



Canadian Tourism  
Commission

Commission canadienne  
du tourisme

# 2009-2013 corporate plan summary



**seizing the opportunity:**  
inspiring the world to explore Canada

Canada



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# message from the President & CEO



The Canadian Tourism Commission (CTC) mandate is to market Canada as a desirable tourism destination to the world within a climate of global competition for tourism business. As a publicly owned Crown Corporation, the CTC is a vital component in the advancement of public policy and must function as a fully-integrated, strategy-focused, and results-oriented organization. Our activities are therefore fully aligned with a corporate strategy, utilizing a balanced scorecard approach to measure the organization's performance and accountabilities, testing and validating key objectives and priorities against the mandate. The Board of Directors sets the Commission's five-year strategic direction at its annual spring retreat.

Our new 2009-2013 corporate strategy is based on the extensive ground work and foundation presented last year. However, the world economic upheaval has altered the landscape for businesses, for tourism, and for our operating environment. Economic uncertainty incites fear of a global recession and, along with it, the net worth of travellers. While we cannot know absolutely the impact that this volatility

will have on the tourism sector, we do know that historically tourism has proven to be one of the most resilient industries to economic turbulence, quickly recovering from past shocks. Continuing to market Canada's tourism brand in order to protect market share is timely, crucial and cannot be overstated.

We will continue to be a nimble organization, targeted and opportunistic, focusing on both short-term and long-term potential to maximize the government's return on investment.

By being flexible and adaptable, we will quickly identify changes and swiftly seize every advantage. The following are new marketing activities and programs that we are undertaking this year to boost international travel to Canada:

## **Launching a New Global Marketing Campaign**

We are launching a fresh global marketing campaign. This campaign is founded on strong fundamentals that include detailed market research, customer segmentation and brand positioning. We use the latest in social media to show our customers the unique and extraordinary experiences they can enjoy in Canada. We will also continue a strong commitment to conventional media, print, radio, television, and out-of-home, in our media mix.

## Leveraging Vancouver 2010 Olympic and Paralympic Winter Games

With the support of our shareholder, we launched the \$26 million, four-year strategy to leverage international media exposure captured by the Vancouver 2010 Olympic and Paralympic Winter Games. The Canadian tourism industry no doubt promises to be the greatest economic beneficiary. It is expected that 3.5 billion viewers will tune in to the 2010 Winter Games and the spotlight will be on Canada. This once-in-a-lifetime opportunity will accelerate and enhance global awareness of Canada's tourism brand – and add depth and dimension to Canada's image as a tourism destination.

## Providing Economic Stimulus

The Government of Canada recognized that tourism is facing challenging times. In the Speech from the Throne delivered on January 26, 2009, tourism was recognized as one of several Canadian industries facing difficulty. The following day, in the 2009 federal budget, we were entrusted with special funding of \$40 million over the next two government fiscal years to assist in providing stimulus to the Canadian economy. We will work quickly and diligently with our partners to deliver on the needed stimulus in a research-based, strategy-focused manner to deliver the best possible outcomes during these challenging times. We will also look to leverage other federal investments in tourism; this is consistent with and supports a more coherent whole-of-government approach to supporting the tourism sector.

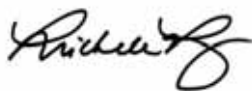
When the Government of Canada invests in international tourism marketing, these investments are working harder and doing double duty for Canada. Not only does international tourism marketing stimulate export revenue growth and job creation in Canada, the CTC also stimulates high-value knowledge-based businesses and jobs for the Canadian economy. We are a strong customer of Canada's knowledge-based and creative economies. Typically, between 38 and 43 percent of the total marketing investment required to ensure a successful campaign is spent domestically in Canada.

## Engaging SMEs

We utilize the latest technology on our websites to connect to – and communicate with – small and medium-sized travel businesses across Canada. We want tourism operators to receive our market research the moment it is ready so that they can tailor their offerings to match rapidly changing customer needs in these uncertain times.

We are continuing to provide the strong leadership required to preserve, enhance, and expand globally the strength of Canada's tourism brand to inspire the world to visit Canada.

Keep exploring,



Michele

# executive summary

This is the Corporate Plan of the Canadian Tourism Commission (CTC) for the 2009 to 2013 planning period. The CTC's Corporate Plan is an annual, five-year rolling strategic plan submitted to the Government of Canada and outlining the CTC's:

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

## Canada's National Tourism Marketing Organization

The CTC is a federal Crown corporation wholly owned by the Government of Canada. As set out in the CTC's legislation, the purpose of the CTC is to sustain a vibrant and profitable tourism industry by supporting a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories. It promotes Canada as an internationally competitive, premier four-season tourism destination where travellers have access to extra-ordinary experiences. The CTC provides a consistent voice for Canada in the international tourism marketplace.

The immediate beneficiary of the CTC's activity is Canada's tourism industry, which includes approximately 159,493 tourism-related businesses and accounts for 660,000 jobs. The industry recognizes the value of CTC marketing programs by matching federal funding at a ratio greater than 1:1. In other words, the CTC leverages every public dollar invested in tourism marketing to increase the impact of the public money invested. The ultimate beneficiary is the Canadian taxpayer who enjoys tourism's contribution to the quality of life in Canada.

## Operating Context for the 2009-2013 Corporate Plan

Declining leisure travel from the United States – the combined result of stricter border controls, higher fuel prices and a strong Canadian dollar – has contributed to decreasing international visitation to Canada. At the same time, the world is competing for tourists as never before, and travel is beginning to flow towards new, exotic and emerging destinations. Canada is under pressure like never before to differentiate itself in the global tourism market.

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

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

The declining global economy represents a challenge to all sectors of the economy, including tourism. Tourism was identified as one of six industries in the 2009 Speech from the Throne that would receive support from government. In the 2009 federal budget, delivered on January 27, 2009, a stimulus package was announced for the tourism industry including an additional \$20 million per annum for the government fiscal years of 2009-2010 and 2010-2011. This stimulus package provides the opportunity for the CTC to leverage several well-defined business opportunities including entering new emerging markets that demonstrate strong potential for Canada (Brazil and India), increasing investments in two of Canada's existing emerging markets (Mexico and China), accelerating the Global MC&IT strategy and increased investment in high-potential U.S. Leisure opportunities. The CTC will also invest in a comprehensive and integrated Canadian advertising program.

### Corporate Objectives and Strategic Priorities

The 2009-2013 Corporate Plan lays out the CTC's objectives and priorities for the next five years and reaffirms the strategic goal of growing tourism export revenues for Canada.

By concentrating its efforts on the following four objectives, the CTC will be in the best position possible to achieve its mandate for the benefit of Canada's tourism industry:

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

In addition, the following six key priorities for action form the framework for how the CTC will achieve its four objectives in the 2009-2013 period:

- **Ensure consumer relevancy:** Develop and maintain relevant communication with targeted potential travellers and ensure that the marketing messaging they receive is relevant and addresses their interests and expectations as consumers.
- **Increase engagement with small and medium-sized enterprise (SME) community:** Engage the SME community in order to strengthen and leverage the backbone of Canada's tourism economy.
- **Differentiate Canada:** Position Canada's tourism brand as a leading storytelling brand in the world where travellers create extra-ordinary stories all their own.

- **Leverage exposure of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada:** Highlight Canada to the world by creating a tourism personality for Canada before the Games, focus on media relations and web communications during the Games, and work with partners to harvest the “afterglow” following the Games.
- **Foster organizational excellence:** Focus on becoming a “strategy-focused organization” with the right tools, people and resources in place to deliver.
- **Strengthen engagement with the shareholder:** Engage the shareholder in order to enhance the perception of the CTC as a value-adding corporation that provides crucial insight and coordinates activities to benefit Canada’s tourism industry.



# corporate plan

## 1.1 Corporate Profile

### Our Mission

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

### Our Vision

Inspire the world to explore Canada.

### Our Goal

Grow tourism export revenues for Canada.

### Our Role

In partnership with the Canadian tourism industry, the CTC works to promote Canada as an internationally competitive, premier four-season tourism destination where travellers have access to extra-ordinary experiences. The Commission provides a consistent voice for Canada in the international tourism marketplace.

### Our Legislated Mandate

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

### Our Leadership Role

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

part 1:  
our business

we couldn't get into the B+B  
ocean, being across the streets fine,  
and feels more like a cabin than  
we stayed. There's no TV. And best  
and my phone ring in days  
that pace here is slow  
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gested we head down  
through the park.  
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metres tall,  
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ars?

### Our Markets

Global markets or consumer segments where there is the highest potential for return on investment. Canada's key global markets are the U.S. (both leisure and meetings, conventions and incentive travel (MC&IT) markets), the U.K., Germany, France, Mexico, Japan, China, South Korea and Australia. In 2009, the CTC will launch national tourism marketing activities in Brazil and India.

### Our Partners

Provincial and territorial governments, other federal departments and agencies along with the Canadian private sector and international travel trade and meeting professionals.

### Our Values

Innovation, collaboration, respect.

## 1.2 About Us

### Constitution

The Canadian Tourism Commission (CTC) is a federal Crown corporation wholly owned by the Government of Canada (the "shareholder"). It is accountable to Canada's Parliament through the Minister of Industry.

### Governance

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

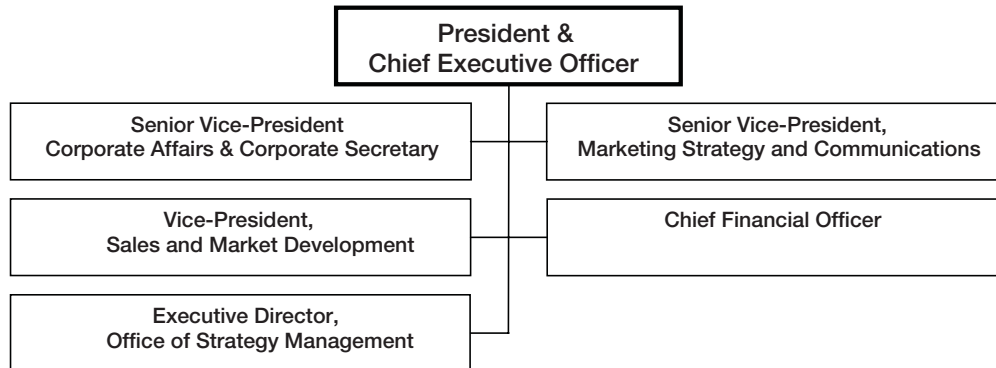
- Executive Committee
- Governance and Nominating Committee
- Audit Committee
- Human Resources Committee

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

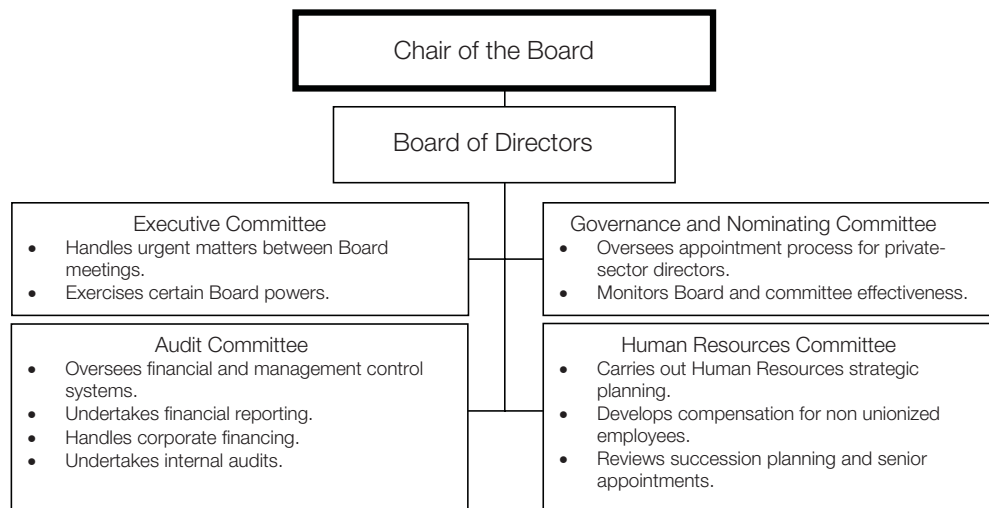
## Legislative Powers and Obligations

<p><b>Legislative Powers</b></p>	<p>The <i>Canadian Tourism Commission Act</i> and subsequent regulations provide the legislative basis for the establishment of the CTC and its activities.</p> <p>The CTC is not governed by the <i>Public Service Employment Act</i> and is considered a separate employer. However, it is governed by or subject to the requirements of several acts including:</p> <ul style="list-style-type: none"> <li>• <i>Financial Administration Act (FAA)</i></li> <li>• <i>Official Languages Act</i></li> <li>• <i>Privacy Act</i></li> <li>• <i>Access to Information Act</i></li> <li>• <i>Canada Human Rights Code</i></li> <li>• <i>Canada Labour Code</i></li> <li>• <i>Employment Insurance Act</i></li> <li>• <i>Employment Equity Act</i></li> <li>• <i>Federal Accountability Act</i></li> <li>• <i>Public Servants Disclosure Protection Act</i></li> <li>• <i>Conflict of Interest Act</i></li> </ul>
<p><b>Legislative Obligations</b></p>	<p>A Special Examination is mandated every five years under the <i>Financial Administration Act (FAA)</i> and a report on the findings must be submitted to the Board of Directors. The next examination will occur in 2010.</p>
<p><b>Accountability to Parliament</b></p>	<p>The Government of Canada primarily regulates Crown corporations through their enabling legislation and through the FAA. CTC is currently listed under Part I, Schedule III to the FAA, and as such is required to:</p> <ul style="list-style-type: none"> <li>• submit an Annual Report, a Corporate Plan and an Operating Budget to the responsible Minister; and</li> <li>• undergo regular audits by the Auditor General of Canada.</li> </ul>

