

**EVALUATION OF THE
2012-2015 ATLANTIC CANADA TOURISM PARTNERSHIP**

2012-2015 FINAL REPORT – EXECUTIVE SUMMARY

Submitted to:

ATLANTIC CANADA TOURISM PARTNERSHIP

Submitted by:



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LIST OF ACRONYMS

ACAT	Atlantic Canada Agreement on Tourism
ACOA	Atlantic Canada Opportunities Agency
ACTP	Atlantic Canada Tourism Partnership
CTC	Canadian Tourism Commission
FAM	Familiarization Tour
ITS	International Travel Survey
MOU	Memorandum of Understanding
PEI	Prince Edward Island
ROI	Return on Investment
TIAPEI	Tourism Industry Association of PEI
UNWTO	World Tourism Organization
UK	United Kingdom
US	United States

EXECUTIVE SUMMARY

Purpose of Evaluation

This is the final evaluation covering the 2012-2015 Atlantic Canada Agreement on Tourism (ACAT) in support of the Atlantic Canada Tourism Partnership (hereafter called ACTP). Consistent with the Treasury Board of Canada *Policy on Evaluation*, the purpose of this evaluation is to provide credible, timely, and neutral information on the ongoing relevance and performance of the administration, evaluation, and delivery of marketing projects funded by the Agreement.

This evaluation is based on a review of 2012-2015 ACAT in support of the ACTP, contribution agreements, minutes of Management Committee meetings, minutes of Marketing Advisory Committee meetings, internal project authorization forms, strategies for marketing, research, and communications, research reports, and other evaluation materials. Key informant interviews were also conducted with representatives of the Management Committee and Marketing Advisory Committee.

Overview of Atlantic Canada Tourism Partnership

Founded in 1991, ACTP is a nine-member, pan-Atlantic, international marketing initiative comprised of the Atlantic Canada Opportunities Agency (ACOA), the four tourism industry associations in Atlantic Canada and the provincial departments responsible for tourism in the provinces of New Brunswick, Newfoundland and Labrador, Nova Scotia, and Prince Edward Island. It has been renewed for seven consecutive three-year terms.

ACTP enables ACOA, the four Atlantic Provinces and the tourism industry to pool resources to create significant tourism synergies. It allows the four Atlantic Provinces to penetrate markets that are mostly inaccessible separately; intensify their international tourism marketing efforts; generate marketing economies and efficiencies in consumer, travel trade, and media relations; extend the reach and frequency of provincial tourism brands in the Mid-Atlantic and New England region of the United States (US); and deliver a regional “Atlantic Canada” brand into priority markets in the United Kingdom (UK).

The 2012-2015 ACTP Agreement came into effect on April 1, 2012 and will expire on March 31, 2015. The three-year \$19,950,000 budget is cost-shared among the nine funding parties that include ACOA (50%), the four provincial departments of tourism (33%) and the four provincial tourism industry associations (17%) in Atlantic Canada.

Policies and Operating Guidelines

ACTP's overall direction is set by a Management Committee comprised of four provincial Deputy Ministers (or designates) responsible for tourism in Atlantic Canada, the Presidents (or designates) of the four tourism industry associations in Atlantic Canada, and the Vice President of ACOA-PEI and Tourism and the Director General of Tourism Atlantic (ACOA). The Canadian Tourism Commission (CTC) sits on the Management Committee in ex-officio capacity.

Our evaluation concluded that ACTP's Management Committee continues to fulfill its responsibilities, has effective meetings, provides direction and input on all strategies and budgets, and operates on a consensus basis for decision making among the partners.

The Tourism Industry Association of PEI (TIAPEI), as the Recipient for the 2012-2015 ACTP, continued to create and execute ACTP's marketing strategies, established a Secretariat to oversee the administration of the Agreement, and has responsibility for coordinating annual and end-of-Agreement evaluations of the ACTP Agreement.

