

# *Tourism PEI*

*A Three-Year  
Strategic Plan*

*2002 - 2004*

*January 2002*

*Prince  
Edward  
Island*

TOURISM

# Table of Contents



<b>I. Introduction</b>	
A. Challenges and Opportunities .....	1
B. The Strategic Planning Process .....	2
<b>II. Environment .....</b>	<b>3</b>
<b>III. Investment Performance</b>	
A. Introduction .....	5
B. Impact of Expenditures .....	5
C. Conclusion .....	6
<b>IV. Corporate Overview</b>	
A. Purpose .....	7
B. Mandate .....	8
C. Values .....	8
D. Operating Principles .....	9
<b>V. Three-Year Strategy</b>	
A. Corporate Goal .....	11
B. Corporate Objectives .....	12
C. Division Activity .....	13
1. Development .....	13
2. Marketing .....	20
3. Corporate Services .....	24
4. Policy, Planning and Research .....	25
<b>VI. Investment Considerations .....</b>	<b>29</b>
<b>VII. Conclusion</b>	
A. Industry Challenges .....	31
B. Challenges for Tourism PEI .....	33



## SECTION I.

# Introduction



### A. Challenges and Opportunities

Tourism in Prince Edward Island consists of a myriad of products and places, all woven together to form a single industry. The industry is based on our culture of who we are and what we do – our way of life and our people. This is an industry that is vibrant and strong that offers significant, sustainable opportunities for the future.

With these opportunities there will be challenges; and with the successes, there will be failures. How we react to these challenges and overcome these failures will, to a large degree, shape the industry in the future.

There are a number of factors which impact this industry – many of which extend beyond our control including the state of international economies, changing demographics, weather conditions and world events, all of which have a profound influence on how, when and if people travel to our province. However, we can effect change – through marketing and development we can create an environment which will facilitate growth in the tourism industry.

Our challenge is to identify and capitalize on marketing and development opportunities while minimizing the risk of failure.

Through this strategic planning process we will focus our resources to meet these challenges.

## B. The Strategic Planning Process

Strategic planning is a process undertaken by an organization to assist in channeling its resources with the aim of achieving certain outcomes. Forming a blueprint for action, this plan is a dynamic tool which will guide our efforts over the planning period.

The following strategic plan provides an overview of the state of Prince Edward Island's tourism industry and demonstrates the investment performance of Tourism PEI over the last number of years. It will also articulate the goals established by Tourism PEI and identify how these goals will be achieved. Included in this strategic plan is the identification of specific objectives for each division within Tourism PEI and the various programs and services, both existing and proposed, required to reach these objectives.

This strategic plan will also demonstrate the linkages between programs and services and the anticipated results, and identify the indicators which will be used to measure both success and failure.

The document focuses on several questions: Why are we in business? (our mandate); How do we do business? (our values); Where are we now? (the state of the industry); Where do we want to be? (our goals and objectives); How can we get there? (our programs and services); What is the required investment? (fiscal implications) and How will we know when we have arrived? (our measures of success).

The time horizon to carry out this strategic plan is a three-year period beginning in fiscal year 2002.

As partners in shaping the future of tourism in this province, this strategic plan is tempered by certain key initiatives identified by the tourism industry. Specifically, this strategic plan recognizes and is shaped to a certain degree by where the industry has set its sights for the future. We recognize that two key studies have recently been completed on the tourism industry including the *Prince Edward Island's Tourism Industry: Spatial and Product Analysis, 2000-2005* (the Randolph Report) and the *Strategic Action Plan (1999-2003)* completed by the Matrix Consulting Group. These studies have been taken into consideration in setting the priorities for Tourism PEI over the next three years.



## SECTION II.

# The Environment



Tourism is a significant component of the province’s economy. The impacts are wide reaching and varied, cutting across all sectors, supplying income and employment opportunities throughout the province. The industry is sustainable and will continue to play an important role in the future stability, diversification and growth of the Island’s economy.

Although we tend to measure the state of the tourism industry by how many visitors we are able to attract, and how many dollars they spend in our province, it is also important to examine the industry relative to other sectors within the provincial economy.

Tourism is not classified as a single industry but is defined as a group of operating units or establishments engaged in the same or similar kind(s) of economic activity, e.g., hotels, restaurants, airlines and department stores supplying goods and services for tourism<sup>1</sup>. Statistics Canada does not classify tourism as an industry in the traditional sense. A “tourism industry” is defined so, if:

- a) it provides tourism commodities to visitors, and
- b) it would cease to exist without tourism or would continue to exist only at a significantly reduced level of activity.

This method of identification makes it difficult to measure the “worth” of the tourism industry in its entirety.

---

<sup>1</sup>Statistics Canada, *Guide to the National Tourism Indicators: Concepts and Definitions*, Catalogue No. 13-594-GPE, 1996.

As an employment creator, sectors within the tourism industry employed approximately 16,200 people in 2000, including 5,000 employed in the accommodation and food services sector, 8,800 in retail trade and 2,400 in information, culture and recreation<sup>2</sup>.

In measuring growth within the industry, Quality Tourism Services Inc. estimates that from 1998 to 2001, 200 new accommodation properties were developed within the province consisting of approximately 900 new units. The current plant consists of approximately 1,100 roofed accommodation properties with approximately 7,000 units.

In terms of overall growth in visitors and dollars spent, the industry has experienced unprecedented growth from the 1996 pre-bridge era, however, more recent visitation and expenditure figures demonstrate a levelling off. In 2000, we estimate that 1.18 million pleasure and business visitors came to Prince Edward Island between the period of May 15 to October 31 and spent approximately \$301.1 million. Although these numbers represent a slight decline from the previous year, our visitation is significantly higher than pre-bridge days showing exceptional growth from a 1996 level of 788,300 (approximately 50 per cent). The same can be said for expenditures which have increased by approximately 76 per cent from the 1996 level of \$171.2 million.

---

<sup>2</sup> This figure should not be construed as an estimate of tourism generated employment. On the contrary, this figure is an estimate of employment for sectors *within* the tourism industry only and does not represent the true impact of tourism as an employment generator.

