

Forward

The Canadian Signature Experiences (CSE) program promotes unique and compelling Canadian experiences to the international travel trade, and through the trade, to consumers. Working with the travel trade requires some additional practices on the part of businesses, due to the greater degree of pricing reliability, operational integrity, and marketing lead time required. As the CSE program has been developed to promote sales of your tourism experiences through the travel trade, these practices must be adhered to by any business applying to have a tourism experience included in the CSE program.

These include:

Required Criteria

Proven Track Record & Safety

- The supplier must be in the market delivering a tourism experience for a minimum of two (2) years, with a proven track record for safe and professional operation (measured by the norms of the tourism sector they are operating within). When introducing a new product, the supplier must commit to supporting/maintaining that product for at least three (3) years (enough time to get into the marketing chain).
- The supplier must carry adequate insurance:
 - o All suppliers must have liability insurance.
 - o A minimum of \$2 million liability insurance for an adventure product supplier is recommended.
 - o Where air travel is involved the above minimum may be higher. The supplier must adhere to provincial liability guidelines/policy.
- All suppliers must ensure they meet Provincial/Territorial and Federal Health & Safety Regulations for their business operation.¹
- The supplier's business and required operating licenses must be current.

Inquiries and Reservations

- The supplier must be able to accept reservations and deal with inquiries by email, internet, or telephone/fax on a year-round basis.
- The supplier must be able to respond to all inquiries and/or provide confirmation of booking arrangements within 24 hours (one business day).

¹ International markets vary in the level of consumer protection laws and health & safety requirements and the supplier should be aware of these regulations. Some international tour operators may have more stringent requirements that more closely follow their own countries rules and would have a questionnaire that they would need filled in before working with a new business partner. If working through a RTO, the supplier will be advised by the RTO on such matters on a case-by-case basis.

Marketing

- The supplier must be able to demonstrate an adequate budget and marketing plan that includes international travel trade. Travel trade includes but is not limited to tour operators, wholesalers, receptive tour operators and travel agencies.
- The supplier must be able to demonstrate an adequate knowledge and understanding of the roles played by Receptive Tour Operators (RTO's), tour operators/travel wholesalers (domestic & international), and retail travel agents (see Glossary of Terms for definitions).
- The supplier must offer retail pricing, agent commissions wholesale net rates; and maintain client relationships at each level of the trade supply chain.
- The supplier must be able to provide their provincial or territorial tourism marketing organization (PMO) and the Canadian Tourism Commission (CTC) with up-to-date, rights-free images/video and written content for the designated experience. These are for print and on-line marketing and sales efforts.
- Provide support (complimentary or reduced rates) for international media and travel trade familiarization tours.
- Attend travel trade shows involving international buyers, either in North America or overseas or support your PMO to attend.
- The supplier must have a tourism website and/or a PDF Information sheet for the RTO's & Tour Operators on all the pertinent information related to their experience. This may include net rates, booking and cancellation policy, payment methods, product information, provided transportation services, specialized on-site customer services (examples: dietary considerations, spoken foreign languages, pre-trip training and orientation) as appropriate and applicable.
- The supplier should be prepared to commit to at least three years of working with the travel trade when they have chosen to promote the supplier's product.

Contracting and Payments

- In order to position the product in international markets with Receptive Tour Operators or Tour Wholesalers, the supplier must be willing to provide contracted wholesale net rates. While they are fully negotiable, the supplier can be asked for net rates of at least 25% to 30% off of retail rack rates.²
- The supplier must honour contracted net rates and refrain from raising prices before the expiry of the contracted agreement.
- The supplier must provide detailed pricing and program information at least 12-18 months in advance of selling season, i.e. March 2015 for the spring/summer/fall 2016 season.
- When selling to international market through the travel trade, billing arrangements must be negotiated and agreed to in writing. Industry standard is to invoice the receptive tour operator or tour wholesaler on a monthly basis as opposed to each booking made.
- The supplier must accept client vouchers as confirmation of payment for reservations.
- The supplier must have the ability to accept payment from overseas clients, either by credit card, cheque, or by wire transfer.
- The supplier should be prepared to negotiate credit terms with Receptive Tour Operators when requested, and negotiate industry standard billing arrangements as well.³
- The supplier must establish purchase options and cancellation policies for their products and services, including penalties that may apply, in line with industry standards.

