



Métis Crossing

QUESTION 8:

HOW IS YOUR EXPERIENCE SOLD?

QUESTION 8: How is your experience sold?

In this section, we will figure out how your experience is sold. Every business must have a strong understanding of how their products will be sold, both to start and in the future, but this is often overlooked by many new businesses. In general, tourism businesses have two ways to sell their experiences.

1. Sell experiences directly to visitors.
2. Sell experiences through third-party distributors called the travel trade. (e.g. travel agencies, tour operators).

If you are going to sell experiences directly to visitors, you will need to set up a system to receive payments. Travellers use all kinds of payment methods including cash, credit, debit, e-transfer, etc. The more payment methods you can accept, the more your business will appeal to visitors. Selling directly to visitors allows you to control the visitor interaction, and avoid sales commissions. However, directly selling to visitors increases operating responsibility and could limit your market reach in comparison to working with a third party distributor. It can be effective with local markets, but imagine having to attract a visitor in China to visit Canada, then select Alberta and your region and finally include your tourism experience.

Selling through third-party distributors is typically reserved for established businesses who have many years of experience offering high quality experiences and/or services. This is what is called "market-ready" or export-ready. Third-party distributors can be a powerful method to grow your business because distributors can open up large new markets, increase awareness of your offering, and ultimately increase your sales. If your vision is to grow your Indigenous tourism business and sell to international markets, building relationships with third-party distributors should be a priority. It is also critical to ensure your product is priced and strategically developed with that market ready goal in mind right from the beginning.



Directly selling your experiences to visitors generates the maximum profit for your business because there are no commissions for third-party distributors. However, you do have to consider your marketing, promotion and client management costs.



If you plan to market your Indigenous experience internationally, your business must be able to meet international travellers expectations of any tourism experience, in addition to ensuring the authenticity of the cultural component. ITAC has developed a national guideline that includes checklists to help Indigenous businesses determine if they are ready to take that step. The guidelines can be found at <https://indigenoustourism.ca/corporate/wp-content/uploads/2019/03/18-12-National-Guidelines-Book-EN-DOC-W-FORMS.pdf>



The simplest and most cost-effective way to take bookings on your website is to sell via an online booking engine. This keeps your business open 24/7 and allows you to generate sales while you sleep.



ACTIVITY How is your experience sold?

Describe how your experience will be sold in the space below.

Revenue Streams

As a tourism business, your main revenue stream may be the sale of your experiences. However, it is best for businesses (of all kinds) to have multiple streams of revenue. Having multiple revenue streams can increase your total revenues, and insulate your business to seasonality, economic shocks and other unforeseen events.



Take some time to think about what your business' main sources of revenue will be. If you can think of other revenue streams your business could have, be sure to write your ideas in the space below. The tourism story on the next page provides an example of how tourism businesses can diversify their revenue streams.

Main Revenue Sources:

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Other Revenue Sources:

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SUCCESS STORY

Lac La Biche Canadian Native Friendship Centre

A partnership launched in Spring 2018 between the Lac La Biche Canadian Native Friendship Centre and Alberta Parks has opened two tipi “glamping” experiences in the provincial park.

The executive director at the Lac La Biche Canadian Native Friendship Centre references the partnership in this way: “Together, as partners, we’ve developed the story of our friendship that we tell the people who visit the tipis.” The Friendship Centre also partners with the Beaver Lake Cree and Heart Lake First Nations and the Kikino and Buffalo Lake Métis Settlements.

Each of the main partners have invested in its success. To date, the Friendship Centre has invested a total of \$22,000 in the camping experience. Alberta Parks has provided landscaping and shelters for each tipi, along with a kitchen, a deck with a picnic table and gas barbecue and a washroom with a shower. A micro-grant from ITAC also helped to provide cozy new Hudson bedding.



Travel Alberta / Mike Seehagel

Along with bannock and tea, the Friendship Centre offers medicine talks, singing, drumming and sharing stories from Cree and Métis culture. In its words, the Centre tells visitors about the richness and beauty brought by First Nations to this part of the country.



