strategy2015

Momentum - Invention - Mobilization

The Tourism Advisory Council of PEI

Five-Year Tourism Strategy

photo: Tourism PEI / John Sylvester

Momentum+

Drive. Thrust. Energy.

Invention+

Creation. Discovery. Innovation.

Mobilization+

Readiness. Organization. Action.

The Strategy 2015:
Momentum-Invention-Mobilization
was prepared with the advice, facilitation and assistance of Forerunner Creative and Tourism Strategies Ltd. The Tourism Advisory Council of PEI would also like to recognize the over 150 tourism industry and stakeholders who participated in the process. It would not have been possible without their input and the support of our partners, the Atlantic Canada Opportunities Agency, the PEI Department of Tourism and Culture and the Tourism Industry Association of PEI.

FORERUNNER
SEE THINGS HAPPEN

If there's one assessment that can be made safely—at least in the afterglow of the broadcasts—it's that this was an expenditure with huge potential to reap overwhelming dividends.

- The Charlottetown Guardian on the impact of the **LIVE! With Regis and Kelly PEI broadcasts**

photo: Tourism PEI / John Sylvester

Unparalleled Collaboration

The Tourism Advisory Council (TAC) of P.E.I.

TIAPEI

Prince Edward Island

The Gentle Island

Atlantic Canada Opportunities Agency

Agence de promotion économique du Canada atlantique

Canada

TOURISM ADVISORY COUNCIL

PRINCE EDWARD ISLAND

Message from the Minister of Tourism and Culture

As Minister of Tourism and Culture, I am proud of what our tourism industry has accomplished in the past five years. From our beautiful coastal touring networks to our world class festivals and events, our industry has worked together to make tourism on Prince Edward Island thrive.

Strategy 2015 was developed with the advice of the Tourism Advisory Council, TIAPEI, ACOA, the Department of Tourism and Culture, as well as the general public. This collaboration and partnership is the key to the continued success of this important industry.

Our momentum proves that tourism is a vital and important sector in the PEI economy. Through this five year strategy, we will focus on the key elements that attract visitors to the Island: coastal experiences, culinary delights, cultural experiences, great golf, and excellence in meetings and conventions travel.

I want to thank everyone who contributed ideas to ***Strategy 2015***. I look forward to working with all of you in the upcoming years.

Robert Vessey
Minister of Tourism and Culture
Province of Prince Edward Island

Message from the Chair, Tourism Advisory Council of PEI

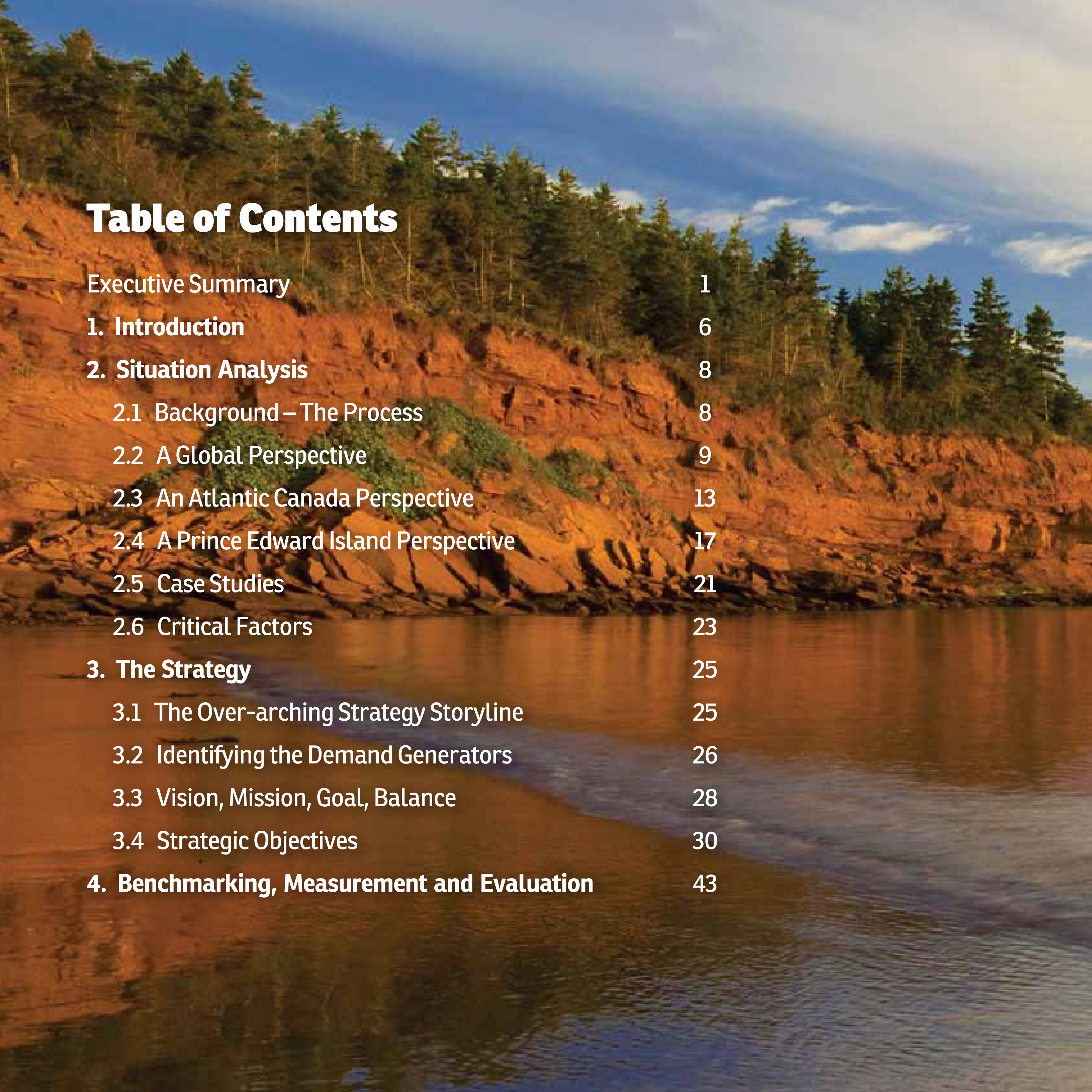
These are exciting times in the tourism industry on Prince Edward Island. We have just completed our five year strategy *The New Product Culture* and are launching our new 2011-2015 vision: ***"Strategy 2015: Momentum-Invention-Mobilization"***. We are building on what we started and continue to evolve our industry to be a leader in innovation, product development, guest satisfaction, and all industry stakeholders challenging one another to achieve greatness.