## SECTION III.

# Investment Performance



### A. Introduction

The Prince Edward Island tourism industry is a generator of economic opportunities.

To support this position we have examined the performance of public sector expenditures (provincial) in relation to tourism generated revenue.

### B. Impact of Expenditures

As a measure of investment performance, Tourism PEI yields a solid return on public sector investment.

For fiscal year 2000-2001, Tourism PEI's expenditures were approximately \$11.9 million which were focussed on various programs and services, all designed to facilitate industry growth. Tourist expenditures for 2000 were \$301 million. Based on these expenditures, and assuming there is a correlation between public sector expenditures and our ability to attract tourists, we estimate that for every public sector dollar spent, an additional \$25 dollars was injected by tourists into the provincial economy. Over the last four years this ratio has remained relatively constant.



To further examine these investment opportunities, we have examined the relationship of tourism marketing and its ability to attract visitors. Each year Tourism PEI conducts a Conversion Study on visitor information callers<sup>3</sup>. The primary objective of this research is to provide an estimate of the percentage of people who saw an advertisement, responded to its call-to-action (inquiry) and actually vacationed in Prince Edward Island. The secondary objective is to measure the expenditures of visitors.

The results of the conversion research from 2000, support that of the 121,807 people who called Prince Edward Island's toll-free number or contacted our Web site between March 1 and October 31, 2000, approximately 74 per cent (of the total callers who took a holiday) actually visited Prince Edward Island.

Conversion factors, combined with expenditure data from the 2000 Tourism Exit Survey suggest that Tourism PEI's 2000 media strategy, supported by the toll-free number, e-mail addresses and Prince Edward Island's information kit helped generate an estimated \$54.6 million in visitor receipts during the period March 1, 2000 to October 31, 2000. In fiscal year 2000-2001 marketing expenditures were approximately \$4.073 million<sup>4</sup>.

The results of the Conversion Study support that for every dollar spent on marketing by the TMA, an additional \$13 was injected by "converted" tourists into the provincial economy.

## C. Conclusion

The results of this analysis support that public sector investment in the tourism industry is yielding significant returns, in proportion to overall tourist expenditures. This is important, as the funds generated from tourism are redistributed throughout the economy and assist in providing other services to Islanders including health care, education and other essential needs.

Requests for additional funding for Tourism PEI should be viewed as an investment opportunity, with the potential to yield exceptionally high returns.

---

<sup>3</sup>*Conversion Study 2000* – prepared by Tourism PEI, Policy, Planning and Research Division.

<sup>4</sup>\$4.073 million represents the total marketing expenditures by the Tourism Marketing Authority for fiscal year 2000-2001. The Tourism Marketing Authority is a joint marketing group consisting of Tourism PEI and private sector operators.

## SECTION IV.

# Corporate Overview



### A. Purpose

Tourism PEI is a crown corporation established in June 1999.

The corporation is structured around four key operational divisions:

- Marketing,
- Development,
- Corporate Services, and
- Policy, Planning and Research.

The Department of Tourism, which consists of the Office of the Minister, Deputy Minister and administrative support staff, provides leadership, overall management, administration and communication for the corporation.

An organizational chart for Tourism PEI is attached as Appendix 1.

The corporation employs 557 staff (including full-time, part-time and students) who deliver a broad range of programs and services in support of the tourism industry. Staff provide service to an extensive client base including visitors and local residents, tourism operators and organizations, community groups, municipalities, other government departments and agencies – federal and provincial.

## **B. Mandate**

Tourism PEI's mandate identifies those critical areas upon which we base our values and principles.

*The mandate of Tourism PEI is to work in partnership with industry stakeholders to promote Prince Edward Island as a premier destination and to enhance the economic benefits of tourism through the development and promotion of existing and new quality products and services.*

## **C. Values**

Organizational values for Tourism PEI are those beliefs designed to influence the behavior of the people within the organization. These values are the rationale for selecting one form of action or activity over another.

Our organizational values are:

- *Staff are a valued resource.*
- *Visitors and private operators are our valued customers.*
- *The entire province will share in the wealth of the tourism industry.*
- *The development of the tourism industry requires a strong government/industry partnership.*
- *We must strive to understand industry needs and assist them to reach their goals.*
- *Development and marketing must be consumer driven based on sound research and be consistent with the industry's goals.*
- *Quality service and quality products are essential for future tourism growth.*
- *The facilities owned and operated by Tourism PEI and its subsidiaries are valued assets.*

## D. Operating Principles

Operating principles are those principles which guide the way Tourism PEI carries out its day-to-day activities and programs. These principles serve as an indicator as to whether our organizational values are being upheld or compromised.

- *We will provide a healthy work environment for our staff.*
- *We will provide quality service to our clients in response to the demand for our programs and services.*
- *We will promote our programs and services and ensure that they are readily available to eligible participants across Prince Edward Island.*
- *We will provide sound and timely policy advice to Government in areas of corporate responsibility.*
- *We will establish appropriate strategic alliances and cooperative working relationships with our Federal counterparts, Atlantic Provincial partners and with industry associations.*
- *We will establish working relationships with our Prince Edward Island Government partners in the delivery of programs and the implementation of strategic initiatives.*
- *We will strengthen and maintain effective relationships with industry participants and organizations throughout the province.*
- *We will develop and promote those facilities owned and operated by Tourism PEI and its subsidiaries, as centres of excellence.*



## SECTION V.

# Three-Year Strategy



This section outlines a three-year strategic plan for Tourism PEI.

The strategic plan demonstrates the various linkages between the overall goal and objectives for Tourism PEI, the specific objectives of each division, the activities carried out as a means of reaching divisional objectives, the desired outcomes to be achieved by the activities and the measurable indicators which will be used for monitoring and evaluation purposes.

### A. Corporate Goal

The following goal is a statement of a desired result, in general terms, which is to be achieved over an unspecified period of time.

The goal for Tourism PEI:

*Through the formation of strategic alliances and partnerships, Tourism PEI will provide leadership to foster the growth of the tourism industry to ensure that Prince Edward Island remains a premier tourist destination.*

## **B. Corporate Objectives**

The following objectives are statements containing specific results which will be achieved by Tourism PEI.