² Net rates are required for a number of reasons. First, under international consumer protection laws, a service/activity/attraction cannot be re-sold to the end-user above the retail rate. If a traveler purchases a vacation product and then finds that the retail price is less than what they paid, they can demand compensation/refunds from the travel agent/ tour wholesaler which then can come back to the RTO if they provided the original product.

Secondly, the 'food chain' of how a product is sold through the trade distribution channel – Supplier → RTO → Tour Wholesale → Travel Agency → Consumer, requires the provision of healthy and reasonable net rates. Each of these entities requires a return on investment. For example, an RTO puts significant marketing efforts into selling all the product they put together from suppliers (tariffs, tradeshow, sales missions, brochures, organized FAMs, etc.) and for that they expect to expect to make a profit. Likewise other entities in the chain also provide an incremental marketing effort as the supplier's product reaches the attention of the potential customer.

Price protection for each level in the chain is also critical. A supplier working through an RTO or directly with an international tour wholesaler is encouraged to put a pricing model in place that protects them.

Given that the goal of the CSE program is to bring the CSE experiences to the international markets, a business relationship with an RTO or an in-market tour operator is a common place start in order to have a broad reach in the international marketplace. Unless the supplier is prepared to invest in significant international marketing costs (trade shows, sales trips), they should consider the wholesale discount for RTOs as their 'international marketing' costs. There is no risk and no upfront cost to this – the supplier only pays when their trade partner books, so there is a guaranteed return on the 'investment'.

³ RTOs generally prefer to work with suppliers that will invoice/grant credit but it is not a prerequisite. Terms and conditions are negotiable between the supplier and the RTO. An advantage for providing credit terms to an RTO is that any dispute is resolved in Canada, and the supplier does not have to chase owed money around the world.

Glossary of Terms

- The **supplier** is any Canada-based tourism business that has a contractual business relationship with a Receptive Tour Operator, Tour Operator, Tour Wholesaler and/or Travel Agent to develop sales opportunities for their business from international markets. *(Note: For CSE Program purposes, international markets include the UK, France, Germany, Australia, Japan, China, Mexico, Brazil, India and the USA.)*
- **Tour Operators** either contract products, ground and air services from an RTO or a tour wholesaler or they may contract directly with the supplier. They then package these products and resell to the consumers in their respective markets.
- **Tour Wholesalers** may contract products and services from either RTO's or Suppliers and then resell these products and services to other Tour Operators or Travel Agents.
- **Receptive Tour Operators** are 'business to business' Canadian-based Tour Operators who contract products and services with Canadian Suppliers. They specialize in ground services within a destination. They resell these services to international Tour Operators and Tour Wholesalers, who then resells these services to the Consumer in their respective markets.
- **Travel Agencies** sell travel services, including ground services and airline tickets to the consumer at retail prices. The retail price is provided by the Tour Operator or Supplier and includes the Travel Agency's commission in the total cost.

Suggestions for Best Practices

Many of Canada's most successful tourism businesses have incorporated these elements into their marketing and operations strategies:

Marketing

- Determine business priorities in terms of group and FIT business. If you plan to pursue group business, consider access by tour buses, parking/turnaround areas, washroom facilities etc. Determine your minimum and maximum group size.
- Consider the inclusion of receptive tour operators in your marketing and sales plan, and implement a regular sales call program for these companies if you decide to use this distribution option to develop your international business.
- As your business grows, consider expansion of your sales call program to include overseas contacts as well as Canada or US-based receptive operators.
- Produce video footage of your product or operation for promotional and training purposes.
- Be careful in naming your package, make sure it includes some notion of what the experience is all about and is not simply a catchy phrase.
- Develop a webpage offering information on your product.
- Contact the local regional tourism office in your area to update them on your product and learn about marketing opportunities available to your organization.

Operations

- Be prepared to adapt to the uniqueness of certain overseas markets. Flexibility may be required with regard to last minute bookings and changes, dietary requirements, cultural differences.
- Hire frontline staff who speak the language of the markets you are interested in pursuing.
- For a packaged, multi-day tour commit to operating a minimum number of departure/operation dates. International operators are not likely to offer brochure space to a product that operates only 2-3 times per season. Minimum bi-monthly departures are recommended for peak season.
- Single day trips or excursions should operate daily and if adding unique language provisions, should feature that language at least 3 times a week.
- Provide transportation to/from a nearby gateway for international clients if required by providing transfer or public transportation advice from the nearest airport or train station.
- Provide all necessary equipment needed to participate in your program. Overseas visitors do not normally carry their own sleeping bags, fishing rods, etc.