We have accomplished a lot in the past five years but more important, I believe we have set the stage for bigger and better things for our industry in the next five years. With the ***momentum*** that we all feel, the ***invention*** that is going on within our industry and most importantly, the ***mobilization*** that is taking place as we push our own boundaries and forge new partnerships, we will achieve our objectives that are set out in this document.

However, the key to any strategic plan is the execution and the biggest player is you the operator and what you are doing in your business to align with the overall tourism strategy. We all have to improve, become more sophisticated in our approach, know our customers well, reinvest in our product and deliver that guest experience.

As John F. Kennedy stated in an historical speech, *"Ask not what your country can do for you - ask what you can do for your country."* Enjoy.

Kevin Murphy
Chair, Tourism Advisory Council of PEI



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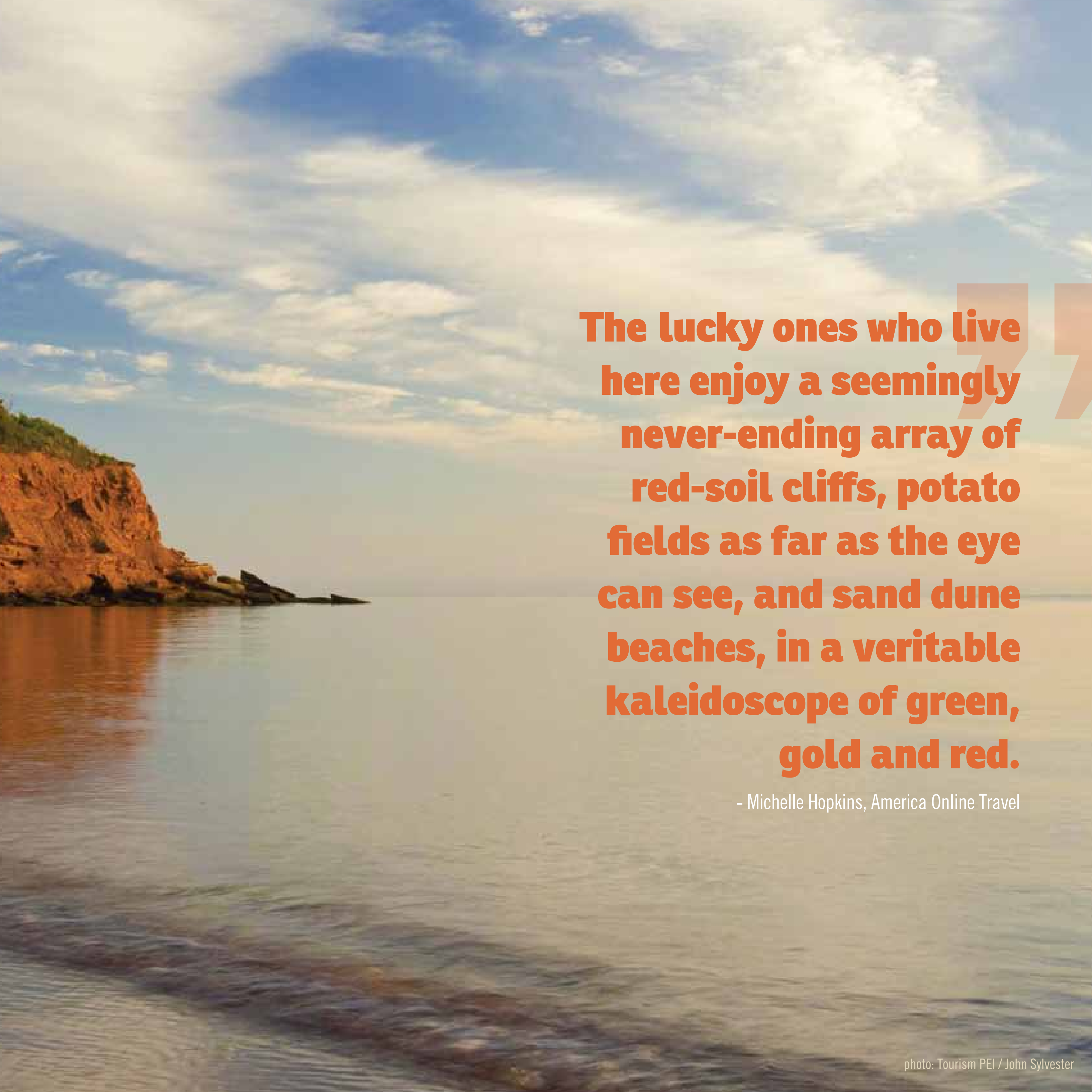


