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YORK REGION TOURISM PROGRAM UPDATE

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report, November 2, 2005, from the Commissioner of Planning and Development Services:

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

The purpose of this report is to provide Regional Council an overview of the Region's tourism initiatives from May-October 2005, as well as partnership status updates and a snapshot of Ontario's tourism performance and travel trends.

3. BACKGROUND

The 2005 Tourism Marketing plan sets out goals of the tourism program: to attract tourist visits, generate overnight stays, increase revenues and strengthen urban and rural communities by supporting the development, growth and sustainability of the tourism industry.

The Marketing Program targets three consumer market segments including:

- Leisure
- Travel Trade
- Corporate/Convention/ Conference/SMERF(Social Military Educational Religious and Fraternal Organizations)/Sport Tourism

The tourism program also incorporates Research, Industry and Partnership components.

Staff was directed to provide periodic updates to Council on the Tourism program throughout the year. In May of 2005, staff provided a report outlining first quarter activities.

This report provides Council with an overview of initiatives implemented from May-October 2005.

Also, included in this report are tourism performance outlooks and trends based on research provided by the Ontario Ministry of Tourism, Tourism Toronto and the Canadian Tourism Commission. Staff reviews tourism industry performance statistics

and research on an ongoing basis to ensure that the Region's program remains focused on initiatives and advertising programs that properly position the Region in the tourism marketplace and provide return on investment for tourism industry operators.

4. ANALYSIS AND OPTIONS

4.1 York Region Tourism Program Initiatives

4.1.1 Leisure Advertising

The tourism update report in May identified advertising and marketing activities that extended throughout the year including: AAA, CAA, Venue Vision Television, Ontario Travel Information Centre, Festival and Events Ontario Guide and the Attractions Ontario Passport.

Additional leisure advertising activities included:

- CAA Quebec Touring – a double page English language spread this summer with 96,683 circulation.
- Ontario Tourism Marketing Partnership – web banner promotions in Summer and Fall, 80,000 users per session
- Globe and Mail Dreamscapes Magazine – half page, May, 110,000 circulation
- Newspaper advertising included – The Sudbury Star, The Buffalo New, Detroit Free Press, Windsor Star, Kitchener Water-loo Record, London Free Pres, Sarnia Observer, Globe and Mail (Explore Ontario) and the Toronto Star.

4.1.2 Travel Trade Marketing

To increase awareness and encourage group tour business, the Region participated in the following travel trade initiatives:

Advertising included:

- American Bus Association, Destinations Magazine – full page, September issue, 6000 circulation
- Ontario Motor Coach Association, Road Explorer – half page, September issues, 1,600 circulation
- National Tour Association, Courier Magazine – full page, August issue, 1,700 circulation
- CanadaScope magazine – one third page, April issues, 9,000 circulation

Trade show participation included:

- The Ontario Motor Coach Association (OMCA) - Staff coordinated a York Region area within the Ontario portion of the OMCA Attractions market place held on October 22-23, 2005. The following industry stakeholders partnered with the region: Red Barn Theatre, NASCAR Speed Park, Willow Springs Winery and Sharon Temple.
- National Tour Association Convention held on November 4-8, 2005 in Detroit.

4.1.3 Corporate/Convention/Conference/SMERF/Sport Tourism

To build awareness and generate new business from this market segment, the following initiatives were implemented:

- M & IT Magazine – a E-newsletter bulletin in August and Nov, plus a postcard insert in August and four page insert in September, 10,500 circulation
- Globe & Mail In Conference Magazine – half page in September, 267,000 circulation

Meeting and Conference tradeshow participation included:

- Meet Canada – held May 16, 2005
- Incentive Works – held August 23-24, 2005
- Independent Meetings Planners Association of Canada Supplier Showcase – proposed for November, 2005

4.1.4 Partnerships

Working in partnership forms the foundation of the Region's tourism program. The Tourism Toronto partnership in 2005 whereby \$250,000 was received by the Region to develop joint marketing messages enhanced the Region's promotional reach in all market segments. In June, staff provided Tourism Toronto an interim report detailing spending and initiatives implemented and a final report will be provided in December as per the terms in the Memorandum of Understanding. Initial feedback from Tourism Toronto is very positive for the continuation of funding into 2006 and staff will report back once details have been confirmed.