## Managerial and Organizational Structure

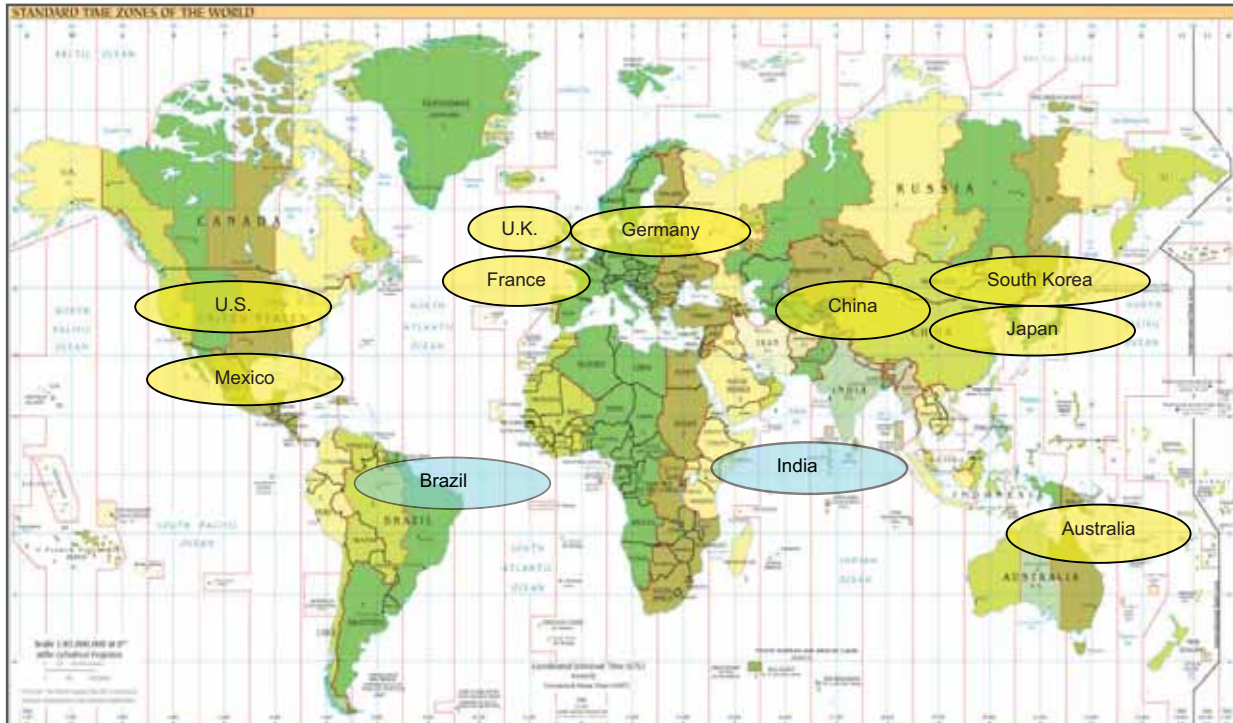


## Board and Committee Structure



## Offices

The CTC is headquartered in Vancouver, British Columbia, and maintains a small branch office in the National Capital Region. As well, it has international offices in the U.S., the U.K., Mexico, France, Germany, China, Japan, South Korea and Australia. While the CTC will begin national tourism marketing activities in Brazil and India in 2009, it has no plans to open offices in those markets due to the current two-year scope of the stimulus investment.



## Staff

The CTC has 162 permanent positions, 96 of them (or 60 percent) are located in the CTC's head office in Vancouver. These positions are variously engaged in marketing, communications and research activities, as well as providing corporate services. There is also a small office in Ottawa, with three positions. As well as its Canadian staff, the CTC has 63 permanent positions (39 percent) delivering international marketing and sales services out of international offices. Of this total, 26 work from various centres in the U.S. The relatively strong American representation reflects the fact that currently over 76 percent of international overnight trips to Canada are made by American travellers.

In the spring of 2009, additional CTC staff will be added on a temporary basis to support the stimulus projects announced in the 2009 federal budget. Incremental two year CTC staff resources will support the domestic advertising program, increased U.S. Leisure, and additional support resources such as procurement, finance, e-marketing, and corporate communications required in order to manage this significant two year project. Increased capacity will also include contracted sales and public relations representatives to support new initiatives in India, Brazil, and Global MC&IT.

# corporate plan

## part 2: our industry

### 2.1 Tourism in Canada

#### Selling Canada abroad

The CTC works in the national interest to make Canada more competitive internationally and to generate increased revenues for an industry that contributes significantly to the Canadian economy. Tourism represents approximately 2 percent of the Gross Domestic Product (GDP) of Canada, with an annual value of \$28.6 billion<sup>1</sup>. That equals approximately the economic value of agriculture, forestry, fishing and hunting combined. Tourism is said to generate “export revenues,” as any item sold to an international tourist is considered an export.

#### Advertising domestically

Stemming from the 2009 federal budget, the CTC will invest in an integrated domestic advertising program in 2009 and 2010. This program will have the policy objective of import substitution by showcasing world-class Canadian tourism experiences to Canadians and encouraging them to consider replacing a planned international trip with one in Canada. Canada's domestic tourism industry represents \$59.2 billion in revenues in 2008, an increase of 8.5 percent over 2007. With a weakening economy in late 2008 and entering into 2009, this domestic revenue is at risk.

#### Benefitting Canada's tourism businesses

As well as bringing international money into the country, tourism provides work for many thousands of Canadians. In 2007, Statistics Canada counted 159,493 tourism-related businesses in Canada. Although the majority of those businesses are small and medium-sized enterprises (SMEs) – that is, with fewer than 20 employees – tourism nevertheless accounts for 660,000 jobs. SMEs operate in communities large and small in every province and territory of Canada, and in many ways they are the economic backbone of the country. Canadian businesses provide tourism services in five key areas – accommodation, food and beverage services, recreation and entertainment, transportation and travel services – and they deliver strong economic, social and cultural benefits to Canadians in city and country alike.

#### National benefits

The immediate beneficiary of the CTC's activity is the tourism industry. Indeed, the industry recognizes the value of CTC marketing programs by matching federal funding at a ratio greater than 1:1. In other words, the CTC leverages every public dollar invested in tourism marketing to increase the impact of the public money invested. The ultimate beneficiary is the Canadian taxpayer who enjoys tourism's contribution to

#### The Economic Picture, 2008

- Tourism revenues reached \$74.9 billion, an increase of 5.8 percent over 2007.
- Tourism's contribution to Canada's GDP reached \$30.7 billion, a 7.3 percent increase over 2007.
- Tourism generated over 660,000 jobs and \$22.2 billion in government revenues.

Source: Statistics Canada 2008 estimates, National Tourism Indicators

<sup>1</sup> Based on Statistics Canada 2006 data for Gross Domestic Product at basic prices, primary industries.

the quality of life in Canada, through public and private investments in parks, transportation infrastructure, attractions, events and event facilities. In addition to stimulating export revenue growth and job creation in Canada, the CTC also stimulates high-value knowledge-based businesses and jobs for the Canadian economy. The CTC is a strong customer of Canada's knowledge-based and creative economies (e.g. enabling technology; e-marketing; creative production; research and creative testing). Typically, between 38 and 43 percent of the total marketing investment required to ensure a successful campaign is spent domestically in Canada.

# corporate plan

## 3.1 “Canada. Keep exploring”

Canada is a place like no other – a country of dramatic landscapes, vast wilderness, vibrant cities and diverse peoples; a country where nature and humanity come together in distinctive ways; a country with no fewer than 14 UNESCO World Heritage Sites.

In considering Canada, the CTC has identified five “Unique Selling Points for Canada” that differentiate this country in the global marketplace. These selling points set Canada apart from the competition by presenting the country as a distinctive, unusual and extra-ordinary travel destination. These points allow the CTC to package and market experiences that are relevant to the interests and values of travellers identified by the Explorer Quotient (an innovative, state-of-the-art segmentation tool that enables the CTC to pinpoint travellers in terms of particular travel preferences – see page 33).

Consistent respect for these five unique selling points in Canadian marketing will ensure that all experiences that are marketed internationally support Canada’s tourism brand. The selling points give the CTC focus and a process by which to align sellable products. They also help to shape messages globally at all channels to ensure that Canada remains distinct and competitive.

part 3:  
our brand



## 3.2 Canada's Unique Selling Points

### Vibrant cities on the edge of nature

Canada is unique for having vibrant urban cities, which have a close proximity and accessibility to nature. Travellers can attend world-class theatre in Toronto, one of the world's most culturally diverse cities. Explore Stanley Park in cosmopolitan Vancouver. Raft the St. Lawrence River in Montreal, a leading cultural metropolis.



### Personal journeys by sea, air or land

A trip is about the journey, and discoveries made along the way. These are life-changing experiences. Sailing through BC's Inside Passage. Hiking the East Coast Trail in Newfoundland. Mushing a team of dogs through the stunning Yukon wilderness.



### Active adventure among awe-inspiring natural wonders

Travellers are forever changed when they actively participate in the profound beauty of Canada's nature and wildlife. Trekking through the Canadian Rockies. Taking in the wondrous Northern Lights or the majesty and power of Niagara Falls. Watching polar bears from the window of a tundra buggy lodge.



### Award-winning Canadian local cuisine

Canada's strong local cuisine and wine scene is full of experiences to be savoured. Visitors can discover Ontario's ice wines or visit a micro-brewery in Nova Scotia. Find out how Quebec cheeses are made or learn about oyster shucking in Prince Edward Island. Here there are food movements in the making: *terroir* and the 100 Mile Diet.



### Connections to Canadians

Many travellers want to engage in the communities they visit. Such as taking part in a First Nations sweat lodge ceremony. Discovering Acadian culture at a summer kitchen party. Learning how to catch lobster from a fisherman on Prince Edward Island. Connecting with Canadians – some of the friendliest people in the world.



# corporate plan

## part 4: our world

### 4.1 Industry and Operating Environment

#### 4.1.1 Industry Environment

##### Keeping abreast

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

##### Holding steady in the world

There is some good news on the global front, where markets have proved resilient to a slowdown in the U.S.; the global economy expanded at a rate of 3.9 percent in 2008, compared to 5 percent in 2007. With the exception of the U.K., Japan and South Korea, the CTC's core overseas markets have been relatively unaffected by the U.S. economic slowdown. Following four consecutive years of strong growth, the United Nations World Travel Organization (UNWTO) expects growth trends in international tourist arrivals to continue in 2009, albeit at a lower rate, with developing countries leading the pack.

##### State of the market

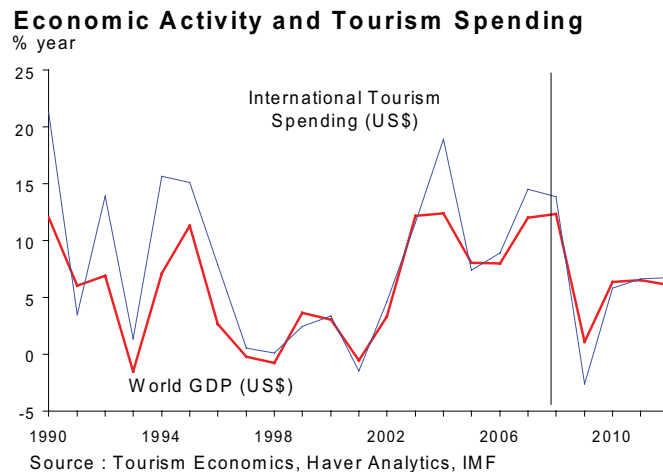
Declining leisure travel from the U.S. – the combined result of a depressed economic environment, volatility in fuel prices and a strong Canadian dollar – has contributed to worsening statistics for international visitation. Since 2002, Canada's market share of outbound travel from the U.S. leisure travel market has fallen by 9.9 percent while outbound travel from the U.S. meetings, conventions and incentive travel (MC&IT) market has declined by 4.0 percent. Still, with 10.6 million American travellers coming to Canada and revenues of \$5.2 billion in 2008, the U.S. leisure market accounts for more than all of the CTC's other core overseas markets combined (\$3.6 billion); total international tourism revenue reached \$15.7 billion. As for the market as a whole, the average yield per night per long-haul traveller (defined as U.S. air leisure, business travel and overseas air travel) is estimated to have decreased to \$126.8 in 2008 (down 0.7 percent from \$127.73 in 2007).

### New competition

The UNWTO now ranks Canada thirteenth in the world for tourism receipts and fourteenth for tourism arrivals. As for the future, increased global competition, a strong Canadian dollar and rising fuel costs combine to present certain challenges for Canada's tourism industry. The world is competing for tourists as never before, and travel is beginning to flow towards new, exotic and emerging destinations in Asia, Africa and the Middle East. Indeed, this is a global trend, with established markets at the moment encountering relatively more difficulty than the new markets. Thus, over the next 15 years, emerging regions are expected to post strong gains at the expense of Europe and the Americas. Indeed, it is predicted that, by 2020, Europe and the Americas together will barely reach one billion in international arrivals, while Asia, Africa and the Middle East together will hit the 1.6 billion mark. Canada is not the only country being challenged in the area of international travel, as several of its established international competitors also felt the strain in 2007.

### Global Recession

In the second half of 2008, the U.S. mortgage crisis developed into a financial crisis that has since resulted in a significant decrease in global demand. Most leading world economies, including Canada, are experiencing recessionary pressures and contracting demand. Tourism is traditionally a very resilient industry, recovering quickly from economic downturns. There is no lag in recovery when demand increases.



This global economic downturn represents a once-in-a-generation opportunity to increase international market share as Canada will be able to market aggressively into this downturn. In the marketing profession and academia there is a great deal of peer-reviewed research proving that increased marketing investment in a downturn is good business. McGraw-Hill studies of 1974/75 and 1981/82 recessions saw declines of 21 percent and 45 percent respectively in sales over two years for companies that cut investment in marketing and advertising versus those that did not. A study by the American Business Press found that 143 U.S. firms that cut advertising investment during the 1974/75 recession saw a 38 percent decline in income over two years. An additional study of PIMS data from the 1990 downturn showed that companies that cut advertising investment gained only 0.2 percent market share, while those who maintained investments experienced a 0.5 percent increase and those who upped their investment experienced a 0.9 percent growth in market share. The CTC plans to follow this proven strategy as a result of the stimulus investment provided as part of the 2009 federal budget.