The lucky ones who live here enjoy a seemingly never-ending array of red-soil cliffs, potato fields as far as the eye can see, and sand dune beaches, in a veritable kaleidoscope of green, gold and red.

- Michelle Hopkins, America Online Travel

photo: Tourism PEI / John Sylvester

Executive Summary

Five years ago, the Tourism Advisory Council of Prince Edward Island (TAC) was a newly-created industry advisory board to the Minister of Tourism. Created at the advent of the recently completed tourism strategy – *The New Product Culture (2005-2010)* – TAC is an industry-led organization whose mandate is to advise the Minister of Tourism and Culture on tourism research, tourism product development and tourism marketing strategies "to promote and enhance Prince Edward Island's reputation as a premier tourism destination".

The formation and maturity of TAC over the past five years has come to symbolize a new era in Island tourism, an era in which all levels of industry are more globally aware, more experienced, more sophisticated and more prepared than ever to take calculated risks and to work together toward the advancement of their cause: creating a tourism economy that is in a constant state of growth and that is seen as the most renewable and sustainable on the Island.

Unparalleled Collaboration

Inherent in this new reality, is the unparalleled collaboration between the partners of the Tourism Advisory Council of Prince Edward Island – the Department of Tourism and Culture, Atlantic Canada Opportunities Agency (ACOA) and, of course, the industry, through the Tourism Industry Association of PEI (TIAPEI). This partnership has grown and evolved into a model with a clear mandate and well-defined roles and responsibilities and accountability. Through this evolution, TAC is the lead and champion of the strategic direction for tourism destination management in this province. Working with our partners, TAC is responsible to develop this five-year vision and strategic direction just as they did in 2005. Our role is to challenge ourselves, our stakeholders, our industry and the Department by charting a course for the near-term future. The challenge is set out in this document.

Defining Strategy versus Annual Plan

In practical terms, ***Strategy 2015: Momentum-Invention-Mobilization*** reflects a shift in the planning process, which has clarified the role of TAC as strategic advisor with lead responsibility for the five year vision, while the Department of Tourism and Culture is responsible to lead the development of the annual plans. The annual plan is measured against the strategy to ensure that each year's initiatives and programs bring us one step closer to the five-year goals and objectives. Both processes happen in a collaborative environment through the format of the Tourism Advisory Council, and are presented to industry through the Tourism Industry Association of PEI annual and semi-annual conferences and through direct-to-industry communications. It is an important distinction to note that the specific tactics and exactly 'how' we will achieve the outcomes of ***Strategy 2015*** will be developed through the annual planning process, with an onus on the Department of Tourism and Culture as the destination management organization for this province, and with the input and participation of TAC and its partners providing direct industry advice, ensuring the annual plan aligns with this strategy document. ***It is intended that this Strategy 2015 sets the vision and goals and that the annual plans define the tactics.***

The Strategy

This strategy builds on *The New Product Culture*, recognizing the need for both supply and demand to work together to achieve real industry growth. The goal of the strategy is to reach $500 million in direct tourism revenue by 2015. The 2010 forecasted estimate is $370 million in direct tourism revenue.

On the supply side, the ***Strategy 2015*** builds on The New Product Culture. In order to truly realize the potential of our industry and a broad-based product development culture, we must recognize and address the challenges faced by the tourism industry in their current financial and operational realities. The need for a better environment for private sector investment in tourism product is critical to success.

The demand side of the equation refocuses our collective attention on the consumer. It is important to note that the research-product-marketing continuum is still very much the core of the tourism model in PEI. Through the last strategy, we achieved a paradigm shift away from 'one set of actions as the solution to every riddle', moving from an-over-reliance on marketing to a more integrated research-product development-marketing platform. In ***Strategy 2015***, we recognize the source of the momentum in recent years and broaden the model to include calculated risk - sound research informing innovative product and marketing decisions.