Our evaluation concluded that the Secretariat provided oversight of the day-to-day operations of the ACTP and financial administration of the Agreement in an efficient manner; undertook communications activities in accordance with direction from the Management Committee and continues to operate an efficient Management Information System.

Policy and operating guidelines provide a framework to support critical, consensus-based decisions and outline procedures with respect to meetings, decisions, reporting, and approvals. TIAPEI has drafted Policies and Operating Guidelines for the ACAT in support of the ACTP. Substantial work on the Draft Policies and Operating Guidelines was completed during the 2014/2015 fiscal year including the hiring of a consultant to assist with development. They have been circulated to the Transition Strategy Subcommittee for input and will be presented to the Management Committee at the March 2015 meeting for feedback followed by final approval. Our review of documentation and discussions with TIAPEI indicate the transition is on track and it is anticipated the updated policies and operating guidelines will be fully operational by March 31, 2015.

Market Focus

Previous research and analysis completed by TIAPEI in conjunction with the four Atlantic Provinces, ACOA and the CTC's Market Portfolio Analysis concluded that the Mid-Atlantic¹ and New England² regions of the US were primary origin markets for Atlantic Canada's tourism

¹ New York, New Jersey, Pennsylvania

² Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut

economy. This research and analysis also directed TIAPEI to focus its attentions exclusively on the UK in overseas markets.

International marketing activities undertaken by TIAPEI on behalf of the ACTP Agreement are research driven and reflective of current market conditions. The primary means by which Atlantic Canada expands its international marketing efforts is by building on and enhancing the equity of the region's four provincial tourism brands in the Mid-Atlantic and New England regions of the US, and the delivery of a regional Atlantic Canada brand (Atlantic Canada, Awaken to the Rhythm of the Sea) into the UK.

Market Performance

Statistics Canada's International Travel Survey (ITS) is the only source of comparable data across Canadian provinces, however, at the time of writing this report ITS data for the 2013 year had not yet been released.

According to Statistic Canada's ITS, Atlantic Canada, between 2011 and 2012, saw a decrease in the Mid-Atlantic and New England markets. In 2012, Atlantic Canada saw a 3.8% decline in overnight arrivals from the Mid-Atlantic States and a 1.9% decrease in spending by overnight Mid-Atlantic visitors. Atlantic Canada's share of overnight Mid-Atlantic arrivals went from 4.3% to 3.8% – a decrease of 11.6%, and its share of spending in Canada by overnight Mid-Atlantic arrivals went from 6.3% to 5.7% – a decrease of 9.5%.

In the New England region of the US, Atlantic Canada, between 2011 and 2012, saw a 9.3% decline in overnight arrivals and market share of overnight New England arrivals to Canada declined from 29.3% to 27.3% – a decline of 6.8%. Spending by overnight New England visitors to Atlantic Canada increased by 4.0%, and Atlantic Canada's share of spending in Canada by overnight New England visitors remained relatively the same – 23.2% to 23.1%.

In 2012, Atlantic Canada saw a 17.8% decline in overnight UK arrivals, a 26.8% decrease in spending by overnight UK visitors, and a 10.6% decline in Atlantic Canada's share of overnight UK arrivals to Canada when compared to 2011.

The CTC Tourism Snapshot for 2014 shows an increase of 4.7% in overnight arrivals from the UK market from January to December, compared to 2013, while overnight arrivals from the US, representing 70% of international visitors to Canada, edged up 0.9% in 2014 over 2013. Information specific to Atlantic Canada or the markets targeted in the US is not yet available.

US consumer research completed by TNS in 2014 indicates that Canada remains the third most visited international destination by Northeast travellers, although the overall percentage of those who have visited has softened since 2011, falling to 9% from 11% in 2011. With the exception of PEI, which has remained stable, all other Atlantic provinces have experienced a moderate decline in visitation of between 3 to 4% points.

