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2006 TOURISM MARKETING PROGRAM

The Planning and Economic Development Committee recommends the adoption of the recommendations contained in the following report, August 10, 2005, from the Commissioner of Planning and Development Services:

1. RECOMMENDATIONS

It is recommended that:

1. The 2006 Tourism Marketing Program as outlined be adopted in principle subject to the approval of the 2006 economic development operating budget.
2. The Regional Chair and the Regional Clerk be authorized to sign the necessary agreement(s) with industry partners such as Human Resources Skills Development Canada, Tourism Toronto and other organizations, subject to review by Legal Services to acquire funding assistance to support the tourism marketing program.

2. PURPOSE

The purpose of this report is to provide Council an overview of the 2006 tourism marketing program and seek approval in principle the components of the work plan subject to the approval of the 2006 operating budget.

3. BACKGROUND

In previous years, tourism was Ontario's 7th largest generator of foreign exchange, following transportation equipment, machinery, chemical, computer and electronic products, primary metals and plastics and rubber products manufacturing, bringing into the Province \$5.8 billion in foreign exchange. Ontario's tourism GDP was greater than that of agriculture, forestry/logging, commercial fishing/hunting and mining industry combined with a total contribution from tourism amounting to \$18.6 billion. The total contribution of tourism in Provincial employment (direct, indirect and induced) reached 299,092 jobs of which 3.1% or 198,655 are jobs that directly relate to producing or providing goods and services for travellers.

Within York Region, tourism supports many industries including accommodation, attractions, food and beverage, recreation, culture, entertainment, transportation, retail and others. Previously, York Region welcomed 2.5 million visitors spending \$184 million on tourism activities. Tourism contributed \$136.7 million in GDP and generated 2500 jobs in the region.

These statistics are based on the most recent tourism performance updates provided by the Ministry of Tourism & Recreation, Statistics Canada data.

Notwithstanding growing traveller confidence from SARS, there are obstacles that continue to impede the growth and rebound of tourism visitations and revenues including limited stability in the global geopolitical landscape, high fuel prices, new passport regulations and the perceived lack of enthusiasm to travel to Ontario and Toronto. The scope of the region's tourism program carries the message to targeted consumers that the areas and experiences within York Region are worth visiting and exploring while encouraging residents to experience the quality of place they enjoy at home.

The tourism promotion program has been a core component of the Region's overall economic development efforts since January 2000, when the responsibility of tourism promotion, marketing, partnerships and industry development was integrated within the Region's Economic Development division. The tourism program identifies tactical marketing and promotional initiatives that are aligned with the mandate of the regional economic development strategy and Vision 2026.

In 2005 staff initiated a new partnership with Tourism Toronto whereby York Region received \$250,000 in funding to implement a marketing program to promote York Region and the Toronto east area. This funding was made available through a 3% destination marketing fee (DMF) agreement through which the downtown and most of the greater Toronto area hotels (York Region and Mississauga) agreed to voluntarily impose to overnight guests. The participating hotels agreed to the collection of the DMF for a three year period (2004-2006) that would be allocated to Toronto's destination marketing organization Tourism Toronto to implement marketing programs to increase tourism visitation and revenues to their member partners. A 2006 agreement has been drafted and is under review which requests \$350,000 in funding from the DMF to build upon the 2005 partnership program.

The 2005 tourism marketing program also included the production of tourism publications including the Visitors' Guide and the 2nd Arts and Culture Spotlight brochure which were supported by industry partners through revenues generated from advertising and sponsorships. This partner support is vital in leveraging the ongoing marketing efforts.

The Region's continuing tourism program augments and supports the emerging local municipal tourism promotion efforts and contains elements that complement and support the strategic direction of various tourism stakeholder organizations including the provincial Ministry of Tourism & Recreation, Tourism Toronto, and the Ontario Tourism Marketing Partnership Corporation.