The Strategic Continuum

We also put the ***customer demand formula*** to work – being very clear that our product drives our brand is the first step. This brand is conveyed in our marketing and ultimately creates consumer demand for our Island as a visitor destination. So, with finite resources and a competitive marketplace, we must be confident and focused in the demand generators that receive our attention. Based on consumer research and an assessment of our competitive strengths, key assets and opportunities – the demand generators which will receive special focus in the next five years are:

• Coastal • Culinary • Culture • Golf • Meetings & Conventions

Coastal has been identified as the defining demand generator, with work to be done to protect and enhance our natural and built assets in this respect and in support of the other priority demand-generating areas. We need to take advantage of the opportunities available to our tourism industry in the areas of coastal, culinary, culture, golf and meetings and conventions. Some of this is a continuation of the groundwork that was laid by the previous New Product Culture strategy, while other areas of focus, like culinary, may be considered an emerging opportunity. In any case, the ***Strategy 2015 – Momentum, Invention, Mobilization*** challenges industry and government to address both the supply-side needs - while capitalizing on key demand-side areas that have been identified as having the greatest potential for return on investment.

Momentum-Invention-Mobilization

Three main themes crystallized through the strategy development process: *Momentum, Invention and Mobilization*. Each of these three factors is at play in the Prince Edward Island tourism industry today and each will be required to carry us toward our goal in 2015. ***Momentum*** speaks to the drive and energy that the industry is already experiencing - the force that has set the wheels in motion in the last five years. ***Invention*** is reflected in all that we are doing and intend to do over the life of this strategy. We will create, discover and innovate. ***Mobilization***, on the other hand is about the 'how' of the strategy – the human and business factors that will enable us to respond to the challenge. Readiness, organization and action on the part of all stakeholders working together are critical.

Momentum

The Council has seen success from the last strategy, The New Product Culture, 2005 – 2010 and the new vision for 2015 will build on that momentum. The strength of a shared industry and government agenda for tourism development in this province has proven to be a successful model for creating change. ***The last strategy was born out of crisis; this one is born of momentum.***

Invention

We have shifted to a product first mind-set and in reviewing the degree of success from the last strategy, the list of accomplishments is long. We have set our sights on the future of tourism in this province. Changing market trends, economic conditions, demographics and even the competitive environment present more new challenges and opportunities than we could have imagined five years ago. We have undertaken a comprehensive review of these factors. We will ***invent*** new products and experiences; we will innovate our approach to tourism and marketing. We also know that stimulus infrastructure, major events and daring marketing ventures are necessary in order to compete, but it is equally, if not more vital, for individual tourism enterprises in our province to risk change, to be more inventive and to mobilize together.

Mobilization

Mobilization is a call to action for each stakeholder, industry operator, government department, association and partner to take up the challenge, to find new models of partnership and new ways to work together for greater impact. We have seen great strides in this area with a broadening of the definition of the tourism industry through the Culinary Alliance. The cultural action plan will have a similar affect in embracing the arts and heritage and cultural communities more fully. The strategy acknowledges the challenges faced by individual tourism businesses seeking to innovate and ***mobilize*** - and it commits to addressing those and enhancing the climate for tourism investment in this province.

The level of momentum, invention and mobilization must not merely be maintained; rather it must be heightened. There is a deep sense of awareness that risk is part of the competitiveness equation; risk that is measured, calculated and responsible. We look to the solid market data and customer intelligence at our disposal thanks to a new research platform and the work of the Tourism Research Centre at UPEI. With these resources in hand, we will do everything imaginable to ensure that risk is mitigated as we build on the momentum at hand, and we challenge every operator to do the same.

The Strategic Vision

Prince Edward Island, with its unmistakable seaside beauty, accessible coastlines, pastoral landscapes, facilities and unique experiences, will be the Canadian destination of choice for consumers seeking cultural entertainment, personal enrichment and rejuvenation.

The Strategic Mission

Build tourism into the most influential sector of the provincial economy through the formation of innovative local, national and international partnerships which showcase and define Prince Edward Island's brand strengths.

The Strategic Goal

The Strategic Goal is to reach $500 million in direct tourism revenue by 2015.

The Strategic Objectives

There are seven Strategic Objectives set out in ***Strategy 2015***, each having a clear statement, a rationale, an identified champion responsible for execution and areas of focus for momentum, invention and mobilization in the next five years. Five of them relate directly to the five demand generators and the other two 'bookends' relate to supply and creating an environment for change and growth. The seven objectives are:

OBJECTIVE #1:
Heighten Prince Edward Island's overall tourism stature.

OBJECTIVE #2:
Occupy the position as Canada's leading coastal and beach destination.

OBJECTIVE #3:
Heighten PEI's status as a leading domestic and international cultural destination.

OBJECTIVE #4:
Become famous in North America for PEI indigenous foods and food experiences.

