

**EVALUATION OF THE  
2012-2015 ATLANTIC CANADA TOURISM PARTNERSHIP  
2012-2013 ANNUAL REPORT - EXECUTIVE SUMMARY**

**Submitted to:**

**ATLANTIC CANADA TOURISM PARTNERSHIP**

**Submitted by:**



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## **LIST OF ACRONYMS**

<b>ACOA</b>	<b>Atlantic Canada Opportunities Agency</b>
<b>ACTP</b>	<b>Atlantic Canada Tourism Partnership</b>
<b>CTC</b>	<b>Canadian Tourism Commission</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>MOU</b>	<b>Memorandum of Understanding</b>
<b>MPMC</b>	<b>Meredith Pillon Marketing Communications</b>
<b>NB</b>	<b>New Brunswick</b>
<b>NL</b>	<b>Newfoundland and Labrador</b>
<b>NS</b>	<b>Nova Scotia</b>
<b>PDA</b>	<b>Personal digital assistant</b>
<b>PEI</b>	<b>Prince Edward Island</b>
<b>ROI</b>	<b>Return on investment</b>
<b>TIAPEI</b>	<b>Tourism Industry Association of PEI</b>
<b>UK</b>	<b>United Kingdom</b>
<b>US</b>	<b>United States</b>

## EXECUTIVE SUMMARY

### *Purpose of Evaluation*

This is the first in a series of annual evaluations covering the 2012-2015 Atlantic Canada Agreement on Tourism in support of the Atlantic Canada Tourism Partnership (hereafter called 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 the administration, evaluation, and delivery of marketing projects funded by the Agreement.

This evaluation is based on a review of:

- 2012-2015 Atlantic Canada Agreement on Tourism 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.

### *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 (NB), Newfoundland and Labrador (NL), Nova Scotia (NS), and Prince Edward Island (PEI). 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 to individually; 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.

### *Policy 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 is fulfilling 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.

Through a competitive process, TIAPEI was selected as the Recipient for the 2012-2015 ACTP. In addition to creating and executing ACTP's marketing strategies, TIAPEI was charged with the responsibility for establishing a Secretariat to oversee the administration of the Agreement, and was charged with responsibility for coordinating annual and end-of-Agreement evaluations of the ACTP Agreement.

Our evaluation concluded that TIAPEI successfully established a Secretariat and that this 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 has established 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. In 2012, ACTP transitioned from a Memorandum of Understanding (MOU) to a Federal-Provincial Agreement with industry participation. Traditional roles, responsibilities, and authorities changed and these changes require amendments to ACTP's Policy and Operating Guidelines. Our evaluation found that the Management Committee continues to operate under the policy and operating guidelines established for previous MOUs, and that these policy and operating guidelines do not reflect the new realities of the 2012-2015 Agreement. We recommend that ACTP's Management Committee develop a Transition Strategy for the 2012-2015 Agreement, and that this strategy be fully operational by March 31, 2015. The Management Committee's progress in developing and implementing this Transition Strategy will be a topic in future evaluations.

## **Market Focus**

Previous research and analysis completed by ACTP in conjunction with the four Atlantic Provinces, ACOA and the CTC's Market Portfolio Analysis concluded that the Mid-Atlantic<sup>1</sup> and New England<sup>2</sup> regions of the US were primary origin markets for Atlantic Canada's tourism economy. This research and analysis also directed ACTP 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.

## **Marketing**

A Marketing Advisory Committee appointed by the Management Committee provides TIAPEI with advice and direction when developing ACTP's annual marketing strategies. 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 provides strategic advice and direction to TIAPEI in the development and delivery of ACTP's marketing strategies and tactics. 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 - meetings documentation, financial information, communications and other information is being provided in a timely manner, and when requested.

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. Preliminary estimates for 2012 indicate TIAPEI's marketing activities generated \$51.1 million in revenues for tourism enterprises in Atlantic Canada and a return on investment (ROI) of \$13.99 for every \$1.00 invested in direct-to-consumer advertising, joint marketing partnerships with the travel trade and media relations. TIAPEI's marketing activities also generated \$14.9 million in publicity value, and leveraged \$1.3 million in incremental marketing investments through joint marketing agreement with tour operators in the US and the UK.