Marketing

A Marketing Advisory Committee appointed by the Management Committee provides TIAPEI with advice and feedback when developing annual marketing strategies on behalf of the ACTP Agreement. This Committee also provides advice to TIAPEI in the areas of market research and performance measurement. Our review of meeting minutes suggest that the Marketing Advisory Committee has continued to meet regularly and provide strategic advice and feedback to TIAPEI in the development and delivery of marketing strategies and tactics on behalf of the ACTP during the three years of the Agreement. Our evaluation also concluded that the US and UK Marketing Programs were research driven and directed at agreed upon targets. Based on our review of meetings material prepared by the US and UK Program Managers and the Secretariat, adequate and appropriate meetings documentation, financial information, communications and other information is being provided in a timely manner, and when requested.

ACTP Return on Investment

TIAPEI's marketing objective is to achieve a \$10:1 return on all direct-to-consumer, travel trade and media relations marketing investments made on behalf of ACTP over the term of the Agreement. Over the 2012-2015 ACTP Agreement TIAPEI's marketing activities generated \$164.4 million in revenues for tourism enterprises in Atlantic Canada (\$58.4 million in 2014) and a return on investment (ROI) of \$15.33 for every \$1.00 invested in direct-to-consumer advertising, joint marketing partnerships with the travel trade, and media relations (\$17.94 in 2014). TIAPEI's marketing activities also generated over \$35.5 million in earned media value (almost \$14.6 million in 2014), and leveraged \$2.1 million in incremental marketing investments through joint marketing agreements with tour operators in the US and the UK (\$436,000 in 2014).

United States Marketing

Our review of TIAPEI's 2012-2014 US Marketing Plans and supporting documentation revealed strong evidence that ACTP's target markets, market segmentation³, market strategies, and market tactics in the US were based on the results of market research, as well as a strong understanding of the tourism industry and market dynamics.

TIAPEI, on behalf of the ACTP Agreement, invested over \$10.8 million in marketing activities in the Mid-Atlantic and New England regions of the US during the 2012-2014 marketing years (\$3.5 million in 2014). This investment generated almost \$138.0 million in revenues (\$48.9 million in 2014) and \$14.8 million in media relations for tourism enterprises in Atlantic Canada (\$5.1 million in 2014). An ROI of \$14.11 (\$15.44 in 2014) in tourism related spending in Atlantic Canada was achieved for every \$1.00 invested in direct-to-consumer advertising, joint marketing partnerships with the travel trade and media relations. TIAPEI also leveraged an additional \$567,000 in marketing investments from US tour operators (\$323,000 in 2014).

- **Consumer Campaign:** 2012-2014 performance indicators were positive. Advertising generated visits to provincial websites from the US increased by 51% over the three years. Converted party visits increased by almost 75%, advertising generated revenues were \$134.0 million (\$46.9 million in 2014) and ROI stood at \$13.34:1 (\$14.84 in 2014). In addition, a total of \$7.6 million in media efficiencies and incremental advertising value (\$2.8 million in 2014) was generated through a common and independent media planner/buyer (Time + Space Media).
- **Travel Trade:** Thirteen (13) annual joint marketing partnerships (six in 2014) were established with the travel trade in the US. These partnerships generated almost \$4.0 million in related sales and achieved an ROI of \$10.94:1 (\$10.29 in 2014).
- **Media Relations:** The US Media Relations Program generated \$14.8 million in media value (\$5.1 million in 2014) resulting in an ROI of \$35.02:1 (\$36.22 in 2014).
- **Atlantic Canada Showcase:** Over the three years TIAPEI, on behalf of the ACTP Agreement, contributed \$350,000 to two Atlantic Canada Showcases, one in 2012, hosted by Hospitality Newfoundland and Labrador in St. John's and one in 2014 hosted by Prince Edward Island. Showcase was attended by 53 domestic and international group tour and independent travel buyers in 2012 and 62 in 2014. Thirty six percent (36%) of these buyers reported entering into new business agreements with Atlantic Canadian tourism establishments while onsite as a result Atlantic Canada Showcase 2012. In 2014 the percentage was 22%.

