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2005 TOURISM MARKETING PROGRAM

The Planning and Economic Development Committee recommends the adoption of the recommendations contained in the following report, November 1, 2004, from the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. The 2005 Tourism Marketing Plan as outlined be adopted in principle subject to the approval of the 2005 Economic Development operating budget.
2. The Regional Chair and the Regional Clerk be authorized to execute any necessary agreements with Human Resources Development Canada, Tourism Toronto and other industry partners to acquire funding assistance to support the tourism program.

2. PURPOSE

The purpose of this report is to seek Council's approval in principle the components of the 2005 Tourism Marketing Program subject to the approval of the 2005 economic development operating budget

3. BACKGROUND

Council approved the strategic elements of the 2004 Tourism Marketing Plan in January 2004. Staff implemented the plan with the following accomplishments:

- Increase in industry participation and revenues generated for the production of the 2004 Visitors Guide.
- Production of the first Regional publication *KeyNote Conference and Meeting Planner* designed to position York Region as a prime destination for meetings, conventions and business functions. This Guide was produced in partnership with 19 tourism partners on a totally cost recoverable basis and supported the 2004 SARS Meet n Play recovery program.
- Assisted production, launch and distribution of the 2nd annual *York Region Farm Fresh Guide*.
- Held the York Region Tourism Industry 3rd Annual Tourism Conference on February 25 with over 100 people in attendance.
- Hosted a "Workshop on Marketing and Cultural Tourism" March 3 in partnership with Artslink York Region and the Ontario Cultural Attractions Fund.
- Production of the first *Arts and Culture Spotlight* publication as one component of the two year modified grant program.

- Participation in marketing partnership initiatives with Getaway Country which included the production of a Summer and a Fall edition of *Getaway Gazette* which were distributed to Union Station commuters.
- Presented the latest travel and statistical research data demonstrating the economic impact of tourism in York Region in 2002.
- Establishment and appointment of the York Region Tourism Advisory Group. Details regarding the Advisory Group will be reported back to Regional Council in a separate report.
- Facilitation of nine consumer advertising campaigns and one trade advertisement.
- Representation at three and participation at one Tour Operator Trade Shows in partnership with Tourism Toronto.
- Secured \$100,000 in SARS Recovery funding from Ontario Tourism and concurrently facilitated a \$200,000 recovery program. A SARS overview will be reported back to Regional Council in a separate report.
- Supported the Ontario SuperHost customer training seminar facilitated by Creative Community Ventures.
- Presented a Career Awareness Program on tourism for the Ontario Tourism Education Corporation at the Sir William Mulock Secondary School, Newmarket on October 20.
- Co-ordination of the instalment of a multi-media touch screen York Region Information Kiosk linked to www.yorktourism.com at the new Vaughan Mills.

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 2005 Tourism Marketing Program

4. ANALYSIS AND OPTIONS

The tourism industry has struggled through many challenges over the past few years. While improvement is expected in 2004 continuing into 2005, it should be noted that this will only be an increase over two years of significant decline. The future outlook is that the tourism industry faces several barriers hindering recovery including the decline of USA travellers, border crossing delays, high gas prices, the strong Canadian dollar, growing competition from other tourism destinations and the consumer perception of boredom and burnout of Ontario/Toronto as a tourist destination. Tourism operators in York Region will need to present to consumers fresh new product offerings and experiences. The challenge is to avoid a fragmented marketing approach and work together with other partners to strengthen the industry sector and raise the tourism profile.

The response to SARS has shown the importance of working together to restore the health of the tourism sector as a key contributor to employment and economic vibrancy in the Region.

In order to address the impact of SARS in 2003 and 2004, the funding allocation for tourism marketing was supplemented with additional dollars. In 2003, Regional Council approved \$250,000 to implement a SARS Recovery program. In 2004, staff secured

\$100,000 in Provincial funding to support Industry, Town of Markham and York Region contributions for a total of \$200,000 for the Meet n Play and Stay n Play SARS recovery and revitalization initiatives. For 2005, staff has secured a one time contribution of \$250,000 from Tourism Toronto to augment the Region's tourism budget. This additional funding will sustain an enhanced marketing effort for another year that builds upon the successes accomplished to date.

The tourism marketing program is aligned with the strategic directions of the Economic Development Strategy which is before Committee on this agenda. The tourism program also complements and supports the provincial Ministry of Tourism, Tourism Toronto, Industry partners and stakeholders tourism strategies.

4.1 Elements of the 2005 Tourism Marketing Program

The 2005 program builds upon the Region's current tourism foundation and industry direction obtained from the 2002 Industry Focus Groups and more recently the 2004 Economic Development Strategy Workshops. The marketing plan includes initiatives targeting the leisure, travel trade and corporate market segments plus a research and industry development component. The initiatives were identified in collaboration with the tourism industry partners and support the implementation of the economic development strategy objectives.

The overall goals of the tourism program are:

- To position York Region as a viable four season destination with attributes to support various consumer and business sectors audiences (resident, tourist, meetings, corporate, conference, travel trade).
- To motivate new tourists and business sector travellers; to encourage repeat visitation and generate overnight stays and increase revenues.
- To create an environment for the development, growth and sustainability of the Region's tourism industry.

4.1.1 Target Audience, Market Segments and Tourism Product

The Region's predetermined target audiences and market segments remains consistent with the research available from the province for recapturing overnight stays and increasing tourism revenues into York Region.

Target Audience

- Greater Toronto Area
- York Region residents
- Ontario
- Quebec (new target audience based on results of provincial research and industry direction)
- Secondary Markets – USA and International (important for visiting friends and relatives segment and the meeting/corporate overnight business)

Market Segments

- Leisure Travellers –residents, visiting friends and relatives, tourists
- Travel Trade – group travel, fully independent travellers
- Meeting and Convention – corporate, association, SMERF (social, military, educational religious and fraternal), sport, recreational
- Industry Development – building upon industry direction that the Region’s responsibility is to provide direction that builds image, influences tourism experiences, provide research, educational forums and be the catalyst for tourism development.