### **1. *Provide a healthy work environment for staff***

- Provide staff with clear direction around roles and responsibilities;
- Increase effectiveness of internal and external communications;
- Increase planning to respond to professional staff shortages;
- Create and maintain a healthy work environment;
- Challenge, empower and support staff to try new ideas and techniques;
- Increase support for staff to enable them to use “new” technology;
- Increase opportunities for staff development and training;
- Provide staff with sufficient tools and skills;
- Involve staff and tap into their intellectual capital by fostering a participatory culture;
- Encourage and support staff to maintain wellness.

### **2. *Create a sustainable tourism industry***

- Develop a positive environment for tourism related businesses to establish and expand;
- Create and deliver programs and services that meet the needs of the industry in an efficient manner;
- Invest in strategic initiatives which can create wealth and jobs for Islanders;
- Maintain desirable growth levels in visitation and expenditures.

### **3. *Establish diversity in our product***

- Based on consumer research, identify new product opportunities and assist with product development;
- Nurture and protect our existing tourism assets;
- Work with the industry to create a competitive multi-seasonal destination;
- Work with the industry to facilitate growth in all areas of the province;
- Work with the industry to grow in balance with the environment.

### **4. *Strengthen our markets***

- Maintain and strengthen existing markets;
- Identify new and emerging market opportunities;
- Strengthen regional and national partnerships for marketing purposes.

### **5. *Promote and develop our facilities as centres of excellence***

- Establish and implement best practices standards for the operation of our facilities, including golf courses, Provincial Parks and Visitor Information Centres.



## **C. Division Activity**

### **1. Development**

The primary goal of the Development Division of Tourism PEI is to enhance the economic benefits of tourism through the development of new and existing tourism products. In support of this goal, the division administers a number of programs and services that benefit the province's tourism industry. The division is also responsible for the operation of a number of provincial tourism facilities including Provincial Parks, golf courses and Visitor Information Centres. The division places priority on the operations of these facilities in a quality fashion and in the interest of Prince Edward Island's tourism industry.

Since the opening of the Confederation Bridge in 1997 the province has enjoyed unprecedented growth in tourism. As predicted, the bridge has significantly benefitted the economic value of tourism. The Island's long-standing reputation as a vacation destination, coupled with improved access, presents a very promising future for continued tourism growth.

While the future of the industry is positive, it must be acknowledged that tourism is increasingly global in scope and that competition is fierce. To maintain its existing market and to attract new visitors, Prince Edward Island's tourism industry must be able to deliver the products and services expected by today's discriminating traveller. The strategic initiatives set out below are intended to strengthen and enhance the Island's competitive position as a tourism destination.

#### **a. Product Development**

To remain competitive, PEI must offer existing and potentially new visitors experiences of interest to them. This is especially the case with the "adult" market that comprises the majority of PEI's visitors. The Island must continue to develop products that appeal to a more affluent, sophisticated traveller.

Over the next three years Tourism PEI will exploit on the Island's cultural and environmental richness and growing consumer interest in culture and heritage, ecotourism, soft adventure and opportunities associated with the PEI Food Strategy.

Of particular note is the opportunity to capitalize on the large number of visitors interested in touring the Island by private automobile. "Sightseeing" is often cited as the number one activity undertaken by people who visit Prince Edward Island.

A recently completed study recommends that the province reintroduce its scenic drives (Blue Heron Drive, Lady Slipper Drive and Kings Byway). The Touring Product Study concluded that these three drives are well suited to today's market, but that they need to be "re-branded" and promoted<sup>5</sup>. The report also recommends the development of new product specific or "niche" tours to appeal to different traveller interest (e.g., museums, lighthouses, craft shops, etc.)

It is proposed that an additional \$1 million be invested in new tourism products over the next three-year period.

**b. Central Reservation Services**

Approximately eight years ago the province discontinued the operation of its central reservation service. The old system was operated manually and was very inefficient. At the time, a decision was made not to incur the cost of modernizing the system and as a consequence, the old system was abandoned.

In recent years several private sector initiatives for a central reservation system were launched without success. Tourism PEI believes that a central reservation service, for accommodations, attractions, tee-times and other products, is essential infrastructure for a competitive tourism industry.

Experience has proven that a central reservation service must be government initiated and partially subsidized to survive. Improved technology and access to local call centres that did not exist in the early 90s will benefit the development of a quality service for Prince Edward Island as a tourism destination.

It is estimated that the cost of operating a system would be \$300,000 annually with industry funding half. The net cost to government is estimated at \$150,000 annually.

**c. Visitor Information Centres**

The goal of the department's Visitor Information Centres is to promote Prince Edward Island as a world-class tourism destination. Clients served include both visitors and local tourism operators. A primary function of the centres is to disseminate information about the Island's many tourism products.

---

<sup>5</sup>*Recommended Best Practices Prince Edward Island Touring Product*, prepared by Pannell Kerr Forster, July 2001.

To provide the level of service necessary to meet the needs of the travelling public an additional investment of \$150,000 is required annually. These funds will be used for new programming, to provide wheelchair access to all facilities, to improve staff training and to develop new interactive displays. Visitor centres will be instrumental in promoting the Island's revitalized touring product.

**d. Provincial Parks**

PEI's network of Provincial Parks is a significant tourism asset. The system which includes campgrounds, day use parks, the Confederation Trail, Brookvale Ski Park, the Mill River Fun Park and Buffaloland, is enjoyed by both residents and visitors alike. In rural PEI the parks help to generate local tourism activity.

Last spring Government commissioned a comprehensive review of Provincial Parks. The review is intended to address the management, operating and capital needs of the parks system. The Provincial Parks review involved extensive consultation with local communities and other stakeholders.

Although the final report will not be tabled until November, it is expected to call for public investment in our parks system. The report is expected to indicate strong community support for the parks system and to emphasize its tourism value. The report will also detail the "tired" state of the system and the need for long-term investment and improved management.

