Deloitte.

Ontario Tourism Product Assessment Research Study

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Contents

Use of report and limitations

KEY ASSUMPTIONS AND DATA SOURCES

•For the travel regions studied in this report, it is assumed that data available on tourism product in selected municipalities in the region reasonably reflects the tourism product for the region overall.

•The Premier-Ranked Tourist Destination (PRTD) reports are the primary source of data for the private sector product information, as directed by MTOUR. This data was supplemented by other primary and secondary research as necessary.

•Publicly available summary information, discussions and workshops with various Ministry representatives and other data supplied by MTOUR are the primary sources of data for all public sector products reviewed in this report.

Executive summary

Executive summary

Ontario's current tourism product landscape could benefit from a number of strategies based on best practices around the world. These best practices could improve both public and private product development and help revitalize the tourism industry by addressing traveller wants and needs.

Product development strategies

Development of a provincial high-potential product development strategy

•Such a strategy would provide a central and unified direction and foster public / private sector cooperation.

•The strategy would be created at the provincial level and customized to and executed by each region.

Creation of an investment / funding environment that encourages high-potential product development

•A focused and substantial funding strategy would encourage the necessary revitalization of existing and creation of new tourism product.

Development of a clustering strategy

•Develop groupings of complementary tourism products and expand existing ones.

•Improve linkages relating to networking, co-development, bundling and visitation by increasing a region's offering.

Provision of regional support to align product development activities

•Destination management activities assigns product development authority to regions.

•Regional execution is supported by the provincial government and associated programs.

Public product improvements

Enhancing collaboration

- Ontario's public agencies need to work together to better deliver tourism product experiences that travellers want.
- Tactical strategies focused on cooperative offerings, product bundling and leveraging key learnings will encourage the development of stronger public tourism product.

Working with private sector

- Improved linkage and product bundling with private sector would drive incremental attendance and revenue by appealing to new traveller segments.
- Underutilized assets and corporate sponsorship should be further explored as alternative forms of revenue.

Improving support for high-potential public tourism product

- Existing agency mandates could be changed to better support future tourism product development practices.
- New approaches focusing on support for high potential tourism agencies would improve public tourism product.
- Mandated Ontario Tourism Marketing Partnership Corporation ("OTMPC") support would allow agency marketing and promotion to be more competitive with private sector.

Changes to existing agencies are required to improve product development. Demonstrating positive financial impact will be critical for the agencies to work more effectively and together.

New product development strategies and tactics would build on Ontario's existing strengths and natural assets to create product experiences that appeal to today's travellers.

Study overview

Background and approach

This report has been written as part of the Ontario Tourism Competitiveness Study ("OTCS" or "the Study"). It outlines strategic recommendations for Ontario product based on an assessment of the province's tourism regions and public products. These strategies serve to address and improve provincial public and private product development.

Project background

Ontario faces many challenges as the tourism industry becomes more competitive on a global basis, and is impacted by a slowing local and global economy. Tourism product is the foundation of the industry. Some key observations about the current status of product in Ontario include:

- Perceived 'tiredness' of Ontario's product;[1]
- Lack of product innovation across public and private sectors;
- Opportunities exist to improve Ontario's tourism product by focusing on high-potential areas.

Within the context of the Study, the Ministry of Tourism ("MTOUR") is looking to understand current and future traveller demands, identify Ontario's tourism product strengths and weaknesses, and develop strategies for product development to boost the tourism sector's competitiveness.

Project approach

Based on our assessment, this report will focus on a series of strategies that have been generated for developing high-potential product in the province.

In addition, a number of tactical considerations for public tourism product agencies have been identified.

Themes addressed / desired outcomes

As a result of the research and product assessment, Ontario can:

- Identify core elements for Ontario's product development strategy;
- Create a high-level roadmap detailing the strategic direction for product development; and
- Ultimately, improve the traveller experience in the province through better tourism product.

Sources: (1) Primary research

The context for high-potential tourism products in Ontario: Traveller wants and an assessment of existing tourism products

Determining Ontario's high-potential products

Eight product categories* across the province's six defined travel regions* were reviewed. In addition, specific attention was focused on 16 public tourism products. The products were assessed against the relevant definitions of high-potential product, as well as key traveller wants and needs. The analysis resulted in the identification of high-potential tourism products across the private and public sectors in Ontario.

Summary definition of high-potential product

Experience
Proven concept that aligns with relevant consumer trends

Character
Uniqueness, differentiation and ability to be a core attractor to an area

Access
Ease of navigation both to and within an area

Future Opportunity
Growth potential based on competitiveness, ability to attract visitation and seasonality

Relevant traveller segment wants and needs

Relevant traveller segments were identified in both the global opportunities assessment and a study conducted by the OTMPC. These groups were reviewed to determine their interests in Ontario's tourism product and include:

•The aging demographic

•The global traveller (from the world's emerging markets)

•Ontario target groups*:

-Upscale adventurers

-Provincial families

-Young go-gos

-Retired roamers

•U.S. target groups*:

-High flyers

-Footloose families

-Silver streaks

-Young and restless

High-potential products
(not in rank order)

Private

- **Southwestern Ontario:** Arts and culture, food and beverage, attractions and other recreation
- **Niagara:** Arts and culture, food and beverage, attractions and other recreation, conventions
- **Central / East:** Accommodations, festivals and events, recreational sports and other active recreation, food and beverage
- **Toronto:** Arts and culture, festivals and events, food and beverage, conventions
- **Ottawa:** Recreational sports and other active recreation, conventions, attractions and other recreation, festivals and events
- **North:** Recreational sports and other active recreation

Public

- **Art Gallery of Ontario ("AGO")**
- **Metro Toronto Convention Centre ("MTCC")**
- **Niagara Parks Commission ("NPC")**
- **Ontario Place ("OP")**
- **Ottawa Convention Centre ("OCC")**
- **Royal Ontario Museum ("ROM")**

Each region in Ontario has a different combination of high-potential private offerings while Toronto boasts the most high-potential public products in the province.

*** NOTE:** See Appendix One for a listing of product categories
See Appendix Two for an overview of the travel regions
See Appendix Three for a detailed description of Ontario's key traveller segments

The global traveller is changing, and Ontario should consider their preferences and motivators

Demographic changes occurring among travellers have implications for the products they prefer and motivations for travel. Ontario can benefit from awareness of the characteristics detailed below, and respond with appropriate product development initiatives.

Trends impacting traveller decisions	
Demographic changes	• The youth market accounts for 20% of global tourism, and will seek more active tourism products in the form of adventure tourism.[1] • Due to the effects of aging and declining numbers of children per family, 65% of world growth through to 2050 will be in populations aged 45 and above.[1] • Aging populations are demanding more health and wellness tourism products. • Over the past few years, spa vacations have increased in popularity among older travellers looking for increased comfort on trips, with prominent chain hotels adding spa-like amenities and staffing to meet these needs.[3] • The demographic is changing and the market for travel with pets is clearly growing, especially among those aged 45 and above. A recent survey by Starwood Hotels and Resorts indicated that 75% of respondents would be more loyal to a hotel chain that accepted pets, even when travelling without them.[2]
Travel preferences	• Competitiveness and direct access has increased destination awareness and transparency. The Internet is used to research desired destinations, book trips, and search for activities after arrival. Online travel bookings accounted for 40% of total reservations in 2006, and is expected to represent 56% by 2010.[5] • Travel is driven where relative value is higher, and primary research indicates that travellers are well aware of currency changes and seek to take advantage of them.[6] • Consumers continue to seek more customization and flexibility with their travel including pre-packaged products. With viable destinations in over 200 countries and increased availability of information, global travellers are more flexible and able to find interchangeable products, making destination loyalty difficult.[7,8,9] • Global leisure travellers are increasingly seeking exotic destinations with the proliferation of low cost airlines and expanded routes with fewer restrictions; long-haul travel will grow at a rate of 5.4% per year between 1995-2020.[4] • Advice from experienced travellers through social networking and travel blogs are becoming increasingly important in travel decisions.
Motivators	• Leisure travel motivates 51% of tourism, stable since 2004.[4] • Visiting friends and relatives (VFR), health, and religious tourism drove 27% of traveller movement in 2007, up 24% from 2004.[4] • Business and professional travel has motivated 15% of international trips in 2008. Business travel demand has been fueled by growth in international trade flows, foreign direct investment, and cross-border merger and acquisition activity in recent years.[4] • Sustainable tourism and strong destination brands represent key travel motivators.

Sources: (1) NTA Travel: "Tourism Realities for a New Demographic Ballgame," 2007; (2) National Post: "Hotels extending their friendly paw, more Canadians travel with four-legged companions"; (3) Independenttraveler.com: "Travel trends 2007 - what globe-trotters can expect over the next year"; (4) WTO Tourism Highlights 2008; (5) Wi Online Travel Market; (6) Primary research; (7) Scottish Tourism: The Next Decade - A Tourism Framework for Change; (8) ETC: Tourism Trends for Europe, 2006; (9) The Prince Edward Island Strategy for Tourism Competitiveness 2005 – 2010

Domestic travellers' wants and needs reflect demand for recreation, food, and cultural tourism products

Examining domestic travellers' wants and needs reveal key opportunity areas in which the province could develop new product or enhance existing offerings; specifically, tourism products relating to recreation / adventure, food and beverage, and arts and culture.

Segment	Key product categories[3]	Typical activities of interest[1,3]
Upscale Adventurers	1) Recreational sports and other active recreation 2) Attractions and other recreation 3) Arts and culture 4) Food and beverage	• Golf • Skiing • Museums • Musical groups and artists • Other performing arts companies • Spectator sports • Casinos and gaming • Spas • Resorts
Provincial Families	1) Attractions and other recreation 2) Festivals and events 3) Recreational sports and other active recreation 4) Food and beverage	• Amusement parks and attractions • Zoos • Dinner theatre • Celebrations and parades • Festivals • Golf • Fishing • Boating • Drinking places / culinary
Young Go-Gos	1) Recreational sports and other active recreation 2) Arts and culture 3) Festivals and events 4) Food and beverage	• Hiking / backpacking • Camping, canoeing, and rafting • Skiing • Museums • Theatre companies • Dinner theatre • Musical groups and artists • Festivals • Drinking places / culinary
Retired Roamers	1) Recreational sports and other active recreation 2) Festivals and events 3) Arts and culture 4) Attractions and other recreation	• Golf • Fishing • Hunting • Boating • RV parks and campgrounds • Resorts • Theatre companies (local) • Museums, historic / heritage sites • Festivals, fairs, and exhibitions

Considerations for Ontario

- Active lifestyles represent a common characteristic of most segment profiles. Further development of soft adventure, sports, and eco-tourism products could be of high appeal to these groups.
  - Infrastructure has been identified as a potential deterrent, while Ontario's natural assets would prove to be strengths in developing these products in Ontario.[2,3]
  - Arts and culture, along with festivals and events represent critical activities to help differentiate Ontario.
- Ontario has an opportunity to leverage its multicultural and diverse cuisine, with many prominent culinary areas in the province. According to primary research, development and international recognition of world class establishments and regions are required to improve this offering.[2]
- Attractions and other recreation was another common area of interest among most segments.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) Primary research; (3) Deloitte analysis

U.S. travellers are interested in arts and culture and recreational tourism products

American travellers are consistently interested in recreational tourism products and Ontario's arts and culture, suggesting that the province could benefit from further development in these areas.

	Key product categories[3]	Typical activities of interest[1,3]
High Flyers	1) Recreational sports and other active recreation 2) Attractions and other recreation 3) Arts and culture 4) Retail	• Camping, hiking, and canoeing • Golf and skiing • Theatre companies • Other performing arts companies • Spectator sports • Amusement parks and attractions • Museums, historic / heritage sites • Culinary • Casinos and gaming
Footloose Families	1) Recreational sports and other active recreation 2) Arts and culture 3) Attractions and other recreation 4) Retail	• Camping, hiking, and canoeing • Fishing • Skating • Musical groups and artists • Zoos • Spectator sports • Amusement parks and attractions • Shopping (sporting goods, hobby, book, and music)
Silver Streaks	1) Attractions and other recreation 2) Accommodations 3) Recreational sports and other active recreation 4) Festivals and events	• RV parks • Casinos and gaming • Spectator sports • Golf • Resorts • Festivals • Celebrations • Fairs • Botanical gardens
Young and Restless	1) Arts and culture 2) Food and beverage 3) Recreational sports and other active recreation 4) Festivals and events	• Museums • Theatre companies • Dinner theatre • Drinking places • Culinary • Hiking and cycling • Festivals • Other performing arts companies • Full service restaurants

Considerations for Ontario

- Similar to Ontario's domestic target segments, recreational sports and other active recreation products appeal to most U.S. travellers to Ontario. Both the High Flyer and Silver Streak groups earn income well above the average and prefer luxury, which would raise the importance of offerings at higher end resorts.
- Attractions and other recreation also represents a higher priority for U.S. target segments. Casinos, spectator sports, and amusement parks are common activities enjoyed by most segments. Ontario currently has well-developed casinos and spectator sports across the province.
- Canada's Wonderland, Marineland, and development of future water attractions in Niagara are products that would likely have appeal to these groups, according to primary research.[2]
  - Camping, hiking, canoeing, and rafting all represent activities that would leverage Ontario's natural assets. However, according to workshops and primary research, improved tourism product is required to fully take advantage of Ontario's parks and trails.
- Arts and culture, along with festivals and events strongly appeal to select target groups. The emergence and of events such as Nuit Blanche and LuminaTO have proven important in attracting these groups.
  - Better packaging and bundling options allowing access to multiple cultural facilities for one price would help strengthen such products.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) Primary research; (3) Deloitte analysis; (4) PRTD: "City of Toronto," 2007.

Definition of high-potential tourism products

In order to determine the potential of private and public products studied in this report, a baseline definition of 'high-potential' must be determined. The following definition applies to both private and public products.

Criteria	Details common to private and public products
Experience	• Appeals to the travel expectations of prominent traveller segments visiting Ontario* • Aligns with relevant domestic and international tourism trends* • The concept appeals to traveller wants and may have established success in other jurisdictions • Adds to the appeal of existing travel products and experiences • Fills a need (mass and niche markets) • Perceived value for money
Character	• Builds on Ontario's brand and identity* • Leverages unique assets and characteristics associated with Ontario / Canada (i.e., natural outdoor assets such as lakes, forests, etc.) • Represents a differentiated offering • Is considered a destination driver or distinctive core attraction
Access	• Proximity to major tourism regions and target markets • Access supported by necessary infrastructure (i.e., major road ways, way-finding, etc.) • Prime location(s) in region • Acceptable logistics, facilities and transportation to manage expected business volumes
Future opportunity	• Attracts incremental travellers seeking products and services in Ontario regions • Represents an emerging or future growth opportunity (i.e., the product is growing in demand / caters to changing traveller preferences) • Addresses seasonality challenges • Is competitive with other tourism jurisdictions (national / international) • Receives acceptable capital investment (relative based on product scale)
Criteria	**Details unique to public products**
Future opportunity	• Receives acceptable levels of government funding • Likely to be self-sustaining • Supports or encourages development and investment of other tourism operations

* See Appendix Four for a further definition of high-potential product criteria.

High-potential private product in Ontario

Each travel region's product offerings across the eight identified product categories were evaluated based on the definition of high-potential private product. Each region shows high-potential in a different combination of categories. Shown below is a summary of each region's high-potential product categories and a brief overview of each of the region's product strengths.

	Accommodations	Arts and culture	Festivals and Events	Food and beverage	Recreational sports and other active recreation	Attractions and other recreation	Retail	Conventions
SWO		✓		✓		✓		
Niagara		✓		✓		✓		✓
Central / East	✓		✓	✓	✓			
Toronto		✓	✓	✓				✓
Ottawa			✓		✓	✓		✓
North					✓			

Regional insights
Southwestern Ontario is internationally recognized for its arts and culture, has strong food and beverage products (possibly overshadowed by other regions), and could benefit from a new attraction in Windsor.
Niagara is most well-known for the Falls, but is also visited for its arts and culture and food and wine, and is expanding its capacity for conventions.
The Central / East region is a wide-spread region with strong accommodations, well-attended and internationally recognized festivals, diverse recreational sports products, and pockets of strong food and wine offerings.
Toronto has strong arts and culture, but needs investment for revitalization. The area's creative and diverse culture has helped develop many well-known festivals and a strength in culinary products.
Ottawa hosts the only UNESCO World Heritage Site in Ontario, is developing a new convention centre and attractions to meet demand, and has the unique privilege of hosting "Canadian" festivals and events.
The North region has a vast and diverse landscape which has allowed it to develop a wide and unique offering in outdoor recreation, but it has been unable to attract visitation necessary to develop products in some other categories, and faces accessibility issues.

High-potential private product identified by region

The following table provides additional context and rationale for classification of high-potential product across Ontario's regions.