4. ANALYSIS AND OPTIONS

The purpose of the region's continuing tourism program is to develop and deliver an integrated, research-driven marketing strategy in partnership with industry stakeholders to ensure the growth and sustainability of the region's tourism industry. The 2006 program identifies activities that provide the tourism industry with specific information and analysis while facilitating partnerships to strengthen competitiveness and build developmental and investment opportunities. The program supports and augments emerging local municipal tourism efforts to foster strong urban and rural communities.

4.1 Elements of the Tourism Marketing Program

The 2006 Tourism Marketing Program outlines the proposed vision and goals and provides a strategic framework that identifies opportunities to maximize the potential of York Region as a place for tourists, visitors, business travellers and residents to live, work and play.

The marketing program includes initiatives targeting the leisure, travel trade, recreation and business market segments, as well as, research, industry development and partnership components.

Initiatives and direction have been established based on consultations with the York Region Tourism Advisory Group and other industry partners along with a thorough assessment of market conditions and opportunities.

4.1.1 Goals and Vision

To position York Region as a viable four season visitor destination with attributes to support various consumer (resident, tourist, visitor), recreation, sport, and business audiences (meetings, corporate) and travel trade market segments.

To motivate new tourists and business sector travellers; to encourage repeat visitation and increase overnight stays.

To create an environment for the development, growth and sustainability of the region's tourism industry and strengthen urban and rural communities

4.1.2 Target Audience, Market Segments and Tourism Product

The Regions' target audience is consistent with the available research that indicates the focus for capturing overnight stays and increasing leisure, tourism and meetings revenues should include:

- Greater Toronto Area
- Residents
- Ontario
- Quebec
- Secondary markets: USA and International travellers

The Region's marketing plan identifies marketing, promotional and product development activities targeting the following three key market segments:

- Leisure Travellers – residents, visiting friends and relatives, tourists
- Travel Trade – group travel, packaged travel
- Corporate/Convention/Conference/Sport – business, meeting and conventions, recreational, SMERF (social, military, educational, religious and fraternal), sporting events and associations

Staff will continue to work with industry partners to develop innovative tourism product offerings that meet consumer demand. This could include the development of packages and promotions that build upon the regions natural green assets, recreational experiences, agricultural product or development of touring/walking/hiking routes. Staff will also continue to work with Artslink York Region to identify new arts, heritage and cultural based tourism opportunities.

4.1.3 Partnerships

Working in partnership forms the foundation of the region's tourism program. Partnerships enhance the tourism profile, extend market reach, generate revenues, and increase awareness and consumer demand, while leveraging limited industry and regional marketing dollars. The region's tourism marketing program identifies opportunities for tourism industry partners, including York Region Chambers of Commerce, Business Improvement Associations, and area Municipalities, to purchase advertising at subsidized costs that support building awareness and increase visitation to specific destinations and tourism experiences.

Negotiations are underway with Tourism Toronto to secure a second year of funding through the Destination Marketing Fee program, in the amount of \$350,000. This partnership program supports destination marketing and leverages regional marketing dollars through initiatives coordinated with fee contributing hotel members in the Toronto east and York Region areas. This is a regional approach which builds awareness of the region's overall tourism product and enables enhanced marketing efforts, even though the partnership is limited to hotels participating in the collection of the destination marketing fee. It is recommended that the Regional Chair and the Regional Clerk be authorized to execute this 2006 funding partnership Memorandum of Understanding with Tourism Toronto, subject to review by Legal Services.

The Region's continued partnership with the Getaway Country destination consortium provides another opportunity to extend consumer market reach and leverage marketing dollars while creating awareness of regional tourism attributes.

The on-going positioning, partnering and relationship building by staff with all levels of government, and a variety of provincial organizations including the Ministry of Tourism and Recreation, Ontario Farm Fresh, Ontario Tourism Marketing Partnership, Ministry of

Culture, Ministry of Agriculture, Food and Rural Affairs, Canadian Tourism Commission, Ontario Motorcoach Association plus others, assist to build profile, leverage programs and access resources.

