

12

2004 TOURISM MARKETING PLAN

The Planning and Economic Development Committee recommends the adoption of the recommendations contained in the following report, November 27, 2003, from the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. The 2004 Tourism Marketing Plan as outlined is adopted in principle subject to approval of the 2004 Economic Development operating budget.
2. The Regional Chair and the Regional Clerk be authorized to execute any necessary agreements with Human Resources Development Canada and other industry partners for funding to assist with the Premier Ranked Tourist Destination research project.
3. Staff be directed to prepare a Terms of Reference to define and facilitate the creation of a Regional Tourism Advisory Committee.
4. Staff be directed to report back the status of the Premier Ranked Tourist Destination project, the establishment of the Tourism Advisory Committee and the implementation of the tourism marketing plan during the 2004 fiscal year.

2. PURPOSE

The purpose of this report is to seek Council's approval in principle the components of 2004 Tourism Marketing Program subject to the approval of the 2004 economic development operating budget.

3. BACKGROUND

Council approved the strategic elements of the 2003 Tourism Marketing Plan in October 2002. Staff implemented the plan that resulted in the following accomplishments:

- Increase in industry participation and revenues generated for the production of the 2003 York Region Visitors Guide.
- Facilitation of eleven promotional and advertising campaigns.
- Staff responded to over 5500 consumer inquiries via telephone and email.
- Assisted the York Region Farm Fresh Association in the development and promotion of the inaugural York Region Farm Fresh Guide.
- Administered the Arts & Culture Tourism Grant program to 23 recipients.
- Various components of the tourism program received recognition from the Economic Developers Council of Ontario (EDCO) for excellence in marketing and product development. The industry communiqué "Tourism News" won an Economic Development Award and three certificates of recognition were granted for the

Tourism Advertising Campaign, the 2002 Visitors Guide and the Take A Hike Trail Guide. Staff, as part of the EDCO Tourism Committee also received the Presidents Award.

- Staff participated at the Travel Media Association of Canada Conference and Tourism Toronto represented the region at three key tour operator and travel trade conferences.
- Free media exposure was generated through 1 radio broadcast and 5 known print mediums including a Fall 2002 media tour which resulted in 21 York Region tourism establishments being featured in a “Parents Guide to Toronto” publication.
- Concurrently staff implemented a Severe Acute Respiratory Syndrome (SARS) Emergency Marketing and Recovery Plan which included a range of strategic activities to enhance awareness, rebuild consumer confidence and assist in recovery efforts. A complete overview of the SARS initiatives will be reported back to Regional Council in a separate report.

Tourism marketing and promotion are a key component of the region’s overall economic development efforts. This report sets out the goals and direction of the 2004 Tourism Marketing Plan.

4. ANALYSIS AND OPTIONS

Two years after the 9/11 crisis to more recent events including the continuing tension in the Middle East, the unsettling aftermath of the Iraq war, the global reaction to the SARS crisis, the economic impact of mad cow disease, a major power black out and world economic slowdowns – all these factors combined make for a challenging time for Ontario’s tourism industry. The severity of these impacts on community and regional economies also cannot be underestimated. The impact of SARS in particular demonstrated that tourism as a business sector plays an integral role in York Regions’ social and cultural environment as well as, being a major economic generator and employment base.

Recent research by the Ontario Ministry of Tourism and Recreation confirms there is still a lack of consumer confidence in Ontario as a destination of choice for international and U.S.A. tourists. In the short-term the province is focussing on motivating the domestic market while rallying global consumer confidence for Ontario/Toronto within the leisure, meetings and business sectors for future returns. A 2001 Statistics Canada research report compiled for the region confirms that the domestic consumer represents the largest percentage of the region’s leisure and corporate revenues so it is important to continue an aggressive regional tourism program to recapture market share.

In August 2002, staff undertook a series of consultations with industry stakeholders to ensure the regions’ tourism initiatives strategically addressed the appropriate target audiences. The results supported the regions’ tourism economic development direction and assisted in building the foundation for 2003 and beyond. The industry also identified opportunities, some that were incorporated in 2003 while others were prioritized for future implementation given sufficient funding and staff complement.

In 2004, staff recommends bringing forward two recommendations from these industry consultations that complement the overall tourism economic development strategy. This would include the establishment of a Regional Tourism Advisory Committee and the facilitation of the Premier Ranked Tourist Destination research component.