4.1.5 Research - Premier-Ranked Tourist Destination Project

With the financial support of the Government of Canada (Service Canada) and the provincial Ministry of Tourism, the Region has commenced work on an extensive research project to thoroughly inventory and assess the Region's tourism industry. At their November 2, 2005 meeting, the Planning & Economic Development Committee received a staff presentation of the Premier-ranked research project. The project will provide an objective appraisal of the Region's competitive position in the tourism marketplace, make recommendations for future growth and sustainability and identify new benchmarks to measure the Region's tourism performance over time.

4.1.6 Industry Development

Another objective of the tourism program is to provide opportunities for networking and educational programs to ensure a competitive edge for York Region's tourism sector. On October 3, 2005 staff organized the 4th Annual York Region Tourism Conference at the Manor at Carrying Place Golf and Country Club in Kettleby. Over 120 industry stakeholders attended to hear presentations by the Ontario Ministry of Tourism, The Ontario Motor Coach Association and Festivals and Events Ontario. Staff provided information on the Premier Ranked-Tourist Destination Research project and presented an overview of the 2005 and 2006 tourism marketing programs.

Staff attended one day of the inaugural Ontario Tourism Marketing Partnership Summit that was held by the Ontario Tourism Marketing Partnership Corporation in Niagara Falls, October 18-19, 2005.

4.1.7 Promotional Brochures

2006 York Region Visitors' Guide

The advertising sales programme for the 2006 Visitors Guide has commenced to solicit industry participation in the York Region Visitors' Guide. Production and design changes have been made to enhance the Guide to double the print quantity to 150,000 copies without increasing the cost for industry partners to participate. Staff will report back on the Visitors' Guide project when completed in early 2006.

Touring York Region

Staff developed a "Touring York Region" promotional brochure to build awareness and encourage new business from the group and student market segments. This brochure was distributed to Tour Operators attending the Ontario Motor Coach Association and National Tour Association conventions.

4.2 Tourism Outlook Snapshot

Staff regularly review and meet with tourism industry owners and operators as well as officials from The Canadian Tourism Commission, Tourism Toronto, Ontario Ministry of Tourism and the Ontario Tourism Marketing Partnership to better understand the trends and issues facing the travel and tourism industry. The following is a synopsis of some of this research.

Visitors from the United States traditionally represent Ontario's largest market segment, and the weakening of US visitation in recent years is cause for concern. Despite considerable marketing investment by the Provincial government, The Ontario Tourism Marketing Partnership and Tourism Toronto, to rebuild tourist confidence battered by events such as September 11, the Iraq war, SARS and other global challenges, the number of American's travelling to Ontario is not increasing. Entries by US visitors fell 12. % in August 2005 over August 2004 to their lowest level for the month in 33 years. Overall between 2001 and 2005, US entries to Ontario have reduced in size by over one third. Compounding these jitters, are the increased border security issues, trade disputes, the strengthening Canadian dollar, and rising fuel costs, all of which makes Ontario a relatively more expensive destination to Americans.

The Canadian Tourism Commission states that "coordinated, strategic and highly-targeted marketing efforts are needed to address the declining US travel market." In 2003, American's accounted for just 118,000 visitors to the Region but represented a high proportion of tourism spending \$32.7 million. The Region's tourism marketing program and partnership approach is consistent with the Ontario and Toronto initiatives to ensure a strong presence in the US throughout each travel season with an emphasis on peak summer and shoulder travel periods.

Intra provincial travel is forecasted to strengthen in 2006 but the challenge to motivate these consumers will be to demonstrate and deliver unique, high quality tourist experiences at competitive price. Given that fuel prices are forecast to remain high, and that the GTA is relatively higher cost jurisdiction in terms of food and accommodation, extra effort will have to be devoted to providing a clear value proposition to visitors. In 2003, the domestic market represented the main source of tourism volume and spending for York Region. From the total 2.5 million visitors, Canadians accounted for 2.4 million visits and a \$118.1 million in travel spending. As this trend is consistent with other Ontario destinations, the tourism program includes a variety of promotional and marketing activities to promote York Region as price competitive and improve market share of inter-provincial travel.