Price Strategy

The price of your product or service should reflect the assumptions you make about your ideal visitor. Some visitors look at price as an important indicator of quality (i.e. “you get what you pay for”). Your offerings must be priced consistently, accurately and competitively to be successful in the marketplace. Here are some important considerations when setting your price points.

- Prices must be high enough to cover expenses and generate an adequate rate of return including trade commissions if that is your ultimate goal.
- Prices must align with what visitors are prepared to pay.
- Prices must be reassessed regularly, as the marketplace is continually changing.

Generally, pricing strategies include the following:⁷

1. Cost-Plus Pricing – simply calculating your costs and adding a mark-up.
2. Competitive Pricing – setting a price based on what the competition charges.
3. Price Skimming – setting a high price and lowering it as the market evolves.
4. Penetration Pricing – setting a price low to enter a competitive market and raising it later.
5. Price Bundling – combining product and/or services to increase value, and therefore price.



ACTIVITY What pricing strategy will you use?

Choose a pricing strategy from the list above and explain why it will work best for your tourism business in the space below.



When establishing your pricing structure, you should also consider and then clearly communicate your cancellation policy. The latter can vary a great deal in the tourism industry based on what costs your business may incur and/or lose if your client cancels. A cancellation can result in a full or partial refund if cancelled by a certain date or a non-refundable deposit or payment. It is worthwhile to research what your partners and competitors are offering to ensure you develop a policy that is fair to both your business and your client.

⁷ Business Development Bank of Canada. (2017). How to price your product.

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MILESTONE

Now that you have thought about your how your business is going to sell and deliver experiences, take some time to summarize how this will happen by finishing the sentences below.

My business will sell experiences to customers by...

My business will receive payment through...

My business's revenue streams will be...

My business's pricing strategy will be _____, because...



QUESTION 9:
HOW ARE YOU
GOING TO PROMOTE
YOUR BUSINESS TO
CUSTOMERS?

QUESTION 9: How are you going to promote your business to customers?

In this section, we are going to explore how you are going to promote your business to customers. Every business needs to reach their customers in order to promote their offering. Indigenous tourism businesses reach their customers through promotional channels. These channels provide opportunities for operators to make first (and ongoing) contact with their visitors.

There are many promotional channels to choose from, and more are being added every year. Here is a summary of potential promotional channels for your business:

- Advertising (e.g. visitor magazines, paid media such as print advertising, online advertising, paid broadcasting)
- Public Relations (e.g. news stories, social networks)
- Website (your own or travel sites)
- Networking (e.g. trade shows, referrals, familiarization tours)
- Sales (e.g. converting potential customers into paying customers)
- word of mouth



Word of Mouth advertising (or Word of Mouse on the internet) continues to be the most effective and cost-efficient way to reach customers.⁸ This includes word of mouth from visitors, and also locals. Make sure your business gives them both something good to talk about!

Most Indigenous tourism businesses find industry association memberships a very cost-effective way to promote their business and build partnerships. As a member of Travel Alberta, Indigenous Tourism Association of Canada and Indigenous Tourism Alberta, as well as your local Destination Marketing Organization (DMO) such as Tourism Calgary or Banff & Lake Louise Tourism, your business will be promoted as part of their Destination sales efforts to attract visitors from local, domestic and international markets.

Visit <https://indigenoustourism.ca/corporate/wp-content/uploads/2018/11/2019-Market-Snapshots-Destination-Canada.pdf> to review the latest summary of the key indicators of market potential for Indigenous tourism.

Potential Markets:

- China and South Korea are both emerging markets with significant potential for Indigenous Tourism. 34% of the 672.3K arrivals from China plan to visit Alberta and 35% of arrivals are interested in an Indigenous experience.
- More established international markets of Germany, UK and Australia also hold great potential. With 370.9k arrivals from Germany of which 35% plan to visit Alberta, an impressive 47% are interested in experiencing Indigenous culture.
- The US continues to be Canada's strongest inbound market with 14.3 million arrivals of which 28% intend to visit Alberta. Of those, 33% have an interest in Indigenous tourism experiences, making it a lucrative market.