Staff will continue to seek non-traditional funding sources and partnership opportunities to enhance the region's tourism budget and leverage support for the tourism program.

4.1.4 Research

Understanding consumer trip motivators, experience expectations and satisfaction levels, as well as, who and where the region's tourists originate is necessary to be successful in increasing visitation and tourism revenues. Staff will use on-going provincial research and forecasting data available to support the program and in 2006 the following research projects will be undertaken:

- **Premier Ranked Tourist Destination Research Project**

The premier ranked tourist destination framework is a process designed by the Ministry of Tourism and Recreation to assist destinations to determine their competitive position in the tourism marketplace. The research is a collection of critical data that paints a clear picture of the destination's status, opportunities and challenges and provides direction to enable a destination to thrive from tourism into the future. A proposal to commence this project in 2004 was previously approved by Regional Council but funding to offset the costs of this project was not received. Funding is anticipated from Human Resources Skills Development Canada and the Ministry of Tourism & Recreation for this project to move forward in 2005/2006. Area municipalities and industry stakeholders will be requested to assist staff in establishing various committees to provide input, direction and consultation throughout the project.

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

Research Resolutions and Consulting Ltd., will be retained to provide and 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.

4.1.5 Industry Development

The region's tourism program includes providing assistance to the tourism industry to make informed decisions by providing marketing intelligence, educational seminars, networking opportunities, access to partnership opportunities and building effective communication channels.

- **4th Annual Tourism Conference**

The 4th annual York Region Tourism Conference will be held on October 3, 2005 at the Manor located at the Carrying Place Golf and Country Club located in Kettleby. This is the only annual regional tourism event and the agenda for the day will include a presentation of the 2006 tourism marketing program, a review of the 2005 tourism activities and an educational element. Staff has requested support and has encouraged

participation from several industry leaders and regional organizations including Tourism Markham, the Vaughan Tourism Advisory Committee, Chambers of Commerce, Business Improvement Areas, Artslink York Region and Economic Development offices to contribute ideas and input to be incorporated into the conference agenda.

- **York Region Tourism Newsletter**

The York Region Tourism Newsletter will continue to be the primary communication vehicle used to provide updates to industry stakeholders. An electronic version will be developed in 2006 to ensure more effective and timely communications.

- **York Region Tourism Advisory Group**

In February 2004, Regional Council approved the establishment of a voluntary York Region Tourism Advisory Group. The Advisory Group is comprised of 12 industry leaders plus participation from Regional Council Scarpitti and Mayor Sherban of the Region's Planning and Economic Development Committee. The Tourism Advisory Group is another opportunity for industry leaders to participate and provide valuable input to support the growth of the tourism industry. The role of the Advisory Group is providing leadership and advisement to staff on matters that affect the sustainability of the region's tourism sector. The Advisory Group will also serve as the lead industry voice during the Premier Ranked Destination Research project consultations to ensure the final results and action plan will focus on priority issues to increase the competitiveness of the region's tourism industry. Given the transient nature of the tourism industry it is a challenge to maintain a full Advisory Group complement. One of the staff priorities in 2006 will be to build increased industry participation and engage involvement on the York Region Tourism Advisory Group.

4.1.6 Responding and Adapting to Changes in the Tourism Marketplace

Tourism experiences located within York Region compete with many other travel destinations to attract visitors and generate tourism revenues. The region's 2006 tourism program provides a coordinated strategic approach to tourism development and provides infrastructure to build stronger destinations at local and regional levels. The regional program augments local municipal tourism efforts and by working together on joint initiatives secures more public sector investment, creates greater leverage towards common goals, provides more clarity for industry stakeholders and avoids product and industry fragmentation. From a potential visitor perspective, regionally positioned promotions build inclusive destination awareness and create consumer demand.