4.1 Elements of the 2004 Tourism Marketing Program

The 2004 program builds upon industry research and the core foundation of the 2003 program. This includes a consumer awareness campaign encompassing advertising, media relations and consumer promotions as well as, product development and travel trade and industry activities. The marketing activities include co-operative initiatives to be executed in partnership with the tourism industry. These initiatives complement and or leverage the efforts of the Ministry of Tourism and Recreation, the Ontario Tourism Marketing Partnership and Tourism Toronto to rebuild consumer confidence and recapture market share. The 2004 Tourism Marketing Plan is attached. *Attachment 1.*

The 2004 vision and strategies remain consistent with 2003 but with an emphasis on recapturing leisure and corporate/meeting market share and assist in the economic recovery of the business community. The plan is flexible and can evolve and change as economic conditions dictate.

4.1.1 Goals

The overall goals of the program are:

- To position the Region as a viable four season tourism destination for tourists
- To motivate new tourists; to encourage repeat visitation and overnight stays
- To create an environment for the development of the Region's tourism industry

4.1.2 Strategies

The plan includes several strategies that will:

- Continue to build consumer confidence of York Region as a safe and vibrant tourism destination through creative media, co-operative marketing programs and compelling promotional materials.
- Foster and nurture partnership opportunities within the tourism industry.
- Create an environment for the development and growth of the Region's tourism sector.

4.1.3 Target Audience, Market Segments and Tourism Product

The region's predetermined target audience and market segments still represent the key opportunities for increasing visitation, recapturing overnight stays and generating revenues.

Target Audience

- Greater Toronto Area
- York Region residents
- Ontario - Canadian provinces
- Secondary markets – U.S.A., International (but this market is important for the meetings and corporate overnight business)

Market Segments

- Leisure Travellers – Residents, Visiting Friends and Relatives, Tourists
- Travel Trade Market – Group Travel and Fully Independent Travellers
- Meeting and Convention – Corporate, Association, Incentive market segments (includes the promotion of the Region's facilities as an option to downtown Toronto or Airport locations as well as the conversion of business to leisure travellers)
- Industry Development – The industry looks to the Region to provide strategic direction, competitive research, educational forums and act as the catalyst for tourism development.

Product Development

As a result of the SARS impact on the tourism sector, Toronto and Ontario's initial marketing focus was to attract consumers by providing greatly discounted overnight packages including attraction, restaurant and theatre offerings. This tactic has successfully attracted more business to Toronto but has also positioned Toronto as a discount destination. One of the results of this is that it has depressed rates and prices for surrounding areas such as York Region; which makes it more challenging for the industry to recover profitability. In addition, consumers are now more demanding. They are interested in all-in-one tourism packages for ease of purchase and are demanding more compelling, innovative and perceived value-added experiences for the tourism dollar. Staff will continue to work in partnership with the industry to identify key travel motivators including festivals, events, cultural product and outdoor experiences for packaging and promotion to the marketplace.

4.1.4 Research Component - Premier Ranked Tourist Destination

Staff are proposing to undertake a Premier Ranked Tourist Destination research project. This project will provide a solid basis for preparing a long-term tourism strategy, which is a key component of the region's overall economic development program. This research will provide information to better understand how tourism drives our economy now and in the future and will provide a framework to evaluate the region's performance against pre-defined measures. The research will identify weaknesses that need to be addressed to sustain economic stability as well as, providing opportunities that will give the region a competitive advantage over other destinations in the tourism market. The results will provide information to assist in regional marketing initiatives to attract tourism investment and create employment opportunities in the tourism sector. Staff have initiated applications for funding assistance from Human Resources Development Canada (HRDC) to offset the costs of retaining contract employees to conduct the interviews and data collection required for this project. If HRDC funding approval is granted, staff recommends that the Regional Chair and Regional Clerk be authorized to

execute any necessary agreement with Human Resources Canada Job Creation Partnership, area Municipalities, Chambers of Commerce, Boards of Trade, the Tourism Advisory Committee and other industry partners to facilitate this initiative.