2007 Estimated overnight trips (000s)										
	CANADA	07/06%	U.S.	07/06%	AU	07/06%	U.K.	07/06%	NZ	07/06%
U.S.	13,317	-3.5	–	–	460	+0.8	3,622	-2.0	226	+0.2
U.K.	892	+5.9	4,498	+7.0	689	-6.2	–	–	304	+3.3
France	359	-0.7	998	+26.3	72	+7.0	3,305	-11.0	19	+2.2
Germany	298	–	1,524	+10.0	152	+2.2	3,398	0.0	61	+3.5
Mexico	230	+13.8	2,482	+15.3	–	–	57	-30.0	3	-1.8
Japan	310	-14.7	3,532	-3.8	573	-12.0	309	-5.0	136	-0.5
South Korea	188	-0.5	806	+6.4	253	+2.9	–	–	115	+3.5
China	151	+8.6	540	+17.9	357	+16.0	181	+41.0	115	+8.4
Australia	208	+16.0	670	+11.0	–	–	938	+3.0	940	+4.1
Total Core Markets	16,007	-2.6	15,050	+8.8	2,556	-3.0	11,810	-3.6	1,966	+3.3
Total International Markets	17,768	-2.7	48,287	+11.1	5,643	+2.0	32,779	+2.0	2,377	+3.2

Canada received fewer overnight trips from four of its core markets in 2007: that is, the U.S. (-3.5 percent), France (-0.7 percent), Japan (-14.7 percent) and South Korea (-0.5 percent). These declines contributed to an overall drop of 2.6 percent for all CTC core markets and of a 2.7 percent decline for international markets in 2007. These declines have tended to make Canadian tourism much more reliant on domestic travel.

### The travel account

Total tourism revenues in Canada in 2007 reached an estimated \$70.8 billion (an increase of 6.1 percent from 2006). Much of the increase came from domestic travel, however, as Canadians taking advantage of a strong Canadian economy accounted for over 77 percent (\$54.6 billion) of total revenues. International tourism generated only \$16.2 billion (23 percent) of total tourism revenue (a drop of 1.7 percent from 2006). At the same time, Canadian outbound travel spending continued to rise in light of a strong Canadian dollar and increasing number of retirees to reach a record level of \$26.9 billion in 2007 (an increase of 15.5 percent from 2006), with Canada's international travel deficit rising to an estimated record of \$10.3 billion in 2007.

### 4.1.2 Federal Priorities

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

This language builds upon language from the opening of the second session of the 39<sup>th</sup> Parliament (October 16, 2007) where the Speech from the Throne touched on four keys areas that relate to tourism either directly or indirectly as follows:

#### **Standing up for tourism**

Tourism is a fundamental part of Canada's economic mosaic. In the most recent Speech from the Throne, the Government identified a number of priorities for action – including strengthening Canada's Arctic sovereignty, strengthening the federation and Canada's democratic institutions, providing effective economic leadership, protecting the environment and tackling crime; it also stated that it would "stand up for Canada's traditional industries...including...tourism."

#### **Infrastructure renewal**

Through the Building Canada Plan (BCP), the Government of Canada is making strategic investments in infrastructure that contribute to a growing economy, a cleaner environment, and strong and prosperous communities. The \$33-billion BCP (over 7 years) represents the largest federal commitment to public infrastructure in 50 years. The Building Canada Fund includes tourism infrastructure as an investment category, providing funding to projects that demonstrate a significant economic and/or regional impact. Infrastructure Framework Agreements provide a comprehensive and flexible approach to coordinate the implementation of the Building Canada infrastructure plan with each jurisdiction.

#### **The environment**

Canada's tourism brand has everything to do with a healthy environment, and Canadian businesses are beginning to invest in sustainable tourism. As well as regulating greenhouse gas emissions and air pollution, the Government of Canada has acted to protect sensitive areas, including a large expansion of Nahanni National Park and preservation of the Great Bear Rainforest, Point Pleasant Park and Stanley Park in Vancouver. Through a new infrastructure plan, the Government will promote a cleaner environment by investing in public transport and water treatment and by cleaning up contaminated sites. A new water strategy will be implemented to help clean up major lakes and oceans and improve First Nations access to safe drinking water.

#### **Canada's North**

New tourism opportunities are emerging in Canada's North. The Government, which has identified the North as a priority, has brought forward an integrated northern strategy to strengthen Canada's sovereignty, to protect our northern environmental heritage, to promote economic and social development and to improve and devolve governance.

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

In addition to addressing tourism within its general priorities, the federal government also provided specific directions to the CTC in 2008. Recognizing a number of outstanding opportunities, the government provided the following directions to the CTC in order to respond to certain issues and concerns; they form the basis of the current plan:

#### **New opportunities in the U.S. market**

The CTC will seek new opportunities to tap into the U.S. market and apply strategic marketing techniques to entice U.S. travellers to experience Canada's wide array of destinations and experiences.

#### **Vancouver 2010 Olympic and Paralympic Winter Games**

The 2010 Winter Games represent a once-in-a-generation opportunity to accelerate tourism promotion and development across the country. The CTC will work in partnership with the provinces, territories and private sector to maximize marketing resources. It will provide leadership in using the Games to showcase the whole of Canada as a premier, global, four-season destination.

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

The North lies at the heart of the Government of Canada's public policy agenda, and tourism represents a promising new industry for this developing region. The CTC will work with partners to advance northern tourism.

#### **Strong online presence**

A strong online presence is crucial to the development of tourism in Canada. The CTC will review the content and effectiveness of its electronic services and will develop and vigorously promote its website as a world-class, highly visible Web portal that incorporates international best practices of design, ease of access and navigation and that compellingly showcases Canada to would-be tourists, travel trade and media.

#### **Review of board governance**

To ensure excellence in governance, the CTC will commission an independent assessment of current structures, including review of board by laws and constitution, and communicate the findings of the review to the Government of Canada for future consideration to maximize the effectiveness of the Board of Directors.

#### **Corporate documents**

To achieve high standards of transparency and accountability, the CTC will ensure that all corporate documents, including corporate plans and annual reports, are aligned with government strategic priorities and delivered within established statutory time frames. The plans will continue to be clearly and concisely written and presented.

#### **Performance measures**

Performance measurement is a key attribute of strong corporate accountability. The CTC will continue to refine and strengthen performance measures for key activities and markets. It will also ensure that all initiatives align with strategic objectives, and that they are results-oriented and amenable to performance evaluation.

4.1.3 Federal Programs

Federal Identity Program

The CTC, as a Part I, Schedule III Crown corporation, is subject to the Federal Identity Program (FIP), which promotes the clear and consistent identification of Canadian government institutions. The CTC has developed an FIP Action Plan to guide it in ensuring appropriate and consistent usage of FIP identifiers (see Appendix B).

Official Languages

The Office of the Commissioner of Official Languages, in its 2007-08 Report Card, ranked the CTC first out of 38 federal government departments and separate employers, with an overall score of 92.9 points. The Commission was also one of only three institutions to obtain an overall rating of 'A.' Over the 2009-2013 period, the CTC will continue to respect the equal status of both official languages, promote the effective use of both languages in the workplace and provide services to both language communities.

4.1.4 Financial Partnerships

Public-private collaboration

The CTC operates on the basis of public-private partnerships, with partner contributions to match federal funding so as to achieve a maximum return-on-investment for the taxpayer. Partner contributions totalled \$95.8 million in 2008, for a 1.2:1.0 ratio of tourism industry monies to federal appropriations. Over the 2009-2013 period, the CTC will continue to leverage partner contributions in order to increase the impact of the public money invested Canada's tourism marketing activities.

There are four types of CTC partnership arrangements with healthy contributions in 2008, as indicated below:

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

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

# corporate plan

## part 5: our challenge

### 5.1 Opportunities, Strategic Issues and Risks

#### 5.1.1 Opportunities

##### Demand

The demand for tourism goods and services in Canada is expected to rise from \$130 billion in 2005 to \$220 billion in 2025 (adjusted for inflation to 1997 dollars)<sup>2</sup>. Growth will be strongest between 2005 and 2010, when baseline demand is forecast to increase at an average annual rate of 3.5 percent a year. Much of the increase in demand relates simply to growth in population. By 2013, increases in the number of people aged 25 to 64 in age are expected to create a population of some 1.2 billion people in the CTC's core markets (a 7.0 percent increase over 2007 levels, or 80 million people).

Population forecasts (age 25-64) (In millions)							
	2007	2008	2009	2010	2011	2012	2013
United States	160	161	163	164	165	166	167
Europe/Latin America*	159	160	162	163	164	167	169
Asia/Pacific*	830	840	848	856	865	878	893
<b>TOTAL</b>	<b>1,149</b>	<b>1,161</b>	<b>1,172</b>	<b>1,183</b>	<b>1,195</b>	<b>1,211</b>	<b>1,229</b>
<b>% Change</b>	<b>1.4</b>	<b>1.0</b>	<b>0.9</b>	<b>0.9</b>	<b>1.0</b>	<b>1.3</b>	<b>1.5</b>

\*CTC core markets 2007  
U.S. Census Bureau

Not all of this growth in population will translate into Canadian sales. Although the number of international visitors is expected to increase overall by 1.0 million (from 16.0 million in 2007 to 17.0 million in 2013), trips from the U.S. will probably decrease their share from 83.5 to 80.3 percent of Canada's international market. On the other hand, trips from overseas markets are expected to increase from 16.5 to 19.7 percent of Canada's international market.<sup>3</sup>

<sup>2</sup> Conference Board of Canada

<sup>3</sup> CTC Estimates



### **Growing global middle class**

According to the UNWTO, international tourist arrivals are expected to double soon, from an estimated 800 million in 2008 to 1.6 billion by 2020. The most significant increases are expected to take place in markets like China, India and destinations in South-East Asia. The Gulf States and emerging Eastern Europe complete this picture, followed by the Latin American and finally African markets. Many of these are becoming important outbound markets, backed by growing middle classes on the one hand, and liberalizing policies promoting mobility on the other. According to UNWTO figures, Chinese tourists spent a total of \$42 billion in 2007.

### **Growing interest in experiential travel**

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

### **Canada's Games in 2010**

The Vancouver 2010 Olympic and Paralympic Winter Games provides a once-in-a-generation opportunity to accelerate global awareness of Canada's refreshed tourism brand in nine key markets around the world. By leveraging the media exposure afforded by the 2010 Winter Games, the CTC will work with its partners to differentiate Canada's tourism brand and inspire the world to explore Canada. More information on how the CTC plans to leverage Canada's Games can be found starting on page 40.

### **Pursuing new market opportunities**

At the same time that Canada faces declines in the number of Americans visiting Canada, it also confronts new opportunities for renewal and growth. Through leading-edge strategic marketing of the wide array of destinations and products found in this country, Canada must position itself to capture an increasing portion of the global opportunities for tourism, including new opportunities in the U.S. market. In seeking new opportunities to tap into the U.S. market, the CTC will:

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

The aim is to reach the highest-yield consumers with compelling messages, both in traditional markets and in new areas of the U.S. The CTC is already marketing intensively in California, New York and Massachusetts (and especially in New York City, Boston, Los Angeles and San Francisco) and will add new pre-qualified cities to the list of prime targets in key traditional markets

As a result of the 2009 federal budget announcement, the CTC will increase its investment in U.S. Leisure marketing. With deteriorating economic conditions and increasing job losses in the U.S., the continued focus on high-yield travellers – who are the most resilient to barriers and economic challenges – is the right strategic approach. The economic conditions also represent an opportunity for Canada. U.S. Leisure travellers are re-thinking their short-term travel plans by planning shorter vacations with less overseas travel. By positioning Canada as a cost-effective getaway destination, Canada can leverage this opportunity, just as it did in 2002 after the events of 9/11. As a result, a portion of the U.S. Leisure budget, including incremental investment earmarked for international marketing from the 2009 budget, will support this strategic approach to best stimulate short-term business in these challenging economic times.

## 5.1.2 Factors Influencing Performance

### Fuel costs

Increasing volatility in the cost of oil is impacting the cost of travel. The cost of oil reached an historic high of nearly \$150 (U.S.) a barrel in July 2008; however, within four months, demand for crude had evaporated amid a global economic spiral, resulting in the price falling to under \$70. Indeed, oil prices witnessed a dramatic collapse – unprecedented in speed and magnitude. Continued market volatility makes it difficult for the tourism industry to strategically plan for the future. As the Organization of Petroleum Exporting Countries cuts oil production in an attempt to stop tumbling crude prices, it will not be easy to predict the impact on airlines and the global tourism industry as a whole.

### Air access

The International Air Transport Association forecasts that international airline passenger traffic will increase at rates as high as 5 percent a year over the next few years. For capacity, however, the picture is more varied. Capacity from the U.K., Mexico and China has recently increased by rates as high as 12.9 percent. In addition, the December 2008 signing of a comprehensive Canada-E.U. air transport agreement promises to open access to all 27 Member States for Canadian carriers and all points in Canada for E.U. carriers. Still, capacity from other markets (the U.S., South Korea and Japan) has decreased by rates that range from 1.5 to 7.1 percent. Although new Air Canada flights to Australia and Germany are expected to offset some of these recent declines, the downward trend is expected to continue.

### Exchange rates

The strength of the Canadian dollar affects Canada's international competitiveness. Although the dollar strengthened during 2007, reaching parity against the U.S. dollar and even surpassing it, by October 2008, the global economic crisis had caused the Canadian dollar to drop to a four-year low. While the U.S. dollar and the yen lost 22 and 20 percent respectively against the Canadian dollar between 1997 and 2007, ongoing currency fluctuations could reverse this trend. Still, U.S. travellers (originating mainly in border states) and Japanese travellers to remain sensitive to fluctuations in their currencies.

### Economic uncertainty

The increasing economic uncertainty that was a reality in the summer of 2008 is now a full scale recession. This is impacting the consumer confidence and net worth of travellers. While tourism has historically proven resilient to economic turbulence, the current volatility of the global markets is already resulting in cutbacks in various organizations throughout Canada's tourism marketing industry. The importance of continuing to market Canada's tourism brand in order to protect market share during these uncertain times cannot be overestimated.

### Labour market shortages

Canada is experiencing shortages in labour. Tourism employers are already finding it difficult to recruit enough workers, and the situation is worsening. By 2025, potential labour shortages in Canada's tourism industry could reach 348,000 full-time, permanent jobs.<sup>4</sup>

### Competitive funding levels

The CTC's enterprise risk management exercise has identified that CTC has inadequate resources to deliver against its mandate. This risk is enhanced by increased investments by many of Canada's competitors. Among the competing destinations of Australia, the U.K., New Zealand, South Africa, France and Spain, only New Zealand (with a population of 4.2 million) has a lower tourism budget than Canada when one looks at base appropriations. Australia now has one of the largest tourism marketing budgets in the world at \$153.2 million. (In addition, Australia also has a separate budget for domestic marketing.) Like Canada, all of the National Tourism Marketing organizations mentioned above partners with industry to leverage their budget allocations. While Canada has invested in additional tourism marketing to help combat the economic downturn, so have many of its competitors.

