



# **EVALUATION OF THE 2009-2012 ATLANTIC CANADA TOURISM PARTNERSHIP**

## **2010-2011 ANNUAL REPORT – EXECUTIVE SUMMARY**

**Submitted to:**

**Atlantic Canada Tourism Partnership**

**Submitted by:**

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# **EXECUTIVE SUMMARY**

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## **Purpose**

This is the second in a series of annual evaluations covering the current three-year Atlantic Canada Tourism Partnership (ACTP) agreement. 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 direct program spending.

## **ACTP**

Founded in 1991 and renewed for consecutive three-year terms in 1994, 1997, 2000, 2003, 2006 and 2009, ACTP is dedicated to promoting Atlantic Canada as a tourism destination of choice in key tourism markets. ACTP represents a partnership among the Atlantic Canada Opportunities Agency (ACOA), the four provincial tourism departments and the four tourism industry associations in Atlantic Canada. The three-year \$19,950,000 budget is cost-shared among the partners, with 50% contributed by the Atlantic Canada Opportunities Agency, 33% contributed by the four Atlantic Provinces, and 17% contributed by the four Tourism Industry Associations in the region.

ACTP's primary overall objective is to achieve a \$10:1 return on investment (ROI) on all marketing investments. Preliminary estimates for 2010 indicate ACTP generated an ROI of \$10.86 for every dollar invested in marketing. ACTP also generated \$2.7 million in media buying efficiencies and levered \$456,072 from its joint marketing agreement with tour operators in the United States and United Kingdom.

## **Governance**

*ACTP Policy and Operating Guidelines* continue to support the Management and Marketing Committees and the Secretariat in all critical decisions. This evaluation finds that the Secretariat is serving its roles in the timely distribution of research results, corporate communications, and oversight for consistency and coordination of all program activities. It is also acknowledged that all recommendations from the year one evaluation were acted upon by ACTP to the satisfaction of this year's evaluation.

The organizational structure of ACTP is compact and efficient. Overall direction is set by a 10-member Management Committee comprised of four provincial Deputy Ministers responsible for tourism, the Presidents (or delegates) of four provincial tourism industry associations, and the Vice-President and Director General of ACOA-PEI and Tourism.

Strategy research, development and implementation are carried out by the Marketing Committee. This committee is comprised of four provincial Directors of Marketing, four industry representatives appointed by their respective industry associations, and two ACOA-PEI and Tourism representatives.



## **Market Focus**

ACTP's three target markets for 2009 and 2010 were the Mid-Atlantic U.S. (primary), the Pacific U.S. (secondary), and U.K. (sole overseas). Atlantic Canada competes with other jurisdictions for visitors from these markets. According to ACTP's U.S. and U.K. market studies and the Canadian Tourism Commission's (CTC) Global Tourism Watch, Quebec and Ontario are Atlantic Canada's primary Canadian competitors, while the United States and Western Europe are ACTP's primary international competitors. Globally, four factors continue to affect Atlantic Canada's tourism competitiveness in international markets. These factors include the globalization of tourism, geopolitical conditions, changing travel behaviours, and changing travel interests.

In 2010, the economic recovery in the United States was lagging that of Canada and other countries. Consumer confidence in the U.S. remained low. Leisure Travel studies commission by Travels' America and other North American jurisdictions suggested that Americans intended to take fewer trips in 2010 and intended to travel closer to home. In September 2010, the Marketing Committee provided ACTP's Management Committee with a business case to withdraw from the Pacific region of the United States and to re-enter the New England market.

The Management Committee also authorized the Marketing Committee to modify its travel trade partnership strategy away from a geographic focus to client-based marketing partnerships that incorporate new marketing tactics. These market adjustments represent significant mid-course corrections in ACTP's three-year marketing strategy, and the Committees acted appropriately.

## **Market Performance**

ACTP's performance in these markets is measured by comparing visitation and revenue estimates for Atlantic Canada to Canada as a whole. With the exception of the Mid Atlantic region of the United States, Atlantic Canada outperformed the national average in terms of growth in both visitation and revenues. Of particular interest is that in 2010, Statistics Canada reported a 17% increase in U.K. arrivals to Atlantic Canada, versus an 18% decline for Canada. Atlantic Canada also recorded a 30% increase in revenues from the U.K. market, versus a 24% decline for Canada.

## **U.S. Marketing Program**

Our review of ACTP's marketing strategy documentation continues to find strong evidence that development of target markets and specific tactics are based on the results of market research as well as a solid understanding of the tourism industry and market dynamics.