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<sup>1</sup> New York, New Jersey, Pennsylvania

<sup>2</sup> Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut

### *United States Marketing*

Our review of TIAPEI's 2012 US Marketing Plan and supporting documentation revealed strong evidence that ACTP's target markets, market segmentation<sup>3</sup>, 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 invested almost \$3.8 million in marketing activities in the Mid-Atlantic and New England regions of the US during the 2012 marketing year. This investment generated almost \$41.1 million in revenues and \$6.4 million in media relations for tourism enterprises in Atlantic Canada. A ROI of \$12.52 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 \$59,500 in marketing investments from US tour operators.

- **Consumer Campaign:** 2012 performance indicators were positive. Advertising generated visits to provincial websites from the US increased when compared to 2011. Converted party visits increased by almost 12%, advertising generated revenues were \$40.3 million and ROI stood at \$11.19:1. In addition, a total of \$2,813,563 in media efficiencies and incremental advertising value was generated through a common and independent media planner/buyer (Time + Space Media).
- **Travel Trade:** Two joint marketing partnerships were established with the travel trade in the US. These partnerships generated \$773,900 in related sales and achieved a ROI of \$14.01:1.
- **Media Relations:** The US media relations program generated \$6.4 million in media value resulting in a ROI of \$45.73:1.
- **Atlantic Canada Showcase:** TIAPEI contributed \$175,000 for Atlantic Canada Showcase 2012, hosted by Hospitality Newfoundland and Labrador in St. John's. Showcase was attended by 53 domestic and international group tour and independent travel buyers. Thirty six percent (36%) of these buyers reported entering into new business agreements with Atlantic Canadian tourism establishments as a result Atlantic Canada Showcase 2012.

### *United Kingdom Marketing*

Our review of TIAPEI's 2012 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 market dynamics.

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<sup>3</sup> Includes geographic, demographic, and lifestyle data linked to travel behaviours and media consumption.

TIAPEI invested \$920,741 in marketing activities in the UK during the 2012 marketing year. This investment generated \$10.0 million in revenues and \$8.4 million in media value for tourism enterprises in Atlantic Canada. A ROI of \$20.06 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 \$1.3 million in marketing investments through joint marketing agreements with UK tour operators.

- **Consumer Campaign:** 2012 performance indicators were positive in 2012. Visits to ACTP’s UK website were up 182%. Twenty-four percent (24%) of these web visitors recalled hearing/seeing advertising for Atlantic Canada. Fourteen percent (14%) of these visitors travelled to Atlantic Canada in 2012, spending an estimated \$7.7 million, and generating an ROI \$11.28 in tourism related spending for every \$1.00 invested in consumer advertising. In addition, a total of \$226,076 in media efficiencies and incremental advertising value was generated through a common and independent media planner/buyer (Time + Space Media). ACTP also benefited from \$284,000 in added value by leveraging the CTC 2012 Spring and Spring Extension Campaigns.
- **Travel Trade:** Six joint marketing partnerships were established with the travel trade in 2012. These partnerships generated \$2.3 million in related sales and achieved a ROI of \$28.26:1.
- **Media Relations:** The UK media relations program generated \$8.4 million in media value resulting in a ROI of \$54.90:1.
- **China:** TIAPEI participated in “exploratory” travel trade activities in China in conjunction with the CTC.

### ***Recommendations***

The 2012 evaluation of TIAPEI’s marketing investments in support of the ACTP Agreement is highly positive. Consumer, travel trade, and media relations activities in both the US and UK exceeded ROI targets of \$10:1. Visitation from the Mid-Atlantic region of the US increased by 20% and overnight arrivals from the UK grew by 43%. Tourism-related spending by visitors from the Mid-Atlantic and New England States increased by 7% and 5.6% respectively, while UK revenues grew by 30%.

Our overall recommendation is to continue with this highly successful, international marketing initiative. We also recommend that the Management Committee develop a Transition Strategy for the 2012-2015 ACTP Agreement and that this strategy, along with updated policy and operating guidelines be fully operational by March 31, 2015. This recommendation recognizes that transitioning roles, responsibilities and authorities from a MOU style Agreement to a Federal-Provincial Agreement will take time.