OBJECTIVE #5:
Occupy the position as Canada's leading Tier 3 (up to 1,000 delegates) meetings and conventions destination.

OBJECTIVE #6:
Maintain and build the reputation as a leading Canadian golf destination.

OBJECTIVE #7:
Heighten industry's engagement in ***Strategy 2015***.

Evaluation

An evaluation framework has been developed to enable all stakeholders to track the success of this strategy. Using objective measures and an annual reporting framework, the Tourism Advisory Council will issue a yearly report card, at approximately the same time as the Annual Plan for the upcoming tourism season is presented to industry – in the fall of the year. With the implementation of occupancy reporting, the establishment of the Tourism Research Centre, the new research platform and with the cooperation of industry operators in an annual survey, the annual report card will form a timely and directly relevant measurement tool.

photo: Tourism PEI / John Sylvester

From the very minute they hit the stage, it was a love in. And Prince Edward Island was the biggest beneficiary.

\- Charlottetown Guardian on the impact of the **LIVE! With Regis and Kelly** P.E.I. broadcasts

photo: Tourism PEI / Ron Garnett

1. Introduction

And with the preceeding editorial having appeared in PEI's touchstone daily newspaper, The Charlottetown Guardian, together with many other accolades equally powerful, the inspiration and symbolic tone were set for Prince Edward Island tourism to embark on its future.

That future rests ably in the collective hands of one of the most dynamic partnerships in all of Canadian tourism, the Tourism Advisory Council of Prince Edward Island (TAC). Created in 2004 on the cusp of the last five-year tourism strategy, TAC is an industry-led organization whose mandate is to advise the Minister of Tourism and Culture on tourism research, tourism product development and tourism marketing strategies "to promote and enhance Prince Edward Island as a premier tourism destination."

The formation and maturing of TAC over the past five years has come to symbolize a new era in Island tourism, an era in which all levels of industry are more globally aware, more experienced, more sophisticated and more prepared than ever to take calculated risks and to work together toward the advancement of their cause: creating a tourism economy that is in a constant state of growth and that is seen as the most renewable and sustainable on the Island. In addition to tourism operators, TAC has representation from the provincial government, the federal government through ACOA and the Tourism Industry Association of PEI. A key TAC responsibility is to collaboratively work with all partners to create a vision for Prince Edward Island tourism and the provincial-level strategies to achieve this vision.

With The *New Product Culture* having enjoyed unprecedented industry buy-in and support and nearing the end of its lifespan, the Tourism Advisory Council of PEI initiated a strategic review and planning process to build on its augural plan and create a new strategic plan for 2011 through 2015. Managing the strategic planning process was assigned to Forerunner Creative and Tourism Strategies Ltd. who worked in close collaboration with the TAC Executive Director and a strategic plan steering committee. The process has earned merit as a tourism best-practice example of multi-stakeholder collaboration, cooperation and focus. Over 150 tourism industry operators and stakeholders participated directly in the strategy development process.

It really is

GORGEOUS.

- Television celebrity Regis Philbin, remarking about Prince Edward Island, quoted in The Guardian

photo: Tourism PEI / John Sylvester

2. Situation Analysis
2.1 Background – The Process

Strategy 2015 – Momentum-Invention-Mobilization began with its own set of **Guiding Principles**, created to steer the industry plan in the right direction and keep it on track:

- Adhere to The Strategic Continuum from The New Product Culture: Research – Product Development – Marketing;
- Apply The Customer Demand Formula: Recognize that product drives brand, which drives marketing, which drives demand;
- Assume Calculated Risk: Build on the momentum, using applied research and intelligence to take measured risk;
- Reach Higher: Take everything we do in tourism and do it even better;
- Build industry capacity: Enable industry operators to respond to the new product culture challenge by enhancing the climate for investment and operation;
- Simplicity: Keep the strategy simple;
- Protect and Grow: Maintain our current markets and successes, while building new ones;
- Continuous Consultation, Inclusivity and Partnership: Ensure all operators have an opportunity to participate in charting the course for tourism in this province;
- Achieve Balance: Balance risk and reward; market retention and new market acquisition; balance supply and demand principles;
- Macro and Micro Destination-building; Support destination appeal at the provincial, regional and operator levels;
- Benchmark and Measure: Build in tools, checkpoints and goals to evaluate the success of the strategy.

In pursuit of a strategy that met these standards, a process was developed that applied existing research, PEI visitor trends and market research with industry expertise and stakeholder input as well as the knowledge and fresh thinking of a tourism industry expert and consultant, Harvey Sawler of Forerunner Creative and Tourism Strategies Ltd. Forerunner acted as facilitator, advisor and strategist throughout the vision development process working with the Tourism Advisory Council and directly with the broader industry to garner insights and ensure a strategy that was responsive to industry needs and market opportunities.