The report is expected to detail a long-term capital plan for the system totaling over \$5 million over the next three to five years. Proposed policy changes and new revenue sources should be sufficient to address operational issues. This will be detailed in the final report.

**e. Signage**

In the 1970s the province introduced a very progressive policy on highway signage. The result was a system designed to help visitors find their way to tourism services. This past year a government/industry committee was mandated to review the 30-year-old policy with a view to recommending changes for the future. The Report of the Signage Policy Review Committee, titled *Direction for the Future*, includes 43 recommendations. The report details an inter-connected system of on-premise, off-premise and new map stop kiosks in heavy traffic areas. The committee recommends that the new system be established over a three-year period.

Assuming that the report and recommendations are adopted by Government, the cost of implementation will have three components:

- *Administration*: on-going administration of the new signage program and regulations.
  - *Off-Premise Signs*: up front investment in new map stops and off-premise signs that will be recouped through user fees over time.
  - *Highway Signs*: improved directional signage on Island highways.
- (These costs are currently being developed as part of an implementation plan for Government's consideration.)

**f. Golf Links PEI Inc.**

Golf Links PEI Inc. was established in 1998 as a Part II company to manage the province's golf assets. These assets now include the Links at Crowbush Cove, Brudenell, Mill River and the newest acquisition Dundarave. Golf Links PEI primary mandate is to manage provincial golf courses in a business-like fashion in the interest of Prince Edward Island's tourism industry.

Golf Links PEI believes that the key to continued future growth of the Island's golf product is quality. Quality courses and quality service will enhance PEI's reputation as a golf destination and Golf Links PEI will continue to work with the private sector to accomplish this objective.

Given the increasing competitive nature of the golf industry on a local, regional, national and international level and Golf Links PEI's objectives to establish the four provincial courses as world-class centres of excellence, additional investment through recapitalization will be required.

**g. Summary of Investment Requirements**

Over the three-year planning horizon, the Development Division will focus its efforts on identifying and supporting the development of new and existing tourism product opportunities. This division will continue to manage and operate provincially owned facilities as centres of excellence.

To carry out its level of responsibilities and achieve the objectives as prescribed, the division will require additional investment of \$6.9 million dollars over the next three years for capital and operating costs.<sup>6</sup>

---

<sup>6</sup>This investment does not include dollars required for signage as this initiative is still under consideration.

<b>Development</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Product Development</b>	500,000	250,000	250,000
<b>Central Reservation Services</b>	150,000	150,000	150,000
<b>Visitor Information Centres</b>	150,000	150,000	150,000
<b>Provincial Parks</b>	1,700,000	1,700,000	1,600,000
<b>Signage</b>	TBD	TBD	TBD
<b>Golf Links PEI</b>	0	0	0
<b>Total</b>	<b>\$2,500,000</b>	<b>\$2,250,000</b>	<b>\$2,150,000</b>

The following table demonstrates the linkages between objectives, programs and services and anticipated results and indicators which will be used to measure results.

<b>Objectives</b>	<b>Initiatives</b>	<b>Anticipated Results</b>	<b>Measurable Indicators</b>
Assist the development of market ready tourism products	<ul style="list-style-type: none"> <li>• Tourism Investment Fund to support the development of new products, such as: festivals and events, culture, eco-tourism and soft adventure</li> </ul>	<ul style="list-style-type: none"> <li>• Continue development of new tourism products and activities</li> </ul>	<ul style="list-style-type: none"> <li>• New products</li> <li>• Visitation</li> <li>• Revenues</li> </ul>
Encourage the development of PEI as a premier, multi-seasonal tourism destination	<ul style="list-style-type: none"> <li>• Provide assistance for development of key industry sectors such as:               <ul style="list-style-type: none"> <li>▸ Reunion Program</li> <li>▸ Tour the Island</li> <li>▸ ECHO</li> <li>▸ Meetings PEI</li> <li>▸ Festivals and Events</li> <li>▸ Golf PEI</li> <li>▸ Cruise Ships</li> <li>▸ Culture and Heritage</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Create year-round development opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Visitation</li> <li>• Revenues</li> <li>• Number of program participants</li> </ul>
Encourage a high standard of customer service and product quality	<ul style="list-style-type: none"> <li>• Establish and enforce licensing, regulations and standards</li> <li>• Activities include: signage review, support of Island Welcome Centres, quality renewal and industry training</li> </ul>	<ul style="list-style-type: none"> <li>• Increased customer satisfaction</li> <li>• Improved product quality</li> </ul>	<ul style="list-style-type: none"> <li>• Visual recognition</li> <li>• # of centres</li> <li>• # of inquiries</li> <li>• # of program participants</li> <li>• Quality ratings</li> <li>• Client satisfaction</li> <li>• % of repeat tourists</li> <li>• % participation in Canada Select Program</li> </ul>
<b>Parks</b> <ul style="list-style-type: none"> <li>• To manage, operate and market parks in a business like fashion</li> <li>• To develop parks as centres of excellence</li> </ul>	<ul style="list-style-type: none"> <li>• Carry out study recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• Increased customer satisfaction</li> <li>• Improved product quality</li> </ul>	<ul style="list-style-type: none"> <li>• Quality ratings</li> <li>• Client satisfaction</li> <li>• Profitability</li> </ul>

