

**EVALUATION OF THE
2012-2015 ATLANTIC CANADA TOURISM PARTNERSHIP
2013-2014 ANNUAL 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
GDP	Gross Domestic Product
MOU	Memorandum of Understanding
MPMC	Meredith Pillon Marketing Communications
NB	New Brunswick
NL	Newfoundland and Labrador
NS	Nova Scotia
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 second in a series of annual evaluations covering the 2012-2015 Atlantic Canada Agreement on Tourism (ACAT) 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 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.

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 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.

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. In 2013, as part of the transition plan, TIAPEI has drafted Policy and Operating Guidelines for the ACAT in support of the ACTP. TIAPEI expects to present the draft to the Management Committee during 2014. Our review of documentation and discussions with TIAPEI indicate the transition is on track and it is anticipated the updated policy 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-Atlantic ¹ and New England ² 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.

Marketing

A Marketing Advisory Committee appointed by the Management Committee provides TIAPEI with advice and feedback when developing 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 has met regularly and provided strategic advice and feedback to TIAPEI in the development and delivery of TIAPEI'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 2013 indicate TIAPEI's marketing activities generated \$54.9 million in revenues for tourism enterprises in Atlantic Canada and a return on investment (ROI) of \$14.32 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 almost \$6.1 million in publicity value, and leveraged \$283,000 in incremental marketing investments through joint marketing agreements with tour operators in the US and the UK.

United States Marketing

Our review of TIAPEI's 2013 US Marketing Plan 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 invested over \$3.5 million in marketing activities in the Mid-Atlantic and New England regions of the US during the 2013 marketing year. This investment generated over \$48 million in revenues and \$3.2 million in media relations for tourism enterprises in Atlantic Canada. An ROI of \$14.49 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 \$184,409 in marketing investments from US tour operators.

- **Consumer Campaign:** 2013 performance indicators were positive. Advertising generated visits to provincial websites from the US increased by 40% when compared to 2012. Converted party visits increased by almost 31%, advertising generated revenues were \$46.8 million and ROI stood at \$14.26:1. In addition, a total of \$1,967,206 in media efficiencies and incremental advertising value was generated through a common and independent media planner/buyer (Time + Space Media).
- **Travel Trade:** Five joint marketing partnerships were established with the travel trade in the US. These partnerships generated \$1,199,911 in related sales and achieved an ROI of \$10.57:1.
- **Media Relations:** The US Media Relations Program generated \$3.2 million in media value resulting in an ROI of \$23.10:1.

United Kingdom Marketing

Our review of TIAPEI's 2013 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 invested \$721,862 in marketing activities in the UK during the 2013 marketing year. This investment generated almost \$6.9 million in revenues and \$2.8 million in media value for tourism enterprises in Atlantic Canada. An ROI of \$13.45 in tourism related spending in Atlantic Canada was achieved for every \$1.00 invested in direct-to-consumer advertising, joint marketing

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

partnerships with the travel trade, and media relations. TIAPEI also leveraged an additional \$98,950 in marketing investments through joint marketing agreements with UK tour operators.

- **Consumer Campaign:** Thirty-three percent (33%) of web visitors recalled hearing/seeing advertising for Atlantic Canada. Thirty-three percent (33%) of these visitors travelled to Atlantic Canada in 2013, spending an estimated \$4.1 million, and generating an ROI of \$8.61 in tourism related spending for every \$1.00 invested in consumer advertising. In addition, a total of \$315,108 in media efficiencies and incremental advertising value was generated through a common and independent media planner/buyer (Time + Space Media). ACTP also benefited from \$139,000 in added value by leveraging the CTC 2013 Spring Campaign. ROI decline has resulted from a significant decrease in average spending per party (impacted by reduced party size and shorter length of stay). Additionally a decision, supported by Management Committee, was made to increase US direct-to-consumer spending by \$250,000 for 2013/2014 by reducing the UK direct-to-consumer spending by this amount.
- **Travel Trade:** Eight joint marketing partnerships were established with the travel trade in 2013. These partnerships generated almost \$2.8 million in related sales and achieved an ROI of \$29.11:1.
- **Media Relations:** The UK Media Relations Program generated \$2.8 million in media value resulting in an ROI of \$19.00:1.

Recommendations

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.

All benefits monitoring targets should be reviewed on an annual basis. In discussions with the US Program Manager, it was indicated that each year the number of print publications decreases and the space allocated for travel articles becomes smaller. In recent years there has been a sharp decrease in the number of print publications and an increase in the number of online publications. There has also been a decrease in the size of print articles, as editors believe consumers have shorter attention spans and are less interested in long articles. This has a significant impact on the overall value of coverage. Print magazine and newspaper articles are valued higher. The reach of online coverage can be much greater than print and should not be undervalued, though it is difficult to measure. TIAPEI should also explore new tools for measuring the value of online media.