Region	High-potential category	Rationale
Southwestern Ontario	**Arts and culture**	• There is established recognition and awareness of the Stratford festival, but visitation is not at desired levels. • International visitors desire these products when visiting the region.
	Food and beverage	• Some of the best-in-class offerings in the province including culinary products from the Chef's School and wineries in the Windsor, Essex and Pelee Island areas. • May be overshadowed by more well-known products in Niagara and Toronto.
	Attractions and other recreation	• Elgin, Norfolk and Haldimand counties have diverse agritourism products, but overall are underdeveloped; there is potential for agritourism to become an anchor attraction in the region. • The Windsor area lacks a distinctive, year-round, all-weather multi-market attraction.
Niagara	**Arts and culture**	• History / heritage museum participation is expected to grow by 12% among Americans in the region by 2025. • Approximately 23% of Canadian travellers and 47.5% of overseas travellers visit the region specifically to see cultural or heritage / historic sites. • Niagara has only 4.5% of the provinces arts and culture establishments.
	Food and beverage	• Wine tourism in the region is expected to grow by 20% in the Canadian market and 28% in the American market by 2025. • Current offerings are diverse and known nationally and internationally, and have earned many awards, but have potential to be expanded.
	Attractions and other recreation	• The Falls are visited by 90% of all travellers to the region and are Ontario's largest attraction, with up to 105,000 people per day. • New attractions are developing to create complimentary products to primary attractions.
	Conventions	• There is a recognized need for a stand-alone convention centre to accommodate larger events. • The region is currently investing in a $100 million stand-alone conference facility.

High-potential private product identified by region

Region	High-potential category	Rationale
Central / East	**Accommodations**	• The Muskoka region is well-known for its unique resort experiences often combined with spas to create a destination driver. • There is an opportunity for the Central / East region to gain more acclaim for their current destinations and build more high-end resorts.
	Festivals and events	• There is an established base of successful events in some regions such as Oktoberfest in Kitchener-Waterloo. • Gaps are evident in winter festivals and events which could drive visitation to the area in the off-season.
	Recreational sports and other active recreation	• The area's geography makes it ideal for a wide array of products. • "Green tourism" growth presents an opportunity for the region to make use of its pristine natural assets including a UNESCO biosphere reserve. • Some assets may be underperforming due to lack of awareness, and development is needed in others to accommodate growth.
	Food and beverage	• The region is not as well recognized as competing jurisdictions despite: - Prince Edward County having the second-most wineries in the province (behind Niagara). - Wide recognition of a number of chefs / restaurants in the region. - Waterloo region being known for its German and Mennonite culinary products.
Toronto	**Arts and culture**	• The area has approximately half of the province's arts and culture attractions. • Historical sites are in need of investment to improve their programming. • Theatre venues in the region are in need of repair and restoration in order to grow visitation.
	Festivals and events	• Newly created events such as LuminaTO and Nuit Blanche are growing at very aggressive rates which may prove that there is demand for additional festivals and events. • Toronto hosts a number of internationally recognized festivals and events annually including Caribana and the Toronto International Film Festival. • Mississauga and Halton have a recognized need to improve / develop their festivals and events in the off-season to drive visitation.
	Food and beverage	• The multicultural assets of Toronto make its culinary offerings diverse. • Toronto is not profiled to travellers as effectively as many competing culinary destinations around the world. • Successful festivals and events are run each year showcasing the region's culinary products.
	Conventions	• Toronto has already been recognized as a leading North American convention city. • There is recognized demand for facilities to accommodate larger conventions in the future.

High-potential private product identified by region

Region	High-potential category	Rationale
Ottawa	**Recreational sports and other active recreation**	• The Rideau Canal is Ontario's only United Nations UNESCO World Heritage Site. • National Geographic ranked the Rideau Canal second on a list of 109 worldwide historic sites. • The area also has some best in class adventure tourism products including bungee jumping and white water rafting.
	Conventions	• The region has foregone revenue because of its inability to house the demand for larger conventions in the area. • A new 200,000-square-foot facility will position the city as a tier-two destination which needs to be promoted to new markets.
	Attractions and other recreation	• There are two new water parks and a new wildlife park being built in the region that will compete with other provincial and national attractions. • Through effective awareness promotion, these destinations could drive volumes of new travellers to the Ottawa area.
	Festivals and events	• Ottawa currently has few of the top 100 provincial festivals and events, but some of the offerings in the region are showing significant growth. • The region has number of unique commemorative festivals and events.

North	**Recreations sports and other active recreation**	• Outdoor activities are the most popular activity among international travellers to the region. • The region is able to host the widest selection of outdoor / adventure products in the province because of its vast and diverse landscape. • There is a large amount of Crown land in the region that could be used to grow / expand adventure tourism and green tourism markets. • Improved access could drive more visitation to the region. • Primary research indicates that niche products are generating high demand by some international markets. • There is no dominant outdoor attraction in the Greater Sudbury area, but there is ample space.

Strategies to encourage and improve product development in Ontario

Strategies to improve product development

Based on best practices from other tourism destinations, four key product development strategies have been developed that have the potential to improve tourism product development in Ontario.

Each of the four identified strategies can stand alone as independent opportunities to improve product development. However there are clear interrelationships between the strategies, that if utilized, could further improve Ontario's tourism product.

Product development strategy	Core elements	Examples of the strategy in practice*
Development of a provincial high-potential product development strategy A provincial strategy which sets clear priorities and goals for public and private product stakeholders	• Develop a central and unified direction • Foster public / private cooperation • Consideration of both provincial and regional implications	• Mexico's FONATUR • East London Development Strategy • Ireland
Creation of an investment / funding environment Encouraging product development and innovation through dedicated funding and investment	• Dedicated provincial tourism investment fund - Small / medium business funding - Major projects (material funding) • Different investment vehicles • Alignment with provincial and regional product development strategies	• South Australia • Ireland • Mexico's FONATUR • Tropical North Queensland • Guyana Trade and Investment Support
Development of a clustering strategy Grouping tourism operations together that offer a complementary set of products to travellers	• Iconic product creation or revitalization • Bundling of product offerings • Produce linkages between regions and public and private products • Attraction of further investment / development • Access to products and around clusters	• Tropical North Queensland • Alberta's Agritourism Cluster • Guyana Trade and Investment Support • Barrie's Winter Cluster • Mexico's FONATUR • East London Development Strategy
Provision of regional support to align product development activities Product development responsibility is assigned to regions and supported by the provincial government	• Improve destination management • Provide development support to entrepreneurs (e.g., education, training, research, marketing) • Promote knowledge sharing / communication	• British Columbia • Quebec

***NOTE:** See Appendix Five for detailed case studies
See Appendix Six for government product development best practices

Development of a provincial high-potential product development strategy

A provincial tourism product strategy would bring together the many stakeholders in the industry by setting clear priorities and goals for public and private stakeholders, both at provincial and regional levels.

Context / rationale

- Ontario's current product landscape is in need of a revitalization.[1]
  - A product strategy would address gaps in product offerings and potential opportunities identified by market research.
- A provincial product development strategy would set a coordinated direction for Ontario's product development by prioritizing geographies and product categories.
  - A harmonized mandate for product development has thus far been difficult to achieve and many regions do not have a clear and obvious champion for such initiatives; product development activities are often carried out in isolation.
- Well thought-out and executed product strategies have proven successful in uniting tourism organizations in other jurisdictions by guiding priorities and operational decisions.

Components

Product development committee role and responsibilities

- A product development steering committee would be tasked with setting the general direction of Ontario's tourism product development based on high-potential opportunities and expected market prospects.
  - The committee would include industry associations and operators, government, and academic representatives to ensure diverse and representative input from key stakeholders.
  - The committee would be permanent in nature, setting an initial foundational strategy, and refining it on a regular basis (e.g., annual) to ensure the direction of product development in the province remains consistent with traveller wants and areas of potential for Ontario.
  - The membership of the committee would rotate over time to respect contributions and to bring new perspectives to the committee.
- The committee would rely on MTOUR and other industry research and consultations to make relevant, informed decisions that reflect global trends and customer wants in Ontario.
  - It could provide the basis for alignment of education, research, quality standards, marketing, and other tourism components to support product development objectives.
  - A close relationship with the provincial marketing agency would ensure that marketing support programs are focused on products that align with the overall provincial strategy.

Strategy formulation and implementation

- The product strategy would be designed at the provincial level but include regional input, and implementation would occur at both levels.
  - The strategies would be developed by setting Ontario's desired direction in terms of its capacity, opportunities, and traveller wants and needs.
  - Emphasis would be placed on ensuring Ontario has a well-balanced year-round product portfolio that maximizes its assets and resources.
  - Tactics in the form of goals and objectives tailored to each product category would be devised, then assigned to a champion (such as a regional tourism body) to oversee implementation.
  - Regional differences in tourism strengths / weaknesses and variable traveller wants would require customized strategies for each region, with each region focusing on its high-potential products.
- Changes would occur over a medium- to long-term strategic planning horizon; other jurisdictions have found success in two- to five-year implementation / transition periods.
- Regional implementation would be achieved by allocating provincial support primarily to prioritized product areas.
  - Ensuring regional organizations are well aware of the prevailing strategy will help to align their services accordingly and disseminate strategies among local tourism organizations / operators.
  - The provincial committee would work closely with regional implementation groups as a support mechanism.

Sources: (1) Primary research

Development of a provincial high-potential product development strategy

A product development culture would be fostered as a result of the central strategy, and Ontario can consider various issues and examples to aid its implementation.

Benefits	Considerations
• A central strategy would create an understanding of high-potential and a vision for all stakeholders to aspire to. • Product development roles and responsibilities would be clarified and serve as a reference point to guide mandates. • A clear strategy could guide funding program decisions to ensure the products with the best potential receive sufficient resources. • Industry committee involvement would encourage private-sector participation and entrepreneurial initiatives. • All regions would benefit from the province leveraging central market research to develop regional product strategies.	• The committee would benefit from having a number of rotating seats to ensure that a variety of perspectives (from industry and government) are factored into developing and refining the strategic direction for product. • A significant MTOUR investment or reallocation of cash may need to be directed toward this strategy to create the necessary scale and impact for implementation. • Cooperation from key stakeholders would be critical to ensure relevant and actionable strategy development. - MTOUR would have to garner support from other Ministries, the provincial marketing agency, municipal governments, tourism organizations, and operators. This support is necessary to align varied initiatives with the provincial mandate. • The committee would need to determine the role of iconic products in Ontario's strategy, and to what extent resources should be committed to other product. • Investment and clustering strategies would benefit from a sound product development strategy, serving as a foundation to guide their purposes, components, and execution. • Entrepreneurial and other investment programs (loans, grants, etc.) would be designed to promote development for key product areas that comprise the prevailing strategy. • Garnering support from self-sufficient regional tourism organizations to implement the provincial strategy may prove to be a challenge; additional tools may be needed to encourage cooperation.

Case studies

- PEI established a product development agenda for seven major product categories; this program aims to mobilize the industry over a five-year period with assistance from government (such as funding programs).[1]
- Mexico designates certain regions to become integrally-planned centres and devotes substantial government and private-sector resources to developing these areas through FONATUR, a dedicated tourism investment and strategy body.[2]
- Guyana has clearly identified its product strategy to focus on its eco-, nature, and cultural tourism strengths; this central mandate provides direction to clustering and other tactical initiatives at both the national and sub-national levels.[3]
- East London's 2004-2006 strategy and action plan designated rivers / canals and open / green spaces as their product focuses, and supported initiatives to develop such offerings over this two-year period.[4]

A well-defined strategy would prioritize key product areas and guide regional development mandates.

Sources: (1) PEI Tourism Advisory Council: The PEI Strategy for Tourism Competitiveness, 2005-2010; (2) The Real Mexico: FONATUR, The Force Behind Mexican Tourism, 2004; (3) Guyana Trade and Investment Support Project: Facilitation of Tourism Cluster Working Group, 2005; (4) London Development Agency: East London Sub-regional Tourism Development Strategy and Action Plan, 2004-2006

Creation of an investment / funding environment that encourages high-potential product development

An investment environment that is dedicated to tourism product development will encourage the creation / improvement of tourism products in Ontario by all types of tourism operations (large, small, public, and private).

Context / rationale

- Product development and innovation must be encouraged through funding and investment if Ontario is to stay competitive with ever-expanding global tourism offerings.
- Funding programs are in place for a number of industries, but there is no fund dedicated to tourism product development.
- Tourism investment would help foster a new culture of tourism product development and innovation.
- Public sector investment and the use of creative investment vehicles (such as tax breaks and land allocation) could be used to motivate private sector and foreign investment in tourism product development.
- Access to capital / funds for should be coordinated and organized to facilitate the process of tourism product development in Ontario.
- Primary research indicates that there is a feeling that Ontario's product is "old and tired" due in part to a lack of funding vehicles for product development.[4]

Components

- Provincial tourism agency funding (the 'mega-fund'):
  - An iconic attraction / tourism infrastructure program designed to develop large-scale tourism products (both public and private).
    - This program would require coordination from multiple ministries.
    - Infrastructure development would help improve access to tourism destinations and increase visitation.
    - Grants for this program would be based on a percentage of total cost and would involve a negotiated equity stake for the government.
  - This funding would be made up of larger grants and loans (other jurisdictions have given approximately $1 million to $10 million depending on the project).
- Funding at the regional, Destination Marketing Organization ("DMO") level:
  - An application-based program for SME's (under a given number of employees) to access funding based on a feasible business case.
  - This funding would be made up of relatively small seed funds, grants and loans (other jurisdictions give between $25,000 and $500,000 depending on the type of project).
  - These funds would be distributed in alignment with regional priorities set out in product development strategies.
- Private / public partnerships and joint ventures:
  - A coordinated effort needs to be made to further involve the private sector in the development of major tourism products.
  - The private sector could further participate through encouraging public / private partnerships and joint ventures by offering benefits such as deals on land, tax breaks, profitability guarantees, etc.
- Criteria for investment must be coordinated and include:
  - Quantitative factors: ROI, economic impact, incremental revenue generation, financial sustainability, credit score, payback period, etc.
  - Qualitative factors: Alignment with high-potential criteria, ability to leverage other assets in the area, potential of attracting new developments, consistency with product strategy, effective management team, ability to deliver the type of project proposed, adheres to mandate / legislation, etc.
- Specific high-potential needs could be addressed on a one-time basis (e.g., the need for a new highway to aid in cluster development).
- Funding rounds with well-communicated deadlines would allow the agencies to fund specific high-potential areas for a certain time period, and allow a change in funding focus to address current gaps and trends.
- A permanent provincial body to work in partnership with government, and have large private-sector involvement (e.g., Mexico's FONATUR).
  - The body would raise awareness of destinations in order to source investment capital to execute the product strategy most effectively.
- A product development strategy should be created to assist in determining the focus of all funding / investment both regionally and provincially.
  - Overall tourism development vs. specific category development .
  - New product creation vs. redevelopment of existing products.
- A funding budget and timeline must be determined which outlines total amount of funds available, maximum contribution, percentage of matching funds required, renewability guidelines, etc.

Sources: (1) South Australia: Tourism Development Fund; (2) Fáilte Ireland National Development Plan 2007 - 2013: Tourism Capital Investment Programme; (3) Playa Cortes: FONATUR and its Commitment to Mexico; (4) Primary research

Creation of an investment / funding environment that encourages high-potential product development

Benefits	Considerations
• Incentivizes public and private sector to create products to improve Ontario's high-potential product offerings. • Funding high-potential products will help operators innovate to better address traveller wants. • Creating a reputation of product innovation will help Ontario better compete for the global traveller. • Provides a dedicated source of funding for tourism operators which has previously been unavailable or difficult to access. • Encouragement of innovation will improve the reputation of Ontario's tourism product.[2] • Increases private sector and foreign involvement in development of tourism products. • Helps develop core and supporting attractions in regions, helping to develop clusters. • Funding large destination attractions would further encourage the creation of a variety of supporting products.	• Regional differences in tourism strengths / weaknesses and variable traveller wants would require customized strategies for each region. - Each region should focus its funding on its high-potential products. - Supporting industries are also critical investment targets. • There will be a finding bias as regions / categories will be determined to be a focus. - The areas of focus for the funding / investment programs must align with high-potential products and relevant traveller trends. - Provision of equitable funding options vs. targeting highest economic impact and alignment with product strategy. • A substantial source of funding will be required to make a material impact. • The programs must be communicated to current and potential tourism operators. • A governing body may need to be created to ensure funding is being used as designed. • Consideration must be given to whether there should be a new agency created to administer the fund or if it should fall under the responsibility of another agency of government with experience in delivering funding programs. • The duration of the programs must be considered and communicated as some of the funded operations may require annual support.

Case study: Ireland's National Development Plan[1]

- Fáilte Ireland has developed a National Development Plan for 2007 – 2013 which has designated €137 million for tourism product development.
- There has been €70 million set aside for the development of international class visitor attractions split as follows:
  - Some €50 million for the upgrading and presentation to best international standards of 20 existing visitor attractions.
  - Up to €14 million to assist in the creation of up to three new visitor attractions.
  - Approximately €6 million for further developments within historical and other major ornamental gardens.
- There is €28 million set aside for the development of activity / adventure products which was identified as a priority in Ireland's tourism product strategy.
- Funds are available to initiatives that best meet a wide range of criteria including:
  - Consistency with the National Development Plan and Fáilte Ireland's Tourism Development Product Strategy.
  - Proven cost-effectiveness, financial sustainability, ability to increase visitor numbers, occupancy and revenue.
  - Willingness to participate in any strategic product marketing partnerships approved by Fáilte Ireland.
- The maximum aid rates for proposed projects vary by region and enterprise size.
  - SME's (fewer than 250 employees and annual turnover less than €50 million) and priority development regions are eligible for the highest percentages of funding.
- Funding is available for the private sector, public sector, public sector bodies, and voluntary organizations.