<b>Objectives</b>	<b>Initiatives</b>	<b>Anticipated Results</b>	<b>Measurable Indicators</b>
<b>Golf Links PEI</b> <ul style="list-style-type: none"> <li>To manage, operate and market golf courses in a business like fashion</li> <li>To develop new golf products on behalf of Tourism PEI</li> <li>To develop and promote PEI as a premier golf destination</li> </ul>	<ul style="list-style-type: none"> <li>Maintain properties at acceptable standards</li> <li>Demonstrate steady improvement toward excellence in service and customer care (create a golf experience around the customer)</li> <li>Maintain business profitability through sustaining growth</li> <li>Management/supervisors to be financially responsible and accountable</li> <li>Progressive improvement toward group aesthetics and operation consistency</li> <li>Employ a well trained staff</li> </ul>	<ul style="list-style-type: none"> <li>Increased customer satisfaction</li> <li>Improved product quality</li> </ul>	<ul style="list-style-type: none"> <li>Accolades and awards</li> <li>Client satisfaction</li> <li>Profitability</li> </ul>
<b>VICs</b> <ul style="list-style-type: none"> <li>To inform the touring public about PEI's offerings in a professional and courteous manner</li> </ul>	<ul style="list-style-type: none"> <li>Offer state-of-the-art facilities, interpretative materials and technology</li> <li>Offer product demonstrations, i.e. musicians, artists, crafters, food, growers, producers, etc.</li> <li>Certification and permanent status for all VIC managers</li> <li>Strengthen Welcome Centre programs</li> <li>Increase staff training</li> <li>Enhance recruiting</li> <li>Increase industry contact</li> <li>Increase promotion of centres</li> </ul>	<ul style="list-style-type: none"> <li>Increase visitation at centres by offering a diverse experience</li> <li>Increase staff familiarization of industry</li> <li>Well trained staff</li> <li>Offering greater bilingual service</li> <li>Better informed tourists</li> <li>Maximize sales opportunities</li> <li>Reservation system to close the sale</li> <li>Upgraded facilities to meet demands of customers</li> <li>Upgraded computers to provide more efficient service</li> </ul>	<ul style="list-style-type: none"> <li>Customer service assessments</li> <li>One stop reservation system</li> <li>Visitation</li> <li>Expenditures</li> </ul>
Support private sector tourism development	<ul style="list-style-type: none"> <li>Provide expert advice</li> </ul>	<ul style="list-style-type: none"> <li>Knowledgeable industry participants</li> </ul>	<ul style="list-style-type: none"> <li>Industry development</li> </ul>



## 2. Marketing

The overall objective of the Marketing Division is to promote Prince Edward Island as a premier, multi-seasonal vacation destination to our target markets.

The division is responsible for the publication of provincial tourism literature and distribution, travel industry sales, publicity, advertising and promotion. The division works very closely with the Tourism Marketing Authority (TMA)<sup>7</sup>. In partnership with the TMA, the division seeks to increase revenue through increased visitations from pleasure visitors.

The secondary objective of this division is to continually increase and improve the co-op advertising opportunities available to the tourism industry. Co-op advertising includes a matching of private and public sector funds for marketing purposes.

Tourism PEI is a partner in the Atlantic Canada Tourism Partnership (ACTP) which merges two levels of government and the region's private industry. The partnership allows the province to reach strategic long-haul markets in the United States, Europe and Japan. In addition, Tourism PEI continually seeks to partner with the Canadian Tourism Commission (CTC) in core CTC programs and initiatives.

*Note:* The Marketing Division, in partnership with the TMA, conducted a three-year marketing strategy. The 2001 marketing year represents the final year of the three-year strategy. A new three-year campaign will be developed in the fall of 2001 for implementation in 2002.

The business of marketing a vacation destination has become highly competitive. Our nearest competitors (Nova Scotia and New Brunswick) are operating with marketing budgets that are more than double our marketing budget. These provinces, whose residents we target, mount stay-at-home campaigns that far outspend our own presence in that market. In addition, the Internet has made the farthest destinations as easy to reach as our own neighbours.

The 2000 PEI Conversion Study indicates that the \$4.073 million advertising campaign generated almost \$55 million in direct economic impact to the province.

As a result of the tragic events of September 11, the North American travel industry has been devastated. Airlines announced across the board layoffs and schedule reductions, tour operators and travel agencies in Canada and the US declared bankruptcy, and accommodations providers had unprecedented cancellations resulting in large losses in revenue. In the wake of this chain of events, the Canadian Tourism Commission (CTC) announced a one-time marketing fund to support new initiatives in the domestic market and is currently looking at

---

<sup>7</sup>The Tourism Marketing Authority is a partnership comprised of private sector operators and Tourism PEI representatives.

a similar program to support a drive program for near-border-area states. The CTC also commissioned research that indicates the northeast US will provide a great opportunity for drive vacations to Canada and other provinces have already announced increased marketing expenditures in the US. Given the increased competition from other provinces and states and potential opportunity to leverage CTC dollars, a significant increase to provincial marketing will be a necessity. It is forecasted that to achieve the outlined objectives an additional investment of \$5 million dollars for marketing will be required over the three-year planning period.

The following table summarizes each market area, the strategies to be carried out, the expected results and the indicators which will be used to monitor results.

<b>Market</b>	<b>Strategies</b>	<b>Anticipated Results</b>	<b>Measurable Indicators</b>
<b>Atlantic Canada</b>	<ul style="list-style-type: none"> <li>Continue to remind Atlantic Canadians of the PEI market for both summer and shoulder season vacations</li> <li>Focus on activity specific messaging to drive the idea of “new things to do”</li> <li>Pursue promotions and promotional partners that drive traffic to the Island</li> <li>Continue efforts to build wintertime visitation</li> </ul>	<ul style="list-style-type: none"> <li>To maintain high near-term repeat visitation (including multiple trips per season)</li> <li>To strengthen promotional effort</li> <li>To grow spring and fall visitation</li> <li>To grow first-time visitations</li> <li>Increase inquiries</li> </ul>	<ul style="list-style-type: none"> <li>Exit survey – first time v. repeat</li> <li>Visitation</li> <li>Conversion study</li> <li>Seasonal visitation</li> <li>Package sales</li> <li>Inquiries</li> <li>Fulfilment kit requests</li> </ul>
<b>Ontario</b>	<ul style="list-style-type: none"> <li>Awareness advertising to generate interest and educate market</li> <li>More convergent in tactics to focus on specific market segments</li> <li>Build relationship marketing</li> <li>Continue to promote shoulder season as a viable season to visit</li> <li>Investigate and respond to new opportunities to reach a larger target audience via the web</li> <li>Investigate PR opportunities to create awareness of PEI</li> <li>Pursue extended air access</li> </ul>	<ul style="list-style-type: none"> <li>To grow first-time visitations</li> <li>To maintain and grow repeat visitation levels</li> <li>To grow air traffic</li> <li>To grow fall season</li> <li>Increase inquiries</li> </ul>	<ul style="list-style-type: none"> <li>Exit survey – first time v. repeat</li> <li>Visitation</li> <li>Conversion study</li> <li>Inquiries</li> <li>Web hits</li> <li>Identified PR opportunities</li> <li>Fulfilment kit requests</li> <li>Seasonal visitation</li> <li>Air visitation</li> </ul>