It is important to be responsive to the changing needs of the potential consumer and how decisions are being made on where and how to spend discretionary dollars and leisure time. The "visitor-first" philosophy embraced by the Ministry of Tourism and Recreation in the Ontario Tourism Strategy will be incorporated more aggressively into the regional tourism program.

- **www.yorktourism.com and York Region Visitors' Guide**

Subsidiary publications will continue to be produced to develop various tourism products but the key consumer information channels consist of the tourism website and the Visitors' Guide. The marketing program directs consumer to the web site to research their visit or to call for a copy of the Guide. The reality within tourism marketing is that consumers are using the internet to research, plan and purchase travel. Printed materials although important are a secondary resource to communicate the marketing message. In 2006, the region's tourism website www.yorktourism.com will be upgraded to maximize its presence on the world wide web and the site structure and lay out will be much more dynamic and interactive, better suiting the very specific needs of clients and industry partners. The tourism website will be positioned to augment and leverage local tourism marketing efforts by promoting tourism destinations and experiences.

These enhancements position the tourism web site as the lead community information portal for the region's tourism industry and provide consumers a one-stop shop for information, planning and buying purposes.

Changes to the format of the 2006 Visitors' Guide will be enhancements that recognize and support local tourism and industry partners efforts more effectively while complementing the regional destination web site.

This approach will result in more effective marketing tools, provide increased promotional opportunities and network penetration, as well as building customer loyalty.

4.2 Evaluation Process

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

4.3 Relationship to Vision 2026

The activities outlined in the 2006 Tourism Marketing Program support the Vibrant economy and Enhanced Environment, Heritage and Culture goals of Vision 2026.

5. FINANCIAL IMPLICATIONS

The Region's tourism business model is based on recovery of revenues through advertising sales and sponsorships. In 2005, the Council approved gross tourism operating budget was \$422,163. The Region's budget is offset by advertising revenues budgeted at \$150,000 which would result in a net expenditure of \$272,163. Also in 2005, staff augmented and enhanced the level of the Region's tourism program with a \$250,000 partnership program with Tourism Toronto.

The funding allocation identified in the proposed 2006 operating budget includes revenues generated from the sales of advertisements and partner sponsorship to partially offset the costs for the tourism program. Plus if approved, the enhanced and proposed second year Destination Marketing Fee funding partnership with Tourism Toronto in the amount of \$350,000 will be allocated to support an enhanced level of promotional activities identified in the memorandum of understanding with Tourism Toronto.

6. LOCAL MUNICIPAL IMPACT

Tourism has tremendous potential to enhance job and wealth creation within local municipalities while contributing to the quality of life for all residents. The regional tourism program in partnership with local efforts supports building and diversifying jobs and economic growth. In previous years, 2.5 million visitors to the region spent over \$184 million on tourism activities and services, which generated approximately \$137 million in GDP and produced 2,500 regional jobs in area municipalities. These jobs generated \$73.1 million in wages and salaries and \$5.8 million in area municipal taxes.

The region's continuing tourism marketing, partnership and industry development programs will augment and support emerging local municipal tourism promotion efforts.

7. CONCLUSION

The region's 2006 proposed tourism marketing program provides the tourism industry with tactical partnership opportunities at various levels of financial commitment to increase awareness and revenues to their tourism businesses, to enhance their current marketing initiatives and extend market reach while leveraging marketing dollars. To fully realize the potential of tourism economic and social benefits and for the region's tourism program to be effective in a cost efficient manner, commitment from and collaboration with all tourism related business sectors, area Municipalities and all levels of government is required to consolidate efforts and where possible eliminate duplication.

The 2006 York Region Tourism Marketing Program and a partner opportunity reference sheet will be circulated to the Region's tourism industry at the 4th Annual Tourism conference being held October 3, 2005 at The Manor, Carrying Place Golf and Country Club in Kettleby.

The Senior Management Group has reviewed this report.

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