



5. BUILD CANADA'S BRAND

Just as companies have brands that distinguish them in the global marketplace, so do countries. Recent place branding research has indicated that a well-marketed national brand provides a country with a competitive advantage and promotes economic prosperity. Similarly, studies have demonstrated that government support of a national brand is a significant factor for investors when they are deciding where to locate.

Canada has a global reputation as a beautiful and friendly nation, yet it does not come close to attracting as many visitors as it should. This shortfall undermines our tourism sector, which makes an important contribution to economic prosperity throughout Canada, and is a missed opportunity to stimulate increased foreign investment, encourage the world's most talented people to immigrate to Canada and add value to quality-dependent exports, like agri-food products. A reputation for the highest quality food products, which is a widely-held perception of our exports, may combine in the future with an equally valuable image as an environmentally sustainable producer of both goods and consumables.

From a business perspective, Canada's image is not optimal. Measured against standards of efficiency, competitiveness and innovation, Canada drops sharply in the standings. Canada

is also not "top of mind" for international investors when they are considering entering new markets.

As we consider the broader image of our country, we note that—unlike myriad other countries and U.S. states—Canada has no general marketing that targets business investment. Improving the perception of our country as a place for business is one of the obvious and urgent roles for the government's newly announced investment promotion agency, the Invest in Canada Hub.

Meanwhile, while Canada has a very desirable reputation for tourism, its international marketing budget is so underfunded that it is unable to compete with other star players in the global tourism industry. Australia spends 80% more than we do. There are four U.S. states that individually spend more than Canada, including Illinois, California, Florida and Hawaii.

For the last four years, we have called for policy responses to the declining competitiveness of the sector and have identified several areas in which the federal government could act to reverse the decline, including offsetting reduced funding for international marketing efforts.

Recent increases for marketing Canada in the U.S., while welcome, have been modest. There is huge potential for greater growth in U.S. tourism.

Strengthening Canada's presence in more distant markets is also essential. Tourism is an entirely discretionary expense, driven almost exclusively by perceptions. Effective communication is our only tool to create demand in populations with little reason to think of Canada, let alone visit.

Last year, the Manitoba government committed to a sustainable tourism investment model of a "96-4 split," as called for by the Manitoba Chambers of Commerce, to support the province's tourism industry. We are asking the federal government to commit to a similar ongoing funding model to stimulate long-term growth in a sector that is bigger than mining, forestry and agriculture combined.

According to Statistics Canada, tourism generates approximately \$9.6 billion per annum in revenues for the federal government.

If the federal government invested just 2% of tourism tax revenues back into international marketing efforts, there would be a budget of roughly \$182 million for Destination Canada

to do what it does so well: market Canada. The return on investment for the government is significant since the international tourist spends three times as much as a domestic traveller, and studies in Australia suggest that every dollar spent on tourism promotion generates an enormous multiplier, delivering impressive gains in a nation's economy.

With a growing middle-class in emerging economies in many parts of the world, properly-funded international market efforts will attract a growing population of tourists to Canada. In 2017, we will advocate that the federal government provide reliable and sufficient funding to Destination Canada's international marketing budget.