer **prices** for individuals or groups.

Programmer

A local person or organization that will combine and coordinate activities offered by one or more local **operators**.

Packager/Tour Operator

The person or organization that combines all elements of a travel **itinerary** for sale to the general public or travel industry.



The Operator

The **operator** is the person who offers a tourism **product** or service to a **client**. The **operator** needs to be available and prepared when someone wants to purchase the **product** or service.

There are a lot of things to think about when you want to offer a tourism **product** or combine it into a **program**. Here are some questions that all **operators** need to ask:

- Do you need a **business licence**?
- Do you need a special licence to run your **product**?
- Do you need special training?
- Do you need insurance?
- Do you need special equipment?
- Do your **clients** need special equipment?
- Will you always be able to offer what you have promised?
- Do you need any back-up?
- What happens if you cannot offer the **product**?
- How do **clients** book with you?
- How can you take payment from your **client**?

You need to ask yourself each of these questions, and know what the answers are.

You need to ask yourself each of these questions, and know what the answers are.

Nunavut Tourism and your local Economic Development Office (EDO) will have details about all the licences and permits that you would need for any **product** that you want to offer. If you need special equipment, like a boat or Skidoo, they will let you know of any additional requirements that may be in place. They will let you know what sort of safety equipment you will need. They will also tell you if you need insurance.

You will need to be able to take payments by cash or credit card. Nunavut Tourism has a list of payment cards that will work with your mobile phone. Above all, your **clients** want to know that you are reliable. They need to know that when you agree to take them on your tour, you will be there to do so. If anything changes, you must find a substitute to take your place.

Case Study

Lou, local expert on Arctic clothing, carving and art.

Lou is a local expert on Arctic clothing, carving and art. She works as an **operator** to offer sessions where tourists may see Arctic clothing and carving being produced and explained in the community. She will sell some of her artwork here, but not much. She will sell most of her work to the local co-op, which will buy from many different artists. The co-op will send all of the art to a distribution centre in the south. Then, major companies will buy a lot of artwork from the distribution centre to sell it in the galleries in New York or Toronto.

This story is an example of the “**chain of distribution**.” The **chain of distribution** is a business concept. It helps to describe how **products** link to the client or purchaser. It is very important to understand this concept, because if you are going to develop a new **product** and make it successful, you need to work with other parts of the chain.

In the story of Lou, each step in the chain is separate: Lou → Co-op → Gallery → Client. At each step, there is a chance to sell artwork to a client. However, the more places that the artwork is displayed, the more **clients** will see it. Each level is important in making sure that Lou can sell her work.

Tourism is the same. The more people who show the **product**, the more likely that a client will buy it. And each level is paid for by a “**commission**”. This idea, which is described in more detail below, is simply that each level in the chain buys the **product** for a slightly lower **price** in exchange for the work that they do to help distribute the **product** to new and more **clients**.



The Programmer

Programmers are the individuals or organizations that will combine two or more tourism **products** and sell them as a single **program**. The **programmer** will be familiar with all of the **products** and their **operators**, and be able to combine the appropriate elements into something that is sold for a single **price**.

The **programmer** will take the initial reservation enquiry and then:

- confirm each **product** with each **operator**
- confirm the **program** with the **client**
- take payment for the whole **program**
- distribute the money among the **operators**, usually after the **client** has finished the **program**

The **programmer** gets paid by each **operator** for this service. The payment is usually a percentage of the **price** of the individual **product**. In turn, the **programmer** will be responsible for **marketing** the **program** and coordinating all the **products**.

The **programmer** will also need to make sure that every **product** meets all the licensing and permit requirements and that suitable insurance is in place.

The Packager (also known as Tour Operator)



The **packager** will take a variety of **programs** and **products**, and will bundle them together to create a single **package**. The **package** will usually start and finish in the South. It may also include elements in other Canadian provinces and territories, and may even include an airfare from overseas.

These **packages** are the most common way for travel to be sold. **Clients** like to know that a **packager** has pulled together the **products** that suit their interests, and has offered this combination at a fair **price**.

Packages are usually sold from a brochure, which can be paper or online. **Packagers** usually offer **clients** a variety of options, so there may be **competition** between different options.

The **packager** is also paid by each one of the **programmers** and **operators**. Each of the **programmers** and **operators** is paying a percentage of their **price**. This pays **packagers** for their role in taking the **program** to the **market**.



Learning Activity 3.1

Make your own drawing of the Chain of Distribution.

Then, put in examples so that you have your own list of different people that you will need to work with.



Half-day boat tour



Operator

*Sells at
\$200/person*



Programmer



*Earns \$20/person
(10% of \$200)*

*Pays Operator
\$180/person*



Packager



*Earns \$40/person
(20% of \$200)*

*Pays Operator
\$160/person*

The Role of Commissions

Each **product** in a **package** has a **price**, and can be sold directly to a **client**.

For example, **operators** might have a half-day boat tour priced at \$200. They might try to sell it directly to as many **clients** as they can at this **price**. However, often **operators** cannot sell all the spots on something like a boat trip. An additional way to sell the boat tour would be to ask a **programmer** to include the half-day boat tour in a **program** for other **clients**, like visiting business people. The **programmer** would charge the **operator** a fee for doing this, usually 10%.

The **operator** would then receive \$180 for the tour (\$200 - 10%), but is satisfied with the arrangement. Without the **programmer's** help, she or he could not have found these **business clients** and the seats might have stayed empty.

If the boat tour becomes part of a **package**, the **packager** will charge a higher fee. In exchange, the **packager** is taking care of more costs that the **operator** or the **programmer** would have had to pay. For example, a **packager** will create new advertising, translate into another language, and advertise to a new audience. The **packager** will find people who would otherwise never have come to the **operator**. Generally, the fee is 20% for a **packager** to include an **operator's product**.

The **operator** would now receive \$160 for the tour (\$200 - 20%), but is satisfied with the arrangement. The new **clients**, who probably come from much farther away, would not have found out about the local **product** without the **packager**.

These fees, or **commissions**, are only paid after a **client** has committed to traveling to the community.

Programmers and packagers help you find clients you may not have been able to by yourself.

While you earn less selling through a programmer or packager, you earn more than having unsold seats!

Payment for service happens in every business, and the travel industry is no different. If you don't plan to pay other people in the **chain of distribution** to sell your **product** or **program**, they may not want to sell it.

! Top Tips

- 1. Understand each part and role of the chain of distribution*
- 2. Know the role you have in each tourism project*
- 3. Tourism is a collaborative business; it is much easier to work with people you know and trust*
- 4. Understand who can help you to sell your product*
- 5. Make sure that you have enough money in your price to pay the people in your chain of distribution*

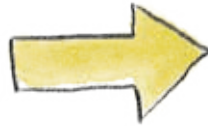
Chain of Distribution



Operator

Offers a Product.

Boat owner



Programmer

Combines one or more products and offers them for a single price.

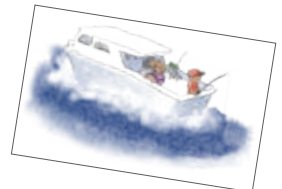
Community Co-op



Product

Single component activity.

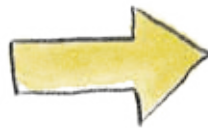
Half-day boating excursion



Program

Combination of two or more local products, offered by one or more operators.

*Day out on the land:
Half-day boating, watching auroras*



Client

Pays Operator.



Client

Pays Programmer.



Packager (Tour Operator)

Combines a variety of programs with other elements (i.e. airfare, hotel, meals) and offers them for a single price.

Great Canadian Travel Company



Package

A larger collection of programs and products in one or more communities in combination with airfare and hotel (usually starting and ending in the South).

*4 day winter and spring adventure:
Begins and ends in Ottawa, Ontario (flight to Iqaluit from Ottawa included in price), 3 nights accommodation in Iqaluit, all lunches included, igloo building, snowmobiling, town tour and fishing excursion.*



Client

Pays Packager.

Key Terms

Calculations: Arithmetic, figuring out costs and prices.