ACTP's 2010 U.S. marketing activities collectively generated an estimated \$41.3 million in revenues for tourism in Atlantic Canada, and achieved an ROI of \$11.57 for every dollar invested in direct to consumer advertising, travel trade partnerships and media relations. The following represent highlights for individual program elements.

- ❑ **Budget** – The 2010 spending at almost \$4.9 million was a substantial increase from 2009 given the necessary ramping up from year to year.
- ❑ **Consumer campaign** – Overall performance indicators were positive in 2010 with conversion and U.S. traveller spending rates on track. Revenues were up from 2009 and 19% above the target. ROI stood at \$11.7:1, and combined savings and value-added of \$2.4 million was over double the targets set.

- ❑ **Travel trade** – Travel trade development was meeting some challenges in this market as evidenced by a lower number of partnerships, packages sold, and sales values relative to targets or the previous year. The ROI was just above the target at \$11.7:1. Combined delivery of programs, tradeshow, and marketplaces were reaching target levels.
- ❑ **Media relations** – All indicators improved substantially from 2009 to 2010 but remain below targets. It is recognized that multiple years are often required for media relations efforts to bring about desired results, and continuation of current performance trends would bode well for 2011.
- ❑ **Research program** – The research projects, budget allocations, completion dates, and timely distribution of results are all meeting expectations.
- ❑ **Administration** – Financial controls, coordination and communication with the Marketing Committee, and supply of briefs, presentations, data, and all other information appear to be provided when and as requested of the Program Manager.

### ***U.K. Marketing Program***

Our review of ACTP's marketing strategy documentation continues to find strong evidence that ACTP's U.K. marketing strategy and tactics are based on the results of market research, as well as a solid understanding of the U.K. travel market.

The primary objective of ACTP's U.K. Marketing Program is to attain an overall ROI of \$10.00 for every dollar invested in marketing (direct-to-consumer advertising campaigns, development of joint marketing partnerships with the travel trade and media relations activities). The estimate of overall U.K. program ROI for 2010 is \$6.7 for every dollar invested.

- ❑ **Budget** – The 2010 spending at about \$1.0 million represented a 53% increase in activity from 2009 given the necessary ramping up from the initial year.
- ❑ **Consumer campaign** – The AtlanticCanadaHoliday.ca website experienced excellent visitation levels (34,914). From 2008 to 2009 there were increases of 17%, 42%, 30%, and 72% in visits, visitor market share, revenues, and revenue market share respectively. The return on investment for 2010 is \$7:1, which is below the \$10:1 target. It must be recognized that a formal conversion study is required for a more accurate estimate of ROI and this will be the basis for one of the recommendations.
- ❑ **Travel trade** – The number of partnerships and sales decreased from 2009 (22%) as a result of a decline in ACTP contributions. Program delivery activities were below targets, but tradeshow and marketplace activities were on track. ROI increased to \$22.81 per dollar, largely due to a reduced investment. A recommendation is offered to allow greater latitude for developing travel trade partnerships.
- ❑ **Media relations** – Publicity values increased substantially from 2009 but are still below the target, leaving room for improvement. The ROI increased substantially on the rising strength of sales. The number of press tour participants increased substantially from 2009 to 2010 bringing the total nearly to the target.
- ❑ **Research program** – The research projects, budget allocations, completion dates, and timely distribution of results are all meeting expectations. The three-year research strategy placed more resources in the first and last years of the Agreement, so 2010 was a very light year.



- **Administration** – Financial controls, coordination and communication with the Marketing Committee, and supply of briefs, presentations, data, and all other information appear to be provided when and as requested of the Program Manager.

### ***Recommendations***

It must be recognized that this year's evaluation is very positive across ACTP and an overall recommendation is therefore to continue with on-going successful initiatives. Two specific recommendations are offered to improve programs.

- **Recommendation 1** – Similar to the research undertaken for the U.S., ACTP should investigate the feasibility of conducting conversion studies on direct-to-consumer marketing in the U.K. This would provide the ACTP with more timely and reliable indicators required for decision-making and program evaluation.
- **Recommendation 2** – ACTP should investigate the feasibility of adopting a balanced and proportionate approach to its travel trade development that does not require tour operators to sell in all four Atlantic provinces: ACTP's current requirement for tour operators to sell in all four Atlantic provinces may be limiting marketing partnerships, a more open but balanced approach could help increase visitation, revenues, and awareness.