



Prince Edward Island

Tourism Advisory Council

2005 Report Card

Inside

Co-Chairs' Message..... ✓

2010 Vision..... ✓

Accomplishments in 2005..... ✓

2006 Outlook..... ✓

February 2006

Dear Industry Stakeholders,

The Tourism Advisory Council (TAC) is approaching the end of the first year working in partnership with the Minister of Tourism. We would like to take this opportunity to outline some of the industry's accomplishments in 2005.

During the past year the industry put a structure in place that will guide our efforts going forward. This structure is made up of the 14-member Tourism Advisory Council, an Executive Committee and three working committees including: *product development, marketing and research*.

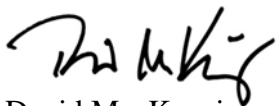
Our "made in PEI" industry and government partnership model is working well. Overall, a total of 40 industry stakeholders are directly involved in tourism planning and decision-making. In addition to this, we are very fortunate to have the participation and expertise of Tourism PEI, the Atlantic Canada Opportunities Agency and the Tourism Industry Association of PEI as non-voting members on the Tourism Advisory Council. Our future is bright, as all of these bodies are working collectively toward one common goal – **industry growth**.

This report card will outline:

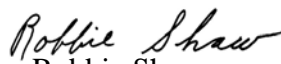
- ✓ Projected Base Year Outputs for the 2005 tourism season and progress against the overall objectives of the newly adopted Tourism Strategy
- ✓ Qualitative progress measured against the strategy's four main pillars: Administration of Tourism, Marketing, Product Development and Research
- ✓ An outlook, goals and objectives for the 2006 tourism season

On behalf of the Tourism Advisory Council, we would like to thank you for your commitment to the tourism industry. By working together we can grow this industry and reach our vision.

Yours truly,



David MacKenzie
Co-chair
Tourism Advisory Council



Robbie Shaw
Co-chair
Tourism Advisory Council



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Background

The Prince Edward Island strategy for tourism competitiveness entitled The New Product Culture was developed in the spring of 2005 and presented to industry at the TIAPEI AGM on November 25, 2005. Although the strategy has only begun to take shape, the Tourism Advisory Council (TAC), Tourism PEI, TIAPEI, ACOA and other industry stakeholders have been working on key action items. This report card will outline both the quantitative and qualitative progress made in 2005.



Clam Digging, Tourism PEI/John Sylvester

Where do we want to be in 2010?

Following is a chart outlining the vision for 2010 including a list of indicators that will allow the tourism industry to measure progress. The goal is to attract two million visitors and generate \$600 million in direct spending by the year 2010. This will account for 6,600 full-time jobs, and \$55.5 million in provincial tax receipts.

In order to report resident visitation and revenues our industry relies on national indicators. These results will not be available until the spring of 2006. At this time, it is not possible to give **actual** 2005 visitation or revenue numbers because this is the first year the tourism industry is embarking on a new research platform. From 2006 onward, the final quarter of visitation and revenues will be forecasted (based on previous

year statistics) in order to provide the industry with an accurate year-end visitation and revenue numbers on a timely basis.

The following chart is a projection based on the new research platform methodology applied to historical data from 1999 to 2004. Year-end tourism indicators show that we are on par with 2004 visitation numbers, therefore, projected non-resident and resident visitation for 2005 year is 1,600,000.

INDICATOR	PROJECTED 2005	2010 VISION
Visitation	1,600,000	2,000,000
Direct revenues	\$413,000,000	\$600,000,000
Revenues as a percentage of GDP	10.3%	14.5%
Tourism employment	15,000	20,000
Tourism employment in FTEs	4,500	6,600
Industry payroll	\$48,900,000	\$65,000,000
Provincial tax receipts (10%)	\$37,500,000	\$55,500,000
Federal tax receipts (7%)	\$24,500,000	\$36,500,000



Morell, Tourism PEI/John Sylvester

Accomplishments in 2005

The strategy is comprised of four key pillars: Administration of Tourism, Research, Product Development and Marketing. Significant groundwork, that will lay the path for future growth, has taken place in 2005, in each of these areas.