The process included the following components:

- a review of more than 30 research documents;
- analysis and planning sessions with the Tourism Advisory Council;
- an analysis and planning session with Tourism Division staff from the Department of Tourism and Culture;
- a Tourism Summit analysis and planning session with TAC and other invited tourism stakeholders;
- three open industry forums (one in each Coastal Touring Region – Points East Coastal Drive (Montague), Central Coastal Drive (Brackley Beach) and North Cape Coastal Drive (Summerside));
- best practices analysis;
- consultants' experience and working knowledge;
- differentiation of economic shocks (temporary) from foundational (long-term) changes and impacts;
- focus on critical factors derived from consultations, synthesis and review of trends, marketplace conditions and travel motivators;
- feedback on findings from the Council;
- ongoing industry communication including e-newsletters, facebook and a dedicated Strategy 2015 blog;
- a presentation and interface at the annual general meeting of the Tourism Industry Association of Prince Edward Island; and
- ongoing interaction with and direction from the Executive Director and TAC strategic plan steering committee.

It's one of those places where Mark (Consuelos - husband) and I are planning our return trip before we leave.

- Talk show host Kelly Ripa, quoted in The Guardian

An unprecedented level of effort went into the consultation and inclusivity phase of the strategy planning process. From the outset, TAC committed to ensuring that every stakeholder in the tourism industry had a invitation to participate and a fair, equitable and timely say toward the contents of the report. Virtually no stone was unturned as business operators, community leaders, economic developers, bureaucrats and the industry leadership were repeatedly asked during a four-month process: *What new ideas do you have for the advancement of Prince Edward Island tourism and what are you doing within your business, your community and your association to build a better PEI tourism economy?*

The consultations themselves were wide ranging from informal one-to-one interviews to a series of formal consultative sessions. In total, at least 150 stakeholders participated in the consultations, with another approximately 150 attending the TIAPEI Fall Conference for the strategy preview and an industry-wide invitation reaching thousands of tourism and tourism-related businesses.

Feeding off of the momentum of The New Product Culture, as well as the exhilaration brought about by recent industry successes, TAC's collaborators were anxious in the fall of 2010 to embark on a new path. Excitement was in the air. Parallel to the consultation process, the consultants were also engaged in analyzing global, national, regional and local data and perspectives in undertaking a comprehensive and balanced (supply and demand) situation analysis.

2.2 A Global Perspective

Any tourism marketplace must adapt to impacts that are arguably temporary economic shocks as well as those that are foundational and clearly long-term. The following is a synopsis of both economic shocks and foundational impacts affecting the world of tourism.

Economic Shocks

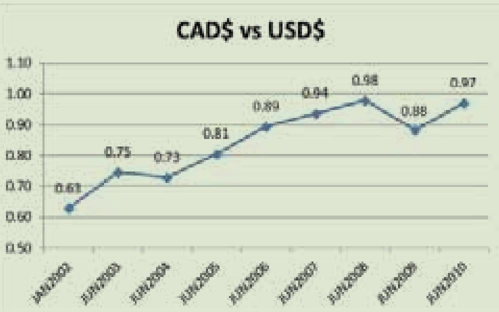
Tourism operators are well aware of the disruptive impacts that economic shocks such as disease, war, terrorism, currency fluctuation, travel security, recession, and so on - can have on a tourism economy.

The economic shocks of the past five years have been highlighted by currency fluctuation, nation responses to the threat of terrorism and the 2008 recession.

Currency fluctuation: Canada's perceived value as a travel destination has historically been enhanced by the Canadian dollar's lower value against the United States (US) dollar. However, from a low point of USD$0.625 in January, 2002, the Canadian dollar was near parity in June, 2010 and has floated slightly above or below parity since.

Over the 5-year span of TAC's inaugural strategic plan, a US visitor paid 20% more in June, 2010 than they would have for essentially the same experience in June, 2005 based solely on the exchange rate. Compared to the Canadian dollar's low point in 2002, a US visitor was paying 54% more in June, 2010.

As the exchange rate spread between the two dollars narrowed, visitation from the US to Canada declined significantly. At the same time, international visitations to Canada dropped as the declining US dollar versus the Euro enhanced the perceived value of the United States as a travel destination. A Canadian dollar with significantly improved value against the US dollar also motivated Canadians to travel more outside Canada, which reduced resident tourism travel nationally.



Source: Bank of Canada

On the flip side, a weaker Canadian dollar against the US dollar in 2009 helped restore some of the Canadian dollar's value story. The impact, of course, was improved motivation for Americans to visit Canada. Canadian tourism stakeholders have no control over currency fluctuation. But the reality is that Canada is at a competitive disadvantage as a travel destination with a strong Canadian dollar because the experiences offered for the price charged generally results in a weak value-for-money proposition among non-Canadian travelers. It may help for Canadian tourism operators to improve their experiential offerings so that there is a strong value-for-money proposition regardless of the international value of the Canadian dollar.

Travel security: Canadian travel destinations were negatively impacted when the United States' Western Hemisphere Travel Initiative (WHTI) became effective for air travelers in 2007. The WHTI requires that all US citizens traveling outside the United States present a valid US passport, Air NEXUS card or US Coast Guard Merchant Mariner Document when returning to the United States. The WHTI was expanded to travel by land and sea in 2008 and fully enforced as of January, 2009.