Competition: Businesses that offer the same or similar products to those you are developing.

Economic impact: A change in the economy experienced because of certain activities.

Legal regulations and requirements: Rules or laws.

Liability: A legal responsibility that means you may need to pay someone who experienced a loss or an injury because of something you did (or neglected to do).

Marketing: All activities that let people know that your product is available (advertising and promotion).

Price: The amount of money that an operator charges a client to provide the product.

Product: A single activity or service that you offer a client/customer. This can range from a free attraction to paid activities such as a guided walk, an airport transfer, a home-visit with coffee, a boat tour, an archaeological tour, storytelling or a cultural exhibition.

Reliability: How sure people are that someone will do what they have promised.

Strategies: Specific steps you can take to get to a particular goal.

4. From Idea to Profitable Client Experience

A guide for operators

Overview

It is exciting to turn ideas into a business, but there are a lot of things that need to be considered. In this Workbook, there are 12 steps to turning an idea into a **profitable** business. Two of the steps (pricing and marketing) are covered in more detail in **Chapters 5 and 6**. Following the 12 steps will take you through the **product development** process. It will help you think about the things you need to do and the different people that will be involved. Note: This chapter is designed for **operators**, not **programmers** or **packagers**.

Learning Objectives

When you have completed this chapter, you will be able to:

- ✓ explain why not all ideas become successful businesses
- ✓ outline the 12 steps in product development
- ✓ apply the 12 steps to your own tourism product idea

From Idea to Business



In the first chapters, you learned some key terms and concepts from the tourism industry. In this chapter, you will explore how ideas can turn into a business. This is the most exciting part of the **product development** process, and the key to success. You will look at how ideas are formed, what needs to be considered to build ideas into a **product**, and identify who else will be involved in the process. You will look at the important parts of a tourism **product**, and how they come to life.

We have all sorts of tourism ideas, all of the time. We think about how much we would like to take visiting friends to see our favourite places, enjoy our wildlife, learn about our culture, and enjoy many other snapshots of our daily lives. By sharing our own experiences, we hope to broaden and enrich the experiences of our visitors.



Tourists also want these experiences, and they want to better understand the communities that they visit.

But only one or two ideas may actually develop into a successful business. All too often, ideas die because:

- we do not look at them closely enough,
- do not talk with partners,
- the idea is too difficult or too expensive,
- we run out of time to follow up on the idea,
- the idea wasn't a very good one first place, or
- time passes, and new ideas and projects present themselves.

But sometimes, an idea grows into a **product** that can be included in a **program**, and it eventually finds its way into a **package**.

The 12 Steps in Product Development

Product development is about turning your idea into a business. It is a step-by-step process during which you will find the answers to a series of questions. The 12 questions are listed on the following pages. Use the Workbook to guide you through these questions whenever you want to try out an idea, and make notes as you go.

Remember that **Chapters 5 and 6** have more details for pricing and marketing (Steps 6 and 7 below).

Step 1: What is my product idea?

A tourism **product** is any activity that can be offered to tourists. It can be very simple, such as arranging for visitors to visit local houses for coffee and a chance to meet local residents. It can also be more complex, like a full-day boat tour to see the wildlife and landscapes of the area.

The idea should be interesting and uncomplicated. It must have a beginning and an end, and it needs to be simple to put together. The idea needs to be appealing, and let visitors learn something new about your community.

Step 2: Why would a visitor like my product idea?

Once you have an idea, you must ask yourself, "Why would a visitor like to do this?" If you cannot think of reasons, it may not be worth developing the idea into a **product**.



Learning Activity 4.1

In a few sentences, describe one of your product ideas.

If you completed the pre-workshop handout, you can choose one of those ideas.



Learning Activity 4.2

List reasons why a visitor would like your product idea.



Learning Activity 4.3

For all products you are thinking about, make a list of every part of the idea, and who you will need to help you.

It is important to think this step through carefully, because a lot of important details are decided at this point. These details will affect your market, your expenses, and your possible profits.

Product:

Parts and who will help:

Step 3: What will be included as part of the product?

Imagine taking the tourists out for the activity that you have planned. What will happen before, during and after the activity? This is the point where you decide if you can do it all by yourself or if you need to have partners and friends working with you.

For example, if it is a boat tour, ask yourself...

- Who will pick **clients** up from the hotel?
- Do I have a car?
- Do I have a boat? Is it licensed for tourists?
- Do I need life-vests?
- How long will this take?
- Will my **clients** need lunch? Who will make it?
- Will it be food that tourists like?

If it is a tour in the community, ask yourself...

- Who will help me to write the history of the community?
- How long will **clients** spend walking?
- Will we make a stop at a local crafts shop or a local house for coffee?
- Will I introduce the visitor to a member of the council or an elder? Who will this be?
- What will happen if the weather is bad?

Remember to consider the timing of your community's air service when you think about your product.

Step 4: Does anyone else in the community already have this idea?

While **competition** can be a good thing, businesses in a small community often do best when they work together and do not work in **competition** with each other. If someone else in your community already has this idea, you need to ask yourself if there is room in the market for two similar **products**. If there is, would it be better to have two separate **operators** or could you work best together?

For example, for visitors, the important thing is the boat tour. They don't know the difference between *Panik's Boat Tour* and *Noatak's Boat Tour*. Yet if two or more boat **operators** work together, they can make sure that one of them is always available. They can also share the **costs** of marketing. As well, it may only be necessary for one person to get a licence or other permit. The others can all work together under the same permissions.



Learning Activity 4.4

Is somebody else already offering your idea?

If so, can you work together?

Is there enough work for two similar businesses?

Sharing costs

If two or more boat operators work together, they can share the costs of marketing. As well, it may only be necessary for one person to get a licence or other permit. The others can all work together under the same permissions.



Learning Activity 4.5

Who will you talk to about your idea?

Who has experience with this activity or tourists?

Who can give you advice?

Remember:

*There is very seldom a truly "new idea."
Ideas come from watching other people
doing something that you find interesting,
and changing it to fit your community and
your lifestyle.*

Step 5: How do I test my idea?

By now you may be feeling confident about your idea. You've thought about **how** it can work, **whom** you might need to work with, and **if** there is already somebody doing it.

With the answers to these questions, you can start to talk to other people about the idea.

Talk to your family, your friends, hotel manager, elders, and others whose opinions you trust. Talk to people who already work with tourists, and ask them if they think visitors will find this interesting. Talk to Nunavut Tourism and ask if somebody is already doing this in another community and how they are doing. Above all, keep talking and keep listening.

Step 6: How much should I charge?

You have had an idea and written down everything you need to make it work. You have figured out whom you need to work with, and you have talked to a lot of people who tell you that the **product** is a great idea.

What next?

You will have to work out the **price** for your **product**. This is the most important decision that you will make. If the **price** is too high, then nobody will buy the **product**. If it is too cheap, you will not make any money by offering the **product**.

This Workbook provides more details on pricing in **Chapter 5**. If you don't want to work through the complete pricing process from **Chapter 5** right now, just choose an imaginary **price** for the moment. Once you have learned how to set your **price**, you will do the **calculations** properly.



Learning Activity 4.6

Make a quick list of the people you would need to pay, and how much you would need to pay them for their time or skills. Don't forget to include yourself. List any costs for equipment, fuel, or supplies that you would need. Do you need to pay for any licences or special permissions?

Think about how much you think you can charge for this product. Can you sell your product to several people at once (like a boat tour), or can you only sell to one or two clients at a time (a visit in someone's home)?

How many people do you need to sell your product to in order to cover your costs? Is there enough left over to pay yourself for your time?



Learning Activity 4.7

Who might be interested in my product?

List as much information as you can about these people.

List reasons why they would be interested in the product.

Step 7: Who are your clients?

In **Chapter 3**, you thought about the general idea of who the **clients** are, and you saw that the market can include a lot of different people. Now you need to see exactly who the potential **clients** are in your community.

Your possible clients include each and every visitor in the community at any one moment.