<sup>4</sup> Canadian Tourism Human Resource Council (CTHRC) and the Canadian Tourism Research Institute (CTRI) of The Conference Board of Canada.

Overseas destination	2008 international marketing budget allocations (\$CDN)
Australia	\$153.2 million
United Kingdom	\$76.3 million
New Zealand	\$64.0 million
South Africa	\$84.8 million
France	\$124.8 million
Spain	\$112.8 million

Source: CTC Research

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

U.S. destination	2008 budget (\$CDN)
California	\$62.3 million
Texas	\$67.9 million
Hawaii	\$91.5 million
Las Vegas	\$137.5 million

Source: CTC Research

In 2007, California more than doubled its tourism marketing budget from \$27.8 million to \$62.3 million. Likewise in 2007, Texas and Hawaii boosted their tourism marketing budgets by \$33.7 million and \$11.3 million respectively. Las Vegas now has a tourism marketing budget of \$137.5 million.

In September 2008, the U.S. House of Representatives passed the *Travel Promotion Act*, legislation proposing to establish an independent, non-profit corporation to operate a nationally coordinated, public-private campaign to counter negative perceptions of America's entry process, clearly communicate its travel policies and promote the U.S. as a premier international destination. This new national tourism marketing organization would be funded by private sector investment up to \$100 million (U.S.), as well as a matching contribution made via a \$10 fee on overseas visitors arriving from countries that participate in the Visa Waiver Program, resulting in a total budget of approximately \$200 million (U.S.). A U.S. national marketing organization would enhance the ability of U.S. destinations to unite under a collective tourism brand, thus significantly impacting Canada's competitive advantage of having a strong tourism brand to compete for international long-haul travellers.

### 5.1.3 Risks

#### Risk Assessment

The CTC monitors significant organizational risks and implements appropriate mitigation to reduce these risks to acceptable levels. The annual risk assessment for 2008 identified a number of specific risks – as outlined in the accompanying chart – and a program of mitigation was designed in response. In 2009, the CTC will undertake enterprise-wide risk assessment and, in that year's Annual Report, will report on the effectiveness of the Commission's mitigation activities.

Risk	2007 Rating	2008 Rating	Change	Mitigation Activities
<b>Resourcing:</b> Inadequate resources to deliver against the strategy			N/C	Identify efficiencies; reduce overhead costs
<b>Retention:</b> Inability to retain key staff			↓	Implement succession plan
<b>Competition:</b> Countries competing for tourism revenue			N/C	Execute marketing strategy focusing on differentiation and diversification; continue to identify new market segments.
<b>External shock:</b> Ineffective management of the impact of natural disasters (e.g. pandemics, environmental) and other external shocks (e.g. air traffic disasters) on Canadian tourism spend			↓	Incorporate competitive advantages in marketing and sales plans; implement crisis management framework.
<b>Relevancy / attribution – performance measurement:</b> Inability to fully measure and attribute performance and demonstrate influence on tourism in Canada			↓	Continue implementation of Balanced Scorecard.
<b>Leadership development:</b> Ineffective training programs to support personnel			New risk	Implement leadership development program
<b>Recruiting:</b> The right people for the right jobs			N/C	Strengthen recruitment process; conduct periodic salary benchmark surveys.
<b>Privacy:</b> Unintentional disclosure of confidential or sensitive information to third parties			↓	Develop privacy policy and opt-in procedures for e-marketing.
<b>Technology effectiveness:</b> Inability to leverage IT capability to effectively conduct internal processes (e.g. procurement, CRM, security and privacy)			↓	Continue with IT governance committee; implement IT action plan developed.
<b>Board governance:</b> Perception that large size of Board and the existence of an Executive Committee is poor governance practice			New risk	Conduct governance review.
<b>Corporate reputation:</b> Poor relationship with shareholder			New risk	Enhance presence of government relations in Ottawa with federal organizations.
<b>Special examination:</b> Special exam report includes significant deficiencies			New risk	Continue to implement and report on action plan.
<b>Marketing effectiveness:</b> Changes to Canada's tourism brand affect ability to market effectively			New risk	Move towards new global platform; differentiation through focus on Explorer Quotient (EQ) experiences.
<b>Employee contract negotiations:</b> Failure to complete collective agreement negotiations with union			New risk	Negotiation team in place.

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

Note that risk and mitigation are further discussed in the context of particular priorities, beginning on page 32.

# corporate plan

## part 6: our plan

### 6.1 Objectives, Priorities and Strategies

The present Corporate Plan (2009-2013) lays out objectives, priorities and strategies for the next five years and reaffirms the strategic goal of growing tourism export revenues for Canada. Strategies for the planning period build on foundations set out in the previous plan and reflect recent efforts to promote Canada's tourism brand, "Canada. Keep exploring." In general terms, the CTC intends – by adopting a targeted, focused approach to marketing – to reposition Canada as a destination where travellers have access to extra-ordinary experiences.

#### 6.1.1 Objectives

The plan is founded on four main objectives, for each of which the CTC has elaborated a high-level strategy, as follows:

Objectives	Strategies
<b>Convert high-yield customers</b>	The CTC will deepen its relationships with high-yield consumers in an effort to influence their travel decisions.
<b>Focus on markets of highest return on investment</b>	The CTC will concentrate its efforts on global markets or consumer market segments with the highest potential for return on investment.
<b>Lead industry in brand relevancy and consistency</b>	By harnessing the collective energy of the government and private sector and working closely with industry, the CTC will take the lead in communicating a strong, consistent, global brand for Canada.
<b>Respond to changing market dynamics</b>	By focusing on both short-term and long-term potential for maximizing return on investment, the CTC will position itself for maximum flexibility as markets mature and evolve.

### 6.1.2 Priorities

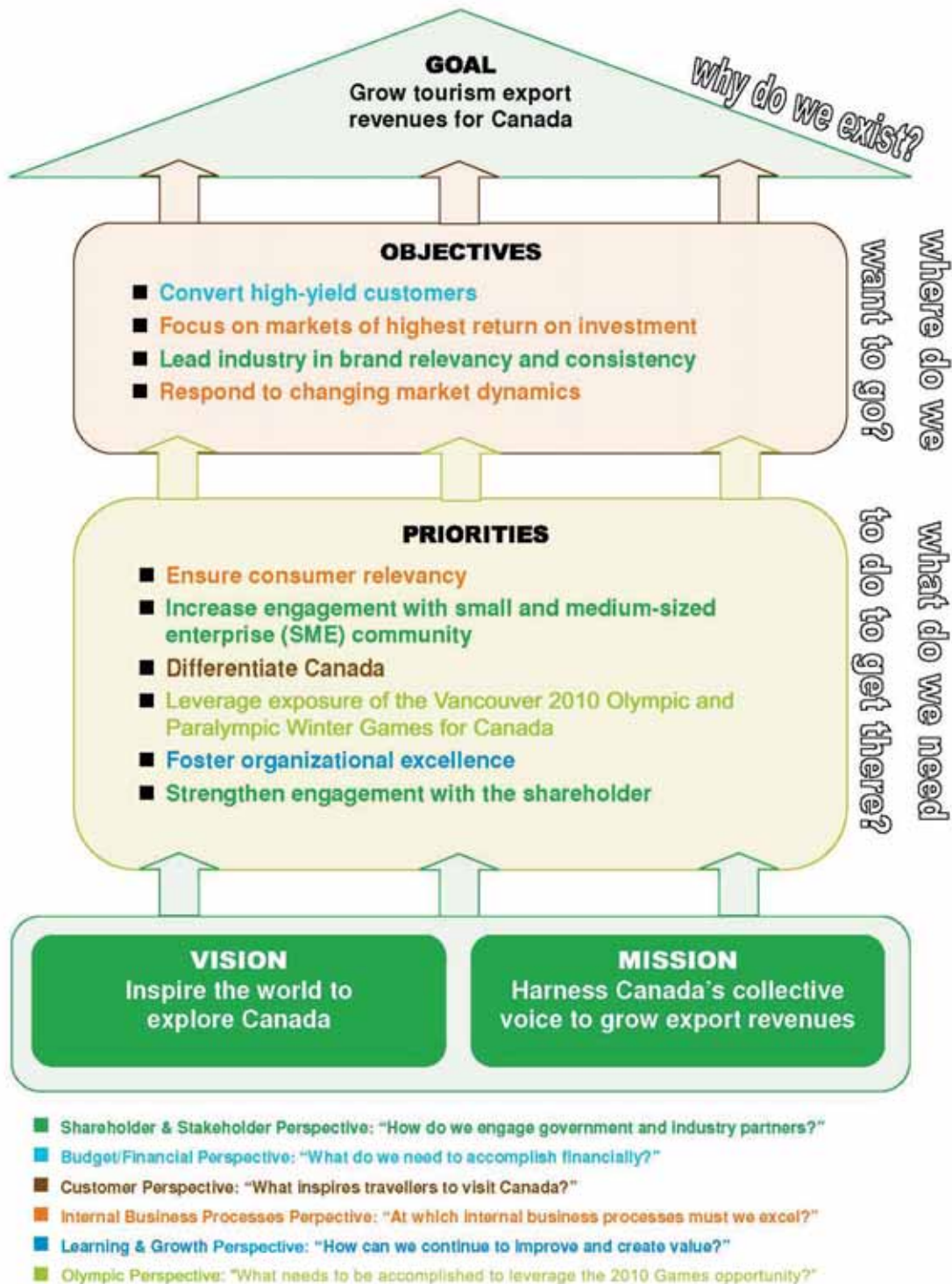
The Corporate Plan is built around six key priorities for action:

- Ensure consumer relevancy.
- Increase engagement with small and medium-sized enterprise (SME) community.
- Differentiate Canada.
- Leverage exposure of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada.
- Foster organizational excellence.
- Strengthen engagement with the shareholder.

### 6.1.3 Strategy

The structure of the Corporate Plan has been captured in an illustration, which shows the relationship of the various perspectives to corporate vision, mission, priorities, objectives and overall goal.

#### 2009-2013 Strategy Framework



## Perspectives

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

## Priorities, 2009-2013

The CTC has analyzed each of its six priorities for action in terms of risk and has put mitigation plans in place. As well, for each priority it has developed a series of detailed strategies that will allow the Commission meet its objectives and, ultimately, to increase tourism export revenues for Canada. For each priority, one key result has been defined. However, a number of other performance measures have been listed as well in the Balanced Scorecard (page 47).

### Priority 1. Ensure consumer relevancy

#### Key Expected Result

Increased awareness of Canada's tourism brand as measured by the brand composite index (a weighted average of unaided advertising awareness, unaided destination awareness and unaided destination consideration) from the CTC's Global Tourism Watch (GTW) survey.

#### Key Strategy

The CTC will develop and communicate relevant messages to targeted potential travellers, also working to ensure that messages address the particular interests and expectations of those consumers.

#### Risks and Mitigation

##### 1. Relevancy.

Effective marketing means knowing the consumer. In order to gain the necessary knowledge, the CTC will move its database to a new global platform, which contains an innovative segmentation tool to capture new kinds of consumer data.

##### 2. Privacy.

The CTC must ensure that the consumer's privacy is protected; it will do this by implementing and communicating its privacy policies for both employees and consumers and opt-in procedures for e-marketing.

##### 3. Technological effectiveness.

The need for technological effectiveness will be mitigated through the activities of the Information Technology (IT) Committee and through development and implementation of an IT action plan.



### **Learning more about the potential traveller**

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

Working with Environics Research Group, the CTC examined how social values in different countries are linked to the way they travel. Together with Environics, the CTC developed an online survey that segmented respondents into nine EQ groups. An online quiz was developed for the CTC website so that visitors could answer questions and find out their Explorer Type. From there, the CTC created a pool of information on Canadian tourism experiences to fulfill travel motivations based on the EQ groups. In July 2007, Environics Research Group and the CTC were honoured at the Marketing Research and Intelligence Association Awards luncheon for their EQ innovation, winning “Best in Class.” The award is presented to the research project that best serves as a shining example to research practitioners and users around the world.

To find out your Explorer Type, visit [www.canada.travel/eq](http://www.canada.travel/eq).

### **Offering more compelling experiences and content**

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

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

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

### **Building relationships**

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

## **Priority 2. Increase engagement with small and medium-sized enterprise (SME) community**

### **Key Expected Result**

Increased penetration of CTC news to SMEs, as measured by partner and stakeholder surveys.

### **Key Strategy**

Given the importance of SMEs as the central pillar of Canada's tourism industry, the CTC will engage and strengthen its relationship with the SME community in order to harness the collective voice of Canada's tourism partners big and small and work together to advance Canada's tourism brand and entice travellers to come to Canada now.

### **Promoting the “experience”**

The CTC will work with SMEs, encouraging them to think of Canada as an experience, rather than a product. To help these businesses to develop powerful and consistent messages for the marketplace, it will refer them to “Canada's Unique Selling Points” (page 17). These will help Canadian tourism businesses to differentiate the experiences they are offering from those being sold in other parts of the world. To that end, the CTC will also build on the first edition of the “Experiences Toolkit.” A marketing tool developed by the Brand Experiences team to aid SMEs in positioning and marketing their products as experiences, rather than commodities, the toolkit helps to create a collective Canadian voice for the presentation of exceptional and distinctive experiences to the marketplace. In addition, the CTC will continue to seek input from provincial and territorial marketing organizations and destination marketing organizations, and vet export-ready SME tourism businesses against established criteria to promote tourism experiences that advance Canada's tourism brand. The Brand Experiences team will build these experiences into a database to service CTC sales, marketing and media/public relations teams.

### **Canada Advertising Program**

In the Government of Canada's 2009 budget, the CTC was allocated \$10 million in each of the Government's fiscal years 2009-2010 and 2010-2011 to re-engage in domestic tourism marketing activities. The objectives of this program are: 1) to act as a method of import substitution by inspiring Canadian travellers who would otherwise travel outside the country to do their travelling within Canada; 2) in the interest of economic stimulation, to encourage Canadians to travel within the country and spend money to stimulate Canada's tourism industry, especially benefiting SMEs; and, 3) to leverage the 2010 Winter Games as “Canada's Games” from coast to coast to coast. The Canada Program will focus on media ad campaigns that will allow Canadians to become acquainted with the look and feel of Canada's tourism brand while recognizing the government's investment in this program. Still, this \$10 million incremental federal investment will only partially offset the overall decrease in tourism marketing that is occurring in Canada. Because many of Canada's tourism marketing organizations' budgets are formula-based, receiving funds linked to industry revenues such as hotel taxes, the economic decline is negatively impacting these organizations' ability to market. For this reason, the importance of the CTC's role in continuing to market Canada's tourism brand in order to reduce Canada's travel deficit during these uncertain times cannot be overestimated.