Travellers from overseas countries to Ontario continue to increase. For the period January to August 2005, compared to January to August 2004, Ontario saw a 6% increase from the UK, a 10% increase from Germany, a 7% increase from France and a 27% increase from Japan. Visitation from the emerging markets of Mexico, South Korea, and Australia are forecasted to also increase over previous years. In the near future, the Chinese government is expected to confer “Approved Destination Status” to Canada and once achieved, the volume of tourism from China is expected to increase significantly.

Currently, the overseas market represents a small component of overall visitation to York Region – approximately 44,000 visitors but they represent a high proportion of revenue from spending-\$33,000. Based on the GTA’s multi-cultural diversity, the leisure traveller and the visiting family and relative segment of this market could potentially be lucrative for the Region. To date, limited marketing resources have been devoted to directly address this consumer segment. Instead the Region’s program has focused on leveraging Ontario and Toronto’s efforts to an increased share of international visitors.

The backbone of the tourism industry is comprised of small and medium sized enterprises and recognizing their challenges is critical for the region to prosper and grow. The Canadian Tourism Association released a report in February 2005 “Best Practices in Working with Small and Medium Sized Enterprises in the Tourism Industry.” The report identifies “partnership-building”, results-based measurement and an effective web-based marketing strategy as keys to success. The Region’s tourism program incorporates many of the best practices in the report. The Tourism Marketing Program for 2006 will increase the opportunities for collateral promotion and cross-marketing in both print and web-based formats.

4.2.1 Travel Trends

In the years ahead, the research identifies a series of trends that will impact tourism marketing and product development strategies. They include:

- An aging population – demanding quality product, ease of getting there, security and comfort.

- More health consciousness – demanding wellness experiences, active holidays, less demand for sun-only holidays.
- Consumers with a higher level of education – increasing demand for special products, arts, culture, history packaged tours and self-organized holidays.
- Increased use of information technology – increase in obtaining travel information online – buying online.
- Changing travel behaviour – making bookings closer to date of travel, staying closer to home, short getaways, growing off peak travel seasons.

All of these trends will have to be considered in the development of the Region's future tourism marketing programs.

4.3 Relationship to Vision 2026

The tourism program supports the Vibrant Economy and Enhanced Environment Heritage and Culture goals of Vision 2026.

5. FINANCIAL IMPLICATIONS

The tourism program initiatives are funded in the 2005 Economic Development budget allocation and are augmented by \$250,000 in funding from the Tourism Toronto destination marketing fee.

6. LOCAL MUNICIPAL IMPACT

The region's tourism industry is extremely diverse and consists of predominantly small to medium sized family owned and operated businesses. Visitor expenditures contribute to profitable tourism businesses, create new employment opportunities, encourage economic growth and support the regeneration and sustainability within all of the area municipalities.

The Region's tourism marketing program is based on developing and promoting a range of tourism experiences in all of the local municipalities in the Region. Staff work collaboratively with members of local councils and staff of the local municipalities to ensure that the Region's marketing program is "in sync" with local objectives to encourage local awareness of tourism opportunities that enhance spending in local businesses. Regional staff continues to believe that in order to sustain market share in the leisure, corporate and travel trade segments, that a strong unified regional marketing approach rather than individual municipal marketing efforts are the most cost-effective to local tourism businesses.

7. CONCLUSION

The Region's tourism program identifies the most critical tourism markets and works to maximize potential while developing new business opportunities and diversifying the market base. The program sells the virtues of York Region as a destination while supporting emerging municipal tourism initiatives. Research indicates that many factors influence the performance of the tourism sector and a fragmented structural situation impedes strong industry partnership development. It is important to work in unison as a cohesive unit at municipal, regional and industry stakeholder levels to be effective in acting on common interests, to eliminate overlapping efforts and channel collective resources in today's competitive marketplace.

The Senior Management Group has reviewed this report.