An investment environment will generate both public and private product innovation throughout Ontario.

Sources: (1) Fáilte Ireland National Development Plan 2007 - 2013: Tourism Capital Investment Programme; (2) Primary research

Development of a clustering strategy

A tourism cluster is comprised of a group of tourism products (ideally both public and private) that together offer a true tourism experience to travellers. The most successful clusters are often developed within a specific geographic proximity, and are sometimes linked by a common tourism theme (e.g., skiing and snowboarding).

Context / rationale

- Ontario's current tourism products are diverse and are generally operating independently and not creating the idea of 'destinations' that attract travellers.
- Travellers' desires are diverse and require the support of many inter-related products / services within a travel region.
- Collaboration through effective stakeholder linkages allows tourism establishments to offer a more complete traveller experience while benefiting from combined knowledge and efforts.
- A cluster's ability to drive visitation by delivering a wide variety of traveller experiences will warrant the continued development of both core and supporting tourism products in the area.
- Clustering is evident in some regions of Ontario (e.g., Niagara) and has shown the ability to drive visitation and revenue.
- The pooled resources and products of a cluster makes the area more attractive for private investment which generates further product development.
- Tourism providers in areas of Ontario could be working together more effectively to provide complimentary tourism experiences.

Components

- The development of an iconic attraction in a given region could lead to the formation of a tourism cluster largely composed of supporting products.
  - This iconic attraction could be either a new development for the province or an existing attraction redeveloped to achieve iconic status.
- A cluster itself can become iconic by creating a world-class experience of core and supporting products developed around strong product offerings and attractions (e.g., Cancun is an iconic cluster for Mexico).
- The proximity of tourism products is vital for successful clustering, and access to and within a cluster is critical to development.
  - Infrastructure creation to improve accessibility could help create a cluster since it has been shown that accessibility is one of the main criteria investors use to select development sites.
  - Improving infrastructure to and within developed clusters in the province could help increase visitation and encourage further product development within the clusters.
- Product bundling (grouped sales of tourism products) can be better facilitated by the creation of effective public and private linkages within a cluster and would appeal to travellers' desires for such packages.
- Formal and informal linkages between offerings (both public and private) to improve the feeling of a "one-stop destination" to visitors.
- Identification / gathering of key stakeholders within each cluster:
  - A facilitator, private and public representatives, and key business representatives should form a leadership group in each cluster.
  - Trust and linkage between these stakeholder groups is vital to success.[2]
- A provincial committee (made up of public and private representatives) tasked with:
  - Determining cluster potential in travel regions.
  - Developing specialized strategies for the identified clusters.
  - Working with cluster leadership groups to implement findings.[3]
- Development of major gateway clusters (e.g., Toronto as a world-class gateway) could drive visitation to these and other regional clusters.
- Meeting arenas within clusters should be created to foster communication and linkages between all stakeholder groups (public and private).[1]
- Skills and training development will ensure consistent experience throughout each cluster.[1]
- Brand building to strengthen the attractiveness of each cluster.[1]
- Developing a clear cluster vision that is both focused yet flexible and supported by internal and external stakeholders.[1]
- Effective relationships with both private and public funding agencies.[2]

Sources: (1) Sara Nordin: Tourism Clustering and Innovation: Paths to Economic Growth and Development, 2003; (2) Innovating Regions in Europe: IRE Subgroup on 'Regional clustering and Networking as Innovation Drivers, 2007; (3) Guyana Trade and Investment Support Project: Facilitation of Tourism Cluster Working Group, 2005

Development of a clustering strategy

Benefits	Considerations
• Potential development of iconic attractions and clusters which themselves drive visitation to the province. • travellers could be more willing to visit Ontario because they can experience a wider product offering in a concentrated area. • Shared knowledge and best practices amongst linkages will improve product quality and management skills. • Potential to generate need for further tourism product development by increasing visitation to cluster areas. • Tourism product providers benefit from cooperative marketing efforts which establishes more consistent branding and reaches a wider audience. • Ability to bundle products across product categories which aligns with traveller demands. • Broader traveller demographic appeal since clusters provide a wider range of experiences. • Repeat visitation to the province could increase with travellers wanting to experience the strengths of different clusters. • Operators within a cluster have the potential to create economies of scale through cooperation. • Greater lobbying power (funds, legislation, etc.).	• Many areas in the province lack the critical mass of operators necessary to establish a tourism cluster as well as the required financial or human resources. • Clusters are generally formed through informal relationships, but contracts may be required to formalize relationships and the rights of all parties involved. • Consideration must be given to the size and organization of the cluster because relationships suffer and complexity increases as size grows. • Public sector assistance must be tailored to each individual cluster as each has unique competencies and needs. • Public assistance to clusters must be given to minimize the perception of bias. • Willingness of SME owners to participate in networking and knowledge sharing. • Poor experiences impact the entire tourism cluster. • Cluster creation is dynamic, with clusters developing from a bottom-up perspective. - Clusters can not be created from the ground-up or by government / policy alone. - The foundation for a cluster must be based on a critical mass of enterprises / skills. - Creating supporting structures and efforts to promote clusters are thought to be effective ways for public sector to help generate cluster success.[1] • Effective access must be available both to the cluster and between its products. • Consideration must be given to how clusters will share the costs of collective initiatives (e.g., membership fees, profit sharing, project by project basis, public funds, etc.).

Case Study: Guyana Trade and Investment Support[2,3]

- The Guyana Trade and Investment Support ("GTIS") Project has identified cluster development and marketing assistance as one of its major program components and has implemented initiatives to foster cluster development.
- Guyana has clearly identified its tourism cluster product strengths as eco, nature-based, adventure, and cultural tourism.
- Guyana's tourism operators have a strong sense of collaboration and networking, but there is a distinct lack of a vision for the industry and marketing efforts are poorly organized.
- GTIS has launched a Tourism Cluster Working Group made up of private operators, the Tourism and Hospitality Association of Guyana, and a number of relevant government agencies.
  - The working group is designed to mobilize cluster participants, develop a common vision which is lacking, and develop action plans intended to increase cluster competitiveness and increase visits and receipts.

Collaborative efforts will increase visitation encouraging further tourism product development.

Sources: (1) Sara Nordin: Tourism Clustering and Innovation: Paths to Economic Growth and Development, 2003; (2) USAID Guyana Trade and Investment Support: Tourism Cluster Profile, April 2005; (3) Guyana Trade and Investment Support Project: Facilitation of Tourism Cluster Working Group, 2005

Provision of regional support to align product development activities

Providing regional initiatives / programs aimed at supporting tourism operators can encourage and support improved product development across the province.

Context / rationale
• Currently Ontario does not have a regional authority for product development and management. - Product development in Ontario is currently carried out by a variety of government and other partner organizations. - Broadening the mandate of current organizations or creating new ones to encompass destination management and product development activities at the regional level would help to address this issue.

Components	
Regional product development and destination management • Product development initiatives would become a large focus for a regional body, which would manage and encourage local entrepreneurship, communication, cooperation, and product linking. • The regional body executing product development strategies could be either public or private, such as municipalities, DMOs, or local economic development agencies. - Multiple representatives from these organizations could join together to execute strategies regionally, whether in a new organization or through joint efforts (e.g., weekend seminars co-developed by DMO and municipality staff). • Services offered would include: - Advisory / consultation on product development and linking opportunities; - Business management intelligence; - Training courses / seminars; - Access to centrally-conducted market research; - Networking events to encourage communication and collaboration among local operators / entrepreneurs; and - Access to local businesspeople that could serve as mentors, creating a network that fosters and facilitates product development. • MTOUR would supply the necessary tools and resources to provide support over the transitional period. - These include training packages and / or entrepreneurial toolkits to offer local businesspeople, as well as research and market intelligence (on a permanent basis). • MTOUR would ensure that product development activities are incorporated into regional tourism mandates by tying funding and resource eligibility to such initiatives.	**Regional support delivery alternatives** •DMOs could broaden their mandates to incorporate destination management activities by executing the key regional initiatives involved in provincial product development. •MTOUR could execute regional strategies centrally, which would allow for tight control; however, resources to do so are limited. •Another local government network or branches could administer regional product support. •MTOUR could outsource product development responsibilities to the private sector on a local basis, closely monitoring performance and results.

Provision of regional support to align product development activities

Benefits	Considerations
• Product development activities would be executed regionally, where intimate knowledge of local product and opportunities are housed. • Product development would be encouraged by incorporating specific requirements into regional tourism mandates through funding and provincial support eligibility. • Charging regions with managing their tourism product entails more interaction with local businesses and entrepreneurs, increasing the organization's knowledge base and value offering. - Networking via this channel or through formal seminars / meetings would encourage product linking and collaboration, as more operators are aware of others' endeavors or intentions. • Training and tools would foster a product development culture, and likely drive more entrepreneurial initiatives and activities. • Centralized research (through MTOUR and / or the PMA) would ensure a standard knowledge foundation across regions, while allowing the regional organization to focus on product development execution.	• A centrally-developed provincial product development strategy would serve to effectively guide regional organizations in emphasizing high-potential product areas and streamlining their activities. • Benefits of consistent support program design implemented across all regions (e.g., if MTOUR controls regional implementation) versus local customization of services (e.g., DMO or other local authority managing) would have to be considered. • Mandating that public-sector organizations execute product development strategies allows the province to have more formal control and communication links. • If managed by a DMO, it may best be able to execute the product development mandate if given access to independent and sustainable funding, which could be in the form of a destination marketing fee (DMF), as is the case in British Columbia and Quebec. - If provincially legislated, this fee would have product development uses mandated for a portion of the DMO's funds generated. • Aggregating some existing regional bodies into a single tourism entity per defined region (e.g., local development agencies or DMOs) would likely create the necessary scale for efficient resource use. • Prioritizing product development in the provincial marketing agency's mandate would encourage regions to follow suit. - The PMA would be committed to supplying resources (research, training guides, etc.) to regional organizations and training their staff in facilitating regional product development.

Implementing regional product development strategies in cooperation with the provincial marketing agency would result in a coordinated and effective execution.

Source: Primary research

Specific opportunities for public agency tourism product development

Strategic observations regarding Ontario's public agencies, attractions, parks and trails

To help the Ministry address the identified challenges faced by public sector tourism products, and help public agencies, attractions, parks, and trails become more successful as a tourism product, there are some overarching themes that the Ministry may want to consider.

Determine agency mandate (self-sustainable vs. investment tool)

- A key consideration for Government is whether the agencies should be considered and viewed as a profit centre / an agency that must be self sustaining, vs. an investment tool that pays returns and dividends to the private sector (both in tourism and non-tourism).
- The requirement for agencies to be self-sustaining drives some operational decisions that do not always align with tourism goals and objectives.
- Determining the most appropriate balance between agencies with self-sufficiency and those with other mandates is complex.

Develop an admissions strategy

- A strategy with supporting tactics should be put in place across all agencies to effect substantial, sustainable increases in overall attendance to the public agencies.
- It is critical to focus on driving attendance to the agencies given their spill over impact to other tourism and non-tourism businesses.
- The key measure and focus of such a strategy should be upon 'turnstile clicks' (or attendance itself) vs. a focus on solely increasing revenues through attendance.
- In tourism, similar to other businesses, there is a point of diminishing returns in the revenue-volume relationship. As such, through the lens that the public tourism agencies are a catalyst for other economic development, the Government may want to examine the appropriateness of 'turnstile clicks' as a key barometer of success vs. admissions revenues and self-sufficiency alone.

Ongoing product development and renewal

- A best practice in the private sector for tourism business operations is a commitment to ongoing product development and renewal.
- The most successful tourism enterprises commonly take the position that refreshing and vitalizing existing products, and continually developing new and innovative products are requirements to satisfying existing travellers, encouraging repeat visits, and attracting new travellers and markets.
- This notion of ongoing product development and renewal is as equally relevant to the public tourism agencies from the point of view of travellers, as all travellers view and respond to product similarly, irrespective of whether it is owned and managed by the private or public sector.
- This requires substantial capital to be available on a recurring basis. Investing a large sum of capital on an exceptional basis (i.e., a large amount of capital for a one-time product development project) without ongoing support and investment can be futile as the product and its supporting infrastructure can become tired quickly or irrelevant with travellers.

Target funding to agencies with the highest potential

- Given the requirement for product development capital to be available on an ongoing basis, providing necessary levels of funding to all agencies at an equitable level may not be possible.
- Government needs to weigh the level of equitable funding it should provide across agencies vs. how to target funding to the agencies with the highest potential and how those agencies might provide a greater return on investment and provide a higher return on investment.

Opportunities exist to improve and enhance public agency product offerings

Three key strategies were identified to drive public sector product development in Ontario and compliment existing tools of the agencies assessed in this report. A review of best practices from other jurisdictions, and consultations with the Ministry identified key tactics intended to promote the development of world class public sector tourism products in Ontario.

Challenges impacting success

- Challenges associated with reduced government funding for ongoing operations and capital improvements.
- Increasing operational maintenance costs to sustain aging facilities and key assets, with flat or declining revenue streams.
- Dated and aging attractions, in many cases, require multi-million dollar investments for restoration.
- Strong visitation is not translating into self-sustainability.
- Repeat visitation is a challenge for most attractions.
- Competing public service mandates (e.g., cultural, education, public service) sometimes conflict with self-sufficient or profit-driven tourism product mandates.
  - Need to determine whether financial self-sufficiency is an agency requirement or if the facility serves other government priorities.
- Limited collaboration and partnering, with many sites operating in isolation.
- Challenge appealing to the expectations of multiple demographic groups and maintaining product relevancy with current tourism trends.

Strategy	Key tactics	Complexity
Enhancing collaboration	1) Collective admission strategies	Moderate
	2) Implement an 'Ontario public attractions' sales organization	Moderate
	3) Leveraging specific public tourism product assets and events across multiple agencies	High
	4) Sharing best practices	Minimal
Working with private sector	1) Increasing linkage with the private sector	Moderate
	2) Increase bundling of private and public sector products within travel regions	Minimal
	3) Explore potential private sector revitalization of declining public tourism assets	Moderate
Improving support for high-potential public tourism product	1) Ensure agency mandates encourage development of successful tourism products	High
	2) Target public tourism product development toward high potential agencies and attractions	Moderate
	3) Provide performance linked support for agency product development activities	High
	4) Mandate OTMPC support	Moderate

Expected tactic benefits

- Enhanced public sector tourism products and experiences.
- Increased revenue potential through linkage, partnership and the potential for repeat visitation.
- New focus on product development in identified agencies
- Increased awareness of diverse product offerings to a broader demographic group.

Implications / considerations

- Key agencies will need to work with other agencies to increase potential for success.
- Proof of revenue generation potential and financial incentive will be critical to encourage desired changes and behaviours.
- All agencies cannot be treated equally moving forward.
- In some cases, a change to agency mandates and other policies are required to further a product development culture.

Rating legend:
- Minimal complexity
- Moderate complexity
- High complexity

Note: Complexity ratings factor in estimated effort to drive change, potential cost and impact to the Ministry

In order for these agency strategies to be successful, clear rationale must be provided to encourage participation, which includes strong direction from government and clear communication of financial and other benefits.

Enhancing collaboration

Key tactics	Complexity	Considerations / implications
1) Collective admission strategies • Multiple options of admission to public agencies and attractions would be created and supported by collective media and promotion across participating sites. Options include: - 'All Ontario public attractions pass': providing access to all participating agencies over a defined period of time. - 'Regional public attraction pass': providing access to a group of regional agencies over a defined period of time; similar to the existing 'City Pass,' but involving only public agencies. - 'Attractions discount card': providing ongoing discounts to all participating attractions; similar to the existing 'Fun Pass,' however designed for broader demographic groups. • The creation of passes would improve collective marketing, cross promotion, and bundling / linkages between agencies. - Supporting collateral could include information of all sites including relevant information on core attractions, directions, as well coupons to encourage use of alternative services (e.g., space rentals, weddings, concessions, etc.). - Collective admission strategies will also increase the potential of repeat visitation as a result of perceived value. • Passes could be themed (e.g., culture pass) and span over a variety of time periods (e.g., annually, quarterly, seasonally, weekly, daily).		• Convincing attractions to offer joint promotions and discounts. - Impacts to revenues, incremental benefits from new visitation and the collective business case will be critical to achieve buy-in. - Key attractions may be hesitant to subsidize other attractions through substantial discounts of their admission fees (e.g., attractions like the ROM and AGO may forgo more admission revenue through repeated visitation). • Coordination of pricing, sales, and promotion complexities could be managed by the 'Ontario public attractions' sales organization. • Availability of passes will be critical to overall success and development of a website or other customer portal may be necessary.
2) Implement an 'Ontario public attractions' sales organization • The agency would organize, promote, sell, and coordinate multiple agency offerings and programming; work with MTOUR and agency stakeholders to develop core products, marketing, and pricing. • Core focus and mandate is to increase both new and repeat attendance and revenues across all Ontario public attractions through sales efforts to general public and to corporate clients. - Responsibilities would include bulk sales to travel wholesalers / operators as well as direct account management with prominent corporate partners. • A customer portal / interface could be created to allow for year round advanced bookings and purchase of packages along with same day print capabilities of offer passes (i.e., comparable to existing trails and parks).		• Providing ongoing customer service and support could be cost prohibitive. • Key attractions may object to partnering or supporting lesser recognized brands / attractions. • Mandate and role of the new sales agency must be clear to ensure minimal overlap of sales resources and efforts. - Reaching out to existing corporate sponsors of select agencies may represent a conflict of interest. - OTMPC may be able to act as the sales agency. • Service level standards must be established to ensure consistent customer experiences.