Business travellers, leisure travellers, visiting relatives, and friends are all possible **clients**. They are all interested in your community and you are ready to teach them new things about your hamlet. Anybody and everybody who is new to town is a possible client. You now need to think about how to tell them that your **product** exists. You need to think about how to get your potential **clients** to purchase your **product**.

That is called **marketing**. Without marketing, an idea remains an idea and does not evolve into a successful **product** because very few people know about it.

Remember:

Each and every visitor in the community at any one moment is a possible client.

Step 8: How will I market my product?

Once you have decided who your likely **clients** will be, you need to consider how you can let them know about your **product**. Telling people about your idea and getting them to pay you to experience your idea really turns the idea into a **product**.

There are many ways to market your **product**. You will find more information about **marketing** in **Chapter 6**. For now, think about different ways that you could get the word out to potential **clients**. Different client groups will respond to different kinds of marketing. You can use what you know about your potential **clients** to choose the marketing ideas that you think will be most effective. This will also keep your **expenses** down, because you won't spend time or money on **marketing** to people who are not likely to buy your **product**.



Learning Activity 4.8

How can you tell everybody who visits your community about your product?

What are some of the ways that you have learned about events or activities in your own community?

Which methods are least expensive? Which methods reach the most people?



Learning Activity 4.9

What are some of the reasons why a visitor might watch TV in the hotel instead of joining your program? What reasons can you use to convince them to try your product instead? How can you make your product extra appealing?

List these, and add any reasons that you have learned from others.

Step 9: Who are my competitors?

In Step 4 of this process, you found out if anyone else in the community is offering the same **product**. If there is, you may have talked to them and perhaps you decided to work together. If not, it is because you feel there is enough opportunity for two of you to offer the same **product**.

In general, there will not be obvious business **competition** in a small community. Instead, your **competition** will be anything else that visitors might choose to do during the time that they are visiting your community. Or, your visitors may choose to do nothing instead of buying your **product**. Your competitor might be TV or a book!

You can overcome some of the reasons that a visitor may not choose your **product**.

Mostly, a visitor's decision not to buy your **product** will be because of these reasons:

- the **price** (they may not feel the **product** is worth the money that you are asking);
- the **weather** (you can't do much about this, unless you have some other ideas about **products** that can be offered indoors)
- they are **uninterested** in doing anything special
- they have not heard about your **product**

In each case, you can think about the reasons. See if you can come up with ways to address these client concerns. These reasons can become marketing **strategies**.

Step 10: Who can I work with in my community to promote all tourism?

Tourism is about everybody. It is about whole communities. It is about everybody who lives and works in any community.

Successful tourism activity is always proof that there is strong community-based support for the **operators**. It is good when **operators** develop new **products**. However, if an entire community supports the **operators**, more visitors will buy their **products** and others begin to benefit. More economic activity will take place.

Tourists not only bring new money into a community. By learning more about a community, tourists come to respect the people, culture, wildlife and individuality of the hamlet. Tourism builds community awareness. Tourism encourages communities to discover or rediscover what makes each location so special. It brings each cultural history to life.

In other words, the small number of visitors who will reach each community may not make a major

economic impact. However, they are able to make a major social impact with their curiosity about the culture and traditions that are the cornerstone of each community's life.

Every community member builds the tourists' experience into a complete memory. Everyone is important, from the elders who encourage the ideas that turn into **products** to the young children who ask visitors questions about *their* homes. These tourists, once they head home, become ambassadors for the communities that they have experienced. They quietly expand the knowledge, understanding and appreciation for the special lives that are lived in the remote regions of the world.

This means that each and every person in a community can be a collaborator. Community members may be direct helpers who make bookings, pick up your **clients** from the hotel, or enjoy coffee with your tourists. Or, they may be indirect helpers, like the members of the community who open their arms to visitors and make sure that their whole experience is positive.

Tourism is everybody!



Learning Activity 4.10

Who do you know in your community who is a leader in supporting tourism?

Who does not see tourism positively? How can you work with leaders to change their minds?



Learning Activity 4.11

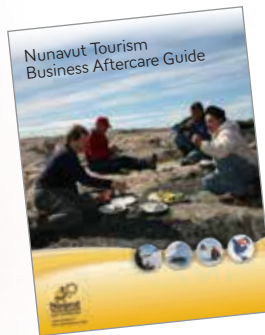
List the licences that you will need to offer your product.

Write down offices and people who can help you to find out if your list is complete

Step 11: What licences and other permits are needed?

Many tourism activities in Nunavut are regulated by the government. These **legal regulations and requirements** can seem overwhelming. However, it is important to make sure that visitors are safe in a region that can be dangerous from time to time.

Everybody who has an idea and wants to develop a **product** must learn about the **legal regulations and requirements** to operate different kinds of businesses. **Operators** must also check the insurance and **liability** issues that may be involved. These change from time to time. The best sources of current information are your local EDO and the Nunavut Tourism staff.



Make sure that Nunavut Tourism knows what you are trying to do. Make sure that you understand all of the government licences and permits that you will need. The *Nunavut Tourism Business Aftercare Guide* is a very important resource that you will need to use in the development of your **product**.

Step 12: What do I do when things go wrong?

It is one thing to become excited about developing a **product**. As you have seen, it is sometimes a different matter to deliver it.

Sometimes, things go wrong. People don't show up on time, the weather is terrible, there is only one tourist when you wanted four, an outboard motor breaks down, or a car has a flat tire. There are many things that can go wrong, and you must plan in advance for these problems.

The most important characteristic of your **product** is **reliability**. If you say that you will offer an activity at a certain time, you must be there. If you are not, everybody will lose confidence in you and stop supporting your work.

Everyone understands that from time to time unexpected things can happen. Your plans will not always be followed as you would like. However, it is your responsibility to have a back-up plan:

- Do you have a friend who can deliver the **product** if you can't?
- How will you let the **clients** know if you have to cancel an activity?
- Can you offer an alternative?

Always have a back-up plan in mind, and don't promise things that you cannot control. Sometimes the problem is the weather:

- Can you change the order of events?
- Can you supply protective clothing?
- Can you offer a new **program** that can be done indoors?

You will find community support most useful in the development of the back-up plans. If you have a problem, you will need all the friends that you can find. Visitors are understanding and know that problems occur. What matters most is how you react to the issues that occur. If you do have to make a change, always let your **clients** know what is going on. Do not leave them waiting with no information. Make sure that they understand what you are trying to do for them.

*Know yourself:
If you cannot be reliable, do not offer tours.*



Learning Activity 4.12

List at least 10 things that might go wrong with a client's experience of your product.

For each one, describe how you will deal with it. What is your back-up plan?

! Top Tips

1. Use the product development process step by step. Time spent now will save you time, and possibly money, later.
2. Try to understand what clients want. If clients don't want your product they will not buy it, no matter how much money you spend on marketing it.
3. Be honest with yourself as you think about your idea. Don't be afraid to decide that an idea is not a viable, profitable, or sustainable product. There are plenty of other ideas.

Key Terms

Agent: A person who sells your product on your behalf.

Commission: A small amount of money paid to different people in the chain of distribution in exchange for services that help to bring in new clients.

Cost: The amount of money it will take you to offer the product.

Expenses: Things you need to spend money on.

Fixed costs: Costs that remain the same no matter how many clients are coming, like a boat rental or a tank full of gas.

Price: The amount of money you are charging clients for your product.

Profit: The amount of money that you will make after subtracting your cost from what clients have paid (price).

Overhead costs: General costs that come up for your business as a whole, not just for a specific activity.

Variable costs: costs that change every time you offer your product, like meals you provide on a trip.

5. Pricing

How do I set a price for my product?

Overview

It is very important to **price** your **product** well. You need to know what your fixed and **variable costs** are. You need to think about other types of **costs**, like advertising and **commissions**. Then you need to think about how many **clients** you need in order to cover those **costs**. You want to make sure that you do your **calculations** carefully and don't forget anything, so that you have some **profit** at the end to grow your business.

Remember:

Just because a product may cost you \$500 to put together does not mean that anyone will pay \$500 to buy it.