⁸ Alberta Culture and Tourism. (2015). Tourism Business Planning Guide.



ACTIVITY How are you going to promote your business to customers?

The questions below will help you think about how you are going to promote your business to customers. Feel free to jot down your thoughts directly in the workbook!

A) Which promotional channel(s) is your business going to use to reach customers?

B) Why are these the best channels to reach customers?



Based on your answers to Activity 12, take some time to estimate a promotional budget for your business. The line items below are examples only, so feel free to add your own. You can use this information again in Activity 17 later on in the workbook.

Promotional Budget	Amount
Website	\$
Social Media	\$
Advertising (e.g. business cards, flyers, brochures, etc.)	\$
	\$
	\$
	\$
	\$
Total	\$



It is worthwhile for new businesses to have a well-thought out and strategic marketing plan in place before startup. Promotion is just one aspect of a complete marketing plan. Activities that are typically included in marketing plans include detailed situational analyses, setting objectives, outlining a marketing strategy, describing the marketing mix (product, place, promotion, pricing), and developing a plan for implementation and evaluation. Further information on developing a marketing plan is available in the *Tourism Business Planning Guide*. <https://open.alberta.ca/dataset/e5dc0b3f-eacc-4d52-83ae-eeb25e57740d/resource/810fb7bf-ebec-4bae-ad81-d84ba4cf9be9/download/2015-ct-tourism-business-planning-guide.pdf>



Travel Alberta provides marketing assistance to Alberta's tourism entrepreneurs, including the "Building a Basic Marketing Plan" workshop. See <https://industry.travelalberta.com/resources/industry-development/tourism-training-academy> for a list of free workshops.



Whether you develop one for yourself, or have your visitors develop it for you, every business has a brand. Put simply, your brand is visitor perceptions of your business – positive, negative, or indifferent. Take some time to think about what you want your business to be known for.

I want my business to be known by visitors as...

• _____	• _____
• _____	• _____
• _____	• _____



You can build a brand for your business by setting a standard, and then consistently achieving that standard in all forms of engagement and communication with your visitors. Having a consistent look, feel and experience that reflects your business' mission, vision and values is a good place to start building your brand.



An important tourism concept is packaging. Packaging is where your Indigenous experience is combined with other experiences and visitor services to create a vacation “package” that visitors can buy. Packages often include a combination of experiences, accommodations, food and beverage, and transportation. Packaging allows tourism businesses to enhance their experiences and provide further value to visitors. This makes their offerings more attractive and can increase sales.



Partnerships are often instrumental to the successful operation of tourism businesses. Take some time and think about what partnerships you can leverage or develop to help your new tourism business succeed. Some examples have been provided in italics below.

Partner	Nature of Partnership	How the Partnership Will Help Your Business Succeed
<i>Local hotel/motel</i>	<i>My business will package its Indigenous experience together with one night of accommodation at a local hotel.</i>	<i>By packaging my experience, I will be able to offer enhanced value to customers and increase sales.</i>
<i>Local tourism operator</i>	<i>My business will split the costs of storage space for equipment with another tourism operator.</i>	<i>Splitting the costs for storage space will reduce the operating costs of the business.</i>

MILESTONE 11



MILESTONE

Now that you have thought about the different ways you can promote your business to customers, take a moment to answer the questions below.

My business will communicate with customers by...

I want the brand of my business to be ...

I will develop partnerships with...

These partnerships will help my business succeed by...



QUESTION 10: HOW WILL YOUR BUSINESS OPERATE?

Delree's
Native Art
Gallery

QUESTION 10: How will your business operate?