Rating legend:
- Minimal complexity
- Moderate complexity
- High complexity

Note: Complexity ratings factor in estimated effort to drive change, potential cost and impact to the Ministry

Enhancing collaboration (continued)

Key tactics	Complexity	Considerations / implications
3) Leveraging specific public tourism product assets and events across multiple agencies • Product assets could be leveraged across multiple sites as follows. - 'Increasing exhibit attraction outreach and touring': Identify exhibits / attractions / programming that have significant mass appeal and that could be toured to drive incremental attendance, awareness and interest to other agencies (e.g., ROM dinosaur exhibit displayed at Fort Henry). - 'Offer complimentary products and experiences for major events': Innovate around a product theme and cross promote with unique experiences at other agencies (e.g., Chinese Lantern Festival hosted at Ontario Place, ROM hosts history exhibit for the festival, AGO creates a contemporary art exhibit with supporting festival themes). o Existing events to be considered for this concept include The War of 1812, Family Day, Aboriginal Day. • Diverse public product is created across a varied customer base that may never have been exposed to otherwise, encouraging visitation to alternative agency sites.	High complexity (red)	• Based on prior efforts the concept of rotating product across attractions is well embraced, however, has proven to be very cost prohibitive with existing funding models. • Certain agency sites may be excluded due to insufficient infrastructure requirements to house exhibits or host events. • Coordination of events and product rotation require extensive planning and cooperation between sites and would ideally be managed by one body (i.e., a single agency or the previously proposed sales organization). - Limited resourcing is currently available if coordination is required by existing agencies. • Typical planning of major exhibits and events is conducted over three to five year periods for most agencies, providing limited flexibility to incorporate events outside of planning cycles.
4) Sharing best practices • Create ongoing opportunities and forums to educate existing agency operators on management best practices, programming successes, learning's from day-to-day operations, and business plan writing. - Sessions could also be used to discuss promotions, success of group passes, discount cards and other programs developed to promote the agency group. • Presenters and facilitators could come from public and private sector. • Meetings would be held bi-annually or quarterly. • Online collaboration could help provide access to support tools year round relating to key forum messages, outcomes and learnings.	Minimal complexity (green)	• Sessions should be interactive and provide core content relevant to the agency group, supported by learning and education tools that can be adopted / utilized at individual agency sites. • Attendance of all operators should be mandatory, making advanced meeting planning and date coordination critical.

Rating legend:
- Minimal complexity
- Moderate complexity
- High complexity

Note: Complexity ratings factor in estimated effort to drive change, potential cost and impact to the Ministry

Working with private sector

Key tactics	Complexity	Considerations / implications
1) Increasing linkage with the private sector • Efforts should be increased to attract appropriate corporate sponsorship of tourism agencies and their exhibits and attractions. Different approaches can be considered: - Partner with private sector companies to develop and fund specific attractions and exhibits (e.g., Disney – 'Innoventions' exhibit at Epcot). - Permit private sector to sponsor existing or newly developed public tourism products (e.g., Canada's Wonderland's sponsorship of individual rides). • In return for funding and sponsorship, corporate partners would be permitted to limited corporate exposure at sites, exhibits and agencies. • To attract sponsors, agencies must be able to successfully package the benefits (e.g., target demographics, expected attendance numbers, how exposures can be incorporated with attractions, etc.).		• Corporate sponsorship may be in conflict with existing agency mandates. • Types of sponsors that are associated with the attractions need to be considered. • Corporate exposures must be managed with the core purpose of attractions (e.g., education, heritage), which may limit appeal to some potential sponsors. • Corporate sponsorships should be coordinated to manage the relationship and ensure multiple agencies are not approaching the same sponsors in an ad-hoc fashion.
2) Increase bundling of private and public sector products within travel regions • Increased opportunities exist for private and public sector tourism product to collaborate on marketing and promotion of tourism products to increase new and repeat visitation to respective sites, exhibits and attractions (e.g., Royal York Hotel offering 50% off admission to the ROM). • Partnerships provide incremental visitation by attracting non-typical travellers and visitors that may not have been exposed to offers otherwise (e.g., business travellers staying at hotels). - Discounts should represent a substantial call to action, realizing that revenues are incremental. • Offers should be unique to the private partners and not typically available at agency sites on a regular basis (e.g., a behind-the-scenes tour of the Toronto Zoo), which adds incentive and value to private sector customers, while providing a unique point of differentiation. • Offers should be measured to determine success, creating opportunity to improve or expand partnership offers accordingly.		• Select agencies require approvals when fees for services, attractions, and offers change, which could inhibit a responsive account management approach. • Marketing and promotion should be a shared expense for all partners involved. • Bundling and promotion should not conflict with existing sponsorship with agencies.

Rating legend:
- Minimal complexity
- Moderate complexity
- High complexity

Note:
Complexity ratings factor in estimated effort to drive change, potential cost and impact to the Ministry

Working with private sector (continued)

Key tactics	Complexity	Considerations / implications
3) Explore potential private sector revitalization of declining public tourism assets • Agencies with access to coveted assets could work with private sector to maximize revenue generation opportunities (e.g., Ontario Place could model Navy Pier in Chicago or Granville Island in Vancouver). • Under developed assets could be utilized to drive alternative forms of revenue from the private sector, while also increasing the tourism appeal to public sector products and assets. • Government teams may be required to conduct initial feasibility studies to understand maximum uses for assets and solicit private sector interest of profitable ventures. • Assets would typically be retained under government control and leased or rented to private sector (e.g., Maid of the Mist, Molson Amphitheatre).	Moderate complexity	• Upfront costs would be required to identify the best uses of assets in order to maximize appeal and investment opportunities. • Typical opportunities need to be opened to tender to create competitive bid environment, which detracts private sector bidding. - Process may discourage innovative ideas due to lack of exclusivity / confidentiality. • Private sector involvement with public sector assets may conflict with agency mandates and are not always perceived to be in the best public interest.

Rating legend:
- Minimal complexity
- Moderate complexity
- High complexity

Note:
Complexity ratings factor in estimated effort to drive change, potential cost and impact to the Ministry

Improving support for high-potential public tourism product

Key tactics	Complexity	Considerations / implications
1) Ensure agency mandates encourage development of successful tourism products. • Review existing agency mandates to remove impediments that may compromise the ability to successfully operate agencies as tourism products and drive appropriate attendance levels. - Dual mandates to be self-sustaining or sufficiently revenue-generating, while also preserving provincial interests (at great cost), may restrict the abilities of public agency operators to effectively manage existing assets. - The core purposes of each agency, its existing corporate powers will be large factors dictating whether the agency has the required flexibility to successfully deliver a tourism experience.		• Changing existing mandates would require a significant political decision. • Significant changes to existing mandates may require re-engineering of core processes and offerings at agencies, representing a significant cost. - For example, if it were decided to offer free admission to select agencies like the AGO to promote greater public access, visitor volumes could drastically increase operational maintenance requirements (e.g., replacing carpet in high ware areas), while also requiring significant changes to existing offers to appeal to the 'general public' versus targeted demographics that exist today.
2) Target public tourism product development toward high potential agencies and attractions. • Select agencies would receive additional funding and focus for further product development, while other agencies are sustained to meet acceptable operating levels. • A choice would be made to move away from equity across agencies to prioritize agencies with tourism products with the highest potential for success. • High-potential agencies are those that present the strongest promise and appeal to key traveller segments in Ontario and address other high-potential criteria outlined in this report.		• Managing expectations among agency operators would be a very political exercise. • Addressing potential constraints within existing mandates and corporate powers will represent critical criteria when assessing 'high-potential' for tourism product agencies, increasing complexity of selection processes. • Sufficient planning and funding is still required to sustain other agencies. • Significant investment and funding would be needed to establish high-potential agencies given the current state and repair of existing public products.

Rating legend:
- Minimal complexity
- Moderate complexity
- High complexity

Note:
Complexity ratings factor in estimated effort to drive change, potential cost and impact to the Ministry

Improving support for high-potential public tourism product (continued)

Key tactics	Complexity	Considerations / implications
3) Provide performance linked support for agency product development activities. • New performance based metrics would be tracked at public tourism agencies and measured to determine funding support for product development to increase appeal and generate repeat visitation. • Performance goals would be applied to select agencies and would include non-traditional metrics like customer satisfaction scores, customer service ratings, ability to drive incremental visitation, and other financial and operational metrics. • New metrics encourage strong management against tourism indicators and would be expected to further the focus and development of future products.		• Limited metrics can be applied across all public agencies universally, making comparison and allocation of funding increasingly complex. • Metrics must reflect and may be restricted by existing mandate. • Ability to track new metrics may be limited given existing tools and technology available to public agencies.
4) Mandate OTMPC support • A basic marketing and promotional support 'package' would be provided to all agencies to support product effectiveness, with requirements above and beyond the 'package' to be funded by the agencies. - The OTMPC's mandate would change to support public agencies as one of its key activities by dedicating a fixed proportion of disbursements / support to government products and agencies (e.g., 20% of budget dedicated to agency assistance). • New funding would be incremental to any existing efforts in place to promote public agencies. • Promotion packages would focus on individual agency agendas, their programming and core attractions. - Packages should rival prominent private sector approaches.		• Government would need to mandate a new support structure. • Current marketing and support programs are cost prohibitive for most agencies. • The cost of the basic package for agencies would need to be material in order to have the desired effect. • Funding for dedicated support would likely be incremental and provided by government versus a reallocation of existing OTMPC funds.

Rating legend:
- Minimal complexity
- Moderate complexity
- High complexity

Note: Complexity ratings factor in estimated effort to drive change, potential cost and impact to the Ministry

Appendices

Appendix One – Product categories

Product categories

Products were divided into 8 major categories encompassing all tourism-related product offerings in Ontario. Major groupings were based on those set out in Premier-Ranked Tourism Destination reports. The major categories and sub-categories were then refined through primary research, consultations with the Ministry of Tourism, and use of North American Industry Classification System Codes.

Accommodations

- Hotels
- Motor Hotels and Motels
- Resorts
- B&B's
- Housekeeping Cottages and Cabins
- Other traveller Accommodation
- RV parks and Campgrounds
- Recreational (Except Hunting and Fishing) Vacation Camps
- Rooming and Boarding Houses
- Inns
- Cruising (e.g., Great Lakes Cruising)

Recreational Sports and Other Active Recreation

- Golf
- Marinas/Boating
- Fishing
- Hunting and Trapping
- Cycling
- Skiing
- Skating
- Canoeing/Rafting
- Hiking
- Trails
- Parks
- Soft Adventure

Arts and Culture

- Theatre Companies
- Dinner Theatre
- Dance Companies
- Musical Groups and Artists
- Other Performing Arts Companies
- Museums
- Historic and Heritage Sites
- Zoos and Botanical Gardens
- Other Heritage Institutions
- Art Galleries

Food and Beverage

- Full-Service Restaurants
  - World ranked full service restaurants
- Limited-Service Eating Places
- Drinking Places (Alcoholic Beverages)
- Culinary

Attractions and Other Recreation

- Spectator Sports
- Casinos and Gaming
- Amusement Parks and Attractions
- Spas
- Agritourism
- Entertainment Centers
- Animal Attractions (e.g., Marineland)

Festivals and Events

- Festivals
- Celebrations
- Commemorative events
- Parades
- Fairs (e.g., Agriculture)
- Ceremonies
- Exhibitions

Retail

- Furniture and Home Furnishings
- Electronics and Appliances
- Health and Personal Care
- Clothing and Clothing Accessories
- Sporting Goods, Hobby, Book and Music
- General Merchandise
- Mega Malls
- Outlet Malls

Convention

- Convention Centers
- Meeting Space
- Exhibit Space

Appendix Two - Overview of travel regions

Overview of travel regions

For the purposes of this analysis, Ontario was broken down into six travel regions for this report as shown below.

Tourism travel regions
• Southwestern Ontario (including Essex region)
• Niagara region
• Central and Eastern Ontario
– Including south-central, eastern, and St. Lawrence River Corridor regions
• Toronto region
• Ottawa region
• Northern Ontario
– Including north-east, north-west, and north-central regions

For a more detailed description of the six travel regions please see http://www.tourism.gov.on.ca/english/research/resources/Ontario's%20Travel%20Regions_October%202006.pdf

Appendix Three - Ontario's key traveller segments

Ontario can provide an improved product experience by understanding what key traveller segments want

The Ontario Tourism Marketing Partnership Segmentation Summary (OTMPSS) was established to understand key traveller segments that travel to Ontario. These segments provide insights into key traveller characteristics that will allow tourism operators in the province to tailor products and services based on what these what travellers want in an Ontario experience.

OTMPSS methodology [1]

The OTMPSS identifies four 'Ontario Target Groups' along with four 'U.S. Target Groups.' The target groups were created:

•All travellers were classified into traveller segments based on their demographics, behaviours and attitudes.

•Using Travel Activities Motivations Survey (TAMS) travel data combined with survey data from different sources, the travel segments were further refined into the U.S. and Ontario target groups.

Note: Traveller data consisted of TAMS travel data for Ontario residents who travel within the Province and U.S. respondents who travel to Ontario from States Tiers 1 – 3 (as classified by OTMPC and Environics).

Ontario target groups [1]
1) *Upscale Adventurers*
2) *Provincial Families*
3) *Young Go-Gos*
4) *Retired Roamers*

U.S. target groups [1]
5) *High Flyers*
6) *Footloose Families*
7) *Silver Streaks*
8) *Young & Restless*

In understanding the dynamics of travellers behaviours visiting the province, Ontario can continue to shape its product offerings and tourism experience to meet demand.

Note: Segments were created by the Ontario Tourism Marketing Partnership in combination with data from other partners including TAMS, Statistics Canada and analysis from Environics Analytics
Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007

1. Ontario market segment: 'Upscale Adventurers'

What 'Upscale Adventurers' want[1, 2]	
Market size	• Key Ontario travel regions: Toronto, Ottawa, Southwest Ontario.[3] • This group represents a total of 11.6% of Ontario households or 558,366 potential travellers.
Travel preferences	• Represents Ontario's most active travel group. • Preferred travel destinations vary according with the season: – Spring / summer: Whistler, Vancouver, PEI, and cities in the Western U.S. – Winter: Hawaii, Southern U.S., Banff, Jasper, the Rockies. – Fall: New Brunswick, Western Provinces. – Other vacation spots include Mexico, and Europe (France, Italy, and the UK). • Nearly 50% use an online travel agency to book vacations. • Popular vacation activities include sports (skiing, sailing, and golfing), cultural activities (concerts, operas, museums) along with higher end spas and wineries.
Travel motivations	• Prefer group travel with like-minded companions. • Seek authentic experiences with a focus and attention on details. • Pursue trips and packages catering to their special interests and hobbies. • They enjoy making choices and like control over their agenda.
Travel detractors	• Spiritual journeys, rustic nature, camping and open spaces are not activities that will draw this group of travellers. • Value is more important than the final price with a willingness to pay for higher priced options.