### Priority 3. Differentiate Canada

#### Key Expected Results

Increased ranking of Canada's tourism brand, as measured by FutureBrand's Country Brand Index.

#### Key Strategy

The CTC will work with partners to create or refresh products that extend Canada's tourism brand and respond to the consumer's expectations.

#### Risks and Mitigation

##### 1. Competition.

Canada faces enormous competition in attempting to seize a larger share of the global tourism market. This risk will be mitigated by execution of a marketing strategy that focuses strongly on differentiation and diversification of the Canadian experience, as well as identification of new market segments.

##### 2. External shock.

This risk will be mitigated by incorporating competitive advantages into marketing and sales plans, as well as implementing a crisis management framework.

#### Standing out from the competition

The CTC has had enormous success in launching Canada's tourism brand, "*Canada. Keep exploring,*" in world markets and establishing a visual identity for Canada. The author of the *Nation Brand Index*, Simon Anholt, notes that "Canada is the best largely unexploited Brand in the world, almost universally admired..." The *Nation Brand Index* ranks Canada third in the world and confirms that the world has a positive attitude towards Canada. However, while the country excels in perceptions of people and employment, health and social values, it lags on important tourism-driving factors such as personality and differentiation. The challenge is to take Canada's positive brand association and present consumers with compelling reasons to visit Canada. The CTC will work to position Canada's tourism brand as a leading storytelling brand, and Canada as a destination from which travellers will bring home extraordinary stories.

#### Bringing the brand to life

Visual recognition is only the beginning. The CTC will create the raw materials needed to sell Canada as a distinctive destination (the publications, the stories, the images). It will align communications, marketing, media and public relations activities to build on strong country awareness. It will make Canada's tourism brand better and more widely known by familiarizing targeted EQ segments with relevant Canadian experiences. It will seek opportunities to expose global travel media and potential travellers to Canada's new experiential brand. It will, in effect, complement marketing campaigns by entrusting the brand to empowered brand ambassadors and partners. The aim is to further the brand to "inspire the explorer within" with promises of "a life less ordinary," so that targeted consumers will choose to experience Canada today. Over the next five years, CTC global marketing will evolve to bring Canada's tourism brand to life. In 2009, the CTC will continue to develop the new personality for Canada's tourism brand, one that is authentic, informal and witty.

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

Tourism in the North represents an exciting opportunity for one of Canada's most important developing regions. Tourism has been identified as an important contributor to the overall economy of all three territories, and, as such, the CTC will continue to work with federal and territorial partners to advance Northern tourism. As well, the CTC will continue to assess opportunities to market Northern tourism experiences in its core markets.

### **Sustainable tourism**

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

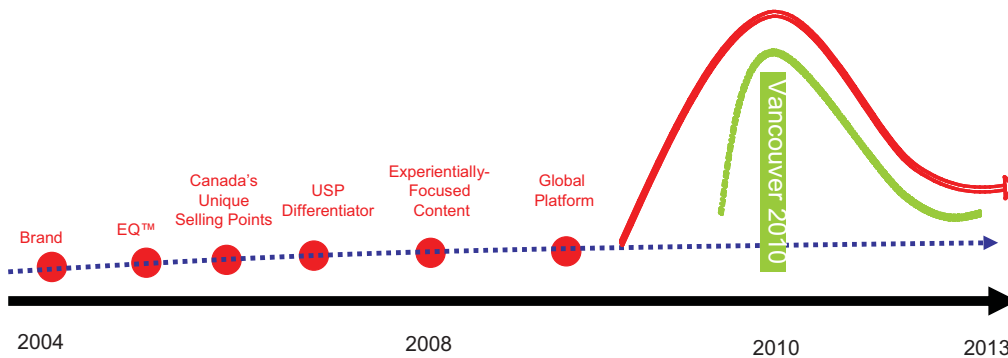
### **Aboriginal tourism**

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

### **The Global Platform**

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

## A 10-year plan to inspire the world to explore Canada

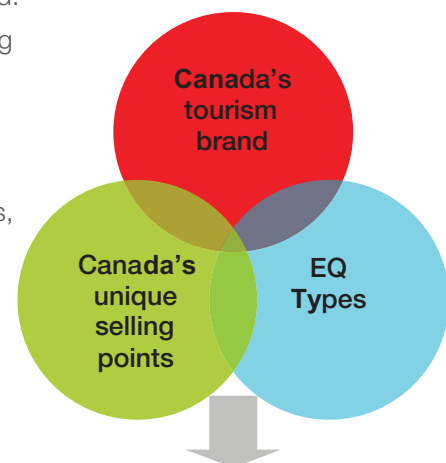


- **Brand:** Gives a compelling and consistent brand positioning and visual identity for Canada's travel experience;
- **Explorer Quotient (EQ™):** Gives a deeper understanding of long-haul, high-yield international travellers enabling increased customer focus and relevance with messaging;
- **Canada's Unique Selling Points (USP):** Defines Canada's unique selling points;
- **Canada's USP Differentiator:** Defines Canada's personality in the marketplace;
- **Experientially-Focused Content:** Captures and creates "emotional and engaging" stories about Canadian experiences;
- **Global Platform:** Builds on all of the above in partnership with the tourism industry, to facilitate a global and integrated approach to compelling the world to travel to and explore Canada.

### Key filters

During the planning period and beyond, the CTC will take a bold approach in all marketing, sales and communications efforts in order to shift consumer perceptions of Canada from simply beautiful landscapes to uniquely Canadian characteristics that will inspire the explorer to achieve extra-ordinary experiences. In order to focus efforts in relation to six priorities and to stay on strategy, the CTC will subject all activities to three key filters – Canada's tourism brand, (see page 16), Canada's unique selling points (see page 17) and Explorer Quotient (EQ) Segments (see page 33). These three filters will operate as follows:

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



## **Emerging Markets**

Canada's tourism marketing has had significant success in emerging markets such as Mexico, South Korea and China due to strong research showing when to enter the markets, excellent strategies and on-the-ground expertise. These three markets now represent some of the strongest performing markets in the CTC's portfolio. In its 2009 budget, the Government of Canada recognized that the CTC is well-positioned to leverage its expertise to generate success in other emerging economies, including Brazil and India.

Research shows that new customers in emerging markets are pre-disposed to destinations such as Canada because it is safe, accessible, well-governed and affords appropriate travel experiences and luxuries for members of an emerging middle class. With growing middle classes in emerging markets such as Brazil and India, the CTC will seize the opportunity to invest in these new markets to provide increasing rates of growth in the short-term and over the long-term. Canada can expect strong returns in the first few years after initial investment in these untapped markets. Initial activities will include tourism trade missions to each of these markets, brand awareness enhancement, and business development.

In addition, significant up-side potential exists in fast growing new markets such as China and Mexico. The CTC will invest in new geographic areas of these countries as if they were in the emerging market category. A challenging economy is an opportunistic time to invest in these lucrative markets and presents a once-in-a-generation opportunity to gain valuable market share. Media costs are lower, competition is decreased and Canada's tourism brand will accelerate sooner and provide a basis for easier conversion.

## **Global MC&IT**

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

The Government of Canada recognized this potential in its 2009 budget, and as a result, the CTC will begin investing in a global MC&IT program with a modest investment in 2009. This investment will leverage existing partner city and convention centre investments in the lucrative international congress market. With additional funds, the CTC will accelerate this program and more quickly provide an increased return to industry. This need is also driven by new convention centre capacity in major centres such as Vancouver where the federal government has invested in infrastructure. Linking the CTC's effective new marketing and sales programs to increases in convention centre capacity will help to ensure that infrastructure investments provide the economic stimulus that had been envisioned for Canada.

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

At the same time that Canada faces declines in the number of visiting Americans, Canada's tourism industry is also confronting new opportunities for renewal and growth. Recognizing this, the 2009 budget provided funds to support the CTC in seeking new opportunities to tap into the U.S. market; in particular, the Commission will continue to:

- Augment the number of target cities for marketing activities;
- Segment the market to define and reach the customers who potentially have the greatest financial benefit for Canada;
- Engage in a getaway style strategy with a portion of the U.S. Leisure budget, similar to efforts post-9/11, to provide as much immediate benefit to the Canadian industry as possible in these challenge times;

- Engage in relevant marketing and sales tactics for those segments to increase awareness of Canada, to confirm travel intentions and to generate actual bookings; and,
- Deliver a measurable, integrated, consistent and cost-effective marketing mix.

The aim is to reach the highest-yield consumers with compelling messages, both in traditional markets and in new areas of the U.S. The CTC is already marketing intensively in California, New York and Massachusetts (and especially in New York City, Boston, Los Angeles and San Francisco) and will add new pre-qualified cities to the list of prime targets in key traditional markets.

There is also the issue of appealing to the right consumer with the right messages, those most resilient to economic downturns. The CTC will leverage the innovative Explorer Quotient™ segmentation tool to identify potential consumers more precisely than ever before in terms of travel interests and values, instead of the more traditional demographics. This information will allow the CTC to target consumers with products designed specifically to interest them and with advertising that is custom-fitted to speak to those interests. In particular, the CTC will take advantage of the 2010 Winter Games to mount a series of both conventional and online campaigns to promote compelling year-round getaways and four-season packages and experiences. It will also support the above investments by building content and broadcast assets to bring Canada alive for people who are shopping for a holiday destination.

#### Priority 4. Leverage exposure of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada

##### Key Expected Result

Increased awareness of Canada's tourism brand as measured by the brand composite index (a weighted average of unaided advertising awareness, unaided destination awareness and unaided destination consideration) from the CTC's Global Tourism Watch (GTW) survey.

##### Key Strategy

The CTC will leverage the Vancouver 2010 Olympic and Paralympic Winter Games to enhance the way that Canada is seen by the world.

##### Risks and Mitigation

As part of its ongoing strategic management framework, the CTC undertakes annual internal audits and enterprise risk assessment. The focus of the current internal audit, which is underway at the time of completion of this report, is to identify any risks associated with the CTC Olympic Strategy.

#### Seizing the opportunity

In 2007, the CTC developed a 2008-2012 Olympic Games Tourism Strategy, with \$26 million of funding received from the federal government. The idea is to take advantage of the Vancouver 2010 Winter Games, with 2 billion world viewers, to make Canada better known around the world as a potential destination. During the planning period, the CTC will create awareness of Canada by leveraging media exposure. It will work with partners to build relationships with high-yield international travellers. In particular, it will introduce consumers targeted within EQ segments to relevant Canadian experiences with the goal of "inspiring the explorer within" to seek out the unusual and extra-ordinary.

The strategy has the following explicit objectives:

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

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

- **Phase 1: Before the Games** The CTC will use the run-up to the Olympic Games to create a tourism personality for Canada (brand building) and to strengthen partner relationships. In particular, it will develop an enhanced and sustained relationship with the media and new business partners. The organization will also develop assets (video, images, and stories) required for subsequent phases of the project.



- **Phase 2: During the Games** During the active period of the 2010 Winter Games, the CTC will leverage relationships established in Phase 1 but will shift its focus to media relations and web communications. Media relations activities will showcase the “refreshed” Canadian experience via dynamic and intriguing images and stories targeted to global media and through the CTC’s enhanced website.
- **Phase 3: After the Games** The CTC, working with partners, will harvest the “afterglow” and will sustain interest aroused by the event by extending it to new travel experiences in Canada. In particular, it will work with partners to target consumers and convert their interest in Canada into travel intentions, with a focus on “closing the sale.”



#### Priority 5. Foster organizational excellence

##### Key Expected Result

Increased employee engagement as measured by the CTC’s annual employee survey.

##### Key Strategy

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

##### Risks and Mitigation

###### 1. Recruiting, Retention, Employee contract negotiation.

Success for the CTC depends largely on its ability to recruit and retain skilled, knowledgeable and dedicated staff. The risk associated with “recruiting” will be mitigated by strengthening the recruitment process and conducting periodic salary benchmark surveys. As well, the Commission will implement its succession management plan and will request its negotiation team to put in place a plan to mitigate potential disruptions related to employee contract negotiations.

###### 2. Board Governance, Leadership Development.

The health of the organization hinges on good governance, accountability and leadership. The CTC will address these risks by conducting periodic governance reviews, and it will promote good leadership through implementation of a leadership development program.

###### 3. Relevancy / attribution – performance measurement.

Risk will be mitigated by continued implementation of the Balanced Scorecard (see page 47).

## A strategic focus

For the CTC as an organization, “excellence” – in other words, the creation of an efficient, effective and productive work environment – means having the right tools, the right people and the right resources in place to implement strategies. The CTC aims to develop as a “strategy-focused organization,” where a corporate or organizational strategy shapes the management system and determines organizational alignments. In keeping with this focus and with the Balanced Scorecard philosophy, the CTC has created an Office of Strategy Management. It has also adopted five principles which, during the planning period, will enable it to execute its corporate strategy rapidly and effectively and create strong alignments between it and the strategies of divisions and business units. The CTC will also apply to the Balanced Scorecard Hall of Fame assessment process to evaluate progress and to benchmark itself against other organizations.