Administration of Tourism

The Administration of Tourism is how all bodies work together to organize and govern the tourism industry. How we choose to administer this industry can increase efficiencies and funnel resources to areas that will have the greatest possible impact. This includes all partners working together to enhance the business climate for tourism. In 2005 there were numerous steps forward in how our industry is administered. Accomplishments include:

- ✓ Implemented an organizational structure for TAC, with three working committees in the areas of Research, Marketing and Product Development, along with an executive of TAC to provide direction for the board and committees. A selection process took place for TAC in order to gain a broad base of industry expertise from across the province. In total, over 40 industry stakeholders are involved in the TAC structure.
- ✓ Spent six months reviewing research and creating the Five-Year Strategy for Tourism Competitiveness 2005-2010, The New Product Culture.
- ✓ Through building partnerships, Tourism PEI worked closely with the Charlottetown Airport Authority to achieve an increase in air access to PEI. In July, two new carriers began flights — WestJet and Northwest. This increase in air access plays a critical role to building our industry by offering a variety of affordable transportation choices to potential visitors.



Dundee Arms, Tourism PEI/John Sylvester

- ✓ Hired a co-ordinator for the Tourism Advisory Council in October 2005. The coordinator will be responsible for moving TAC initiatives forward, as well as communicating with key partners and industry on behalf of TAC.
- ✓ Local and regional tourism associations have been building cohesiveness by merging smaller groups into larger associations. These merged associations create a critical mass of viable tourism product. By working together, these regions are able to have an increased presence in the marketplace. Various local associations have come together to create Cavendish Beaches and Dune Shores and two eastern PEI associations have formed an association called Island East.

- ✓ The Tourism Industry Association of PEI has formed a Sector Council. The Sector Council will address issues in human resource development, recruitment, training, education, certification, career counselling and career awareness — all critical components to ensuring the long-term health and viability of the tourism workforce.
- ✓ Improved communications has enhanced the working relationship with Parks Canada. TIAPEI formed a committee of industry and government stakeholders that meet with Parks Canada senior officials to discuss tourism-related business. PEI's National Park and Historic Sites are icon tourism products and the industry is pleased to be working closely with Parks Canada.



*Dundarave Golf Course,
Tourism PEI/Barrett and MacKay*

- ✓ TIAPEI initialized a process with Provincial Treasury to investigate various options of providing tax relief to the tourism industry.
- ✓ ACOA, working in partnership with the three Regional Economic Development organizations, began the process to hire tourism development officers in each region. These officers will work with regional tourism associations and provide the area with tourism development expertise and resources at the local level.
- ✓ Secured a 35 per cent increase in the marketing budget through the Tourism Atlantic Marketing Initiative and Provincial Treasury.

Research Agenda

Research Chair Kevin Murphy, along with the seven committee members and research staff at Tourism PEI and ACOA, began working to increase the capacity for research and disseminate research information to industry. Together, significant projects were accomplished, some of which will set the direction for years to come. Accomplishments include:

- ✓ Instituted occupancy reporting and communicated results to industry on a monthly basis. Occupancy compliance levels were at 96 per cent for the year.
- ✓ Tracked and communicated eight monthly indicators and quarterly tourism performance to industry on a timely basis.
- ✓ Implemented a new research platform and communicated this advancement to industry. This included establishing 2005 as the base year for tourism measurement and reporting on non-resident and resident visitors over a 12-month period.
- ✓ Hired a consultant to create an Economic Impact Model. This new model will be tested and finalized early in 2006. It will allow tourism to measure direct and indirect revenues for the tourism industry.

- ✓ Conducted a survey on accommodation room rates to evaluate prices against Maritime Provinces. In addition, initiated a pilot study to determine the price/value perception of visitors.
- ✓ Conducted a golf price/value satisfaction survey in 2005 in partnership with Golf PEI. Data analysis on this survey will be conducted in 2006.
- ✓ Conducted Internet Inquiry Conversion Research in New England in partnership with Atlantic Canada Tourism Partnership (ACTP). PEI fared extremely well compared to Atlantic neighbours with the highest return on investment (ROI). On average PEI received \$31 for every dollar spent. PEI also had the lowest cost-per-inquiry, spending approximately \$11 to entice a visitor to learn more about PEI and 34 per cent of these inquiries converted.



*Mill River Fun Park,
Tourism/John Sylvester*

Product Development Agenda

Product Development is at the core of the Five-Year Strategy because it is the most important factor to our long-term growth and sustainability as a tourism destination. Product Development Committee Chair Gordon MacInnis, along with eight members of the committee, working together with the Product Development staff at Tourism PEI and ACOA, accomplished the following:

- ✓ Hired a consultant to conduct a study on the next steps for the development of the Confederation Trail. This study was completed in December 2005 and the process will begin to implement Phase I of the multi-year project in 2006.
- ✓ Ongoing work on the Culture and Heritage study, which aims to improve PEI's cultural and heritage tourism product marketability through the creation of a brand and marketing applications. In 2005, over 135 businesses were analysed and the project will continue with completion slated for the fall of 2006.