<b>Market</b>	<b>Strategies</b>	<b>Anticipated Results</b>	<b>Measurable Indicators</b>
<b>Quebec</b>	<ul style="list-style-type: none"> <li>• Better understand the market</li> <li>• Be more efficient with marketing resources</li> <li>• Investigate other creative means to break down the perceived barriers to travel to PEI</li> <li>• Improve fulfilment kits</li> </ul>	<ul style="list-style-type: none"> <li>• To grow first time visitation</li> <li>• To maintain and grow repeat visitation levels</li> <li>• Increased inquiries</li> </ul>	<ul style="list-style-type: none"> <li>• Exit survey – first time v. repeat</li> <li>• Visitation</li> <li>• Conversion study</li> <li>• Inquiries</li> <li>• Web hits</li> <li>• Fulfilment kit requests</li> </ul>
<b>New England / Mid Atlantic</b>	<ul style="list-style-type: none"> <li>• Partner with Canadian Tourism Commission (CTC) to identify new programs to increase presence in the marketplace</li> <li>• Continue to utilize Atlantic Canada Tourism Partnership (ACTP) as a means of extending our marketing dollars in the marketplace</li> </ul>	<ul style="list-style-type: none"> <li>• To grow first-time visitations</li> <li>• To maintain and grow repeat visitation levels</li> <li>• Increased inquiries</li> </ul>	<ul style="list-style-type: none"> <li>• Exit survey – first time v. repeat</li> <li>• Visitation</li> <li>• Conversion study</li> <li>• Inquiries</li> <li>• Web hits</li> <li>• Fulfilment kit requests</li> </ul>
<b>Travel / Trade</b>	<p><b>Motorcoach</b></p> <ul style="list-style-type: none"> <li>• To target high yield tour operators to partner with us on fam tours, product development and other sales vehicles</li> <li>• To increase motorcoach visitation by targeting new tour operators currently not selling PEI</li> <li>• Target student travel trade</li> </ul>	<ul style="list-style-type: none"> <li>• To partner with high yield tour operators to increase the number of motorcoach passengers to PEI</li> <li>• To maximize communication opportunities with partners</li> </ul>	<ul style="list-style-type: none"> <li>• Motorcoach visits</li> <li>• Number of tour operators</li> <li>• Length of stay</li> <li>• Accommodation room stay</li> </ul>
	<p><b>Japan</b></p> <ul style="list-style-type: none"> <li>• To develop relationships with air carriers in addition to Air Canada to increase accessibility</li> <li>• Establish an integrated plan to work with CTC including media fams, trade activities and partnering in their initiatives</li> <li>• Conduct sales missions in conjunction with ACTP and as an individual province</li> <li>• Continue to promote itineraries partnering with other provinces such as Montreal and Quebec City</li> <li>• Conduct fam tours for new operators interested in PEI product</li> <li>• Pursue adding Japanese content to the Web site</li> </ul>	<ul style="list-style-type: none"> <li>• Play a lead role in all Japanese market activities presented through the ACTP Overseas Committee and CTC</li> <li>• Increase access to PEI</li> <li>• Increase visitation</li> <li>• Continue to refine itineraries with former consortium partners in Japan</li> <li>• Improve access to information</li> </ul>	<ul style="list-style-type: none"> <li>• Visitation</li> <li>• Web hits</li> </ul>

Market	Strategies	Anticipated Results	Measurable Indicators
	<p><b>FIT Packaging</b></p> <ul style="list-style-type: none"> <li>• Seek opportunities to sign new joint marketing agreements (JMA) with tour operators who have access to direct flights to PEI</li> <li>• Establish new partnerships for trade and advertising through ongoing prospecting and through maximizing ACTP driven activities such as Pro-Motion</li> </ul>	<ul style="list-style-type: none"> <li>• Establish new business relationships and increase visitation through existing JMA</li> </ul>	<ul style="list-style-type: none"> <li>• Visitation</li> <li>• Packages</li> </ul>
	<p><b>Europe</b></p> <ul style="list-style-type: none"> <li>• Ensure PEI is prominently featured in European markets through travel trade systems</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to capitalize on ACTP European activities in UK and German speaking countries</li> <li>• Continue to develop additional visitation through Canadian based receptive operators</li> <li>• Continue to develop increased visitation from France by establishing PEI as an add-on to NB itineraries</li> </ul>	<ul style="list-style-type: none"> <li>• Visitation</li> </ul>
	<p><b>Autoclubs</b></p> <ul style="list-style-type: none"> <li>• Continue to market to high yield AAA offices in the USA and CAA in Canada</li> </ul>	<ul style="list-style-type: none"> <li>• Further develop increased visitation from the Mid-Atlantic States</li> <li>• Direct sales activities targeted at CAA Ontario and AAA New England</li> <li>• Continue to develop improved relationships with all CAA/AAA offices in Quebec, ON, NB, NS, and New England</li> <li>• Establish improved relations with club managers</li> </ul>	<ul style="list-style-type: none"> <li>• Visitation</li> </ul>

### 3. Corporate Services

Corporate Services provides support to Tourism PEI for all financial, information technology and personnel issues. The major responsibilities of the division include: budget preparation, expenditure monitoring and forecasting, staffing, classification, payroll, staff development, other employee-related programs, communications and MIS/computer support.

The division identified two new initiatives which will require an additional investment of approximately \$55,000 in annual operating costs. A new role within government, as a result of the move to a Record Management System, will require a records clerk to establish and maintain a unified records system. This will require the creation of a new position within the division at a cost of approximately \$35,000.