- **Mobilize change through executive leadership** Since adopting the Balanced Scorecard last year, the CTC has informed its leadership team of the benefits of being a strategy-focused organization and has engaged them actively as agents of change in fostering excellence throughout the organization. The CTC has integrated strategy management into its core business practices; regular strategy management sessions guide the leadership team in program evaluation and enterprise decision-making.
- **Translate strategy into operational terms** The ability to understand and articulate the organizational strategy is key to placing it at the centre of the management system. Last year, the CTC developed a Strategy Map (see page 46) and a corresponding enterprise scorecard. In the fall of 2008, the CTC implemented a comprehensive cascade and roll-out of the balanced scorecard performance management framework across the organization. The CTC now has in place an enterprise scorecard that is supported by five Vice-Presidential scorecards and 24 vertically-aligned unit-level scorecards all of which are horizontally aligned. The CTC is currently rolling out individual balanced scorecards which will complete the five-year action plan two full years ahead of schedule. When the individual balanced scorecard roll-out is complete in Q2 2009, all members of the organization will be working from a scorecard that shows accountability for their activities and investments, all of which support the enterprise objectives. These tools have also helped to deliver the organization’s desired goal and strategic approach, both internally to employees and externally to key stakeholders.
- **Align the organization with the strategy** This year, the CTC began to align better its divisional unit and business unit strategies with the organizational strategy. This means that each unit defines key objectives and performance measures that both strategically and operationally support those expressed in the corporate scorecard (which is a performance measurement framework that links objectives, performance measures and initiatives to the strategy at all levels) (see page 47). The process of alignment will continue.
- **Make strategy everyone’s job** The successful execution of a strategy hinges on the commitment of employees. Through internal communications and two organization-wide retreats, the CTC has encouraged staff to understand and articulate the strategy. It will ensure organizational alignment through further internal communications, and personal balanced scorecards. Through People Development initiatives, the organization will motivate its employees and acknowledge their contributions.
- **Make formulating strategy a continual process** Beginning in 2009, the CTC will further refine the link between its organizational strategy and the budgeting process. It will also introduce formal monitoring into management meetings, with performance data being presented for each short-term target in the Balanced Scorecard. Depending on the results of the performance analysis and the lessons learned, the Commission will establish an ongoing process for adapting the strategy.

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

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

### **Promoting core values**

Clearly articulated values remind employees of what they stand for as members of the team and articulate a code of conduct for all. The CTC, in consultation with employees, has identified and is in the process of defining its three core values: innovation, collaboration and respect.

### **Reviewing board governance**

The CTC is committed to excellence in corporate governance. To that end, the CTC will commission an independent assessment of current structures, including review of board by laws and constitution, and communicate the findings of the review to the Government of Canada for future consideration to maximize the effectiveness of the Board of Directors. Given that results-oriented leadership depends on the right balance of skills and competencies on the Board of Directors, the CTC will also work to identify future board members with specialized knowledge and experience, and it will explore ways to attract and retain good candidates in a competitive market.

## **Priority 6. Strengthen engagement with the shareholder**

### **Key Expected Result**

Recognition of the CTC's contribution to supporting a whole-of-government approach towards advancing tourism.

### **Key Strategy**

In keeping with its status as a Crown corporation, the CTC will maintain ongoing communications with federal government departments and agencies, including Industry Canada and the office of the Secretary of State (Small Business and Tourism).

### **Risks and Mitigation**

#### **1. Corporate reputation.**

The ability of the CTC to work effectively with the federal government – the “shareholder” – depends in large part on corporate reputation. The CTC will continue to maintain a small presence in Ottawa to establish, build and maintain relationships and close liaison with government as well as facilitate an open dialogue between the stakeholder and the CTC.

#### **2. Resourcing.**

The risk of declining budget allocations will be mitigated by identifying efficiencies and reducing overhead costs.

#### **3. Special examination.**

The CTC is subject, like all Crown corporations to a periodic Special Examination by the Office of the Auditor General. It will mitigate this risk by responding to recommendations in previous exams and implementing and reporting on any action plans.

### **Increasing focus on government relations**

The CTC has a number of government and private-sector “stakeholders” and one “shareholder” (that is, the federal government). By enhancing the shareholder’s perception of CTC activities and products, the Commission will bolster its ability to grow tourism export revenues for the Canadian economy. During the planning period, the CTC will increase its focus on government relations. It will monitor and respond to all opportunities for governmental support. It will establish, build and maintain relationships with key government officials and policy-makers. It will facilitate open communication with federal departments and will also monitor public policy, parliamentary, political and media issues that could affect the CTC.

### **Managing corporate reputation**

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

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

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

### **Corporate reporting**

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

## 7.1 Measuring Performance

### Balanced Scorecard

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

### The performance framework

The scorecard identifies objectives and priorities that are critical to moving the organization forward in implementing its strategy. Corresponding measures and initiatives have been identified; these work together according to six different perspectives – Shareholder and Stakeholder, Customer, Budget/Financial, Olympic, Internal Business Processes, and Learning and Growth – to achieve the CTC's goal of increasing tourism export revenues.

### Performance measures

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

- Aided awareness;
- Conversion (return on investment);
- Partner contributions.

### Organizational alignment

In implementing the BSC, the CTC has begun developing operational scorecards as well, which are aligned with the enterprise scorecard.

### Data capture

The Customer Relationship Management (CRM) system facilitates data capture and reporting against the CTC's performance measurement framework.

part 7:  
our results

**Incentive compensation**

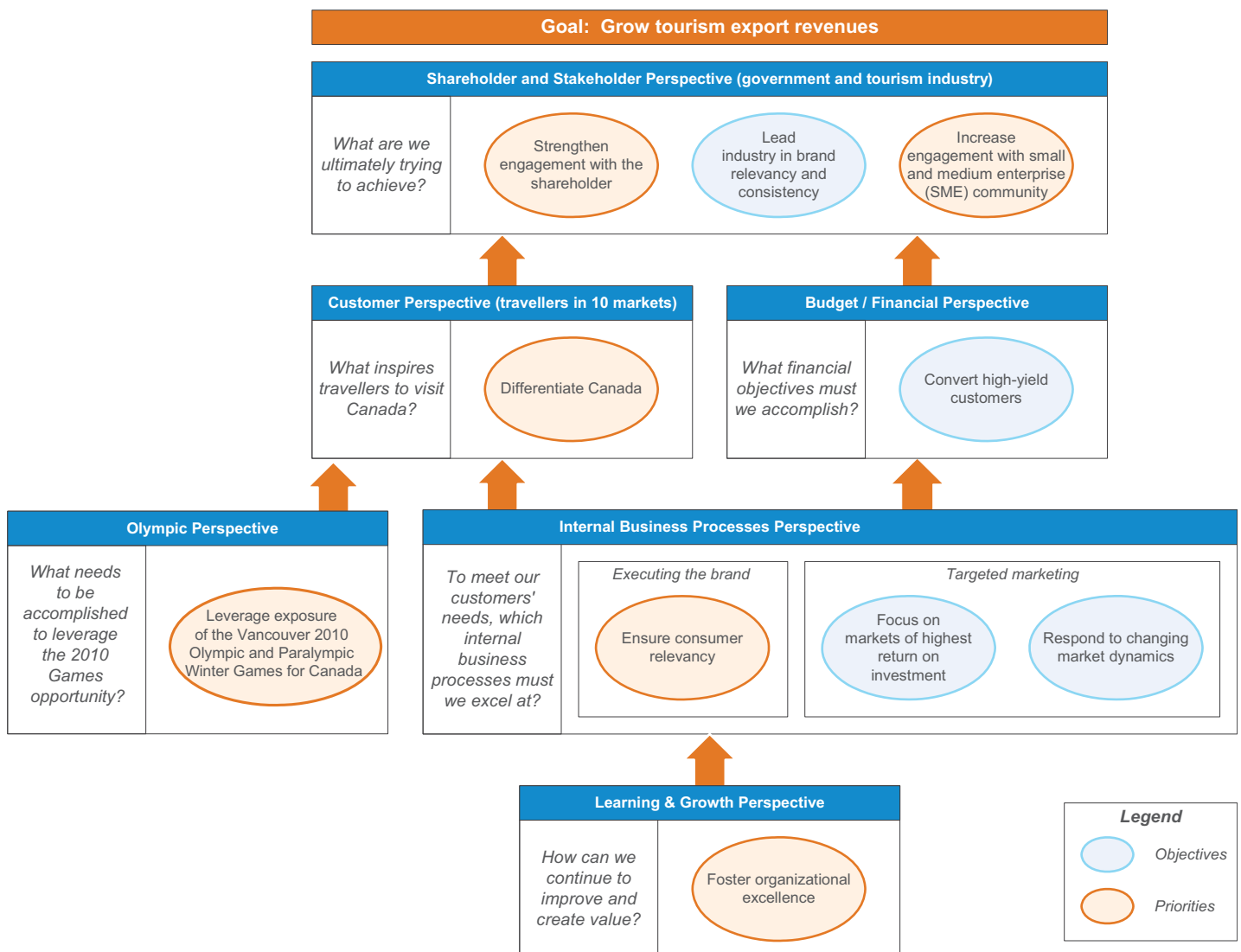
In 2009, the organization will consider linking incentive compensation to results as expressed in the BSC, the idea being to motivate individuals to contribute to the success of the strategy.

**Evaluation**

The CTC aims to have implemented its strategy by 2010 and then, in 2011 and 2012, after some years of using the BSC, the CTC will be able to assess its effectiveness as a performance measurement framework.

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

**STRATEGY MAP BY PERSPECTIVE FOR THE CANADIAN TOURISM COMMISSION**



2009 CTC Corporate Balanced Scorecard									
Perspective	Objective or Priority	Measure or Indicator		Unit of Measure	2007 Result	2008 Target	2008 Result	2009 Target	
		Name							
1.0 Shareholder and Stakeholder	1.1	Convert high-yield customers	1.1a	Tourism export revenues	\$	16.5 billion		15.7 billion	
			1.1b	Tourism GDP	%	2.0		2.0	
			1.1c	International tourist arrivals (a)	#	17.8 million		16.9 million	
			1.1d	International tourist arrivals (b)	Ranking	14		TBA	
			1.1e	International tourist receipts	Ranking	13		TBA	
			1.1f	Tourism employment	#	650,400		660,000	
			1.1g	Market Share	%	TBD		TBD	
			1.1h	Tourism Domestic Demand	\$	54.6 billion		59.2 billion	
	1.2	Strengthen engagement with shareholder	1.2a	Compliance with Official Languages Act	Grade	Excellent	Good	TBA	Good
			1.2b	Government shareholder engagement	%	n/a	New measure	n/a	70
	1.3	Lead industry in brand relevancy and consistency	1.3a	Partner brand adoption	%	33.1	n/a	n/a	33.1
			1.3b	Partner and stakeholder satisfaction	%	75 <sup>1</sup>	n/a	n/a in 2008	80
	1.4	Increase engagement with SME community	1.4a	Penetration of CTC news to SMEs	#	8,045	25,000	TBA	50,000

Blue text = CTC performance measures

Gray text = industry performance indicators

Shaded area = industry performance result

<sup>1</sup> Partner satisfaction only

Perspective	Objective or Priority	Measure or Indicator		Unit of Measure	2007 Result	2008 Target	2008 Result	2009 Target	
		Name							
2.0 Customer	2.1	Differentiate Canada	2.1a	Aided destination awareness	%	32.8	n/a	34.1	35
			2.1b	Unaided destination awareness	%	20.2	n/a	19.2	21
			2.1c	Aided destination consideration	%	72.3	Benchmark	70.7	77
			2.1d	Unaided destination consideration	%	12.9	Benchmark	12.5	17
			2.1e	Top country brand	Ranking	6	5	2	4
			2.1f	Canada's brand value	Ranking	3.25 <sup>2</sup>	3.25	4	4
	2.2	Convert high yield customers	2.2a	Consumer contact information provided to partners (leads) through CRM system	#	99,264	137,024	136,995	200,000
			2.2b	MC & IT leads (global to partners)	#	806	850 (US only)	845	975 (Global)
			2.2c	Campaign ROI (Positive Influence)	Ratio	74:1 <sup>3</sup>	50:1	45:1 <sup>3</sup>	50:1
			2.2d	Campaign ROI (Advertising Critical)	Ratio	9:1 <sup>3</sup>	11.1:1	6:1 <sup>3</sup>	11.1:1
2.2e			International Intenders to Domestic Conversion Rate	%	n/a	n/a	n/a	Benchmark	
3.0 Budget / Financial	3.1	Organizational Excellence	3.1a	Partner contribution	Ratio	1.2:1	1:1	TBA	1:1 (fip)
			3.1b	Budget variance	%	2.04	1.0	TBA	1.0
			3.1c	Overhead <sup>4</sup> costs	%	19.5	18.0	TBA	18.0
			3.1d	Unqualified opinion on year end audit	Yes/No	Yes	Yes	TBA	Green

<sup>2</sup> Average of Q1 to Q4 ranking

<sup>3</sup> Does not include Canadian marketing. Results were revised in 2009

<sup>4</sup> Overhead costs as a percent of total appropriations. Overhead costs are calculated per unit as per the following: Marketing - all expenses excluding: program, salaries, professional services and contract/temp. IT - all expenses excluding: website maintenance costs. Business Development - all expenses excluding: program, salaries, professional services and contract/temp. Corporate Services - all expenses excluding: program, 40% of salaries from President's Office



Perspective	Objective or Priority	Measure or Indicator Name	Unit of Measure	2007 Result	2008 Target	2008 Result	2009 Target		
4.0 Internal Business Processes	<b>Theme: Executing the brand</b>								
	4.1	Consumer relevancy	4.1a	Total advertising awareness	%	26.4	27.5	30.1	28.5
			4.1b	Brand composite index	%	13.7	Benchmark	13.7	TBD
			4.1c	Opt-ins to consumer database	#	100,876	n/a	161,433	TBD
	<b>Theme: Targeted marketing</b>								
	4.2	Focus on markets of highest return on investment	4.2a	Market plans articulate investment in high-yield markets which have been identified by Research	Yes/No	Yes	Yes	Yes/Green	Yes/Green
			4.2b	Average per person spend / night by CTC markets	\$	120.9		119.7	
			4.2c	Tourist receipts from CTC markets	\$	10.7 billion		10.2 billion	
	4.3	Respond to changing market dynamics	4.3a	Relevance of business intelligence	%	n/a	Benchmark	TBA	Benchmark + 5%
			4.3b	Reporting of strategy to identify high-yield markets	Yes/No	Yes	Yes	Yes/Green	Yes/Green
			4.3c	Canada's USP resonance	%	n/a	Benchmark	TBA	Benchmark + 2%
	4.4	Engage and educate travel trade	4.4a	Agents having successfully completed Explorer level of CSP	#	n/a	Benchmark	4,290	5,500

Perspective	Objective or Priority	Measure or Indicator Name	Unit of Measure	2007 Result	2008 Target	2008 Result	2009 Target		
Theme: Organizational excellence									
5.0 Learning and Growth	5.1	Integrate organizational values into corporate culture	5.1a	Extent that organizational values are embedded in culture	%	59.6	63	69	65
			5.1b	Employee engagement	%	62.5	65	58.5	65
			5.1c	Retention rate of employees in succession program	%	n/a	90	94	90
	5.2	Promote learning and growth	5.2a	Personal BSCs completed (executed)	%	59.4	100	TBA	100
			5.2b	Access to appropriate training	%	55	Benchmark	56	60
			5.2c	Proportion of salary budget used for training	%	1.11	1.5	TBA	1.5