Learning Objectives

When you have completed this chapter, you will be able to:

- ✓ Define and give examples of the following terms: price, fixed cost, variable cost, total cost, and profit
- ✓ Explain the relationship of cost to price and profit
- ✓ Discuss the variable and fixed costs that you have identified for your product
- ✓ Describe other costs such as advertising and commissions
- ✓ Consider ways to increase your profits
- ✓ Estimate a price for your product
- ✓ For the product you have priced, explain the relationship of the cost, price and profit

Price and Cost

Deciding how much to sell your tour for is a key decision that you will make. If it is too expensive, nobody will buy it. If it is too cheap, you will not make any **profit**.

Just because a product may cost you \$500 to put together does not mean that anyone will pay \$500 to buy it.

To set a **price** for a **product**, you first need to work out how much it will cost you to make the **product** available.



*Profit =
Price - your Cost*

- The **price** is the amount of money you are charging **clients** for the **product**.
 - The **cost** is the amount of money it will take you to offer the **product**.
 - The **profit**, or the money that you will make, is the difference between the two.
- In general, there are two kinds of **costs**:



Fixed Costs These are the **costs** that remain the same no matter how many people are coming. For example, you need one boat for one person or six people, and the cost is the same.



Variable Costs These are the **costs** that change depending on the number of **clients** you have. For example, fewer tourists on your boat trip means that you will bring fewer lunches.

You need to add up your **fixed costs** and your **variable costs** before you can decide on your pricing. You will also need to think about some items that are considered **overhead**.

- First, you calculate the **fixed costs** for the activity and divide that number by the number of **clients** you expect to have for the activity. It's better to do this calculation with a lower number of **clients** to make sure that your basic **costs** can be covered.
- Then you add the **variable costs** to each person's portion of the **fixed costs**.
- Finally, you add a percentage for **overhead**, which covers things like insurance, advertising, or the business portion of your phone bill.

That gives you a sense of the per-person pricing for your **product**. If this per-person **price** already seems too high, you can try to make adjustments in your **costs** at this point. Or, you can make sure that you have more **clients** each time you offer your **product**. This reduces the portion of **fixed costs** that each client needs to pay, and reduces the per-person **price** of your **product**.

Let's take a look at these in more detail.

Fixed Costs

Some **costs** are necessary no matter how many people show up. For example, to offer your tour, you may need to:

- rent a boat or car
- fill the tank with gas
- hire a friend to help you

All of these **costs** are the same for one tourist or six tourists. That is why they are called **fixed costs**.

You also need to calculate how much you hope to be paid for every hour of your time. You could pay yourself from the **profits** at the end, but if there's no **profit** for some reason (for example, if some **clients** don't show up), you wouldn't get paid anything for your time.

You can always make adjustments in your plan later, but it's better to include your time in the **fixed costs** to figure out pricing.

Once you know your **fixed costs**, you need to make a decision: How much should I charge each person to cover my **fixed costs**?

You can make sure that you "cover your **fixed costs**" by guessing the low-average number of people who will likely participate each time you offer the activity. Then you can charge each person a portion of your **fixed costs**.

For example, if you think that you will get two people as a low average every time you do your activity, you can charge each person half of the **fixed cost**. If this per-person **price** is too high, you may need to set your minimum number of participants higher and find more tourists! Perhaps dividing the fixed cost by four would be a more reasonable **price**?

Next you need to add the **variable costs**.



Learning Activity 5.1

Think about your everyday life. Put an "X" beside those things in the list below that are fixed costs. Put an "O" beside the variable costs. Beside each one, jot down why you made that choice. Sometimes an item can be either fixed or variable, depending on how it's used, so be prepared to explain your choice.

_____ Buying a car, truck, boat or snow machine

_____ Renting a car, truck, boat or snow machine

_____ Buying gas for a vehicle

_____ Buying groceries for your family

_____ Renting a movie

_____ Getting a fine for hunting out of season

_____ Having friends over for dinner



Learning Activity 5.2

Think about the tourism product you've been working on.

List all of the fixed costs that might be part of that product. Then, add up these costs.



Learning Activity 5.3

Think about the tourism product you've been working on.

List all of the variable costs that might be part of that product. Then, add up these costs.

Variable Costs

You can think about **variable costs** as “per person” **costs**. These are **costs** that go up if you have more **clients**, and go down if you have fewer **clients**. Will your tourists have coffee or lunch? Will the elder charge each person who comes to the presentation? Do you need to buy each person a souvenir? These are all **variable costs** that need to be written in a different list from the **fixed costs**.

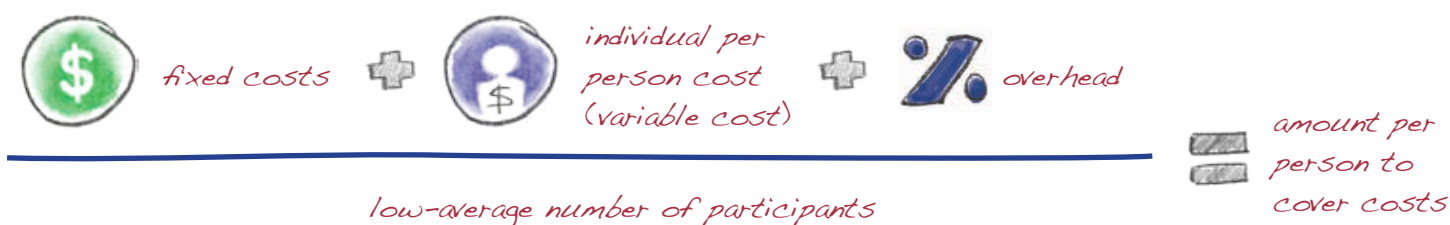
Overhead Costs

In addition to **fixed and variable costs**, there are **costs** that you might not think about at first. Do you use your telephone for some of your business? Do you use office supplies or make photocopies? Do you have to make extra repairs on your vehicle because you use it for your business? How much will it cost you to sell your **product**? You cannot rely on people selling your **product** for nothing. If tourists don't know about your **product**, they can't buy it.

These kinds of **costs** are called **overhead costs**, because they are necessary to run your business, but they're not linked to each individual **product**. Advertising can be a simple flyer that you put up in the community or an advertisement in a magazine or on the internet. You may think of paying people a commission to promote your tour. Insurance, licences and even repairs to equipment may be considered **overhead expenses**.

Often, it is easier to add a percentage than to identify all the individual **overhead costs**. Many people calculate **overhead** as 10% of the total activity **costs**.

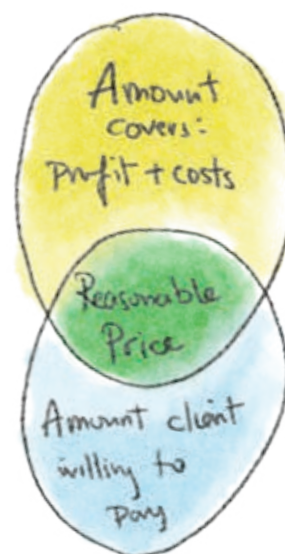
You can now add up your costs:



You have been introduced to the types of **costs** that you will need to consider for your **product**. These included items you must buy or rent, people you will pay (hourly or by commission), and **overheads**, as well as your own time. Beyond these, you have also estimated a **profit**, based on all of your **costs**.

The next steps are to determine the **price** for your **product**, and make sure that the **price** is reasonable. In other words, your **price** must cover all of your **costs** and make a **profit**, but also be a **price** that your **clients** are willing to pay.

We will be working through these steps in the workshop. In the meantime, please complete the following Learning Activity.





Learning Activity 5.4

It is important to define what your cost per person will be for the tourism product that you've been working on:

- Add together your total fixed costs (Learning Activity 5.2), and your total variable costs (Learning Activity 5.3).
- Add the 10% overhead percentage.
- Divide that total by the number of people you expect will to buy your product. This figure is your total cost per person.

Case Study

Alasie, community tour.