Examples of 'public product' interests[1,3]	Examples of 'private product' interests[1,3]
• Royal Ontario Museum • Art Gallery of Ontario • Ontario Doors Open • McMichael Canadian Art Collection • Hamilton Museum of Steam and Technology • Fallsview Casino and Casino Niagara • National Arts Centre	• Attending a Raptors, Blue-Jays or Argo's game • Golf and wineries in Niagara • Skiing and golfing at Blue Mountain • Stratford Festival • Spas • Ottawa Blues Fest • Canadian Opera Company

Demographic overview[1]

- **Lifestage:** Middle-aged (45-64) families; kids (18+)
- **HH size:** Large (Over 1/3 with 4+ people)
- **Housing type:** Own; older single-detached
- **Education:** University (42%)
- **Job type:** White collar (41%), self-employed (14%)
- **Commuting:** Public transit, car
- **Ethnic presence:** Average (31% immigrant pop.); Chinese, Italian, Greek
- **Language:** English and French
- **Average HH income:** $121,848 (54% above average)

Lifestyle overview[1]

- Key description words include: energy, control, comfort, connected, aesthetics, and technology.
- Indulge in active leisurely pursuits, as both participants and spectators; attendance at professional sporting events for basketball, baseball, and football are highly valued.
- The majority enjoy sports that include golf, tennis, swimming, skiing, jogging, and canoeing; while one in ten would look for more extreme sports that include sky diving, scuba diving, and white water rafting.
- Culture is as important as sports with plays, ballets, operas, and concert performances representing typical events.
- They are above average internet users and will go online to book airfare, accommodations, and search for information on package deals.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) OTMPC (tourismpartners.com); (3) Deloitte analysis

2. Ontario market segment: ‘Provincial Families’

What ‘Provincial Families’ want[1,2]	
Market size	• Key Ontario travel regions: Central / East, Toronto, Ottawa.[3] • This group represents a total of 19.8% of Ontario households or 952,610 potential travellers.
Travel preferences	• Little preference given for the time of year to travel. Summer destinations might include PEI and Cape Breton Island as it is less costly to drive than fly. • Typical vacation destinations are local and will include family friendly destinations such as Toronto, Niagara Falls, Banff, Ottawa, Quebec City, Northeastern U.S., and Southern U.S. • Cost conscious travel by car is preferred for vacations versus flying due to large families; Hertz, Enterprise, and Avis are preferred rental companies. • Very few families choose to adventure abroad or explore far-off provinces. • Vacation activities are family-centric for the most part and would include activities such as visiting family-friendly attractions, theme parks, zoos, aquariums, fireworks displays, or national parks. Water sports, fishing, and golf are also common activities that appeal to this group.
Travel motivations	• Time saving offers and simplicity (e.g., group tours and guided trips). • Last minute trips, packages, or specials. • Sharing travel experiences from visits to high desired travel locations. • Family inclusive travel options.
Travel detractors	• The environment, conservations and ecology are not significant appealing travel themes. They would not respond to a ‘push yourself to the limit’ approach, making eco-tourism and back-to-nature trips a weak fit. • Prefer familiarity over discovery and aren’t very interested in cultural offerings.

Examples of ‘public product’ interests[1,3]	Examples of ‘private product’ interests[1,3]
• Ontario Place • Ontario Science Centre • Science North • Niagara – ‘Maid of the Mist’ • Rideau Canal • The Toronto Zoo • Huronia Parks • Wasaga Beach	• Canada’s Wonderland • Toronto Zoo • Wild Water Kingdom • Medieval Times Dinner and Theatre • Stratford Festival • Commercial Theatre (e.g., ‘Sound of Music’, ‘Dirty Dancing’) • Second City

Demographic overview[1]

- **Lifestage:** Lower middle age (35-54) families; kids <15
- **HH size:** Large (57% with >3 people)
- **Housing type:** Owned; Newer single and semi-detached homes
- **Education:** College (28%) and university (27%)
- **Job type:** Mixed. Service sector (37%), blue collar (32%), white collar (30%)
- **Commuting:** Car
- **Ethnic presence:** Low (26% immigrant pop.); Italian
- **Language:** English
- **Average HH income:** $103,182 (31% above average)

Lifestyle overview[1]

- Key description words include efficiency, family, escape, status, independence, and refresh.
- Busy family that is outdoorsy and has one or two children involved in a variety of recreational sports.
- The children are interested in computers, riding bikes, and playing with their pets.
- The adults would be considered average internet users, with the children benefiting from high-speed internet at home and school.
- While not big on culture, these families do attend plays and dinner theatres at above average rates; other common activities would include going out to the bar, comedy club, or restaurant.
- Light TV viewers, radio listeners, magazine, and newspaper readers.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) OTMPC (tourismpartners.com) ; (3) Deloitte analysis

3. Ontario market segment: 'Young Go-Gos'

What 'Young Go-Gos' want[1,2]	
Market size	• Key Ontario travel regions: Toronto, Southwestern Ontario, Ottawa, Central / East.[3] • This group represents a total of 3.8% of Ontario households or 181,124 potential travellers.
Travel preferences	• Upscale and are more than twice as likely as average Ontarians to visit Africa, Asia, Europe, and the UK. • In Canada, they're frequent visitors to Quebec, Nova Scotia, Northwest Territories, Nunavut, and the Yukon. In the winter, they enjoy Canada's big cities: Montreal, Ottawa, Toronto, Quebec City, or Vancouver. • During summertime preferred destinations include Western and Southern U.S., Manitoba, and B.C. • Typically look to economize trips and vacations through rental of cars, vans, and trucks; they also seek discount fares and all inclusive package tours. • While on vacation, days are packed with activities, with a willingness to try almost anything. Sample activities could range from extreme sports, fishing, bird-watching, spas, taking language courses, skiing, swimming, biking, or attending cultural events.
Travel motivations	• Looking for options, details and control, and are concerned about the environment and ecology and would respond well to 'eco-options.' • Embrace spontaneity and escaping from every day stresses and responsibilities. • Like new and interesting experiences, uncharted uniqueness, and differentiating themselves from the pack.
Travel detractors	• Not likely to select based on brand or company name. • Not drawn to rustic nature, prefer activities like camping and hiking versus a general 'nature experience.'

Examples of 'public product' interests[1,3]	Examples of 'private product' interests[1,3]
• Metro Toronto Convention Centre (based on topical interests) • Royal Ontario Museum • Royal Botanical Gardens • McMichael Canadian Art Collection • Long Point Provincial Park; a United Nations Biosphere Reserve • Algonquin Park or Muskoka	• Georgian Bay ('The Scenic Caves') • Not-for-profit performing arts sector – theatre, dance, music • Toronto International Film Festival • Nuit Blanche • LuminaTO • Bluesfest • Vibrant Toronto nightlife

Demographic overview[1]

- **Lifestage:** Younger (25-44) singles; no kids
- **HH Size:** Small (73% with 1-2 people)
- **Housing Type:** Rental; older apartments – all types
- **Education:** University (55%)
- **Job Type:** White collar (48%), service sector (38%)
- **Commuting:** Public transit, walking, bicycle
- **Ethnic Presence:** Strong (33% Immigrant Pop.); Chinese, Greek
- **Language:** English and French
- **Average HH Income:** $91,492 (16% above average)

Lifestyle overview[1]

- Unmarried singles and couples with no kids and constantly on the move. Enjoy nightlife, going to restaurants, comedy clubs, movies, plays and rock concerts.
- Health conscious making time for exercise like pilates, cycling, soccer, and skiing; 50% more likely than the general population to join a gym.
- Enjoy reading, making gourmet meals, and listening to music (jazz, classic rock, adult contemporary).
- Interested in the urban scene from film and festivals, to art gallery openings, bars, nightclubs, outdoor concerts, and theatrical productions.
- Ecologically minded with high rates for going whale watching, hiking, backpacking, and camping in the national and provincial parks.
- Light consumers of magazines and television, are more likely to listen to select radio stations featuring news and fine arts programming.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) OTMPC (tourismpartners.com) ; (3) Deloitte analysis

4. Ontario market segment: 'Retired Roamers'

What 'Retired Roamers' want[1,2]	
Market size	• Key Ontario travel regions: Toronto, Southwestern Ontario, Ottawa, Central / East.[3] • This group represents a total of 12.3% of Ontario households or 590,162 potential travellers.
Travel preferences	• Enjoy vacationing mainly in North America, taking in Canada and select areas of the U.S. • High rates of owning RV's and campers with a higher likelihood of driving to preferred vacation destinations. • By-pass costly full-service travel agencies and will go online to book their own airline and hotel reservations; use discount carriers when flying. • When venturing outside Canada, packages or timeshares to Mexico and the warmer areas of the U.S. are appealing. • Always researching and planning their next trip, familiarity is important, evidenced by high rates of travel inside Canada. • Popular activities include ice-fishing, sport fishing, salt water fishing, golfing at resorts, observing wildlife, camping, and dinner theatre performances.
Travel motivations	• Experiencing the outdoors versus cities. • Want as much information about travel options as possible before booking. • Getting the most for their money is important. • Nationalism is important, leading to options supporting their country. • Think of travelling in terms of regions, making regional offers appealing.
Travel detractors	• Less likely to deal with big brands. • Emotional or discover-the-world messaging is less effective compared with rational, clearly communicated features and benefits.

Examples of 'public product' interests[1,3]	Examples of 'private product' interests[1,3]
• Chapleau Game Reserve • Ontario Doors Open • National War Museum • National Gallery of Canada • Heritage sites • Canadian Museum of Civilization • Rideau Canal • Casino Rama, Georgian Downs	• Horseshoe Valley skiing • Winterlude • St. Lawrence market • Black Creek Pioneer Village • Stratford Festival • Grand River North fishing • Ontario Garden Show • Toronto Indy

Demographic overview[1]

- **Lifestage:** Mature (55+) couples without kids at home; some widowed (9%) and divorced (7%)
- **HH Size:** Small (67% with 1 or 2 people)
- **Housing Type:** Own older single-detached; 27% rent
- **Education:** High school, trades, college
- **Job Type:** Mix service sector, white and blue collar, self-employed (13%)
- **Commuting:** Car (88%), walk (6%)
- **Ethnic Presence:** Low (15% immigrant pop.)
- **Language:** English
- **Average HH Income:** $64,838 (18% below average)

Lifestyle overview[1]

- Despite modest incomes, lead active leisure lives centered around the outdoors close to home in their communities; they are 'nationalistic' and enjoy nature.
- Strong appeal to local theatres, festivals, exhibitions, carnivals, fairs, and markets.
- Will attend shows to stay up-to-date on their hobbies; RV shows, garden shows, and boat shows.
- Participate in winter activities like curling, skiing, snowmobiling, in addition to other activities that include bird watching, fishing, hunting, and boating.
- Enjoy the great outdoors and favour national and provincial parks.
- Enjoy gambling on lotteries and the occasional trip to a casino.
- Are likely to join golf clubs and are actively interested in other sports like auto and horse racing and figure skating.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) OTMPC (tourismpartners.com) ; (3) Deloitte analysis

5. U.S. market segment: 'High Flyers'

What 'High Flyers' want [1,2]	
Market size	• Key U.S. markets include: New York (NY), Washington (DC) and surrounding areas, Chicago (IL), Boston (MA-NH) and surrounding area. • Travel regions close to border states include Southwestern Ontario and Niagara.[3] • This group represents a total of 13.45% of households of selected states in tiers one-to-three or 6,536,100 potential travellers.
Travel preferences	• Two times more likely to belong to frequent flyer clubs than the national average, this group is evenly divided between those who pursue vacations with organized activities and those who relax or partake in few activities. • More than a third have travelled to Asia and Europe, with nearly 30% have visited Canada, Mexico, and the Caribbean in the last three years. Other destinations include Switzerland, China, and Jamaica. • Travel in style, exhibiting high rates for staying in upscale hotels (Hyatt and Hilton are popular), taking cruises and staying at golf and tennis resorts. • Enjoy gambling and frequent casinos in Las Vegas, Atlantic City, Niagara Falls, and Windsor. • Those with kids make a strong market for Disney resorts and Universal Studios. • Other key activities include visiting science museums, aquariums, art galleries, comedy clubs, and strolling through historic sites and downtown streets.
Travel motivations	• Brand conscious, respond to stimulating advertising. • Likely to take advantage of last minute trips, packages and specials. • Seek real life experiences in natural settings. • Less traditional outlook, rely on gut reaction related to destinations.
Travel detractors	• Appeals of safety and security of little importance. • Inflexible itineraries will not be appealing. • Appearance and image are not key factors despite the trust in brand names.

Examples of 'public product' interests[1,3]	Examples of 'private product' interests[1,3]
• Ontario Place • Science North • Ontario Science Centre • Art Gallery of Ontario • Caesars Windsor • McMichael Canadian Art Collection	• Canada's Wonderland • Great Wolf Lodge • Marineland • Shaw Festival • Eaton Centre • Toronto's culinary offerings

Demographic overview[1]

- **Lifestage:** Middle aged (35-59) families and empty nesters
- **HH Size:** Mix (34% with 2 people & 46% 4+ people)
- **Housing Type:** Own; newer single-detached
- **Education:** College / university / post-graduate degrees
- **Job Type:** White collar professionals
- **Occupations:** Legal, engineer, financial specialist
- **Commuting:** Car
- **Ethnic Presence:** Low; some Asian
- **Average HH Income:** $150,000 + (well above average)

Lifestyle overview[1]

- Key description words include reputation, discovery, active, adventurous, control, and technology.
- Outdoorsy, affluent, middle-aged families and empty nesting couples who go camping, skiing, hiking, and canoeing at high rates.
- Go to theatres, museums, and restaurants at high rates.
- Live in luxury at home with the latest gym equipment, books, DVDs, and CDs.
- Enjoy a variety of 'members only' sports played at health and country clubs that include golf, tennis, and racquetball. They are also regular spectators at pro hockey, basketball and football games.
- Well educated, appreciating cultural offerings, attending plays, movies and dance performances at high rates.
- Voracious consumers buying products through stores, mail order, and online.
- Have high rates of donating money to arts causes, public television, and other charities.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) OTMPC (tourismpartners.com) ; (3) Deloitte analysis

6. U.S. market segment: 'Footloose Families'

What 'Footloose Families' want[1,2]	
Market size	• Key U.S. markets include: New York (NY), Chicago (IL), Philadelphia (PA), Detroit (MI). • Travel regions close to border states include Southwestern Ontario and Niagara.[3] • This group represents a total of 6.3% of households of selected states in tiers one to three or 3,061,462 potential travellers.
Travel preferences	• Like to travel as a family to beaches, lakes, and campgrounds. • Preference given to all inclusive resorts in warm-weather destinations offering organized activities for the kids. • Exhibit higher rates for travelling to Mexico and the Caribbean than Canada; 17% have visited Canada in the past three years. • Value-conscious travellers that prefer domestic vacations to international excursions, often driving, with high rates for renting cars. Discount carriers like Southwest are the preference when flying. • Interests in Ontario include rustic summer vacations, going fishing, camping, hiking, and swimming in national and provincial parks; also more likely to go water skiing, boating, and white water rafting in Ontario compared to the average American. • Internet bookings are a preferred approach for booking reservations; key websites include Travelocity, Expedia, and Orbitz.
Travel motivations	• Experiential travel. • Openness to multicultural offerings in the form of fairs, shows and events. • Value technology and vacations that maximize time spent on trips. • Attracted to larger venues and crowds such as amusement parks and resorts.
Travel detractors	• Relaxed service and sales approach, prefer order and structured treatment. • Do not adhere to traditional family and gender roles, therefore messaging focused on the 'all American' family is not an appeal.

Examples of 'public product' interests[1,3]	Examples of 'private product' interests[1,3]
• Ontario Science Centre • Science North • Ontario Parks and Trails • Elgin and Winter Garden Theatres	• Marineland, Toronto Zoo • Niagara's water parks • Air Canada Centre (concerts and sports) • Molson Park (outdoor concerts) • Canada's Wonderland • Ottawa Valley white water rafting • Canadian Aboriginal Festival

Demographic overview[1]

- **Lifestage:** Younger middle aged (35-54) families
- **HH Size:** Large (53% 3+ people)
- **Housing Type:** Own; single-detached
- **Education:** Some college, associate and bachelor degrees
- **Job Type:** Service sector and white collar
- **Occupations:** Sales, office administration, mathematics / computer
- **Commuting:** Car
- **Ethnic Presence:** Average; higher presence of Hispanic / Latin and multi-race households
- **Average HH Income:** $50,000-$100,000 (average)

Lifestyle overview[1]

- Key description words include diversity, memories, connections, efficiency, excitement, and uniqueness.
- Young, sprawling, high energy families have high rates for participating in team sports like baseball, soccer, and basketball along with individual sports that include jogging, biking, and aerobics.
- Overwhelmingly religious, with nearly nine out of ten belonging to a church, temple, or synagogue.
- Active households visiting zoos, bowling alleys, ice skating rinks, and campgrounds.
- Attend movies, plays, and pop music concerts at high rates and occasionally attend professional football or ice hockey games.
- Purchase a wide assortment of games, videos, CD's, and athletic equipment; especially fond of self-help books.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) OTMPC (tourismpartners.com) ; (3) Deloitte analysis

7. U.S. market segment: 'Silver Streaks'

What 'Silver Streaks' want[1,2]	
Market size	• Key U.S. markets include: New York (NY), Chicago (IL), Philadelphia (PA), Boston (MA-NH) and surrounding area. • Travel regions close to border states include Southwestern Ontario and Niagara.[3] • This group represents a total of 8.8% of households of selected states in tier s one to three or 4,288,088 potential travellers.
Travel preferences	• Adventurous travellers, enjoy crossing the Atlantic to visit countries like Greece, Germany and Ireland. Domestic trips include California, New England, and the Mid-Atlantic. • One out-of-five have visited Canada in the past three years. In Ontario, key activities range from golf, swimming, sightseeing, going to farmer's markets, botanical gardens, free outdoor performances, plays, comedy clubs, and fireworks' displays during major holidays. • Arrange vacations around gambling, with 60% more likely to gamble on riverboats, casinos in Windsor, Point Edward, and Niagara Falls. • Despite belonging to frequent flyer programs many travel by ship, train, RV, and car, staying in mid-scale and discount hotels like Best Western, Red Roof Inn, and Motel 6. • They will spend the money on golf / tennis resorts and like to explore something new with each trip.
Travel motivations	• The act of purchasing is as important as what they are purchasing, they will look for trips that fit their needs versus spending on just anything. • Brands are important as well as destination appearances, making resorts with dress codes or well-uniformed staff important considerations. • May be willing to try new channels for booking and reservations.
Travel detractors	• Vague offers and impulse offers; rational features and benefits resonate better. • Not interested in unexplained phenomena or mystery locations. • Time saving or quick fix options are not for this group.