Perspective	Objective or Priority	Measure or Indicator Name	Unit of Measure	2007 Result	2008 Target	2008 Result	2009 Target		
<b>Theme: Leveraging exposure of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada</b>									
6.0 Olympic Perspective	6.1	Enhance brand impact	6.1a	Unaided awareness of 2010 Olympics host destination	%	15.8	n/a	16.2	TBD
			6.1b	Impact of 2010 Olympics on Interest in Visiting Canada	%	37.5	n/a	38.1	TBD
	6.2	Refresh tourism brand positioning	6.2a	Aided brand awareness	%	43.8	55.8	45.0	57
			6.2b	Unaided brand awareness	%	13.7	19.1	13.7	20
	6.3	Leverage partner funding	6.3a	Olympic Partner contribution	\$	n/a	1 million	0.95 million	4 million
	6.4	Maximize media ROI	6.4a	Audience reach on Olympic Games and Canada tourism media	#	n/a	2 million	73.3 million	98 million
			6.4b	Ad equivalency value	\$	n/a	500,000	8.2 million	4.5 million
			6.4c	Media hosted in Canada	#	n/a	2000	1,298	3000
			6.4d	Accredited media provided with briefings and packaged information	#	n/a	1000	4,145	7000
			6.4e	Non-accredited media provided with briefings and packaged information	#	n/a	500	6,001	3500
	6.5	Manage corporate reputation	6.5a	Associations / mentions of the CTC regarding Olympic Games	#	n/a	20	TBA	40
	6.6	Strengthen and expand partner relationships	6.6a	Non-commercial license agreement with VANOC	Yes/No	n/a	Yes	Yes	n/a
			6.6b	Partner agreements with VANOC	#	n/a	2	2	0
			6.6c	Partner agreements with international Olympic sponsors	#	n/a	0	0	2
			6.6d	Other partners engaged (not VANOC or Olympic sponsors)	#	n/a	3	11	4

Notes: Statistics Canada and UNWTO 2008 figures are preliminary and subject to change; 2007 final results may change from prior publications up to July 2009

2007 results for Aided Destination Awareness and Unaided Destination Awareness exclude China (results might have been compromised by selection of respondents).

## 7.2 Deliverables, 2009-2011

Priority 1: Ensure consumer relevancy			
Key Activity	2009	2010	2011
<b>Continue to implement the Explorer Quotient (EQ) tool</b>	<p>Complete implementation of EQ strategy in other markets (Australia, China, South Korea, Mexico, Japan, France, Germany)</p> <p>Identify opportunities to get EQ questionnaire to consumers</p> <p>Educate trade on EQ model and its applications</p> <p>Create content for each EQ type</p>	<p>Follow-up to assess best practices for EQ-type targeting in markets to leverage future EQ strategies</p> <p>Deliver messaging to consumers that is specific to their EQ types</p>	<p>Continue to assess and implement best practices for EQ-type targeting in markets, especially following 2010 Winter Games</p>
<b>Conduct consumer research on travel preferences, attitudes and motivations</b>	<p>Use research results to support further identification of travel market segments</p> <p>Annually assess promotion effectiveness via Global Tourism Watch survey and conversion studies</p>	<p>Conduct primary consumer and travel trade research in European markets</p>	
<b>Utilize CRM and new technologies to cater to growing FIT demand and to better communicate with and understand the consumer</b>	<p>Execution of global communication strategy closely tied with e-marketing and CRM tools</p> <p>Gather CRM data, analyze and incorporate findings in the strategy and tactical plans</p> <p>Increase database numbers in all markets</p> <p>Gather information about e-communication activities</p> <p>Present more relevant and engaging content for consumer</p>	<p>Follow-up to assess best practices for global communication strategy</p> <p>Continue enhancing the usage of CRM data, analyze and incorporate findings in the strategy and tactical plans</p> <p>Globalize and standardize e-communications across all markets (e.g. four consumer newsletters per year)</p>	
<b>Create a valuable online experience using the e-marketing strategy</b>	<p>Follow-up to assess best practices for Web-content strategy and effectiveness of e-marketing campaigns</p>		

Priority 2: Increase engagement with small and medium-sized enterprise (SME) community			
Key Activity	2009	2010	2011
Conduct outreach workshops to engage the SME community across Canada	Expand Asia Pacific seminars to Overseas seminars  Leverage FAM tours inviting HQ staff to increase networking opportunities with SMEs and develop product knowledge	Follow-up to assess best practices for outreach workshops  Build, evaluate and evolve workshops	
Continue to implement strategy for CTC news acquisition	Increase amount of CTC news acquired from SMEs	Follow-up to assess best practices for CTC news acquisition	Continue to incrementally increase amount of CTC news acquired from SMEs
Renew experiences	Continue to re-evaluate experiences database	Follow-up to assess best practices for evaluation of experiences	
Highlight social media opportunities with SMEs in partnership with PMOs and DMOs	Build database for social media opportunities with SMEs in partnership with PMOs and DMOs	Follow-up to assess best practices to leverage social media opportunities with SMEs	Continue to incrementally grow and leverage social media opportunities with SMEs
Canada Advertising Program	Launch media ad campaign throughout Canada. A spin off benefit of advertising domestically is that CTC brand advertising will showcase how Canadian SME's can help deliver on the promise of Canada's experiential tourism brand and become more competitive.	Leverage Olympics and post-2010 in campaign ads.	

Priority 3: Differentiate Canada			
Key Activity	2009	2010	2011
Expand the Brand Canada Toolkit	Begin annual activity of amending and evolving toolkit pending global market demand, customer needs & changing media/technology	Build, evaluate and evolve brand strategies	Assess brand strategies to date and develop best practices
Create a sense of urgency through integrated campaigns and stronger relationships with partners	Incorporate content library elements into brand toolkit  Begin annual activity of refreshing & expanding imagery, b-roll and stories to support global needs	Launch "story-telling" awards program  Build, evaluate and evolve brand strategies	Follow-up to assess best practices for evolving brand strategies
Globalization of key brand messaging for efficiency and strengthened brand positioning world-wide	Improve online access of toolkit for stakeholders and globally integrate key publications. (e.g. inside guide, meeting planners guide)  Begin annual activity of measuring adoption rate of brand Canada and toolkit elements (Qualitative & Quantitative research)	Begin annual activity of brand integration communication  Lead Global TV campaign pre-Olympic Games	Lead Global TV campaign during and post-Olympic Games  Leverage Olympic Games to position Canada as a leading MC&IT destination

### Priority 3: Differentiate Canada

Key Activity	2009	2010	2011
<b>Awareness and training of brand Canada</b>	<p>Create brand Canada “shared” asset strategy and communicate the strategy</p> <p>Begin annual activity of ongoing industry feedback</p>	<p>Begin annual activity of conducting Joint brand-industry “story telling” training workshops</p> <p>Develop the story telling portal on CTC website for industry partners</p> <p>Begin annual “Canada recognition” program and Global Brand Speaker series</p>	<p>Follow-up to assess best practices for story telling portal on CTC website</p> <p>Follow-up to assess best practices for “Canada recognition” program and Global Brand Speaker series</p>
<b>Domestic Advertising</b>	<p>Work with national partners to create an overarching national advertising campaign which encourages Canadians to discover the world class travel experiences available in Canada and consider replacing a planned international trip.</p> <p>Canadian destinations and private sector partners are welcome to partner in more tactical or parallel partnership ways underneath the overarching national campaign.</p>	<p>Continue with national partners to create an overarching national advertising campaign which encourages Canadians to discover the world class travel experiences available in Canada and consider replacing a planned international trip.</p> <p>Canadian destinations and private sector partners are welcome to partner in more tactical or parallel partnership ways underneath the overarching national campaign.</p>	<p>Evaluate against funding</p>
<b>Emerging Markets</b>	<p>Launch national tourism marketing activities in India and Brazil within the established framework of CTC’s market entry strategy focusing on travel trade ,media relations and e-marketing in year one.</p> <p>Expand activities in China and Mexico to deliver stimulus and capturing business that is ready for the taking, but that Canada could previously not reach..</p>	<p>Ramp up marketing activities in India and Brazil once capacity is in place, travel trade have been educated and the media have been exposed to Canada .</p> <p>Continue to leverage brand awareness to focus on conversion in new areas of China and Mexico.</p>	<p>Continue efforts in Mexico, China and South Korea. Evaluate India and Brazil against funding.</p>
<b>Global MC&amp;IT</b>	<p>Launch global MC&amp;IT program focusing in European markets focusing on the international congress market.</p> <p>Leveraging existing association and corporate clients that are US based but have global business and global meetings needs.</p> <p>Begin project of expanding U.S. MC&amp;IT website to be suitable for global customers.</p>	<p>Engage in major trade shows in Europe and leverage U.S. MC&amp;IT partnerships globally.</p> <p>Sustain efforts in developing the international congress business and building on international corporate and association business foundation.</p>	<p>Re-evaluate strategy based on funding.</p>

**Priority 4: Leverage exposure of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada**

Key Activity	2009	2010	2011
<b>Lead National Tourism Marketing Working Group</b>	Use Olympic brand in international marketing campaigns	Leverage MC&IT opportunities in U.S./U.K./Germany by highlighting Canada's ability to host large events  Use Olympic events to provide messaging for building on current marketing campaigns	Global marketing campaign based on strong MC&IT potential following exposure provided by Olympic Games
<b>Leverage media exposure</b>	Host major media event in Vancouver; host travel media throughout Canada  Develop strategy to work with broadcasters and unaccredited media and add to b-roll, image and story inventory	Throughout Olympic Games, maintain presence at accredited and unaccredited media centres and provide b-roll and stories	Work with broadcasters to leverage post-Olympic Games opportunity  Organize media familiarization trips
<b>Leverage opportunity of Beijing 2008 Olympic Games</b>	Follow-up to assess best practices for 2010 leveraging opportunities		
<b>Develop partnership agreements</b>		Host partnership and events programming at CTC HQ during Games	
<b>Leverage opportunity of post-Olympic afterglow</b>	Begin development of post-Olympic Games strategy to continue leveraging Games after 2010	Update post-Olympic Games strategy based on experiences	Development of post-Olympic Games promotional video
<b>Leverage Domestic Advertising Opportunity</b>	Pursue opportunities for national partnerships on domestic advertising who may be national Olympic sponsors.	If successful continue with national partners who are national Olympic sponsors.	

<b>Priority 5: Foster organizational excellence</b>			
<b>Key Activity</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Staff survey assessment</b>	Annual staff survey assessment to measure staff engagement and work environment		
<b>Development, implementation and monitoring of robust human resources plans, policies, systems and practices</b>	Full review of the Human Resources policies, procedures and systems	Implementation of all updated Human Resources policies, procedures and systems	Follow-up to assess best practices for Human Resources policies
<b>Leadership development to ensure that CTC leaders possess required skills, competencies and attitudes</b>	Continue the leadership development plan launched in 2008	Continue the leadership development plan and reassess leaders	Follow-up to assess best practices for leadership development plan
<b>Development of a strategy and processes to grow and retain talent and great leaders</b>	Full implementation of the succession plan review of the CTC's compensation structure for executive staff	Full implementation of the phase III of the leadership plan which aims at developing potential leaders	
<b>Emphasize strategy-focused organization</b>	<p>Introduce monitoring of organizational performance against short-terms target for each BSC measure into management meetings</p> <p>Establish ongoing process for learning and adapting the strategy based on analysis of performance</p>	Refine link between strategy and budgeting process	Apply to BSC Hall of Fame assessment process to evaluate progress at becoming a strategy-focused organization, and to benchmark against other organizations that have adopted this approach



### Priority 6: Strengthen engagement with the shareholder

Key Activity	2009	2010	2011
<b>Increase focus on government relations</b>	<p>Work to enhance shareholder's perception of CTC activities and products</p> <p>Monitor and respond to opportunities for governmental support</p>	<p>Follow-up to assess best practices for increased focus on government relations</p> <p>Continue to identify opportunities for a 'all-of-government' approach to tourism</p>	<p>Follow-up to assess best practices for an 'all-of-government' approach to tourism</p>
<b>Manage corporate reputation</b>	<p>Enhance the CTC's leadership role in coordinating marketing activities within Canada's tourism industry</p>	<p>Follow-up to assess best practices for managing corporate reputation</p>	
<b>Enhance effective communication with industry, public and the shareholder</b>	<p>Increase industry, public and shareholder engagement by proactively communicating with the relevant players</p>	<p>Follow-up to assess best practices for effective communication</p>	
<b>Continue to respect statutory reporting obligations that ensure the proper accountability to Parliament</b>	<p>Submit high-quality corporate documents, clearly and concisely presented, aligned with government strategic priorities and delivered within established statutory time frames</p>	<p>Follow-up to assess best practices for corporate reporting</p>	

# corporate plan

## 8.1 Financial Statements, Forecasts and Capital Budget

The financial analysis includes actual and projected financial information for the fiscal years 2007 to 2013. Specifically, the following CTC financial statements and forecasts are included:

- A Balance sheet as at December 31, 2007 to December 31, 2013;
- A Statement of operations, comprehensive income and accumulated deficit for the years ending December 31, 2007 to December 31, 2013;
- A Statement of cash flow for the years ending December 31, 2007 to December 31, 2013;
- A Reconciliation of Parliamentary Appropriations to Government Fiscal Year for the years ending December 31, 2007 to December 31, 2013; and
- Operating and Capital Budgets for the years ending December 31, 2007 to December 31, 2009

As a federal Crown corporation, the CTC is largely funded through appropriations. Core funding is currently at \$76.6 million. Funding levels have fluctuated since the inception of the organization due to one-time funding, and adjustments to the core funding to take into account transfers from other agencies/ departments.