In this section, we will explore how your Indigenous tourism business will operate. Do you know how your business will be structured? Will you be located on a First Nations reserve or Métis settlement and how will that impact your operations? How will your experiences be delivered? What will your role(s) be in the business? Do you need staff? What kind of approvals/permissions do you need? Having a clear understanding of how your business will operate prior to startup will allow you to focus on delivering experiences once your business is up and running, as opposed to fixing operational problems. This will save you a significant amount of time and headache in the long run. The activities in this section will help you think through these important business components.

Business Structure

You need to determine how your tourism business will be structured for tax and legal purposes. As an Indigenous tourism business, it is also important to consider if you will be registered and operating on or off reserve or Métis settlements. There are many benefits along with challenges related to a business operated on a First Nations reserve and/or Métis settlement. You may want to consider securing professional support from a lawyer and accountant who are familiar with the benefits and risks, as well as understanding that financing and tax rules differ for Indigenous owned businesses that operate either on reserve or within Métis settlements.

Possible advantages in being located on a First Nation or Métis settlement may include:

- If starting out as a sole proprietor and First Nations person with status living and doing business on reserve, you will not be taxed for your business activities on reserve, nor do you pay GST on purchases made on reserve.
- However, incorporating your business means you release any GST exemptions you held as an individual, regardless of the location of your operations on or off reserve.
- If you have incorporated your business but your employees are First Nations people working on reserve, you may not have to remit certain payroll deductions. This means there can be a benefit for them to have employment in their community.
- For Indigenous tourism experiences, you are often more closely connected to the community and culture shared on the reserve or Métis settlement. This gives you greater access to the cultural and community resources there.
- As noted in the Appendices, there are some sources of government funding and support that are only available for businesses developed on reserve or within a Métis settlement.



Setting up a structure for your business can be a complex task. See the *Tourism Business Planning Guide* to learn more about business structures. You may also want to get assistance from a lawyer or accountant.



Business Link is a non-profit organization that helps connect Alberta's small businesses with support and resources to help them succeed. Their services include one-on-one startup guidance, market research assistance, advice from experts like lawyers and accountants and much more! Visit their website to learn more: <http://businesslink.ca/>.



To find information on registering a business, contact *Service Alberta*: <http://www.servicealberta.ca/>.

There are also some major barriers facing entrepreneurs looking to build businesses on a reserve or Métis settlement which may include:

- While entrepreneurs face the same challenges as businesses off reserve such as finding customers, recruiting skilled workers and securing financing; each challenge can be magnified given the small size and isolation of the communities. In addition, its members may have lower levels of education. Finding skilled workers in small communities is a common barrier to success.
- When located on reserve or in a Métis settlement, traditional financing is highly unlikely. This is a significant challenge since home ownership is unusual. Even in communities where homes are owned, there is a big gap in house market value leaving few owners with any “equity”.
- Many Indigenous tourism start-ups are turned down for financing because Section 89 of the Indian Act prohibits use of reserve land as collateral. A bank is less likely to take the risk of lending money if it cannot seize assets in the event of default. This ruling often forces Indigenous entrepreneurs to put forward other assets or seek government programs to help qualify for a loan.
- Development banks do finance high-risk businesses located on reserve or Métis settlement, however their interest rates will be higher.
- While there are protocols and approvals needed for sharing community culture within any Indigenous tourism experience, your local political leaders such as the Chief and Council could influence your business decisions and growth if you are located on reserve or within a Métis settlement.



There are many special considerations for Indigenous tourism businesses, especially if located on reserve or within a Métis settlement. Finding a lawyer and accountant with an expertise in Indigenous business is key to obtaining professional advice you can rely on.