Let's say that Alasie wants to offer a community art tour that includes a visit to three artist's homes. The artists live a bit farther apart, so **clients** will be taken by vehicle. The tour will take three hours, and will include a cup of coffee and some baking in the second home. The maximum number of **clients** that safely fits in the car is four. An **agent** gets 10%, but only for each person that she brings to the **operator**, so that commission is not included in **overhead costs**. **Overhead costs** are low, so 10% is chosen as the percentage.

Fixed Costs

- car rental (includes insurance)
- a tank of gasoline
- **operator** time

Variable Costs

- coffee and baking for each person
- a small souvenir
- commission for the **agent** (10%)

Overhead (10%):

- office supplies
- advertising
- portion of phone bill

To review, to this point you have:

1. Listed all of your **fixed costs**
2. Divided these **costs** by the minimum number of **clients** that you expect to participate
3. Listed all of your **variable (per-person) costs**
4. Included a percentage to cover **overhead costs** such as advertising and **commissions**
5. Worked out a total cost per person
6. Worked out a **price**

Next, you will learn about adding in your **profit**.

Now for You: The Profit

You can make money two ways:

1. Add more **clients**. If you can cover your **fixed costs** with two people and then four people take your tour, your **profit** is the extra money you receive after you pay your **fixed costs plus your variable (per-person) costs**.
2. Reduce your **costs**. You can look for ways to reduce some of your **expenses** or to plan your **product** a little differently so you don't need to spend as much money to offer it. Usually the **variable costs** are the easiest to reduce.

You may also be able to get a **commission** from people in the community for bringing **clients** to them. For example, in the art tour example, the artists may give you a commission if they are able to sell some artwork.

When you have worked out a **price** for your **product**, ask yourself: Is the **price** reasonable? You should ask people if it is too low, too high or just right. Asking the same people that you talked to about your original idea (**Chapter 4**) may be helpful.

When you have a **product** and a **price**, what comes next? In **Chapter 6** you will think about the best ways to sell your **product**.



Learning Activity 5.5

Estimate a price per person that you think would be reasonable for your product, by answering the following questions about those prices:

- Does the price cover all of the costs that I have identified?
- Did I remember to include costs for all of my overheads?
- Have I paid myself?
- Will clients be willing to pay this price for the product? How do I know this?

! Top Tips

1. *Take care when deciding on the price of your product, and make sure you can make a profit.*
2. *If you cannot cover your expected fixed costs, your product will fail.*
3. *Be realistic when deciding on a price. If clients cannot afford your product or do not think they will get good value for their money, they will not buy it.*

Key Terms

Agent: A person who sells your product on your behalf.

Calculations: Arithmetic, figuring out costs and prices.

Collaboration: Working together, partnering.

Cost: The amount of money it will take you to offer the product.

In-person marketing: Marketing that uses word-of-mouth, presentations, radio announcements, etc..

Inventory: The list of clients who have booked with you.

Marketing: All activities that give people information about your product.

Online marketing: Marketing that uses the internet (websites, Facebook, Instagram, blogs, or online discussion groups).

Paper-based marketing: Marketing that uses posters, leaflets, or brochures.

Sales: turning a potential client's interest into a booking.

6. Marketing and Selling Your Product

Making people aware of your product

Overview

Getting information about your product out to potential **clients** is another very important step in making your idea a business opportunity. You need to make people aware of your product, and then you need to convince them to commit to it by making a purchase. There are many options for you to choose from when it comes to marketing: **paper-based marketing**, **in-person marketing**, and **online marketing**. You just need to choose the right method for your market.

Learning Objectives

When you have completed this chapter, you will be able to:

- ✓ Define and give examples of marketing
- ✓ Present a list of organizations, businesses, and tourism offices where you could market your product
- ✓ Discuss your plans about website and online marketing
- ✓ Present your ideas about opportunities for local marketing
- ✓ Evaluate the parts of marketing that you already have in place, and those that you may need to develop
- ✓ Describe what information needs to be recorded for each sale
- ✓ Discuss the role of agents
- ✓ Identify people who might be good agents for your products, and evaluate why you would choose them

Marketing

Is about letting people know that an opportunity exists. It creates an awareness and interest in your product.



It is great to have a fantastic idea, share it with friends, and have them tell you that your idea is great. It is also a big accomplishment to work out all of the details and decide on a **price**. Now, how do you get **clients** to buy your product? Well, first of all, they have to know that your product exists.

Making sure that your potential **clients** know about your product is called **marketing**.

If no one has ever heard about your product, nothing will happen. Nobody will “look” for it because they do not know it is there. It is up to you to make sure that they can find out all about it. Visitors to your community need to hear about your product, see what it is about, and be excited by it. Only then will they think of buying it.

Marketing is all about letting people know that an opportunity exists. It creates an awareness and interest in your product. **Sales**, which we will deal with a little later, are about turning an interest into a paid commitment.

Who Might the Market Be?

You may be thinking, “How am I going to tell everyone about my idea?” and “Who is going to come here? Airfares are so expensive for tourists.” These are real concerns, so maybe your business should first focus on those people who are already in your community on business or working for the government. There are many potential **clients** arriving every day who do not personally pay for their airfares, but who do spend time in your community.

85% of business travellers mix leisure with business trips.



Here is an interesting fact: in a survey by a Business Travel magazine, travellers were asked: “*Do you mix leisure travel with your business trips?*” Amazingly, 85% of those asked said yes.

So, let us turn our attention to those people who are visiting for business, government, construction, medical, educational, and dozens of other reasons. These are all people who are your **market** and who can form the base of **clients** for your tourism product.

They are already in your community, and many would love to learn more about what is around them. They might enjoy a short tour, to learn something about your language, to try local food, and perhaps even to experience your tour product.

Some Practical Things to Know About Marketing

Every product needs to be seen in a lot of different places. Tourists may decide to buy the product at any time. They may decide to buy your product before they visit. Or, they may decide to buy it after they have arrived in your community.

In small communities, there often isn’t money to spend on a big marketing campaign, so you have to look at how to let every visitor know about your product. For example, you could have a small poster designed and put it up in the airport, the community centre, the hotel, or anywhere else that you think that a visitor will see it.

You need to find out all of the places that you can add your product to the lists of community activities. Start with the local EDO, community organizations, visitor centres, and Nunavut Tourism. All of these may have websites that will list local activities, and yours should be there as well.

What about the places where visitors stay in your community? Is there a bulletin board in the local grocery store where you can hang a poster? Can you put a notice with some photos on a community Facebook page?

You can involve your friends and others in the community in helping to make your idea successful. Perhaps, pay people in the community a commission to send **clients** to you. You can help others in the community benefit from the product, and start to help everybody realize that tourism is a community effort, and that all can benefit.

Every tourist is a potential client and everybody in your community can help you sell your product.

Encouraging the community to work together can be very effective. If the people in the hotel, café, airport or anywhere else encourage a visitor to take your tour, and you pay them a small fee (say \$5 - 10) for each person that comes, you may be surprised at how many extra **clients** you get. Keeping track is easy, and involving everyone in the process will help your community to build its tourism presence.

If you work with the local hotel, they can also help you with the marketing and may even take reservations for you. With a sign-up sheet at the hotel, it is easy for visitors to book the product and it makes it easier for you to manage the list. You just have to keep in touch with the hotel and show up at the right time.

Marketing on the Web

There are many reasons to be on the internet, and a good website or Facebook site is important. Remember, though, that a website needs to be kept up to date. Unless somebody is searching for you, they may not find you. It is possible to work with companies such as Search Engine Optimization consultants to make your website more visible when people search for it, but unfortunately this can be very expensive.

Having a website or Facebook site can be a very valuable tool, but it is not the only one. Imagine that you have one book in a library full of books. How will people actually find it? Just being there is not enough. Is there something you can do to make your product stand out?

If a tourist makes the effort to search the internet and they find your product, they will need to contact you. Do you have email? Do you have a phone number listed? Can you answer in English? Will you commit to operating the tour when they come? How will you keep a record of bookings?



Learning Activity 6.1

List all the places where you might be able to market your product.

Which community organizations might post your advertising or refer potential clients to you?

Which businesses might post your advertising or refer potential clients to you?