The CTC is an organization that actively partners with industry to develop marketing programs. Although in most partnership arrangements the CTC is not the organization that disburses the funds, this does occur in some cases. In this regard, the CTC receives approximately \$9 million per annum from partners. Corresponding expenses offset these funds.

part 8:

our financial  
plan

## Major Assumptions

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

- Appropriations in 2008/09 were reduced by \$536,000 from \$76.6 million to \$76.0 million. This cut is reflected in the 2009 fiscal year of the CTC.
- Further reductions, representing across-the-board efficiency percentage reductions to base appropriations, of 0.3% (\$228,000) in 2009-2010, 0.55% (\$418,000) in 2010-2011 and 0.85% (\$646,000) in 2011-2012 on an ongoing basis. These cuts are reflected in CTC's fiscal years 2010, 2011 and 2012.
- One-time funding of \$26 million to support the CTC in delivering programs related to the Vancouver 2010 Olympic and Paralympic Winter Games will be utilized over a 5-year period, commencing in fiscal 2008.
- One-time funding of \$40 million to support an economic stimulus strategy will be utilized over a 2-year period, commencing in fiscal 2009.
- The rate of inflation will remain relatively steady at 2% throughout the planning period.

Canadian Tourism Commission  
Balance sheet  
As at December 31, 2007 to December 31, 2013  
(in thousands)

	Actual Dec 31, 2007	Estimated Dec 31, 2008	Planned Dec 31, 2009	Planned Dec 31, 2010	Planned Dec 31, 2011	Planned Dec 31, 2012
<b>Assets</b>						
<b>Current assets</b>						
Cash	\$ 17,369	\$ 14,283	\$ 15,539	\$ 16,139	\$ 15,739	\$ 16,339
Accounts receivable:						
Partnership contributions	2,280	2,000	2,000	2,000	2,000	2,000
Government of Canada	736	1,000	1,000	1,000	1,000	1,000
Other	403	400	400	400	400	400
Prepaid expenses and other assets	2,507	2,500	2,500	2,500	2,500	2,500
	23,295	20,183	21,439	22,039	21,639	22,239
Capital assets	4,348	5,515	6,606	5,738	4,051	3,460
	\$ 27,643	\$ 25,708	\$ 28,045	\$ 27,777	\$ 25,690	\$ 25,699
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable and accrued liabilities:						
Trade	\$ 10,535	\$ 13,780	\$ 15,516	\$ 16,197	\$ 15,003	\$ 12,643
Employee compensation	1,775	1,700	1,700	1,700	1,700	1,700
Government of Canada	83	500	500	500	500	500
Deferred parliamentary appropriations	7,859	1,304	918	940	1,840	4,905
Deferred revenue	1,156	1,023	918	814	709	605
	21,408	18,306	19,553	20,151	19,752	20,353
Deferred capital funding	4,416	5,583	6,674	5,806	4,119	3,528
Accrued benefit liability	3,338	3,338	3,338	3,338	3,338	3,338
	7,754	8,921	10,012	9,144	7,457	6,866
Accumulated deficit	(1,519)	(1,519)	(1,519)	(1,519)	(1,519)	(1,519)
	\$ 27,643	\$ 25,708	\$ 28,045	\$ 27,777	\$ 25,690	\$ 25,699

Canadian Tourism Commission  
Statement of operations, comprehensive income and accumulated deficit  
For the years ending December 31, 2007 to December 31, 2013  
(in thousands)

	Actual Dec 31, 2007	Estimated Dec 31, 2008	Planned Dec 31, 2009	Planned Dec 31, 2010	Planned Dec 31, 2011	Planned Dec 31, 2012	Planned Dec 31, 2013
Revenue							
Partnership contributions	\$ 10,196	\$ 14,018	\$ 11,400	\$ 8,900	\$ 6,500	\$ 6,500	\$ 6,500
Other	765	626	600	500	500	500	500
	<u>10,961</u>	<u>14,644</u>	<u>12,000</u>	<u>9,400</u>	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
Expenses							
Marketing and sales	69,844	75,957	90,802	90,104	67,784	66,518	66,144
Corporate services	13,487	20,879	20,691	20,842	17,969	16,070	15,509
Strategy and planning	1,293	1,525	793	793	793	793	793
Amortization of capital assets	1,571	953	1,653	2,252	2,287	1,191	706
	<u>86,195</u>	<u>99,315</u>	<u>113,940</u>	<u>113,992</u>	<u>88,834</u>	<u>84,573</u>	<u>83,152</u>
Net cost of operations	(75,234)	(84,671)	(101,940)	(104,592)	(81,834)	(77,573)	(76,152)
Parliamentary appropriations	73,570	83,718	100,287	102,339	79,546	76,381	75,446
Amortization of deferred capital funding	1,571	953	1,653	2,252	2,287	1,191	706
	<u>75,141</u>	<u>84,671</u>	<u>101,940</u>	<u>104,592</u>	<u>81,834</u>	<u>77,573</u>	<u>76,152</u>
Net results of operations and comprehensive income for the year	(93)	0	0	-	-	-	-
Accumulated deficit, beginning of year	\$ (1,426)	\$ (1,519)	\$ (1,519)	\$ (1,519)	\$ (1,519)	\$ (1,519)	\$ (1,519)
Accumulated deficit, end of year	<u>\$ (1,519)</u>	<u>\$ (1,519)</u>	<u>\$ (1,519)</u>	<u>\$ (1,519)</u>	<u>\$ (1,519)</u>	<u>\$ (1,519)</u>	<u>\$ (1,519)</u>

Canadian Tourism Commission  
Statement of cash flows  
For the years ending December 31, 2007 to December 31, 2013  
(in thousands)

	Actual Dec. 31, 2007	Estimated Dec. 31, 2008	Planned Dec. 31, 2009	Planned Dec. 31, 2010	Planned Dec. 31, 2011	Planned Dec. 31, 2012	Planned Dec. 31, 2013
Cash flows from / (used in) operating activities:							
Cash paid to employees and suppliers	\$ (88 030)	\$ (96 982)	\$ (113 400)	\$ (112 546)	\$ (88 446)	\$ (86 446)	\$ (85 446)
Parliamentary appropriations used to fund operating activities	75 695	79 282	102 646	103 746	81 046	80 046	76 046
Cash receipts from partners	9 704	14 298	11 400	8 900	6 500	6 500	6 500
Interest income received	765	626	600	500	500	500	500
Cash flows from / (used in) operating activities	(1 866)	(2 776)	1 246	600	(400)	600	(2 400)
Cash flows from / (used in) investing activities:							
Acquisition of capital assets	(839)	(2 120)	(2 744)	(1 385)	(600)	(600)	(600)
Cash flows from / (used in) financing activities:							
Parliamentary appropriations used for the acquisition of capital assets	839	2 120	2 744	1 385	600	600	600
Foreign exchange gain / (loss) on cash held in foreign currencies	(511)	(300)	-	-	-	-	-
Increase (decrease) in cash for the year	(2 377)	(3 076)	1 246	600	(400)	600	(2 400)
Cash, beginning of year	19 746	17 369	14 293	15 539	16 139	15 739	16 339
Cash, end of year	\$ 17 369	\$ 14 293	\$ 15 539	\$ 16 139	\$ 15 739	\$ 16 339	\$ 13 939

**Canadian Tourism Commission  
Reconciliation of Parliamentary Appropriations to Government Fiscal Year  
For the years ending December 31, 2007 to December 31, 2013**  
(in thousands)

	2007	2008	2009	2010	2011	2012	2013
Amount provided for operating and capital expenditures:							
Amounts voted:							
Main estimates	\$ 76,526	\$ 76,577	\$ 82,646	\$ 83,746	\$ 101,046	\$ 80,046	\$ 76,046
Supplementary Estimates A - Collective Bargaining	8	5	-	-	-	-	-
Supplementary Estimates A - Economic Stimulus			20,000				
Supplementary Estimates B - 2010 Winter Olympic and Paralympic Games		2,700	-	-	-	-	-
	76,534	79,282	82,646	103,746	101,046	80,046	76,046
Less: Portion recognized in previous calendar year	(52,616)	(50,491)	(57,046)	(77,432)	(77,410)	(56,510)	(53,445)
	<b>23,918</b>	<b>28,791</b>	<b>25,600</b>	<b>26,314</b>	<b>23,636</b>	<b>23,536</b>	<b>22,601</b>
Amounts voted							
Main estimates	76,577	82,646	83,746	101,046	80,046	76,046	76,046
Supplementary Estimates A - Collective Bargaining	5	-	-	-	-	-	-
Supplementary Estimates A - Economic Stimulus			20,000				
	76,582	82,646	103,746	101,046	80,046	76,046	76,046
Less: Portion to be recognized in next calendar year	(18,232)	(24,296)	(25,396)	(22,696)	(21,696)	(17,696)	(17,696)
Parliamentary appropriations receivable/(deferred) at year end	(7,859)	(1,304)	(918)	(940)	(1,840)	(4,905)	(4,905)
	<b>50,491</b>	<b>57,046</b>	<b>77,432</b>	<b>77,410</b>	<b>56,510</b>	<b>53,445</b>	<b>53,445</b>
Amount used to purchase capital assets	<b>74,409</b>	<b>85,838</b>	<b>103,031</b>	<b>103,724</b>	<b>80,146</b>	<b>76,981</b>	<b>76,046</b>
	(839)	(2,120)	(2,744)	(1,385)	(600)	(600)	(600)
	\$ 73,570	\$ 83,718	\$ 100,287	\$ 102,339	\$ 79,546	\$ 76,381	\$ 75,446

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

### Variance Analysis for the year ending December 31, 2007

	Actual Dec. 31, 2007	Planned Dec. 31, 2007	Variance
<b>Operating and Capital Costs:</b>			
Marketing and Sales	\$ 70,370,106	\$ 68,734,199	\$ (1,635,907)
Strategy and Planning	1,292,697	684,871	(607,826)
Corporate Services	13,800,317	16,339,096	2,538,779
	<b>85,463,120</b>	<b>85,758,166</b>	<b>295,046</b>
<b>Funded by:</b>			
Parliamentary Appropriations	77,823,601	77,823,601	-
Partnership Income	10,196,082	7,684,565	2,511,517
Other	765,465	250,000	515,465
	<b>88,785,148</b>	<b>85,758,166</b>	<b>3,026,982</b>
<b>Net Surplus</b>	<b>\$ 3,322,028</b>	<b>\$ -</b>	<b>\$ 3,322,028</b>

Note: Expenses include amounts funded by partnership income.

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

	Estimated Dec. 31, 2008	Planned Dec. 31, 2008	Variance
<b>Operating and Capital Costs:</b>			
Marketing and Sales	\$ 77,407,193	\$ 74,670,021	\$ (2,737,172)
Strategy and Planning	1,525,464	1,466,486	(58,978)
Corporate Services	21,548,954	20,736,466	(812,488)
	<b>100,481,611</b>	<b>96,872,973</b>	<b>(3,608,638)</b>
<b>Funded by:</b>			
Parliamentary Appropriations	86,205,253	86,205,253	-
Partnership Income	14,018,314	9,967,720	4,050,594
Other	625,623	700,000	(74,377)
	<b>100,849,190</b>	<b>96,872,973</b>	<b>3,976,217</b>
<b>Net Surplus</b>	<b>\$ 367,579</b>	<b>\$ -</b>	<b>\$ 367,579</b>

Note: Expenses include amounts funded by partnership income.

### Analysis for the year ending December 31, 2009

	Actual Dec. 31, 2007	Estimated Dec. 31, 2008	Planned Dec. 31, 2009
<b>Operating and Capital Costs:</b>			
Marketing and Sales	\$ 70,370,106	\$ 77,407,193	\$ 92,752,441
Strategy and Planning	1,292,697	1,525,464	793,367
Corporate Services	13,800,317	21,548,954	21,485,329
	<b>85,463,120</b>	<b>100,481,611</b>	<b>115,031,138</b>
<b>Funded by:</b>			
Parliamentary Appropriations	77,823,601	86,205,253	103,031,138
Partnership Income	10,196,082	14,018,314	11,400,000
Other	765,465	625,623	600,000
	<b>88,785,148</b>	<b>100,849,190</b>	<b>115,031,138</b>
<b>Net Surplus</b>	<b>\$ 3,322,028</b>	<b>\$ 367,579</b>	<b>\$ (0)</b>

### Capital Budget analysis for the year ended December 31, 2007

	Actual Dec. 31/07	Planned Dec. 31/07	Variance
Leasehold improvements	\$ 110,283	\$ -	\$ (110,283)
Office furniture	22,156	50,000	27,844
Computer equipment and software	180,753	250,000	69,247
Website	526,187	825,000	298,813
	<b>\$ 839,379</b>	<b>\$ 1,125,000</b>	<b>\$ 285,621</b>



Capital Budget analysis for the year ending December 31, 2008

	<b>Estimated Dec. 31/08</b>	<b>Planned Dec. 31/08</b>	<b>Variance</b>
Leasehold improvements	\$ 200,000	\$ 200,000	\$ -
Office furniture	120,000	120,000	-
Computer equipment and software	350,000	350,000	-
Website	1,450,000	1,450,000	-
	<hr/>	<hr/>	
	<b>\$ 2,120,000</b>	<b>\$ 2,120,000</b>	<b>\$ -</b>

Capital Budget analysis for the years ending December 31, 2009 - 2013

	Actual Dec. 31/07	Estimated Dec. 31/08	Planned Dec. 31/09	Planned Dec. 31/10	Planned Dec. 31/11	Planned Dec. 31/12	Planned Dec. 31/13
Leasehold improvements	\$ 110,283	\$ 200,000	\$ 160,000	\$ 85,000	\$ -	\$ -	\$ -
Office furniture	22,156	120,000	122,315	50,000	50,000	50,000	50,000
Computer equipment and software	180,753	350,000	512,000	250,000	250,000	250,000	250,000
Website	526,187	1,450,000	1,950,000	1,000,000	300,000	300,000	300,000
	<b>\$ 839,379</b>	<b>\$ 2,120,000</b>	<b>\$ 2,744,315</b>	<b>\$ 1,385,000</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>	<b>\$ 600,000</b>

## Appendix A: Glossary of Defined Terms and Abbreviations

### Defined Terms:

#### **Explorer Quotient™ (EQ):**

An innovative research tool that identifies the underlying emotional motivators of travellers beyond traditional demographics like age and geography.

#### **Global Tourism Watch (GTW):**

An annual tracking study initiated by the CTC in 2007 to gather information on each of its core markets.

#### **International tourism revenue:**

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

#### **International tourist arrivals:**

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

#### **Tourism employment:**

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

#### **Tourism export revenue:**

Total international tourism revenue, calculated by subtracting domestic tourism revenue from total tourism revenue.

#### **Tourism Gross Domestic Product (GDP):**

Unduplicated value of production, within the boundaries of a region, of goods and services purchased by tourists.

#### **Tourism revenue:**

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

#### **Tourist receipts:**

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

**Abbreviations:**

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