With the increased demands placed upon the reservation system for Golf Links PEI Inc. and the expanded needs for a reservation system for parks and the Visitor Information Centres, additional support is needed to assist with information technology, which requires an additional computer support person on a seasonal basis at a cost of approximately \$20,000.

<b>Objectives</b>	<b>Activities</b>	<b>Anticipated Results</b>	<b>Measurable Indicators</b>
Provide staff with timely financial information	<ul style="list-style-type: none"> <li>• Monthly statements</li> <li>• Respond to queries</li> <li>• Produce reports</li> </ul>	<ul style="list-style-type: none"> <li>• Well-informed staff</li> </ul>	<ul style="list-style-type: none"> <li>• Staff satisfaction</li> <li>• Timely reports</li> <li>• Accurate reports</li> </ul>
Maintain a modern and efficient computer network	<ul style="list-style-type: none"> <li>• Identify priorities for upgrades / maintenance</li> <li>• Modernize when appropriate</li> <li>• Identify opportunities for new applications</li> </ul>	<ul style="list-style-type: none"> <li>• Reliable, stable systems</li> <li>• Staff have access to all necessary hardware / software</li> </ul>	<ul style="list-style-type: none"> <li>• Downtime</li> <li>• Staff satisfaction</li> </ul>
Ensure human resource systems are efficient and up-to-date	<ul style="list-style-type: none"> <li>• Regular payroll processing</li> <li>• Staffing vacancies</li> <li>• Training programs</li> <li>• Respond to human resource issues</li> </ul>	<ul style="list-style-type: none"> <li>• Timely staffing of vacancies</li> <li>• Adequate training opportunities for staff</li> <li>• Maintain wellness</li> </ul>	<ul style="list-style-type: none"> <li>• Staff satisfaction</li> <li>• Accuracy of payroll</li> <li>• Number of positions staffed</li> <li>• Staff “health”</li> </ul>

#### **4. Policy, Planning and Research**

The Policy, Planning and Research Division is responsible for the coordination and development of Tourism PEI's corporate planning, public policy and research initiatives. The division's primary objective is to assist Tourism PEI to make informed decisions regarding tourism initiatives.

Pertaining to corporate planning, the division's role is to provide leadership and direction to the corporation and to facilitate a process which will allow the corporation to map out its future direction.

The division is responsible for formulating and providing analytical support and advice to the corporation on public policy matters. The division is also responsible to assess, review and develop corporate policies and to advise and assist senior management on policy initiatives.

The division has the lead role in designing, conducting and analysing quantitative and qualitative research projects. The division is responsible for the ongoing tracking of industry performance, global trends and shifts in key market areas. The division is also responsible to provide professional advice and assist with program evaluation.

Over the three-year planning horizon the division will maintain, on an annual basis, its core research initiatives which include estimating the economic impact of the tourism industry on the provincial economy, and conducting conversion studies to assess the success and impacts of the annual marketing campaigns.

Over a three-year planning horizon the division will undertake the following new research initiatives

Research initiatives for year one include:

- Golf Course Study – customer satisfaction and demographic profile study to include a sample of all provincial courses.
- Employment Study – assessment of the amount of employment created by the tourism industry.
- Occupancy Statistics – in partnership with TIAPEI, develop an accommodation occupancy reporting system.
- Assessment of the Quebec Marketplace – undertake a study to better understand barriers to entry and potential market opportunities.

Research initiatives for year two include:

- Assessment of economic impacts associated with resident/domestic tourism – measure the economic impacts associated with resident tourists who vacation or spend leisure time activity within PEI.
- Assessment of tourism on year-round basis – assess economic impacts of the industry over a full year period.

Research initiatives for year three include:

- Evaluation of new geographical markets – assessment of marketing into new geographical areas such as the tri-state region of the United States.
- Assessment of human resource needs – identification of supply and demand of human resources for the tourism industry.
- Assessment of the health of the industry – explore opportunities to provide measurement and evaluate the health of the industry using non-traditional indicators, including such indicators as the number of tourism-related building permits issued, new entrants into the industry, bankruptcies and foreclosures, etc.

The division anticipates that an additional investment of \$150,000 annually is required to carry out the new research initiatives.

The following table demonstrates the linkages between objectives, programs and services and anticipated results and indicators which will be used to measure results.



<b>Objectives</b>	<b>Activities</b>	<b>Anticipated Results</b>	<b>Measurable Indicators</b>
Provide overall strategic policy and planning for the corporation	<ul style="list-style-type: none"> <li>• Undertake or coordinate initiatives which provide overall policy direction pertaining to the corporation, including such initiatives as:               <ul style="list-style-type: none"> <li>▸ Operational review of parks</li> <li>▸ Golf course customer satisfaction study</li> <li>▸ Touring product study</li> </ul> </li> <li>• Undertake corporate planning initiatives such as strategic planning</li> </ul>	<ul style="list-style-type: none"> <li>• More coordinated and focussed corporate initiatives and decisions</li> <li>• Strengthen relationship between divisions and other government departments</li> <li>• Strengthen and develop relationships with the private sector</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of information for decision making</li> <li>• Increased linkages and communication within the corporation and government</li> <li>• Increased linkages with the private sector</li> </ul>
Represent the corporation's interest on various federal, provincial and industry committees	<ul style="list-style-type: none"> <li>• Committee participation including:               <ul style="list-style-type: none"> <li>▸ Land Use Coordinating Committee</li> <li>▸ Population Strategy</li> <li>▸ Immigration Committee</li> <li>▸ Oceans – Impact Committee</li> <li>▸ Atlantic Canada Tourism Research Committee</li> <li>▸ Atlantic Canada Technology Initiative Committee</li> <li>▸ Tourism Marketing Authority (working group)</li> <li>▸ CTC Research Committee</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Increased networking</li> <li>• Develop new partnerships with government departments and industry</li> </ul>	<ul style="list-style-type: none"> <li>• Number of committees</li> <li>• Increase external awareness of Tourism PEI's position</li> </ul>
Develop new information and analytical tools to assist the industry in improving performance and identifying long-term challenges to future development and profitability	<ul style="list-style-type: none"> <li>• Develop and disseminate new information products, such as weekly and monthly statistical indicators including accommodation occupancy statistics</li> </ul>	<ul style="list-style-type: none"> <li>• Improved diagnostic tools to measure and assess the industry</li> </ul>	<ul style="list-style-type: none"> <li>• Type of indicators</li> <li>• Usefulness of indicators</li> </ul>