How could your local EDO and Nunavut Tourism assist you in getting the word out about your product?



Learning Activity 6.2

If you think that you will use a website to market your product, write down some ideas to answer the following questions:

Do you have reliable high speed internet access to maintain your website and respond to clients' questions?

What information needs to be on the website?

Who will develop the website and maintain it for you?

What will it cost to develop and maintain the website?

How will you make sure that people find your website? What sites might link to yours?

Here are some other questions to ask yourself about online marketing:

Do you have email? Is there a phone number that can also record messages?

Do you have fast and reliable internet access?

If you're often away, who will respond to clients' questions?

Can clients' questions be answered in English?

What record-keeping system will you use?

Other Marketing Opportunities

Another way to increase your chances of being found is to join in the **Chain of Distribution** that we talked about in **Chapter 4**. Find out who the tourism **programmers** are in your community or region, and ask them to include your product. Also, find out who the **packagers** are for your community or region, and ask them to include your product.

Each of these will need to be paid, but you will only pay them if they give you a customer. As you know, this payment is called commission and must then be included in your pricing.

For small **operators** though, the best chance of finding **clients** is to look to the visitors who are already in your communities. You can make sure that you display information at community events, so that people who come to the event find out about your product. You can prepare an article for a local newsletter, or contribute photos of your activities on the community website or blog. However, if you plan to use a client's photo, you need to get their written permission. Is there a local radio station that can make announcements in the community? If a group of visitors are in town for a special event, you can contribute a prize that gives someone a chance to win one of your products. Talk to as many people as possible about your great idea!

Arranging the Details

As part of your marketing, potential **clients** need to know when your activity will happen and how much it costs. This is basic information, but very important.

This tells your **clients** everything they need to know. As the **operator**, you will need to be at the Co-op a little bit before 1:00pm, ready to take tourists around the community. Some days there will be tourists and some days there will be none, but you have a responsibility to make your tour available.

Remember that most southern cell phones probably don't work in the Nunavut communities, so it can be hard for **clients** to reach you. Think of ways to make this easier.

For example, your poster might say something like:

2-Hour Walking Tour

1:00 p.m. / Monday to Friday

Start at the Co-op

\$40

No reservation required

Further information:

Contact Harriet at _____

Of course, if you have a more complicated tour, such as four hours in a boat or a trip to the Floe Edge in the spring, you will need to know at least a day before how many people are going. In this case, a little more information is needed.

Booking Required means that you need a place to keep your list and somebody to keep count. This is now **Sales**. If the **clients** sign up for your product, the interest in your product has turned into a commitment. However, you may lose the sale if you don't keep a good record of the booking.

The Practical Side of Sales

Keep a single list of every client who has booked your tour, along with their contact information. This is in case you need to reach them for any reason. If you are often away from your phone, you must have someone available to take booking information for you. Otherwise you will lose the client. Keeping **clients'** contact information will also help you market new products to them in the future.

The list of **clients** who have booked is called an **inventory**. It will tell you how many people you are taking, and who they are. If you like, you can also keep a record of how they found out about you.

On some days, there may be nobody booked, and on other days, you may have too many. This is normal. It happens to all **operators** from time to time. If you have too many people, you can use the "first-come, first-served" rule, and give the others another option.

Once a client has contacted you to make a reservation, and you have exchanged necessary information, you will need to ask them how they want to pay you. If you are meeting in person on the same day as the activity, you can take the payment then. If you are making a booking the day before the activity, you still need to get the client's commitment that they are coming on the tour.

Clients may give you cash or offer you a credit card. If you are not able to take credit cards, **clients** will have to give you cash. Be sure to give them a receipt. You can prepare these in advance. Once all of the **clients** listed on the **inventory** are with you, and you have been paid, it is time to take your **clients** for their tour.

A more detailed poster might say:

4-hour Floe Edge Tour

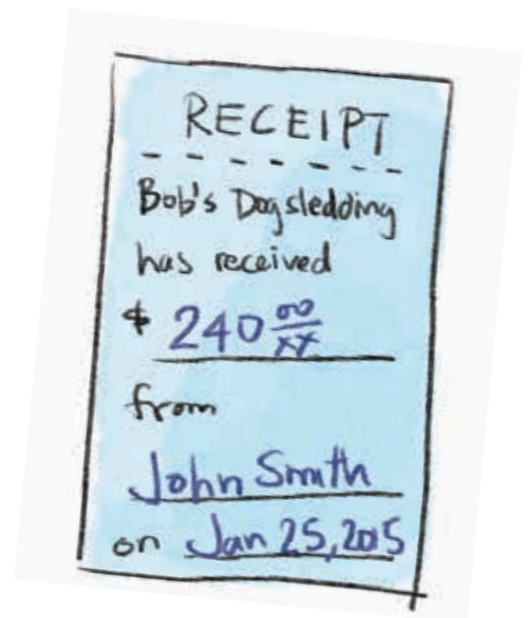
*9:00 a.m. / every Monday
(add dates!)*

Start at the Co-op

\$250

*Booking at the Co-op
required*

*Further information:
Contact Harriet at _____*



*The receipt can
simply say:*

*"The operator (name) has
received (\$____) from the
client (name)", and the date.*



Learning Activity 6.3

List every place in your community where you might put up a poster.

Which would be the best places? Why?

What information must be on the poster?

How big will the posters need to be? In colour? With photos?

How many will you need?

Collaborating with other people to sell your product

A big part of an **operator's sales** come from **collaboration**. If more people in the community encourage a client to buy a product, it is more likely that the client will do so. This sort of **collaboration** can be rewarded by paying a commission. Often this payment is 10% of the **price** of the product. This commission should be included in the cost **calculation**.

Operators are able to ask all of their friends to help sell the product, and when they do, they will receive a small payment. Although the **operator** gets less money than if the client had booked directly with them, the **operator** is likely to get more **clients**.

The person who sells the product on behalf of the **operator** is called an **agent**. The **agent** will make the reservation for the client and, once the **operator** has been paid, the **operator** will pay the commission to the **agent**.

This system works really well. It allows a whole community to work together to help an **operator** find **clients**. It also rewards those people who are actively helping. Finally, it makes sure that the client has a lot of opportunity to hear about the product.

Clients can book directly with **operators**, or **agents** can find **clients** and lead them to **operators**. The important thing is that the **clients** are encouraged to buy the product.



Learning Activity 6.4

List people in your community and elsewhere who might be your agents.

What are the reasons why they would be good agents in selling your product?

! Top Tips

1. *People who are already visiting your community are the easiest market to reach with your product*
2. *If you advertise a tour at a certain day and time, you must always be ready to do it*
3. *Always pay commission to people who sell your product for you*
4. *Remember to include the costs for this kind of marketing as overhead costs.*

Key Terms

Agent: Someone who helps operators to market and sell products, usually in exchange for a commission.

Commission: A small amount of money paid to different people in the chain of distribution in exchange for services that help to bring in new clients.

Packager: A person or organization that combines different products and/or services for different communities so that the visitor has less planning to do. Another name for a packager is a tour operator.

Product offerings: Tourism products that are being offered to clients.

Programmer: A local person or organization who puts together a program that combines and coordinates various activities offered by one or more local operators.

7. From Product to Program to Package

How to collaborate with the chain of distribution?

Overview

Operators create tourism products, but these products can be combined into **programs** and **packages**. This requires **collaboration** with other people in the tourism industry. It's very helpful to understand the role that **programmers** and **packagers** can play in marketing your product, because good **collaboration** can benefit everyone.

Learning Objectives

When you have completed this chapter, you will be able to:

- ✓ describe products already offered in your community
- ✓ identify products offered in your community that could be combined into a program
- ✓ explain reasons why the products you've selected might work as a program

From Product → Program

The creation of products is the heart of the tourism business. It offers **leisure tourists** an opportunity to learn about the places they visit. It gives them an understanding of the local people and culture. This kind of experience of a community is very special indeed.

For business and government visitors working in Nunavut, participating in one or more products is also a valuable way to spend time in the North.