Examples of 'public product' interests[1,3]	Examples of 'private product' interests[1,3]
• Royal Botanical Gardens • Ontario Place • Ontario Parks and Trails • Fallsview Casino and Casino Niagara • Niagara's fireworks display	• Culinary and golf in Niagara • Toronto Indy • Red Leaves resort • St. Lawrence market • Maple Leafs hockey games

Demographic overview[1]

- **Lifestage:** Mature (50+) empty nesters; a few widows and widowers
- **HH Size:** Small (26% 1 person and 36% 2 people)
- **Housing Type:** Own; older single detached homes
- **Education:** Bachelor's and master's degrees
- **Job Type:** White collar; some service sector
- **Occupations:** Financial specialist, office administration, management
- **Commuting:** Car
- **Ethnic Presence:** None
- **Average HH Income:** $75,000-$149,999 (above average)

Lifestyle overview[1]

- Key description words include brand, activity, familiarity, appearances, technology, and options.
- Entering retirement years but still lead active leisure lives and stay fit playing golf, walking, and exercising in the gym.
- Enjoy activities organized by church groups, arts associations, and unions, all of which they belong to at high rates.
- They have time and financial wherewithal to attend sporting events; professional football, college basketball, and Indy car racing.
- They enjoy relaxing and entertaining at home although they do dine out at a high rate.
- Gambling at the casino, playing lottery, going out to movies, plays, and concerts are other activities that are enjoyed by this group.
- More than one quarter of this group go online to play games at least once a month and typically use the internet for email or to review financial information.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) OTMPC (tourismpartners.com) ; (3) Deloitte analysis

8. U.S. market segment: 'Young & Restless'

What 'Young & Restless' want[1,2]	
Market size	• Key U.S. markets include: New York (NY), Chicago (IL), Boston (MA-NH) and surrounding area, Philadelphia (PA). • Travel regions close to border states include Southwestern Ontario and Niagara.[3] • This group represents a total of 9.9% of households of selected states in tiers one to three or 4,789,761 potential travellers.
Travel preferences	• Just as likely to go to a big city or a lakeside beach or national park. High rates for backpacking, boating, and camping, with little interest in fishing / hunting. • Would like to travel abroad but can't afford it, resulting in high rates of domestic travel, with preferred destinations like Florida, the Colorado Rockies, and beaches along the coast. • Many travel to other North American destinations, with approximately 20% visiting both Canada and Mexico in the past three years. – High rates for taking buses and trains to travel through Ontario. • Preferred vacation activities include: skiing, camping, hiking, canoeing, attending theatre, festivals, jazz concerts, art galleries, bars, and clubs. • Price sensitive travellers, most use the internet to book travel and stay at affordable hotels like Days Inn, Comfort Inn, and Best Western. Also are likely to rent with preferred rental companies including Budget and Enterprise.
Travel motivations	• Intimate travel settings with smaller groups of friends or co-workers. • Control over options and vacation activities. • Familiarity, simplicity, and return visits to previously enjoyed locations. • Travel options which preserve and protect the environment.
Travel detractors	• Mass advertising, more likely to rely on word of mouth or Internet 'buzz.' • Small emphasis is placed on brands. • Little interest in community events or local affairs.

Examples of 'public product' interests[1,3]	Examples of 'private product' interests[1,3]
• Royal Ontario Museum • Art Gallery of Ontario • Point Pelee National Park of Canada • St. Lawrence Islands National Park of Canada • Algonquin Park	• Stratford Festival • Toronto International Film Festival • Ottawa International Jazz Festival • Indie Week • Toronto's vibrant nightlife

Demographic overview[1]

- **Lifestage:** Younger (25-44) singles; no kids
- **HH Size:** Small (63% with 1-2 people)
- **Housing Type:** 2/3 owners and 1/3 renters
- **Education:** College / university and post-graduate degrees
- **Job Type:** White collar
- **Occupation:** Mathematics / computer, legal, arts / entertainment / sports
- **Commuting:** Car; some bike
- **Ethnic Presence**: Low; some Asian
- **Average HH Income:** $50,000-$100,000 (average)

Lifestyle overview[1]

- Key description words for this group include: adventure, simplicity, intimacy, control, uniqueness, and environment.
- Live fast paced lifestyles, drawn to nightlife, going to bars, dance clubs, and restaurants.
- As early adopters they are big fans of the arts, attending plays, movies, dance performances, and museum openings. They are also likely to check out the latest films, night clubs, and indie bands.
- Exercise is important, with high rate of activities that include jogging, biking, hiking, and in-line skating. Other occasional activities include tennis and other racquet sports at health clubs.
- Attending live sporting events is rare, attending pro ice hockey and baseball games at average rates.
- Spend a lot of leisure time away from home, with low participation rates in cooking or gardening.
- They are strong internet users, with more than eight in ten buying books, CD's, and other products online.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) OTMPC (tourismpartners.com) ; (3) Deloitte analysis

Key product considerations for Ontario target groups

The analysis of product and understanding linkages across demographic categories for Ontario based target groups provides insight into how Ontario can better serve these traveller groups.

	Core categories[3]	Typical activities of interest[1,3]
'Upscale Adventurers'	1) Recreational sports and other active recreation 2) Attractions and other recreation 3) Arts and culture 4) Food and beverage	• Golf • Skiing • Museums • Musical groups and artists • Other performing arts companies • Spectator sports • Casinos and gaming • Spas • Resorts
'Provincial Families'	1) Attraction and other recreation 2) Festivals and events 3) Recreational sports and other active recreation 4) Food and beverage	• Amusement parks and attractions • Zoos • Dinner theatre • Celebrations and parades • Festivals • Golf • Fishing • Boating • Drinking places / culinary
'Young Go-Gos'	1) Recreational sports and other active recreation 2) Arts and culture 3) Festivals and events 4) Food and beverage	• Hiking / backpacking • Camping, canoeing, and rafting • Skiing • Museums • Theatre companies • Dinner theatre • Musical groups and artists • Festivals • Drinking places / culinary
'Retired Roamers'	1) Recreational sports and other active recreation 2) Festivals and events 3) Arts and culture 4) Attraction and other recreation	• Golf • Fishing • Hunting • Boating • RV parks and campgrounds • Resorts • Theatre companies (local) • Museums, historic / heritage sites • Festivals, fairs, and exhibitions

Considerations for Ontario

- Active lifestyles represent a common trait for most segment profiles, which identified some form of recreation or sporting activities as important when travelling. Further development of soft adventure, sports, and eco-tourism product themes could be of high appeal to these groups.
  - Infrastructure has been identified as a potential deterrent, while Ontario's natural assets would prove to be strengths in developing these themes in Ontario. (see Appendix Three for niche products review).[2,3]
- 'Arts and culture', along with 'festivals and events' represent critical activities to help differentiate Ontario. While there is strong recognition of Ontario's festivals, primary research indicated that in 'general' Ontario's arts and culture products are dated, difficult to access and are not a strong representation of what the provincial tourism product should be to appeal to these groups.[2,3]
  - The cultural renaissance taking place in Toronto, with recent investment in the ROM of approximately $270 million represents a great example of improvement in this area.[4]
- Ontario has an opportunity to leverage its multicultural and diverse cuisine, with many prominent culinary areas in the province. According to primary research, development and international recognition of top class establishments and regions is required to improve this offering. [2]
- 'Attraction and other recreation' was another common area of interest among most segments.
  - Casino offerings could be considered a strength with gaming facilities spread throughout the province, although there is significant competition from bordering U.S. offers according to primary research.[2]
  - There are prominent spectator sports with NHL, NBA, MLB, CFL, NLL and the emergence of Toronto FC.
  - Retail was not a key priority, however, it does increase the economic impact of visitation and is an area for future improvement for Ontario. Given the appeal of U.S. shopping and current economic considerations this may be difficult to achieve according to primary research.[2,3]

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) Primary research; (3) Deloitte analysis; (4) ROM annual reports

Key product considerations for U.S. target groups

Target group	Core categories[3]	Typical activities of interest[1,3]
'High Flyers'	1) Recreational sports and other active recreation 2) Attractions and other recreation 3) Arts and culture 4) Retail	• Camping, hiking, and canoeing • Golf and skiing • Theatre companies • Other performing arts companies • Spectator sports • Amusement parks and attractions • Museums, historic / heritage sites • Culinary • Casinos and gaming
'Footloose Families'	1) Recreational sports and other active recreation 2) Arts and culture 3) Attractions and other recreation 4) Retail	• Camping, hiking, and canoeing • Fishing • Skating • Musical groups and artists • Zoos • Spectator sports • Amusement parks and attractions • Shopping (sporting goods, hobby, book, and music)
'Silver Streaks'	1) Attractions and other recreation 2) Accommodations 3) Recreational sports and other active recreation 4) Festivals and events	• RV parks • Casinos and gaming • Spectator sports • Golf • Resorts • Festivals • Celebrations • Fairs • Botanical gardens
'Young & Restless'	1) Arts and culture 2) Food and beverage 3) Recreational sports and other active recreation 4) Festivals and events	• Museums • Theatre companies • Dinner theatre • Drinking places • Culinary • Hiking and cycling • Festivals • Other performing arts companies • Full service restaurants

Considerations for Ontario

- Similar to the Ontario target segments, 'recreational sports and other active recreation' are important aspects based on lifestyles, preferred activities, and travel motivators. Both the 'high flyer' and 'silver streak' groups earn income well above the average and prefer luxury, which would raise the importance of offerings at higher end resorts that offer a country club atmosphere.
- 'Attractions and other recreation' also represents a higher priority for U.S. target segments. Casinos, spectator sports, and amusement parks are common activities within most segments. Ontario currently has strong offerings for both casinos and spectator sports across the province, however, amusement parks may be lacking.
  - Canada's Wonderland, Marineland and development of future water attractions in Niagara are offerings that would likely have appeal to these groups according to primary research.[2]
  - According to PRTD, the Windsor area has recognized the need for a year around attraction that could be in the form of an amusement park.
  - The development of a prominent 3-star amusement park could require extensive private and public sector cooperation but has the potential to attract 4.5 - 7 million visitors a year.[4]
  - Camping, hiking, canoeing, and rafting all represent activities that would leverage Ontario's natural assets. However, according to workshops and primary research, improved tourism product is required to fully take advantage of Ontario's parks and trails.
- 'Arts and culture' along with 'festivals and events' have strong appeal with select target groups. The emergence and continued recognition of events like Nuit Blanche and LuminaTO are important to remain relevant to these travellers according to primary research.
  - Better packaging, bundling options allowing access to multiple cultural facilities for one price would help strengthen the offering based on the appeal of packages and specials with prominent segments.

Source: (1) OTMPC: "Ontario Tourism Marketing Partnership Segmentation Summary," 2007; (2) Primary research; (3) Deloitte analysis; (4) PRTD: "City of Toronto," 2007

Appendix Four – Definition of high-potential product criteria

Definition of high-potential product criteria

Additional explanation regarding specific elements of the high-potential product evaluation criteria is provided below.

1)Prominent traveller segments visiting Ontario

- The Ontario Tourism Marketing Partnership Segmentation Summary (OTMPSS) was established to understand key traveller segments that travel to Ontario. The segments are discussed in the "Travellers' needs and wants" section and are listed below.

Ontario target groups
Upscale Adventurers
Provincial Families
Young Go-Gos
Retired Roamers

U.S. target groups
High Flyers
Footloose Families
Silver Streaks
Young & Restless

2) Relevant domestic and international tourism trends

- For more detail regarding the many relevant trends, please refer to the "travellers' needs and wants" section of this report on page 14 and the "Global Opportunities" research paper completed as another part of the Ontario Tourism Competitiveness Study.

3) Ontario's brand and identity

- As defined by the Ontario Tourism Marketing Partnership Cooperation, Ontario's four brand pillars are described below:

Diverse	Dynamic	Fun	Easy
The range of geographic, cultural, and activity-based experiences available across Ontario is unsurpassed.	Ontario's seasons, events, multiculturalism and liberal society combine to create new, quality experiences each day.	We are welcoming, interesting and involving, allowing each visitor to create their own personal idea of a great time in Ontario.	We enjoy a wonderful quality of life, which we share with visitors through a broad variety of experiences that are easily accessible, affordable and safe.

Appendix Five - Case studies

Case studies

The following table indicates the case studies that pertain to each of the four product development strategies outlined.

Strategy	Provincial high-potential product development strategy	Creation of an investment / funding environment	Development of a clustering strategy	Provision of regional support
Mexico's FONATUR	✓	✓	✓	
Alberta's agritourism cluster			✓	
East London development strategy	✓	✓	✓	
Tropical North Queensland		✓	✓	
Guyana Trade and Investment Support		✓	✓	
Barrie's Winter Cluster			✓	
South Australia		✓		
Ireland	✓	✓		
British Columbia				✓
Quebec				✓

Case studies

Mexico's FONATUR

Vision[1]

To be an institutional leader in promoting the development of diversified tourism projects that are consistent with worldwide trends, with a business structure that encourages private sector investment in projects that stimulate regional development.

Purpose and functions

- FONATUR is a national public agency which executes its mandate by funding tourism operations, granting loans, and by actively participating in operations likely to result in self-sufficiency.
- It is the designated coordinator for tourism efforts among all three levels of government as well as the private sector.
  - It performs studies and designs tourism projects, and has a key role in building infrastructure and public services.
- FONATUR has been successful in involving the private sector in Mexican tourism operations.
  - In 2003 alone, private investment increased over 12% from the year prior.[2]
  - The organization often partners with private investors in joint ventures to encourage participation in Mexico's tourism development programs.
  - As tourism is a national priority, the government has legislation protecting foreign investors, allowing for majority ownership of tourism assets.
  - FONATUR offers investors a profitability guarantee and investment security, stimulating foreign and private-sector involvement.

Product and clustering strategies

- FONATUR concentrates its development efforts on integrally-planned centres (CIPs), and has created five: Cancun, Los Cabos, Ixtapa, Loreto, and Huatulco.
  - These destinations represent 40% of Mexico's hotels, host 46% of its international travellers, and contribute 54% of the country's foreign exchange earnings from tourism.[2]
  - These centres clusters products in an easy-to-access area, boasting golf courses, beaches, accommodations, entertainment, and retail tourism products.
- National funding programs align with current product and regional focus areas.

CIP example: Loreto Bay[2]

- A 15-year plan to develop a resort at Loreto Bay with over 7,000 rooms will channel U.S. $1.2 billion into the region, more than tripling its traveller arrivals.
- FONATUR has already generated U.S. $80M through land sales to the private sector, encouraging private contributions and development to supplement government resources.
- The organization carefully selected this location and products based on feasibility studies, which project a rate of return of 22.3% for the project's investors.

FONATUR has been successful in stimulating investment, cooperation, and private-sector involvement to develop tourism products and clusters.

Sources: (1) Playa Cortes: FONATUR and its Commitment to Mexico; (2) BNET Business Network: "Mexico and Fonatur: celebrating 30 years of success in tourism investment," 2004; (3) The Real Mexico: FONATUR, The Force Behind Mexican Tourism, 2004

Case studies

Alberta's agritourism cluster development model[1]

Alberta's cluster development model follows a four-step process, which is iterative in nature:

1)Bring stakeholders together to communicate and collaborate;

2)Generate ideas through best practice research;

3)Set goals that will build the industry's profile and awareness; and

4)Evaluate and follow-up to help with future planning.

•Stakeholders involvement is seen as a critical component overall process success.

–Parties involved include DMOs, Chambers of Commerce, economic development staff, tourism destination regions, colleges, and agritourism initiative staff.

•Regions in which to implement cluster were selected based on the following criteria:

–Proximity to major markets;

–Critical mass of market-ready agritourism product; and

–Interest, commitment, and time available of local stakeholders.

East London's development strategy[2]

Product strategy

- East London's 2004-2006 Sub-regional Tourism Development Strategy and Action Plan defined key areas in which the boroughs and tourism agencies within would collaborate to develop and promote.
  - Rivers and canals and open / green spaces were emphasized as areas in which London faced gaps in existing offerings, and had opportunities to further develop.
  - Partnership projects and steering groups were established to direct the strategy, oversee cooperation, and guide development in these areas.
  - These opportunity areas were seen as enablers to increase London's attractiveness as a gateway city and boost visitor arrivals.

Clustering

- The strategic plan outlines key cluster areas based on their evolution within the product cycle (introduction, growth, maturity, decline).
  - Cluster strategies are tailored to and prioritized based on this classification.

British Columbia[3,4]

- With its funds, Tourism BC funds only a single designated DMO per region for a total of six DMOs that are part of the partnership and works with 143 communities more generally, which encourages collaboration and cooperation for the greater good of a tourism region.
  - Because of their relationships with TBC, DMOs make sure to align their campaigns with TBC to ensure efficient uses of resources.
  - TBC directly integrates with six large DMOs and asks in exchange for funding that they work together with smaller DMOs to ensure non-duplication of resources and greater communication.
- The Hotel Room Tax Act enables hotels to levy up to an additional 2% on hotel room nights to fund their regional tourism organization without modifying the existing Municipal acts.
  - These monies are remitted to the Ministry of Finance and flow to local DMOs, who are accountable to their municipality.