Tourism PEI and ACOA, working with the Product Development Committee, were able to support numerous projects that deliver on the strategy. These projects will begin to move PEI's tourism product base to the next level including:

- ✓ The development and launch of the North Cape Coastal Drive, a scenic touring route on the western end of the Island. This drive will encourage visitors to experience the tourism product in western PEI. This area anecdotally noted improvements in traffic, attraction site-visits, restaurant sales and gift shop sales.
- ✓ Restoration of the Victoria Park Battery including interpretation of Fort Charlottetown.
- ✓ Hosted the Canadian Society of Association Executives (CSAE). The event exposed over 400 senior executives and meeting planners to PEI's meeting and convention opportunities.

- ✓ TIAPEI, ACOA and numerous other sponsors worked together to deliver an Internet Marketing Bootcamp. PEI boasted the highest participation rate among all Maritime Provinces with 85 industry stakeholders taking part. This training session aims to improve the global competitiveness of our industry through building and enhanced technology expertise.
- ✓ Support for major festivals and events such as:
 - ▶ Shellfish Festival
 - ▶ Festival of Lights
 - ▶ Island Marathon
- ✓ And support for new festivals and events including:
 - ▶ Jack Frost
 - ▶ Jazz and Blues Festival
 - ▶ Anne and Gilbert
 - ▶ 25th Anniversary Terry Fox Run
 - ▶ Contact East
 - ▶ East Coast Music Awards to take place in February 2006



*PEI Shellfish Festival, Charlottetown
Tourism PEI/John Sylvester*

Marketing Agenda

Marketing Committee Chair Michelle Thompson, along with the nine members of the committee, working together with the Marketing Division at Tourism PEI, accomplished some significant feats in 2005 which include:

- ✓ Hired a new agency of record, Grey Worldwide. A group of eight industry and government stakeholders went through a structured and detailed process to narrow the 40-plus applications down to five agencies. The group visited these agencies in their working environment to assess how they would react to real-life situations. The group was very confident in Grey's expertise to further develop PEI's marketability as a world-class tourism destination.
- ✓ Success of the marketing campaign. It is estimated that \$25.5 million in consumer spending is directly attributable to the tourism marketing campaign in 2005. This is an increase in expenditures of 50 per cent, which is attributable to the significant increase in inquiries for 2005. The conversion rate for 2005 was 24.8 per cent, on par with 2004.
- ✓ Hired a consultant to work with a committee to provide recommendations on the Tourism PEI consumer website. The implementation of these recommendations will begin to take shape early in 2006.



Hog Island, Tourism PEI/John Sylvester

Outlook for 2006

Tourism is a highly competitive industry and notoriously difficult to predict. According to various sources, the outlook for the Canadian tourism industry is moderately optimistic. Canada's economy continues to support a recovery for the tourism industry. Here at home, the tourism industry has been struggling for numerous years. However, with visitation in 2005 on par with 2004, we have halted the downward cycle and the outlook is positive for 2006 and beyond.

We must be aware of the many challenges that still lie ahead including:

- fluctuating energy costs,
- passport restrictions with the Western Passport Hemisphere Travel Initiative that will affect air and sea in December 2006 and all modes in December 2007,
- the rising Canadian dollar which contributes to Canadians travelling abroad,
- signs point to the fact that American visitors are less inclined to visit Canada, and
- continuing war and security concerns.

Despite these challenges, there are numerous positive signs for PEI in 2006 including:

- Canada's economy is predicted to remain strong, along with improving economies in our key target markets.
- According to the Conference Board of Canada gas prices are anticipated to retreat.
- PEI has the product mix to satisfy the "frenzied" consumer.
- Total delegates for meetings and convention bookings in 2006 is up 37 per cent over this time last year.
- There will be an increase in air access into PEI in 2006.
- ECMAs will be held in PEI in February. This will provide a tourism boost in the non-peak time of the year.

While reviewing the challenges that lie ahead and our numerous positive indicators, we are optimistic for growth in tourism, and anticipate a **two per cent increase in visitation** and a **five per cent increase in tourism revenues** for 2006.



Lakeside, Tourism PEI/John Sylvester

For a detailed list of tourism activity planned for 2006, visit www.gov.pe.ca/tourism and download the 2006 Tourism Plan.



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