Tourism Product Development

As part of the 2005 Marketing Plan, staff will continue to work with industry partners to develop new “packages” and innovative tourism “experiences”. The Region can build its natural assets such as the Oak Ridges Moraine and York Region Forest to develop new Green Tourism and outdoor recreation experiences. There also the opportunities to provide new golf and recreational packages. Working with Artslink of York Region, staff will also identify new arts, events and culture based tourism opportunities.

4.1.2 Tourism Toronto Partnership

Over the past few months, staff have been negotiating with Tourism Toronto a new partnership that will see York Region receive a \$250,000 contribution to implement shared marketing initiatives. The funding for this partnership is made available through a 3% Destination Marketing Fee (DMF) that the Downtown and most of the Greater Toronto Area Hotels (York Region and Mississauga) are voluntarily charging overnight guests. The purpose of the DMF was to generate extra funds that would be allocated to Toronto’s destination marketing organization, Tourism Toronto to undertake aggressive marketing and promotional campaigns to re-brand Toronto, rebuild consumer confidence and position Toronto to regain market share.

The DMF funding formula is generating approximately fifteen (15) million dollars to enhance Tourism Toronto’s current 5 million dollar budget. It is estimated that Tourism Toronto member Hotels located in the north east part of Toronto and the southern corridor of York Region are contributing between four to five million dollars through the collection of the destination marketing fee.

Tourism Toronto is allocating resources to implement various initiatives to support their DMF contributing Hotel members in the North East/York Region. This regional partnership provides enhanced marketing efforts for this area.

This \$250,000 will augment the Region’s base tourism budget. The funding allows York Region to build upon Stay n Play and Meet n Play foundation and allows for new opportunities to be implemented supporting visitation and revenue growth. This partnership agreement has conditions that limit the participation of Hotels that do not collect the destination marketing fee. The Tourism Toronto partnership initiatives are included in the attached 2005 Marketing Plan.

The agreement is in the process of being drafted and it is recommended that the Regional Chair and the Regional Clerk be authorized to execute the funding partnership agreement with Tourism Toronto.

4.1.3 Research

Understanding the needs, consumer motivators and experience expectation and satisfaction levels are necessary to be successful in building visitation and tourism revenues. Staff will use on-going provincial research and forecasting available. To augment the Region's development the following research studies will be undertaken in 2005 subject to approvals of Human Resources and Skills Development Canada and Regional Council through the 2005 Operating Budget.

- **Premier Ranked Tourist Destination Research Project**

In 2004, Regional Council approved the undertaking of the Premier Ranked Tourist Destination research audit as part of the 2004 Tourism Plan. Staff is waiting approval from Human Resources and Skills Development Canada on a funding proposal submitted earlier this year requesting funding to offset the costs of this initiative. Given the changes in the tourism industry since SARS, it is key that the Region undertake this project as it provides a solid base for preparing a long-term tourism strategy and a framework for new partnership opportunities. The results will also provide product development opportunities and a foundation to attract tourism investment and create employment opportunities.

- **An Overview of Tourism in York Region**

Research Resolutions and Consulting Ltd., will be retained to provide an overview of the impact of tourism into York Region. This research will be an analysis of the most recent statistics provided to Ontario Tourism based on the Statistics Canada Domestic and International Travel Surveys.

4.2 Evaluation Plan

Staff will employ a series of performance metrics to analyse the effectiveness of the activities outlined in the tourism program. Such metrics will include tracking the number of consumer inquiries, web site hits, media relation results and feedback from the Hotel industry to determine revenues generated and new business booked.

4.3 Relationship to Vision 2026

The activities outlined support the Vibrant Economy and Enhanced Environment Heritage and Culture goals of Vision 2026.

5. FINANCIAL IMPLICATIONS

The Region's funding allocation base for tourism marketing initiatives is enhanced through revenues generated from the sales of advertisements and partner sponsorship. These funds partially offset the initiatives identified in the tourism program. Historically the Hotel sector is the major financial contributor and in 2004 and 2003, this sector has suffered severe financial difficulties and it is expected that these restraints will continue into 2005. To demonstrate their support of the York Region tourism program, \$250,000 of the Tourism Toronto Destination Marketing Fee will be allocated to the tourism budget so that staff will be able to sustain and build upon the current level of marketing and promotional initiatives.

6. LOCAL MUNICIPAL IMPACT

The tourism marketing plan set out in this report is supportive of local efforts to build and diversify jobs and economic growth. Tourism generates over 3500 jobs and in excess of \$225 million of economic impact from visitor expenditures throughout the Region. The marketing plan also supports the awareness and growth of the arts and culture sectors which is an important element of the quality of life in the Region's communities.

7. CONCLUSION

The erosion of Ontario's competitive position in the tourism marketplace caused by SARS and compounded by the latest Ontario consumer research that Ontario and its icons, Toronto, Niagara Falls, and Ottawa are perceived as not exciting with nothing new to motivate consumers to travel, plus other destination competition are major challenges facing the rebuilding of tourism revenues into York Region.

The tourism industry is struggling to overcome the adversities and negative consumer perceptions brought about by the events of the past 2 years. Tourism is an important generator of jobs and economic impact to the communities of York Region. The initiatives and partnership dollars identified in this report will help to support and restore the health of the Region's tourism industry. The 2005 Tourism Marketing Plan builds upon partnerships with all the industry stakeholders and provincial and federal governments to finance, implement and measure programs in support of tourism within York Region

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is included with this report.)