Sources: (1) Alberta Agriculture, Food, and Rural Development: Ag Tourism Cluster Development, 2004; (2) London Development Agency: East London Sub-regional Tourism Development Strategy and Action Plan, 2004-2006; (3) Tourism BC Annual Report 2007-08; (4) Primary research

Case studies

Tropical North Queensland (TNQ), Australia[1]

- The success of clustering in Australia has seen success and failure over the years with varying Government support.
- The Queensland region has grown quickly, and is thought to be due to the keenness of regional operators to collaborate.
- The Cairns Regional Economic Development Corporation was a catalyst for the region's growth through its focus on the promotion and development of clusters.
- Cooperation among operators in the area has been seen in a number of areas, most significantly in the areas of collective marketing efforts and environmental protection.
- Marketing and promotion in Australia is the responsibility of many different organizations:
  - Australia is promoted by the Australian traveller Commission.
  - Each state / territory has their own government tourism agency.
  - Tourism Tropical North Queensland (TTNQ) has been developed to promote the TNQ region.
- The regional promotion agencies have played a crucial role in the development of cluster-based cooperation.
  - TTNQ is funded through both public agencies (30%) and its private sector members (50%).
- Operators in the region cooperate with Government to ensure the sustainability of the region's natural attractions (TNQ's main traveller draw is the Great Barrier Reef).
- Tourism success has been highly dependent on access and infrastructure in the region (including an international airport).
- TNQ has been able to attract private investment for destination development, attraction development, marketing and research in addition to just traditional business creation.
- Local operators, industries and government have established a long-term commitment to support potential, emerging and established clusters.

Guyana Trade and Investment Support[2,3]

- The Guyana Trade and Investment Support (GTIS) Project has identified cluster development and marketing assistance as one of its major program components.
- Guyana has clearly identified its tourism cluster product strengths as Eco-, nature-based, adventure, and cultural tourism.
- Guyana's tourism operators have a strong sense of collaboration and networking, but there is a distinct lack of a vision for the industry and marketing efforts are poorly organized.
- GTIS has launched a Tourism Cluster Working Group made up of private operators, the Tourism and Hospitality Association of Guyana, and relevant government agencies.
  - The working group is designed to mobilize cluster participants, develop a common vision, and develop action plans intended to increase cluster competitiveness and increase visits and receipts.

Barrie's Winter Cluster[4]

- Core and supporting winter attractions in the Barrie Area have collaborated to offer winter activity packages.
- Four ski resorts have collaborated to produce marketing material advertising their winter deals.
- Accommodations establishments have also made use of the collaboration to advertise in the marketing materials.
  - The accommodations providers act as the providers of the packages and are knowledgeable of all offers in the region.
- Festivals and events including Barrie Winterfest have also partnered as part of the cluster to advertise their 2008 offerings.

Sources: (1) Sara Nordin: Tourism Clustering and Innovation: Paths to Economic Growth and Development, 2003; (2) USAID Guyana Trade and Investment Support: Tourism Cluster Profile, April 2005; (3) Guyana Trade and Investment Support Project: Facilitation of Tourism Cluster Working Group, 2005; (4) Discover Winter Fun in Barrie and Area (Brochure)

Case studies

South Australia[1]

- The South Australian Tourism Commission (SATC) oversees the Tourism Development Fund (TDF) which provides partial funding to facilitate the development of suitable tourism products.
- Funds are dedicated specifically to upgrading South Australia's wine and food experiences which have been used as a competitive advantage for the region for many years.
- The object of the fund is to attract more visitors to food and wine businesses by incorporating tourism product which complements the experience and establishes alternative avenues of revenue (e.g., retailing of produce or souvenirs, innovative cuisine, etc.).
- The TDF gives partial grants (the rest must be provided privately) to developments that are seen as innovative and sustainable and provide information on how it will meet eligibility criteria such as:
  - It must contribute to one or more of the objectives set out in the South Australian Tourism Plan or Food and Wine Tourism Strategy.
  - Ability to demonstrate how it will generate visitation.
  - Using the funds for facilities that are generally not revenue producing (product development instead of improvement).
  - Ability to demonstrate that ongoing responsibility for operation and maintenance can be reasonably guaranteed.
- The fund is competitive with the businesses showing the clearest tourism benefits will receive grants.

Ireland[2]

- Fáilte Ireland has developed a National Development Plan for 2007 – 2013 which has designated €137 million for tourism product development in the country.
- There has been €70 million set aside for the development of international class visitor attractions split as follows:
  - Some €50 million for the upgrading and presentation to best international standards of 20 existing visitor attractions.
  - Up to €14 million to assist in the creation of up to three new visitor attractions.
  - Approximately €6 million for further developments within historical and other major ornamental gardens.
- It is planned that €28 million of the budget will be set aside for the development of activity / adventure products which was identified as a priority in Ireland's tourism product strategy.
- Funds are available to initiatives that best meet a wide range of criteria including:
  - Consistency with the National Development Plan and Fáilte Ireland's Tourism Development Product Strategy.
  - Proven cost-effectiveness and financial sustainability.
  - Willingness to participate in any strategic product marketing partnerships approved by Fáilte Ireland.
  - Ability to deliver the proposed project.
  - Ability to increase visitor numbers / bednights and revenue.
- The maximum aid rates for proposed projects vary by region and enterprise size.
  - SME's and priority development regions are eligible for the highest amounts of funding.
- Funding is available for the private sector, public sector, public sector bodies, and voluntary organizations

Quebec[3]

- Quebec's regional tourism associations ("RTA") receive independent funding streams via provincial legislation; however, use of these contributions is mandated by the Ministry of Tourism.
- Legislation enacted in 1979 created 22 RTAs independent of the government, to which the Ministry of Tourism grants funding annually ($10M total).
- Collectively these RTAs have access to $75M, of which Quebec mandates that a maximum of 25% can be spent on product development initiatives, ensuring that the majority is allocated for marketing activities.
- In 2006, a quality program was launched by the provincial government which provided training to industry bodies in order to encourage compliance with eight ISO norms in tourism.
  - This program is made up of Ministry of Tourism courses, which are funded by the government, tourism associations and fees.
  - It ensures that education aligns with quality standards so that tourism products and businesses have comparable service and performance level.

Sources: (1) South Australia Tourism Development Fund: Guidelines for Tourism Development Assistance Upgrade of South Australian Wine and Food Experiences; (2) Fáilte Ireland National Development Plan 2007 - 2013: Tourism Capital Investment Programme; (3) Primary research

Appendix Six - Government product development best practices

Ontario can learn from product development practices of other successful jurisdictions

The Government's role in tourism product development can come in many forms. This appendix will review what other jurisdictions are doing and key considerations for Ontario. The following steps will be taken:

Ontario can learn from other jurisdictions and identify key product development practices that will drive innovation and the creation of tourism products that travellers look for in an Ontario travel experience.

Government product development case studies

	Case study – product development	Best practice and learning for Ontario
New Brunswick	***The Bay of Fundy***[1] • New Brunswick spent decades trying to understand and plan how to balance the true value of the Bay of Fundy as a potential tourism product, while also preserving its natural wonder. After discovering new approaches that could support and maintain the one-of-a-kind ecosystem the Province began major infrastructure initiatives that included: – Creation of the Fundy Coastal Drive, reinvention of the Hopewell Rocks, the creation of the Cape Enrage Adventure site, rebuilding of the Algonquin Golf Course to a signature level, expansion and modernization of the famed Algonquin Hotel, community enhancement in places such as St. Martins, building the Fundy Trail and Fundy Parkway and the creation of the Day Adventures Centre in St. Andrews and St. George • Individual operations were retooled through the creation of the Day Adventure initiative. • The Bay of Fundy is one of the leading icons and destinations for New Brunswick and Nova Scotia. • The Bay of Fundy Tourism Partnership emerged as an example of best practice for the Total Market Readiness program.	• Extensive planning and execution occurred before any construction took place • Nova Scotia leveraged natural assets available to the Province into prominent tourism product • Major infrastructure initiatives signaled the Province was serious about the development of tourism to the private sector and customers. • New Brunswick's actions created a desire for similar action and development in Nova Scotia, which would strengthen the both destinations.
Mexico	***Cancun***[1,2] • The Mexican government introduced the 'Program to Strengthen Competitiveness in Tourism' to bring "elite" travellers back to the region. • Restoring demand required product changes to present the image of a high-level destination that would be matched by increasing services provided to customers. • Key product additions were archaeology, Mayan culture and biodiversity – a museum with beaches. • New tourism policy was created in support of this major initiative in order to leverage unique Mexican assets, preserve culture and create economic prosperity for the region. • Key policy included regional and sustainable development, financing and investment, transport and facilitation, education / training / culture, infrastructure and promotion.	• The study led to the development of new tourism policies in Mexico designed to support tourism growth via product growth and infrastructure development. • As a result of the study the importance and status of tourism development was elevated within. • After hurricane Wilma decimated Cancun, the cooperation, between public and private sectors quickly revitalized the area. The government's U.S. $22 million investment was the catalyst in the redevelopment. This incident reaffirmed the significance of the tourism sector and policy that was established in the late 1990's.[3]
Prince Edward Island	***The New Product Culture***[1] • The global objective – to attract two million visitors and generate $600 million in direct spending by the year 2010. • The Product Development Agenda is a partnership between the Atlantic Canada Opportunities Agency (ACOA), the Province and industry to allocate scarce resources towards the most strategic opportunities. • Key product development areas include: Iconic products, coastal experiences, culture and heritage, meetings and conventions, provincial parks, festivals and major events and industry professional development.	• Strategy was founded on renewed industry-government partnerships. • Partnership required an integrated research-product-marketing platform. • Public goals and targets created a heightened sense of urgency to deliver. • Professional development is a critical component supporting tourism product creation.

Sources: (1) The Prince Edward Island Strategy for Tourism Competitiveness 2005 – 2010; (2) Mexico Tourism Sector Development Program 1995 – 2000; (3) All Business - "Cancun is back and better than ever," 2006

Government product development case studies

British Columbia	Case study – product development	Learning for Ontario

British Columbia

Case study – product development

Tourism BC (TBC)

- The Ministry of Tourism, Culture, and the Arts plays a supporting role in the management and operations of products. Government-owned land (e.g., parks) is managed and operated by the private sector by tenure.[1]
- Improving tourism market readiness of new and emerging tourism sectors and products is a key priority in the TBC 2006/07 – 2008/09 Service Plan. Tourism product initiatives include: BC Experiences, Community Tourism Foundations, Circles of Opportunity, Community Sport Tourism program in partnership with 2010 Legacies Now, the Canadian Sport Tourism Alliance and the Ministry of Tourism, Sport and the Arts.[2]
- The Province has provided the following in an effort to support tourism product development:
  - $65 million to TBC from 2005 to 2008 for product development and marketing, more than doubling investment in TBC since 2001.[4]
  - $25 million to the Union of B.C. Municipalities for its Community Tourism Program so regions can develop local tourism services, products and marketing initiatives.[4]
  - $12 million in one-time funding to the province's six tourism regions to enhance their infrastructure and marketing programs.[4]
  - Provided $5 million over four years to the Aboriginal Tourism Association of B.C. to implement its Aboriginal cultural tourism strategy. The Aboriginal Tourism Association of B.C.'s Blueprint Strategy, launched in September 2007, provides a long-term plan for the sustainable growth and development of the province's Aboriginal tourism industry.[4]
  - Implemented the B.C. Resort Strategy to create new and expanded all-season resorts throughout the province. B.C.'s existing alpine ski resorts are projecting new capital investments of more than $1 billion over the next two to five years.[4]
  - Invested $8 million towards the construction of six Provincial Gateway Visitor Centers that are strategically located across B.C. where most visitors enter the province.[4]
  - It is estimated that $566 million of B.C.'s tourism revenues can be attributed to arts and culture activities. In 2008, additional funding for arts and culture projects included:

o $150 million for the BC150 Cultural Fund, a permanent endowment, the earned revenues of which will distributed to support arts and cultural activities throughout the province;[4]
o $50 million to the Vancouver Art Gallery;[4]
o $9 million to restore and revitalize the Vancouver East Cultural Centre and establish an endowment to assist with the centre's ongoing operating costs; and[4]
o $9 million for planning a new National Maritime Centre of the Pacific and Arctic.[4]

Learning for Ontario

- Government-owned land may be better managed and operated by the private sector.
- Training and labour development for tourism is largely industry-led and supported by Government funding.
- Significant expenditures have be committed to a variety of product development projects ranging from the establishment of new product, restoration existing products, and infrastructure support to support the access and development of the region.
- Investment and development of provincial travel regions can help establish better cohesion of operators within regions to encourage more cooperative efforts.
- B.C has recognized the potential of Aboriginal tourism as a unique differentiated cultural product by assisting with strategy development and long-term funding.
- Gateway and visitor centers represent strategic hubs to help enhance the traveller experience and support local marketing and attractions within the regions.
- The BC150 Cultural Fund acts as a new mechanism for on going funding to support arts and cultural events.

Sources: (1) Primary research; (2) Tourism BC (hellobc.com); (3) Tourism BC Annual Report 2007-08; (4) Ministry of Tourism, Culture and Arts – "B.C investments in Tourism".

Government product development case studies

Australia	Case study - product development	Best practice and learning for Ontario
Australia	***Australian Tourism Development Program (ATDP)***[1] •ATDP is the Australian Government's business program delivery division in the Department of Innovation, Industry, Science and Research. •ATDP is a highly competitive merit-based grants program that aims to assist in the development of a continuous tourism experience across Australia. It does this by supporting initiatives that will:[1] – Promote tourism development in regional and rural Australia – Contribute to long term economic growth – Increase visitation and yield throughout Australia – Enhance visitor dispersal and tourism expenditure throughout Australia – Increase Australia's competitiveness as a tourism destination •There are two separate categories of grant: Tourism Projects and Integrated Tourism Development Projects. •ATDP delivers a range of financial products that include more than 30 innovation grants, tax and duty concessions, small business development, industry support and venture capital. [1] •The program has been operating under phases. The examples below outline sample projects and funding received for within each phase include: – ATDP customers funded under round one (2004): o In round one, 37 projects were funded overall for a total of $5.9 million.[2] o Culture Trail - $100,000: Trail links major projects on the Wilson River to the Cultural Precinct and focuses on the cultural diversity, colorful history, appealing lifestyle and quality regional cuisine of the Lismore area.[2] – ATDP customers funded under round three (2006): o In round three, 45 projects were funded overall for a total of $8.2 million.[3] o Billabong Sanctuary - $100,000: The Billabong Sanctuary is a wildlife park featuring over 100 species of Australian animals. It caters to a mainly international market, independent travellers and groups, such as coach groups, specialty education and conferences. ATDP funds will be used to construct an all weather facility to hold visitors.[3] – ATDP customers funded under round four (2007): o In round four, 27 projects were funded overall for a total of $4.6 million.[4] o Creation of the Arthouse Hostel in an iconic Launceston building - $100,000: The historic Old Esplanade B&B premises in Inveresk will be transformed into a backpacker hostel to cater up to 90 guests. ATDP funding will be used to alter the building to suit the enhanced purpose by altering the attic space for accommodation, provide full handicap access and facilities.[4]	• Dedicated financial agency to provide grants and other concessions specifically for tourism related development. • Funding is evaluated based on the merit of the tourism development through a formal application process. • Government can support projects vital to the region through the availability of specific grants, concessions etc. • Supports innovative and necessary product development / restoration for operators in need of financial support. • Funding has multiple streams providing more opportunity to address different types of needs from a diverse group of operators that support tourism. • Availability of venture capital ('seed funding') could attract a stronger and highly capable talent pool.

Sources: (1) AusIndustry (ausindustry.gov.au); (2) Australian Tourism Development Program – Customers Funded under Round 1 (2004); (3) Australian Tourism Development Program – Customers Funded under Round 3 (2006); (4) Australian Tourism Development Program – Customers Funded under Round 4 (2007).