Pre-WHTI it was generally reported that between 18% and 20% of US adults held passports. Between 2006 and 2007, the number of passport applications increased 50% to 18.6 million, but has declined in both 2008 and 2009.

There is no consensus on whether the impact of the United States' new travel document requirements is temporary or foundational. If it is temporary, then a large number of US travelers (primarily US–Canada and US–Mexico) who did not have passports would obtain the appropriate travel documents. If it is foundational, then a large number of former cross-border traveling Americans will choose to stay at home.

For some Canadian tourism operators, traditional US visitation patterns may be permanently weakened. This may require a change in strategy as to the type of US visitor that is targeted or the need to put more focus on developing alternative visitor origins.

While the US market is important to PEI tourism operators to varying degrees - from one business to the next, the most recent PEI exit survey (2007-08) estimated US visitation at 7% of our total visitation. This is further supported by the percent of room nights sold to visitors of US origin over the last five years ranging between 9% and 12% annually.

Recession: By early 2008 it was clear that the world was entering a serious global economic contraction. As it turned out, 2009 proved to be the worst global recession since the 1930s, with global GDP shrinking 2.1%. The impact on tourism was a considerable decline in non-resident visitations to countries throughout the world in 2008 and 2009. However, for some jurisdictions, the emergence of the resident tourist stay-at-home vacation, or "staycation", helped to partially soften the economic blow. For others, like PEI, when our key markets launched domestic campaigns, we felt the impact in an additional drop in visitation. Given our population size, the impact of resident visitation within PEI has a smaller overall potential impact.

The prospect of economic recovery is cloudy. Canada appears to have weathered the economic downturn better than many other countries, which was reflected in improved inter-provincial travel by Canadians in 2010. But there is every real possibility that economic recovery could stall and that a much talked about "double dip" recession could occur. To date, the US economy can be described as lacklustre. Growth recovery is slow and below levels needed to trigger meaningful employment demand and economic stimulus. Like Canada and other nations, the possibility of the economy stalling or reversing is a serious concern for some. Despite the fragility of many nation economies, the United Nations World Tourism Organization (UNWTO) reports that for eight months ending August, 2010, the number of international tourist arrivals exceeded the record global activity reached during the same pre-financial crisis period in 2008. As of November, 2010, the UNWTO was projecting a full-year increase of 5% – 6% in the number of international tourist arrivals, with a 4% increase being projected for 2011.

Nonetheless, global tourism capacity remains underutilized, highlighting the likelihood that it will continue to be a buyer's marketplace. As a result, there should continue to be considerable competition globally for both resident and non-resident tourists; competition that will include price discounting and other incentives. To be successful, tourism operators must compete at above average levels of experiential and service quality to meet the expectations of both visitors and prospective visitors. As price discounting is rarely a path to financial success, tourism operators may need to think in terms of non-cash incentives and value-added strategies that enhance the value equation and value-for-money perceptions.

Foundational Impacts

Foundational impacts are fundamental changes that have long-term implications for tourism operators and destination marketers. Most notable among these would be tourism globalization, changing demographics, changing travel consumers, environmental responsibility and sustainability, technology and labour supply.

Tourism globalization: Consumers today have the ability to travel virtually anywhere in the world for business or pleasure at a cost that can be relatively quite reasonable. Tourism is a global industry, which means that every tourism operator is being compared by his or her prospective customer against that customer's global experiences.

Changing demographics: The populations of the world's developed countries is aging. For some destinations, traditional target audiences are literally dying while the destination has not achieved relevancy with a younger generation.

However, In North America and Europe, older age groups will continue to grow in size in the short- to mid-term with a large number of early age Baby Boomers enjoying good health and mobility and benefiting from retirement savings and pensions. Many of these individuals are experienced travelers already and have a keen interest to continue traveling as an integral part of their retirement lifestyle.

Hard work yes, but an authentic experience I'll remember for the rest of my life.

- Writer Robin Esrock (Sympatico.ca) on his experience fishing lobster with PEI's Tranquility Cove Adventures

In major North American markets where population growth is occurring, the growth is being predominately driven by individuals of ethnic backgrounds that are different from traditional target audiences. The implication is that destinations that appealed largely to individuals of European decent may not be relevant to individuals of Asian, Middle East, East Indian, Black or Latin American decent. Failure to adapt to what Statistics Canada describes as "visible minorities" means that considerable population segments may be lost as prospective visitors.

Changing travel consumers: In line with the globalization of tourism, travel consumers are far more knowledgeable and experienced today than the travel consumer of even ten years ago. This represents a significant implication for tourism operators as travelers have experienced global standards of experiential offerings and match these experiences to their expectations when planning a new travel trip.

Global tourism and a plethora of experiential opportunities have also negatively impacted the market for return visitations as travelers are opting to seek out new experiences instead of returning to a previous destination. And if a return visit does take place, travelers are looking for something different to experience from their previous visit.