The tourism industry, however, is larger than individual visitors purchasing single products. So, we need to look beyond those people who are already in the community. If we want to persuade **leisure tourists** to make a journey to Nunavut, we need to make their experience as comprehensive and easy to purchase as possible.

As you have seen in **Chapter 3**, one way to do this is to collect a number of products together to create and sell a **program**.

Simply, this is a way for a community to tell potential visitors what is special and particularly interesting. It shows clients how they could best spend their time during a visit, before they even arrive. Often, a **program** will last one or two days, but sometimes longer.

This process needs one person to be the **programmer**. **Programmers** will create the **program** by taking other people's products (perhaps including their own product) and presenting them as a single combination.

For example, the **programmer** might select:

- A half-day walking tour
- A half-day boat tour
- An evening story-telling
- A morning introduction to Inuktitut and the local history

The **programmer** must make sure that these products are offered on days and at times that they can be combined. **Programmers** must also make sure that the **product offerings** fit with the community air schedules. Once the collection of products is combined, it can be given a new name (for example, *The Best of Our Community*).



Learning Activity 7.1

Thinking about your own community, which products could be combined to form a program? Please list these.

Beside each product you have listed, explain the reasons why you think these might fit as a program.

Explain the reasons why the program would interest potential visitors. (Hint: You've thought about this in **Chapter 2**)

The **programmer** will look after:

1. Marketing the new **program**
2. Taking the reservation from the client or the **agent**
3. Letting the local **operators** know the names of the **clients** when they will be coming
4. Coordinating all of the arrangements
5. Taking payment from the client
6. Paying all of the local **operators**

For doing all of this work, each **operator** will pay the **programmer** a commission.

The client will buy the whole **program** for the same **price** as they would pay for all of the items individually. The **operator** will receive a little less than they would if the traveller had booked directly. However, the **programmer** is reaching people who the **operator** could not reach.

As the community looks for visitors to come from farther and farther away, new **programmers** will want to create **programs** that offer visitors even more choice.

From Program → Package

As the work to attract visitors continues, professional travel industry **packagers** will combine **programs** to create new and interesting reasons for people to visit. This is the **chain of distribution** in action. It connects individual **operators** with the global tourism industry.

In tourism, the greatest success will come from the greatest cooperation. It is important to work together in the community to develop a product. Working together to combine these products to create a **program** is the next step.

By developing interesting **programs**, you can make it easy for visitors to experience your community. Then, as tourism to Nunavut grows, you will find more people visiting you. They will learn about the unique culture and heritage that makes Nunavut so fascinating and unforgettable.

! Top Tips

1. *Communities can work together to combine products into programs. The greatest success will come from the greatest cooperation.*
2. *Offering programs to clients can make it easier for them to buy several products at once. However, clients are unlikely to buy a program if it is more expensive than buying the products individually.*
3. *Programmers and operators must work closely together to make sure that the client has a good experience.*

Key Terms

Board: A group of experienced people who provide guidance to an organization.

Market intelligence: Facts and information that have been gathered to help the tourism industry with marketing.

Policy: Rules, regulations and guidelines that describe what's allowed.

Regulations: The laws and rules which everyone must follow.

Territorial: Spread out across the whole territory.

Travel-world: All the people who are either involved in tourism or who travel themselves.

8. Working with Nunavut Tourism

An essential partner

Overview

Nunavut Tourism will be an essential partner as you start to develop and offer your tourism product. It has staff and information that can help you with **regulations**, marketing, and advertising. You will also meet other people like yourself who have ideas, experience, and expertise for interesting **product offerings**.

Learning Objectives

When you have completed this chapter, you will be able to:

- ✓ Explain the ways in which Nunavut Tourism can help you as an operator by:
 - ✓ Providing experienced feedback on your product ideas
 - ✓ Offering directions on licensing, insurance, permits and government regulations
 - ✓ Helping you to market your product

Nunavut Tourism's job is to let the travel-world know that Nunavut exists and that there are a number of individual operators working there.

Nunavut Tourism is an essential partner for anybody who wants to develop tourism products in the Territory. Its role is to be a link to the outside world, and it is involved with all aspects of tourism from **policy** development to marketing. Staff members in Iqaluit, Rankin Inlet, and Cambridge Bay form a team with knowledge, experience, and contacts. Their job is to help you build your tourism operation.

Their advice will be very important to you as you develop your product, whether your ideas are small and local, or broad and **Territorial**.

You should contact them right at the beginning of your process to let them know about your ideas. Ask for their reaction, and ask whether they already have experience with similar **programs**.

Nunavut Tourism staff will help you find the **regulations** that affect you. Then they can help to complete the documentation that might be required.

Nunavut Tourism has a very big marketing and advertising **program**. Their job is to let the **travel-world** know that Nunavut exists and that there are a number of individual **operators** working there. They will let people outside the Territory know that your product is available, and how people can contact you. It is just one more piece of marketing, but it is an important one.

Nunavut Tourism also provides **Market Intelligence**. This means that they are always gathering facts and information on tourism products that people want to buy in Nunavut. This is very important because:

“More people buy what they want to buy than what you want to sell!”

If Nunavut Tourism knows that people want historical walking tours, they will tell you. Then, you can decide if you want to offer this product. They may say that people are asking for fishing, or floe-edge **programs**. Their information is reliable and can be very helpful in making decisions.

Finally, working with Nunavut Tourism gives you a community of industry colleagues. You will meet other tourism people, receive updates, and find out about new ideas that may spark your own **product development**. You will also have a resource to help you build and market your product. They can offer guidance and support throughout the time that you are working with your tourism product.

And, if you want to get more involved, you can run for the **Board**. The Nunavut Tourism **Board** needs local **operators** to help them understand life in the small communities. Your participation would help them to understand the issues that face you as you build and develop your products.

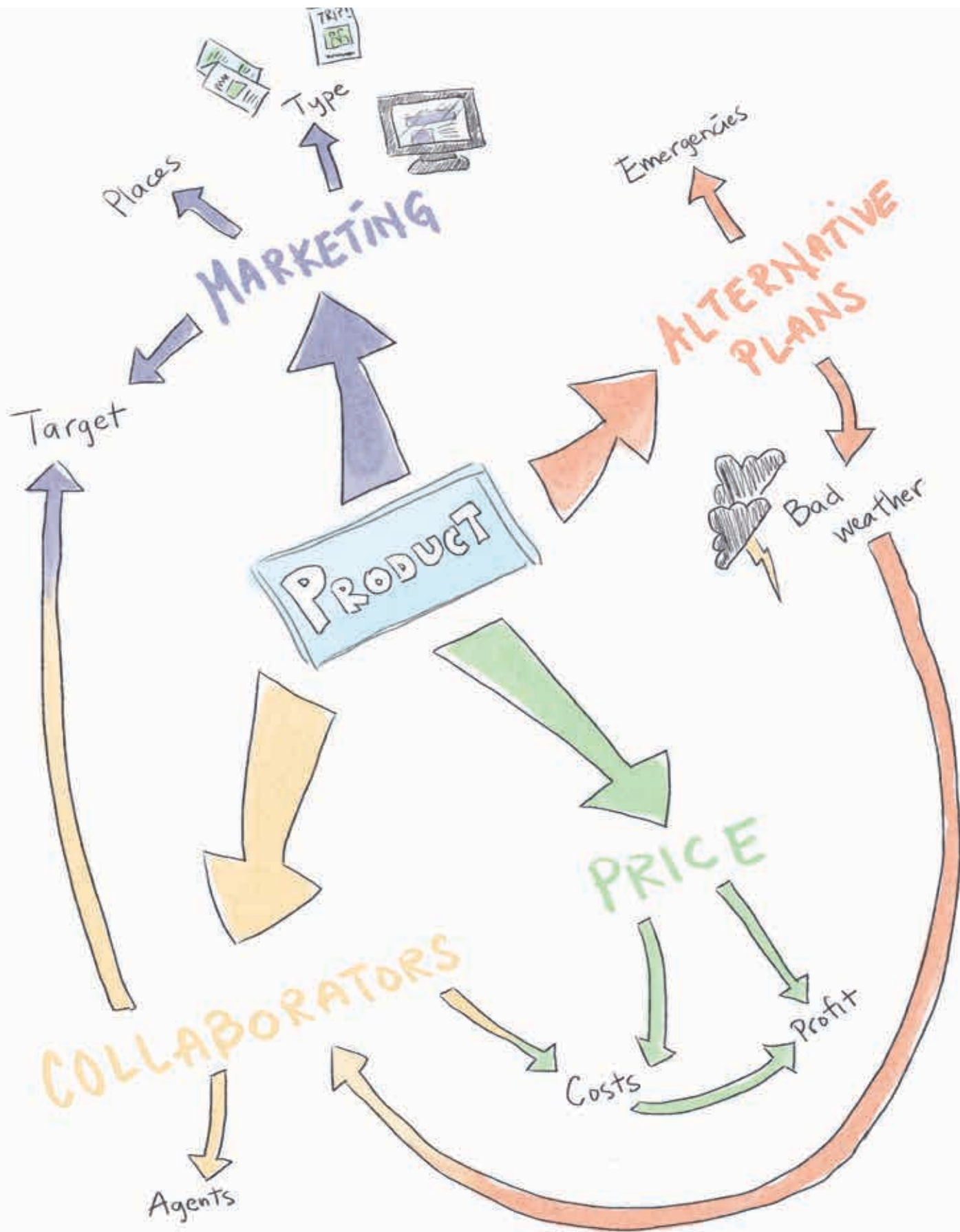
Nunavut Tourism is the only **Territorial** tourism organization, and it is there to help you.