Government product development practices

	Case study – product development	Learning for Ontario
Ireland	***Failte Ireland – Tourism Product Development Strategy 2007 - 2013*** • The Tourism Product Development Review Group was set up on October 2005 to produce new tourism product development strategy for the period 2007 – 2013. The strategy formed key input into the National Development Plan (NDP).[1] • The high level working group was comprised of tourism representative bodies, industry stakeholders, the public sector and the support agencies. • The group spent over one year to create a comprehensive overview of opportunities and challenges for the industry, that included a nationwide product audit and quality assessment, resulting in sixty-seven recommendations for implementation. Dedicated tourism funds were recommended to support the recommendations that included: – Tourism infrastructure (€133 million); feasibility studies / innovation (€21million); major annual events (€28 million); create attractions of international class (€70 million); private sector investment in 'soft adventure' (€28 million); communication with visitors (€102.5 million); expand capabilities of human resources (€156 million).[1] • In addition to direct investment through the Tourism Development Program, the NDP includes a range of complementary programs which will greatly benefit the future development of tourism. These relate not only to the major planned capital investment in transport, energy and environmental services but also to the proposed investment of over €900m in culture infrastructure and €990m in sport infrastructure under the Department of Arts, Sport and Tourism's Vote.[3] – The synergies that exist between arts, sport and tourism are well established, as demonstrated by Ireland's recent experience of the Special Olympics World Summer Games, the Ryder Cup matches, the ReJoyce Festival and the Beckett Festival.[6] **Note**: For this case study all figures are quoted in Euros.	• Collaboration of Government, industry, public sector and supporting agencies collaborating to undertake an extensive product audit and review. • Total indicative investment under tourism from 2007-2013 is estimated at €800 million. Of the overall funding being deployed a significant portion (over 39%) is dedicated to product development and infrastructure.[2,3] • Funding is broken down as follows: – International Marketing €335 million; to promote the island of Ireland in key international markets.[3] – Product Development and Infrastructure €317 million; to upgrade and supplement our tourism attractions and activities and to deliver a National Conference Centre in Dublin.[3] – Training and Human Resources €149 million; to support the upgrading of the capability of companies in the sector and the provision and training of staff to meet growing demand.[3]

Sources: (1) Failte Ireland – Tourism Product Development Strategy 2007 – 2013; (2) Ireland National Development Plan 2007 – 2013 (3) Ireland Department of Sports , Art and Tourism: "O'Donoghue announces €800m Tourism Development Programme under the National Development Plan 2007-2013."

Prioritized government product development themes

Case Study

- New Brunswick
- Mexico
- Prince Edward Island
- Ireland
- British Columbia
- Australia

Best practice themes	Implications and relevancy to Ontario	Priority
Leverage natural assets in developing products and destinations	• Natural assets can be a competitive advantage and often present a natural traveller attraction that can be further developed. • Government investment in product development, and particularly supporting infrastructure, facilitate the development of tourism icons and encourages private product clustering.	
Government-industry collaboration / partnering to set product strategy, identify priorities and allocate resources	• A mechanism or body for the Ontario government and the private sector with a mandate to collaborate and focus on the long-term sustainability of the tourism industry will best serve the identification of product strategy, prioritization and resource investment. • Efficiencies and industry alignment can be achieved through combined or coordinated research, product and promotion activities	
Government recognizes and invests in product development as a cornerstone in tourism competiveness	• Policy recognition for the role of product development must be combined with impactful fiscal investment. • Investments in product development need to be prioritized based on impact and return. – Comprehensive product audits could be conducted routinely to understand strengths and weaknesses. – Prioritization of investments in new product versus existing product need to be balanced appropriately. – Travel regions strategies and supporting infrastructure can provide important indirect support for tourism products.	
Successful tourism development includes coordinated investment in access, education / training and promotion to support product development	• Product should not be developed or renewed in isolation without considering the integration of other supporting tourism components (e.g., access, training). • Given the service-oriented nature of the industry, tourism labour training and professional development should be a priority so that a high quality labour pool is available to support public and private sector operations.	
Involve the private sector in the management and operations of public products	• The operations experience, ingenuity and responsiveness / flexibility of private tourism operators can be leveraged in the management of public sector tourism assets. • The profit-motive of private sector operators needs to be balanced with Ontario government priorities. • Opportunities may exist for Government and the private sector to make joint investments in new product offerings that may otherwise not be undertaken by either group.	

Rating legend High priority Priority Low priority

Appendix Seven – Niche products

Niche products represent a diverse and innovative segment of the global tourism industry

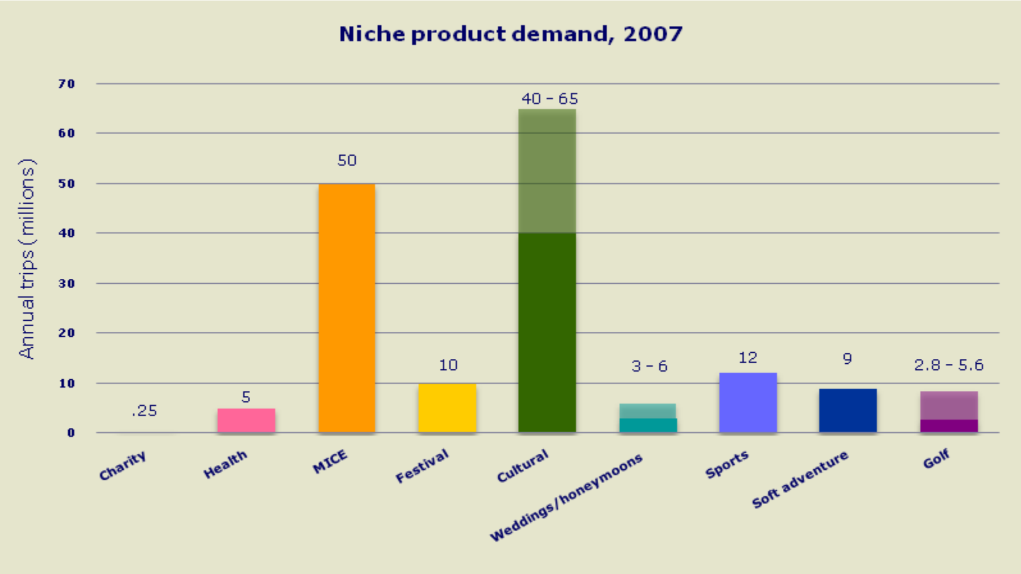
Niche tourism can be defined as special interest, culture, and / or activity-based tourism involving small numbers of travellers in authentic settings.

•Niche tourism can be contrasted with mass tourism, which is involves large numbers of people in staged settings.

•A niche product is characterized by focus, and meets a previously overlooked or neglected need; in tourism, this can be the desire for visitors to experience a new destination or a new activity.

•Consumer themes driving niche products include a environmental consciousness, social responsibility, and the desire for experience and event-based tourism.

–Niche products that have developed as a response include ecotourism, volun-tourism (or charity tourism), sports tourism, and festival tourism.



Sources: Canadian Tourism Commission: "Finding your (new) niche," 2005; Caribbean Tourism Organization (onecaribbean.org); Deloitte analysis

Tourism niches: fads and trends?

- **Girlfriend getaways:** Women travelling with an all-female group. Ontario offers spa destinations to cater to this market.
- **"Mancations":** All-male vacations; similar to girlfriend getaways.
- **Adventure travel:** Popular activities include camping, hiking, backpacking, and bird or animal watching.
- **Culinary travel:** Travel with the intention of experiencing food and drink.
- **Gay, lesbian, bisexual and transgender market:** This group seeks travel destinations that are politically liberal and support civil rights.
- **Destination weddings:** Travel with the intention of marrying and honeymooning in the same destination.
- **"Babymoon" vacations:** Romantic getaways with the intention of relaxing before a baby is born.

Insights for Ontario

- Ontario has numerous golf courses that could host mancations.
- The expansive provincial parks and green space in Ontario can accommodate adventure travellers.
- The Niagara region attracts visitors with its wineries, but Ontario does not have strong culinary offerings elsewhere in the province.
- Toronto's Pride Parade and political support of same-sex marriages can be leveraged for tourism inflows.
- Niagara Falls has been Ontario's main market actively seeking wedding travellers.
- Ontario has many weekend getaway locations (cottage country, the Muskoka and Collingwood areas, Niagara region, etc.) that could be remarketed for babymooning purposes.

Sources: Industry Canada: "Evaluating Canada's Performance with the U.S. Outbound Travel Market," 2008; US Census Bureau; Primary research; Deloitte analysis

Ontario is well suited to cater to the needs of many emerging niche tourism markets.

Sources: Canadian Tourism Commission: "Finding your (new) niche," 2005; 4 Hoteliers: "Travelers Predict '08 Trends," 2007; Deloitte: "Hospitality 2010"; Marina Novelli: "Niche Tourism," 2005

Niche innovations have been successful by addressing specific audiences and product demand

"Venture off the beaten track: innovative niche ideas in practice"
Canadian Tourism Commission

- After analyzing consumer behaviour and changes in luxury travel, some tour operators have come up with stylish, unique concepts, such as 4-wheel-driving your way through Chile with breakfast in front of a geyser or travelling through India like a Maharaja.
- Some tourism operators are exploring more unusual leisure activities:
  - Driving around a track at the wheel of a Formula 1 racing car,
  - Taking part in a modeling shoot or riding in a hot air balloon, and
  - The French company MagicDay packages its products as original gift ideas.

Case studies of niche tourism offerings	
Adventure tourism in India	Aiming to develop its market in 2007, the Indian Ministry of Tourism worked with the Institute of Skiing and Mountaineering to offer waterskiing courses to travellers, and provided financial assistance to key areas for the purchase of water sports equipment such as kayaks, water scooters, etc.
Babymooning in California	Woodside Hotels and Resorts, a luxury operator in California, developed the babymoon after hearing a group of expectant mothers reminiscing about vacations. This niche product is targeted for couples needing a relaxing weekend away before the "babymoon." This product is aimed at couples who want a trip or weekend away to help them relax and reconnect before baby arrives. Socio-demographic data prove the relevance of this new niche: couples are waiting longer before starting a family and, because they usually have two incomes, are fairly prosperous and used to spending money on themselves.
G.A.P. Adventures' charity tourism in Tibet	G.A.P. Adventures will be taking doctors to Tibet to perform 300 sight-restoring surgeries and screen thousands of patients for ophthalmic conditions.
Medical tourism in India and Malaysia	To encourage traveller visits for medical procedures, India and Malaysia have introduced new visa regulations which extend the maximum allowable stay to 90 days in India and 6 months in Malaysia. These changes facilitate consultation, treatment, and recuperation time.
Cultural tourism in Kyoto, Japan	To promote cultural and historical tourism, Kyoto, Japan provides free public transit and museum access to anyone wearing traditional Japanese dress.
Soft adventure tourism in Vancouver	The Capilano Suspension Bridge in North Vancouver introduced Treetops Adventure, the first attraction of its kind in North America. It consists of a series of elevated suspension bridges through the rainforest, and after nine months of operations, the attraction saw a 40% attendance increase.
Nature tourism in Alaska	When tourism authorities at Fairbanks, Alaska decided to capitalize on the Northern Lights, they negotiated with the Japanese government to attract Japan Airlines flights to the city's airport.

Sources: Canadian Tourism Commission: "Finding your (new) niche," 2005; Deloitte: "Medical Tourism," 2008; Caribbean Tourism Organization (onecaribbean.org); India Ministry of Tourism Annual Report 2007-08; G.A.P Adventures: "Planeterra Helps Treat Blindness in Tibet," 2008; Dawn Ringrose & Associates Inc.: "Excellence in the Canadian Tourism Industry," 2005

The Ontario market appears to be well suited for MICE and festival tourism

	Description	Examples	Global market size (annual basis)	Forecast
Charity tourism	Trips taken to destinations for the purpose of assisting host communities by providing services that help in everyday life or aid to disaster areas. Often taken by 'gap year' students, especially from North America, Western Europe, New Zealand, and Australia.	Habitat for Humanity housing construction in African villages, Doctors without Borders.	**250,000 trips** involve participation in charity tourism[1]	Growth led by gap year travellers and post-career travellers / baby boomers.
Health and wellness tourism	Any trip taken with the purpose of improving one's health or well-being. Greatest potential with 50-65 year-old age group, specifically women.	Spa visits, medical treatments, or beauty procedures such as plastic surgery at low-cost Mexican clinics.	**approximately 5 million trips** centre around health and wellness[1]	Expected to exhibit substantial growth rates for many years to come.
Medical tourism	travelling to seek specialized or economical medical care, wellbeing, and recuperation. Popular destinations include Mexico, India, Brazil, and Gulf States.	Dental and cosmetic surgery in Mexico at 25-35% of U.S. cost.[2]	**U.S. $60 billion** of global tourism receipts are from medical tourism[1]	Market expected to grow to $100 billion by 2010 (66% growth).[2]
Meetings, incentives, conferences, and exhibitions (MICE)	Business travel for meetings, incentives, conventions, and exhibitions (MICE). Tourists often middle-aged males. Russia, India, and China are likely to drive growth.	Malaysia's Meet and Experience campaign.	**U.S. $30 billion or 50 million trips** are accounted for by MICE tourism[1]	Continued moderate growth, but dependent upon prevailing economic circumstances.
Festival tourism	Travel for the main purpose of attending cultural and / or music festivals. Perceived as one of the most authentic ways in being immersed in local culture. Brazil, UK, U.S., Germany, and Spain are competing destinations.	Germany's Oktoberfest, Brazil's Rio Carnival, Chinese New Year.	**10 million people** travel annually to watch or participate in festivals[1]	Interest in international cultural events is increasing.

Sources: (1) Caribbean Tourism Organization (onecaribbean.org); (2) Deloitte: "Medical Tourism," 2008; (3) Primary research; (4) Deloitte analysis

Primary research indicates that Ontario has strong offerings in MICE, cultural and festival tourism.

Ontario's soft adventure and cultural tourism products are perceived as competitive

	Description	Examples	Global market size (annual basis)	Forecast
Cultural tourism	Tourism including cultural activities, experiences, and interaction with local people. Typical travellers include baby boomers and empty nesters. Popular markets include European, Asian and South American destinations. Daily expenditure of cultural travellers (U.S. $90) is higher than visitors on touring, beach, city, or rural holidays (U.S. $54-67).[1]	Visiting monuments, sites, or museums, such as the Louvre in Paris, Aztec ruins in Mexico, or pyramids in Egypt.	**160 million or 20% of trips** incorporate some form of cultural, historical, or heritage activity[2] **40-65 million or 5-8% of trips** are specifically for cultural purposes[2]	Continued growth led by those aged 55 and above. Cultural tourism motivations are shifting slowing towards a more general interest in culture.
Weddings and honeymoons	International trips taken to get married or celebrate a wedding. The average age of these travellers is increasing due to later marriages and more second marriages.	Caribbean beach weddings incorporated into resort vacations.	**3-6 million trips per annum** are taken for weddings and honeymoons[2]	Expected to be 12% per year until 2012, vs. 10% from 2002-2007.[2]
Ecotourism	Responsible travel to natural areas that conserves the environment and improves the welfare of local people.	Walking tours through rainforest or natural terrain.	[information not available]	Expected growth of approximately 6% per year.[1]
Sports tourism	International trips specifically taken to watch sporting events.	Germany's FIFA World Cup, Beijing 2008 Olympics	**12 million trips** are made each year for the main purpose of watching a sporting event[2]	Annual growth of 6% expected from 2007-2012.[2]
Soft adventure tourism	Tourism which requires little or no experience and is low risk. Typical adventurers are in their 40s, affluent and well-educated. U.S., Canada, and Mexico are competing destinations.	Hiking tours of Bhutan landscapes, snorkeling in the Great Barrier Reef.	**1% or 9 million** international traveller arrivals seek soft adventure activities[2]	Annual growth of 10% over next decade, led by 40-60 year olds.[2]
Golf tourism	Trips undertaken for the primary purpose of playing golf.	Playing on golf courses that have hosted PGA tours.	**U.S. $17 billion or 2.8-5.6 million** travellers comprise the global market[2]	Growth in the long term will be notable, especially in the aging population.

Sources: (1) The International Ecotourism Society: "Fact Sheet: Global Ecotourism"; (2) Caribbean Tourism Organization (onecaribbean.org); (3) Primary research; (4) Deloitte analysis

"Ontario's biggest challenge is to take its strengths in natural and cultural assets and tell the story better."

Ontario has the potential to be competitive across many niche product offerings

Secondary research, supplemented by insight from subject matter experts suggests varying current success and potential across various niche product offerings.

	Current state	Potential	Rationale
Charity tourism	🔴	🔴	Emerging markets and third world countries will receive greater profile and interest.
Health and wellness tourism	🟡	🟢	Mixed success driven by growth in Spas and other wellness product.
MICE	🟡	🟡	Toronto serves as a strong North American and international hub, but ground transportation infrastructure is considered a current deterrent. Ontario may attract less interest in the incentive travel area as these destinations are typically those of personal travel interest. Ontario often ranks behind higher profile destinations (e.g., global cities such as New York or vacation destinations such as Las Vegas or Florida)
Festival tourism	🟡	🟢	Strong product offering and potential, but currently limited to summer season.
Cultural tourism	🟡	🟡	Product considered competitive, but a lack of new product exists.
Weddings and honeymoons	🟡	🟡	Traditional product, Perception of Niagara Falls and resort weddings.
Ecotourism	🟡	🟢	Emerging markets and more exotic locals are considered more competitive and with greater potential. Potential exists to leverage natural environment assets – namely fresh water lakes.
Sports tourism	🔴	🟡	Infrastructure considered a deterrent.
Soft adventure tourism	🟡	🟢	Considered a high-potential area namely because of natural environment assets.
Golf tourism	🟡	🟢	Current offering considered somewhat competitive, but a significant lack of overnight accommodation (e.g., resorts) will negatively impact growth potential. Ontario's climate also serves as a challenge.
Culinary tourism	🟡	🟢	Select regions – namely Niagara – considered competitive with growth potential.

🟢 **competitive offering** 🟡 **moderately competitive offering** 🔴 **uncompetitive offering** ○ **n/a**

An expansion of product offerings supported and improved packaging could help Ontario reach its potential in certain niche markets.

Appendix Eight - Research sources

Research sources

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Niche products overview

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