4.1.5 Regional Tourism Advisory Committee

The establishment of a Regional Tourism Advisory Committee was a recommendation put forward through the industry focus group sessions. This Committee will be used to provide direction at the policy and strategic level and to address and make recommendations on issues facing the local tourism industry. This will allow for staff to respond to issues and opportunities within the tourism industry in a more timely and effective manner ensuring the region remains competitive. This Committee will also be ambassadors for the regions' tourism program within government, municipalities, the tourism industry and other stakeholders. Staff proposes that this Committee will consist of no more than 10 people and would have representation from the following sectors:

- Arts and Culture
- Accommodation
- Recreation
- Attractions
- Agricultural Sector
- The Greater Toronto representative of the Ministry of Tourism, Recreation and Culture for the province of Ontario
- Staff to include Tourism and the Director of Economic Strategy and Tourism

Staff will bring back a report with more detailed terms of reference and a recommendation to appoint a member of the Planning & Economic Development Committee to the next meeting of the Committee.

4.2 Arts and Culture Tourism Grant

In May 2003, staff brought forward a report to Council recommending the award of Arts and Culture Tourism Grants to 23 community organizations. While helping to foster the launch and promotion of new events and organizations, the grants have been rather less successful in stimulating significant or sustained tourism visits. In this past year, demand for the limited pool of grant monies (\$25,000) exceeded supply, resulting in a very modest grant (\$1,086) being available to the recipients.

Staff are aware that there are a number of other organizations that provide funding and/or sponsorship to the arts and culture sector including: the Department of Canadian Heritage, Canadian Conservation Institute, Canada Council for the Arts, the Ontario Ministry of Culture, Ontario Arts Council, Ontario Cultural Attractions Fund, Ontario Trillium Foundation, Ontario Ministry of Tourism and Recreation, Community Arts Ontario, Human Resources Development Canada and Artslink York Region.

In light of the mandates of these organizations, it may be a better role for the Region to help foster marketing partnership opportunities for the arts and culture community to create consumer interest. Staff believes that it would be prudent for Council to review the Arts and Culture Grants Program in the context of the 2004 Operating Budget.

As per the May 2003 report, staff will bring forward a report in March on the Arts and Culture Grant program for 2004.

4.3 Evaluation Plan

In conjunction with the tourism partners, the following measurements will be used as performance benchmarks to analyse the effectiveness of all advertising and promotional activities being implemented:

- The number of consumer inquiries generated and inquiries fulfilled
- The number of web site hits
- The financial and partnership support from the tourism industry for programs
- The number of new tourism products and services developed
- An annual survey of the local tourism partners to determine visitation statistics
- An annual survey to determine leisure, group and convention business generated.
- Media relation results

These performance metrics will be reported back to Committee later in 2004 after the marketing program has been implemented and consumer/industry feedback has been compiled.

4.4 Relationship to Vision 2026

The activities outlined are consistent with the goals and objectives of Vision 2026 relation to the sections for the promotion of the “Arts, Heritage and Culture” and the attracting and supporting business components of the “Vibrant Economy”.

5. FINANCIAL IMPLICATIONS

The tourism initiatives that are identified in the marketing plan build on previous successes and the program is offset partially through revenue recoveries from advertising sales and industry sponsorship. The tourism program budget will be evaluated subject to Regional Council approval of the 2004 Economic Development business plan and operating budget.

6. LOCAL MUNICIPAL IMPACT

Tourism as a business sector plays an integral role throughout the area municipalities social and cultural environment as well as, being a major economic generator and employment base. Statistics Canada 2001 research confirmed that York Region welcomed 2.1 million visitors generating \$126 million in revenues and 5200 new jobs. SARS in particular demonstrated just how fragile this industry is and the importance of building regional brand identity in priority market segments for immediate and long-term impacts within the area municipalities.

7. CONCLUSION

It is essential to have an industry led, market driven, research-based vision to sustain a vibrant and profitable tourism industry. It will take a collaborative approach that involves full private and public sector support to implement a range of collaborative relevant cost effective, strategic activities that will ensure regional businesses retain marketshare as other destinations compete for the same client base. A vibrant tourism sector gives the region a competitive advantage to attract tourist investment and create employment opportunities. The components of this marketing plan will be presented to the tourism industry at the Annual General Meeting proposed for February 2004.

Staff recommends that Regional Council approve the 2004 Tourism Marketing Plan as identified in this report.

The Senior Management Group has reviewed this report.

(A copy of the attachment referred to in the foregoing is included with this report and is also on file in the Office of the Regional Clerk.)