Learning Activity 8.1

List the ways in which you would most like Nunavut Tourism to help you regarding:

- experienced feedback on your product ideas
- directions on licensing, insurance, permits and government regulations
- marketing your product



9. Conclusion

What you've learned

This Workbook has covered the knowledge and process required to develop a tourism product. It has looked at how ideas get turned into products, who to look to for help, and how to set a **price** for your product. It has also provided some basic ideas about marketing.

Of course, things can change. When you go out onto the land or onto the water, you have an idea of your journey and the reason that you are there. But, as you know, the direction may have to change because weather can be unpredictable. In the same way, you will make adjustments to your original idea.

It is the same with tourism. You hear new stories, you have feedback from **clients**, you get new ideas, you see how you can improve. You may need to change your **price** (up or down!). You may get more people than you thought, and need to find help. You may decide to do even more marketing. Each change and adjustment needs thought.

And, as with the hunter on the land or the boatman on the water, these changes will become natural.

Before you make changes, however, don't forget that there are resources to help when you have problems or difficulties. From Nunavut Tourism to the local EDOs, there are people who understand running a business and how to make the adjustments. You should always feel free to ask.

Nobody has seen it all. Nobody has all of the answers. It is only through sharing ideas, problems, and successes that we can all grow. And business is no different. Always talk, always ask, always listen, and always keep thinking.

In business, there is no such thing as a stupid question.

The tourism business is wonderful. It gives an opportunity to welcome people to your community from all over the world, and lets them learn a little about your language, culture, heritage and landscapes. It is a window to the outside world. As more people become aware of the North and its peoples, tourism offers a fine opportunity to tell your story in your way.

Enjoy and welcome tourists, and make sure that every visitor has a little more awareness and understanding of the Nunavummiut way of life.

Glossary

Every industry uses certain words in its own way. In alphabetical order, here are most important words that we will be using in this Workbook:

Agent: A person who sells a product on behalf of an operator.

Board: A group of experienced people who provide guidance to an organization.

Business clients: People who are already in your community for your work.

Business licence: Formal approval to operate as a business.

Calculations: Arithmetic, figuring out costs and prices.

Chain of Distribution: The different people who help to make a tourism “product” or service successful. The way that different people work together to find clients for individual products, programs and packages.

Clients: Customers—the people who buy your services or products.
(Related term: leisure clients, business clients)

Collaboration: Working together, partnering.

Commission: A small amount of money paid to different people in the chain of distribution in exchange for services that help to bring in new clients.

Competition: Businesses that offer the same or similar products to those you are developing.

Cost: The amount of money it will take you to offer the product.

Domestic market: Potential clients from Canada.

Down-payment: An amount of money paid in advance to reserve a seat or service.

Economic impact: A change in the economy experienced because of certain activities.

Expenses: Things you need to spend money on.

Fixed costs: Costs that remain the same no matter how many clients buy the product.

In-person marketing: Marketing that uses word-of-mouth, presentations, radio announcements, etc..

International market: Potential clients from other countries.

Inventory: A list of people taking your product on a particular day.

Itinerary: The schedule of things that have been planned.

Legal regulations and requirements: Rules or laws.

Leisure clients/tourists: People who travel for fun.

Liability: A legal responsibility that means you may need to pay someone who experienced a loss or an injury because of something you did (or neglected to do).

Market: The potential clients who might buy your product.
(Related term: market research, domestic market, international market, market intelligence)

Market intelligence: Facts and information that have been gathered to help the tourism industry with marketing.

Market research: The process of finding out as much as you can about the group of people who might buy your product or service.

Marketing: All activities that let people know that your product is available.

On-demand: As requested, possibly without much notice.

Online marketing: Marketing that uses the internet (websites, Facebook, Instagram, blogs, or online discussion groups).

Operator: The person who offers and operates individual products. Operators offer their product on an on-demand or a scheduled basis, and offer prices for individuals or groups.

Overhead/overhead costs: Expenses (like insurance, licences, advertising or commissions) that are related to running a business, not just to certain products.

Package: A larger collection of programs (perhaps in different communities) in combination with airfares and hotel accommodation that is offered by a tour operator. Packages can be simple or complex, and may even include an airfare from overseas. Packages are designed to make a destination easy to sell. Packages also offer tourists an advantageous price. For example: Round trip airfare, hotel, meals, boat trip, guided tour and tea with elders are all sold to a tourist for one price.

Packager: Sells a tour program, made up of different products, to tourists or the travel industry. The packager, who is sometimes known as a tour operator, is responsible for ensuring the program is delivered, and that all the components are delivered.

Paper-based marketing: Marketing that uses posters, leaflets, or brochures.

Policy: Rules, regulations and guidelines that describe what's allowed.

Price: The amount of money that an operator charges a client to provide the product.
(Related term: pricing)

Pricing: What you will charge for a product or service when you know what your expenses are and when you know how much clients/customers might be willing to pay.

Product: Any single activity or service offered by an operator. This can range from a free attraction to paid activities such as a guided walk, an airport transfer, a home-visit with coffee, a boat tour, an archaeological tour, storytelling or a cultural exhibition. Products can be combined together to make a program and/or package.
(Related term: tourism product, product development, product offerings)

Product development: Turning tourism ideas into products or services that can be sold.

Product offerings: Tourism products that are being offered to clients.

Profit: The amount of money that an operator will make after subtracting costs from what clients have paid (price). Profit is the difference between the total cost and the price.

(Related term: profitable)

Profitable: Able to provide an income after expenses have been paid.

Program: A local tourism program that is made up of different products. As an operator, you control your parts of the program. A program is offered by a programmer and is a combination of two or more products offered by one or more operators. Example: a boat tour with lunch and a guided walk and transportation to and from the pick-up point.

Programmer: A local person or organization who puts together a package that combines and coordinates various activities offered by one or more local operators.

Regulations: The laws and rules which everyone must follow.

Reliability: How sure people are that someone will do what they have promised.

Sales: The process of getting a commitment from a client to purchase a product.

Strategies: Specific steps you can take to get to a particular goal.

Sustainable: Able to exist for a long time.

Territorial: Spread out across the whole territory.

Tour Operator: Another term for packager. The person or organization that combines all elements of a travel itinerary for sale to the general public or travel industry.

Travel-world: All the people who are either involved in tourism or who travel themselves.

Variable costs: Costs that you have for each client.



Museum

1 HBC

2 Lodge

3 Library

4 Arts + Craft
Centre

5 HTO

Airport

6

Small
craft
harbour

7