³ Includes geographic, demographic, and lifestyle data linked to travel behaviours and media consumption

United Kingdom Marketing

Our review of TIAPEI's 2012-2014 UK Marketing Program and supporting documentation revealed strong evidence that geographic, demographic and lifestyle markets along with marketing strategies and tactics were based on sound market research and a strong understanding of market dynamics.

TIAPEI, on behalf of the ACTP Agreement, invested \$2.2 million in marketing activities in the UK during the 2012-2014 marketing years (\$571,478 in 2014). This investment generated over \$26.4 million in revenues (\$9.5 million in 2014) and \$20.7 million in media value for tourism enterprises in Atlantic Canada (\$9.5 million in 2014). An ROI of \$21.29 in tourism related spending in Atlantic Canada was achieved for every \$1.00 invested in direct-to-consumer advertising, joint marketing partnerships with the travel trade, and media relations (\$33.19 in 2014). TIAPEI also leveraged an additional \$1.5 million in marketing investments (\$113,000 in 2014) through joint marketing agreements with UK tour operators.

- **Consumer Campaign:** Thirty percent (30%) of web visitors recalled hearing/seeing advertising for Atlantic Canada. Twenty-three percent (23%) of these visitors travelled to Atlantic Canada during 2012-2014, spending an estimated \$18.0 million (\$6.1 million in 2014), and generating an ROI of \$12.52 in tourism related spending for every \$1.00 invested in consumer advertising (\$22.59 in 2014). In addition, a total of \$623,000 in media efficiencies and incremental advertising value (\$82,000 in 2014) was generated through a common and independent media planner/buyer (Time + Space Media). Over the three year period ACTP leveraged \$296,000 from the CTC resulting in an overall value added of \$544,000 (in 2014 leveraged \$96,000 from the CTC resulting in an overall value added of \$121,000) from the campaign.
- **Travel Trade:** Twenty-three (23) annual joint marketing partnerships (nine in 2014) were established with the travel trade over the three year period. These partnerships generated almost \$8.5 million in related sales (\$3.4 million in 2014) and achieved an ROI of \$29.36:1 (\$30.35 in 2014).
- **Media Relations:** The UK Media Relations Program generated \$20.7 million in media value (\$9.5 million in 2014) resulting in an ROI of \$42.15:1 (\$49.97 in 2014).

Recommendations

Continue ACTP Partnership

Our overall recommendation is to continue with this highly successful, international marketing initiative. Consumer, travel trade, and media relations activities in both the US and UK collectively exceeded ROI targets of \$10:1.

Review ACTP for Efficiencies

The value of the Agreement has remained at the same level for several years resulting in diminished purchasing power with marketing dollars. It is recommended that TIAPEI, on behalf of the ACTP Agreement, review all budget line items in administration, evaluation, research and communication to identify any opportunities for efficiencies that could allow for additional money to be allocated to marketing.

Continue to Consider Flexibility

During the key informant interviews comments were received in regards to the importance of the ACTP having a structure that is flexible and nimble enough to respond to changes in the marketplace whether it be with respect to markets, marketing and sales or marketing activities. It was noted that the structure has become more flexible and nimble over the years, but that this needs to continue to be a focus as the pace of change continues to increase and it is important that the timeliness of decision making keep pace. The next agreement should continue to consider this flexibility and nimbleness.

Review Measurement Tools

Measurement tools should be reviewed on an ongoing basis. As the form of media shifts, it is important that TIAPEI, on behalf of the ACTP Agreement, continues to be open to exploring new measurement tools as they become available. Recently TIAPEI explored the current availability of other tools for measuring the value of online earned media and no superior measurement tool was found. TIAPEI, however, should keep this top of mind and keep in touch with CTC and provincial government research departments as new tools are made available in the market and evaluate them for implementation.