There are four options to structure your business:

	Description	Pros	Cons
Sole Proprietorship	Owned and operated by one person with no legal distinction between the owner and the business.	<ul style="list-style-type: none"> • All profits are yours • Easiest to set up • Inexpensive to set up • Possible tax benefit 	<ul style="list-style-type: none"> • You carry all the risks • Personally responsible for debts
Partnership	Two or more persons in a business in which the risks, profits and losses are shared proportionally.	<ul style="list-style-type: none"> • Easy to set up • Very flexible • Partners contribute knowledge, energy and capital 	<ul style="list-style-type: none"> • Partners share responsibilities for debt • Legal counsel advised • Disagreements between partners can cause problems
Cooperative	A jointly owned enterprise engaging in the supply of services, operated by its members for their mutual benefit.	<ul style="list-style-type: none"> • Members contribute knowledge, energy and capital 	<ul style="list-style-type: none"> • The democratic nature of a Cooperative can slow decision making.
Limited (or Incorporated) Company	An individual or group of people authorized to act as a single corporate entity and recognized as such in law.	<ul style="list-style-type: none"> • Limited exposure to personal liability if the business fails. • Provides a way for communities and groups to separate the "business" from other community priorities. 	<ul style="list-style-type: none"> • More expensive and complicated • More regulations paperwork



ACTIVITY Choosing a Business Structure

After reviewing the pros and cons of the different types of business structures, you can choose how you will structure your business by answering the question below.

My business structure will be a _____, because...

Operating a Tourism Business

Next, you will need to figure out how your Indigenous tourism business will operate. The activity below will assist you in thinking through how your business will deliver experiences.



ACTIVITY How will your business operate?

The questionnaire below will help you think through how your tourism business will operate. Feel free to jot down your answers directly in the workbook!

A) How is your experience going to be delivered? One of the key challenges for Indigenous tourism is ensuring that the Who, Where and When of that experience is authentic and representative of the culture being shared. Keep this in mind: if it is not you who is delivering the cultural experience then who else can it be? Do community protocols exist regarding where and when your experience can be delivered?

B) Who will deliver it?: _____

Where will it be delivered?: _____

When will it be delivered?: _____

C) What facilities and/or resources must you own or control to deliver your experience?

**D) Do you need permits, approvals or special permissions to deliver your experience?
Are there any cultural protocols that you need to follow?**



Tourism businesses often operate in less accessible locations that take advantage of unique attractions and beautiful scenery (e.g. provincial lands). Such locations often have special access permissions or servicing requirements that require approvals. See the *Tourism Development Guide* www.alberta.ca/tourism-entrepreneurship.aspx to find out what approvals your business is likely going to need and how to get them.

SUCCESS STORY

Indigenous Tourism Alberta

In 2018, Alberta industry and partners including ITAC and the Government of Alberta came together to capture some of the momentum of Indigenous tourism across Canada with the creation of a five year strategy and launch of Indigenous Tourism Alberta (ITA). ITA is an association designed to help Indigenous entrepreneurs and communities develop tourism businesses with support for training, marketing and business development.

Many Indigenous entrepreneurs have been waiting for this moment for a long time including Brenda Holder, chair of Indigenous Tourism Alberta and owner of Mahikan Trails who looks upon this as an excellent opportunity for Indigenous businesses to enhance and support high quality Indigenous tourism experiences in Alberta.

Keith Henry, the president and CEO of ITAC, states that Alberta offers an array of potential opportunities to experience Indigenous cultures and traditions.

"The advantage that Alberta has is the Indigenous communities are very diverse," said Henry. "What you have on the Tsuut'ina Nation and the culture is different than what you would find with the Dene Tha' in the north or the Métis. That's actually a market advantage and it's a strategy we talk about."



Heritage Park Historical Village, Calgary

Holder has lofty expectations for Indigenous tourism's appeal but believes the benefits will extend far past a potential financial windfall and ensure the culture remains in place for the foreseeable future.

"Across Alberta, in Treaty 6, 7 and 8 and in the Métis nations, everybody is doing something, but they're not being coordinated in their actions," said Enoch Cree Nation Chief Billy Morin. Both Holder and Chief Billy Morin agree that Indigenous Tourism Alberta provides a coordinated approach so they can take that next step with tourism, get more people out and tell their stories better.