<b>Objectives</b>	<b>Activities</b>	<b>Anticipated Results</b>	<b>Measurable Indicators</b>
Provide accurate and timely research, statistics and analysis	<ul style="list-style-type: none"> <li>• Conduct research to facilitate informed decisions</li> <li>• Conduct research to assess the performance of the industry. Such research includes:               <ul style="list-style-type: none"> <li>▶ Exit Survey to provide information on non-resident tourists</li> <li>▶ Undertake research on in-province tourism activity</li> <li>▶ Undertake evaluation of tourism generated employment</li> <li>▶ Expand analysis of the industry to year-round</li> <li>▶ Conduct conversion studies to test marketing initiatives</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• More informed industry</li> <li>• More focussed marketing initiatives</li> <li>• Ongoing tracking of industry performance, trends and shifts in key markets</li> <li>• Identification of development opportunities</li> <li>• Allow more comprehensive evaluation of the industry</li> </ul>	<ul style="list-style-type: none"> <li>• Client satisfaction (in-house and industry)</li> <li>• Initiatives undertaken based on/or as a result of research</li> <li>• Reliability of statistical indicators</li> <li>• Useful application of information</li> <li>• Increase understanding and use of research data, findings and conclusions</li> </ul>

## SECTION VI.

# Investment Considerations

To enable Tourism PEI to achieve its objectives we have prepared a three-year budget forecast which includes projections on anticipated expenditures necessary to carry out programming activity and anticipated revenue opportunities.

The high level budget allocations for the corporation are:

### Tourism PEI Three-Year Budget Forecast

Revenue	Current Year	Planning Period		
	2001-2002	2002-2003	2003-2004	2004-2005
Marketing	1,600,000	1,600,000	1,600,000	1,600,000
Development	890,400	890,400	890,400	890,400
Official Languages	61,900	61,900	61,900	61,900
<b>Total</b>	<b>\$2,552,300</b>	<b>\$2,552,300</b>	<b>\$2,552,300</b>	<b>\$2,552,300</b>

Expenditures	Current Year	Planning Period		
	2001-2002	2002-2003	2003-2004	2004-2005
Marketing	6,055,000	7,721,666	7,721,666	7,721,666
Development	5,131,700	7,631,700	7,381,700	7,281,700
Policy, Planning and Research	168,900	318,900	318,900	318,900
Corporate Services	679,100	734,100	734,100	734,100
Management	366,000	366,000	366,000	366,000
<b>Total</b>	<b>\$12,396,700</b>	<b>\$16,772,366</b>	<b>\$16,522,366</b>	<b>\$16,422,366</b>
<b>Net</b>	<b>\$9,772,500</b>	<b>\$14,148,166</b>	<b>\$13,898,166</b>	<b>\$13,798,166</b>

Over the three-year planning horizon an additional investment of approximately \$12.5 million will be required to allow Tourism PEI to meet its objectives.

By applying the ratio used in Section III – \$25 generated for every \$1 of public sector expenditure – a further investment of \$12.5 million will generate an additional \$312.5 million in tourist expenditures.

## SECTION VII.

# Conclusion



### A. Industry Challenges

To focus on a number of challenges which lie ahead for the tourism industry, we will refer to a study completed in the spring of 2000 by Statistics Canada<sup>8</sup>. The study presented a demographic analysis on the Canadian travel market through 1980 to 1998.

In 1981, female baby boomers began bringing children into the world. As a consequence, in the 1980s, a large number of baby boomers were busy raising children and doing what David Foot, author of *Boom, Bust and Echo* describes as “cocooning” – they were happy staying at home, renting videos and buying take-out food. Now that their children are growing up, the baby boom generation is slowly emerging from its cocoon. Starting in 2001, more and more of them will be retiring and the aging of the members of this generation will probably result in the greatest surge of older travellers on the Canadian travel market.

Key trends include the following:

- The Canadian Travel Survey shows that the proportion of family travel in relation to all travel by Canadians has clearly decreased between 1980 and 1998, from 42 per cent to 32 per cent.

---

<sup>8</sup>Statistics Canada – Travel-log, *The Changing Family and the Evolution of the Canadian Family Travel Market, 1980-1998*, Volume 19, Number 2, Spring 2000.

- While it accounts for a smaller proportion of all travel, the characteristics of family travel has remained relatively constant over the last two decades – most continue to travel by car and the reason for travel is primarily to visit friends and relatives.
- The destination of family trips was closer to home and primarily taken in the summer time.
- The market of adults travelling alone was more evenly distributed throughout the year.

The challenge that lies ahead for the tourism industry is to adapt products and services to the shift in market demand – to the “greying of the population” – baby boomers whose children have left home and who have the time and money that they did not have when their children were dependent upon them. Accordingly, as baby boomers begin to retire, families without children at home (empty nesters) will begin to dominate the marketplace.

The results of this study suggest a number of changes that are anticipated in the marketplace.

- The proportion of adults travelling without children will continue to increase, leading to an increase in trips by plane, train and motorcoach.
- The duration of trips should increase.
- Campgrounds will see more recreational vehicles than tents.
- Hotels will see fewer families and more adults travelling alone.
- Activities such as golf and cultural tourism should become more popular.

Recognizing these changes and adapting to the trends in this market in terms of their travel patterns, their needs and wants will be the greatest challenge for the Prince Edward Island tourism industry in the coming years.

## **B. Challenges for Tourism PEI**

The greatest challenge for Tourism PEI will be to facilitate change within the industry to enable it to meet the demands of the marketplace while sustaining desirable growth levels.

Through this strategic planning process we have mapped out a direction for Tourism PEI which will allow us to meet and conquer these challenges.





# Organizational Chart





# Tourism PEI