The division between time-rich and money-rich travelers and travel characteristics is now well-established. Retired older age groups typically have few time constraints on their ability to travel. Younger age groups, however, continue to face growing shortages of leisure time, resulting in increasing interest in more, but shorter, vacations. And as a result of the shorter vacation activity, working individuals are increasingly willing to spend more to: 1. save travel decision making and purchase time; 2. save travel time; and 3. enjoy more unique and personalized travel experiences.

This is not to say that today's travelers are spendthrifts: in fact, travelers are typically seeking increased value, although this is attributable in part to the increase in global tourism capacity and competitiveness. Travel consumers have clearly become more attuned to and immersed in the culture and environment of the places they experience. Partly due to this, it is now a clear practice that travel consumers are abandoning rigid and standardized 'mass market' experiences for truly personalized experiences, or a meaningful experience that has the feeling of being personalized or individualized.

Environmental responsibility and sustainability: While both the concept and definition of green tourism are not well understood by either tourism industries or the travel consumer, tourism and environmental responsibility and sustainability are now inextricably linked regardless of whether the destination is a major urban city or remote wilderness.

And while there is unquestionably a material cost to industry implementing and maintaining assets and activities focused on environmental responsibility and sustainability, many travel consumers are not prepared to pay that cost despite their expectations. The situation is confounded by the potential for new, government-driven direct- or in-direct consumption taxes.

Technology: Few visionaries predicted the monumental impact that digital technology has had and will continue to have on tourism. From the concept of a simple search on the World Wide Web, digital technology has exploded into a complex network of platforms and devices supporting travel planning, destination promotion, customer relationship management, travel bookings and purchases and 'on the ground' visitation experiences.

Digital technology in tourism will continue to evolve and expand and both tourism operators and destination marketers have no choice but to remain current with technology in order to remain relevant and competitive.

Labour supply: Economic conditions in the past few years significantly eased serious tourism labour shortages in many regions. This is clearly a temporary reprieve, however, and it is widely expected that labour supply will become a critical issue once again as economies improve and tourism grows.

2.3 An Atlantic Canada Perspective

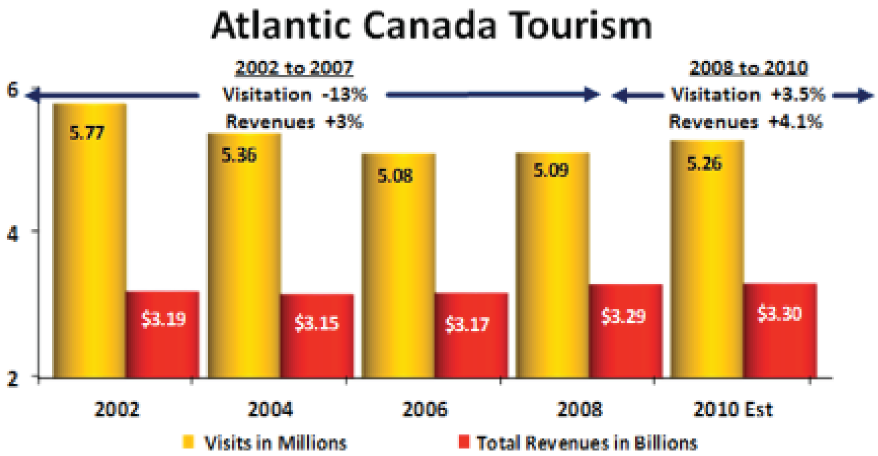
In 2010, the Tourism Atlantic branch of the Atlantic Canada Opportunities Agency (ACOA) issued a new tourism strategic plan for the agency *(Growth Strategy for Tourism: An Integrated Tourism Strategy for the Atlantic Canada Opportunities Agency)*. Strategy development involved a comprehensive process of research, consultations, analysis and planning, and the strategy document provides a clear picture of the tourism industry in Atlantic Canada.

ACOA reports that total tourism visitations to Atlantic Canada peaked in 2002 and then declined through 2008 while global tourism travel continued a robust growth pattern. Between 2002 and 2008, total reported tourism revenues for the four Atlantic provinces increased only three percent.

During this period from 2002 to 2008, visitation patterns to the individual Atlantic provinces were not consistent: reported visitations to Newfoundland and Labrador increased while reported visitations to Nova Scotia were down slightly with reported visitations to New Brunswick and Prince Edward Island declining more significantly.

Through to the end of August, 2010, provincial data provided to ACOA projects non-resident visitations in Atlantic Canada to be almost 8% higher than 2008, which is clearly a reflection of an easing of temporary economic shocks and tourism improvement signals that are directionally encouraging.

Using 2005, the inaugural year of TAC's previous strategic plan, as the base year, the graphic on the next page summarizes a non-resident visitation index for the Atlantic provinces through to estimates for 2010.



Non-Resident Visitation Index Atlantic Provinces: 2005 - 2010

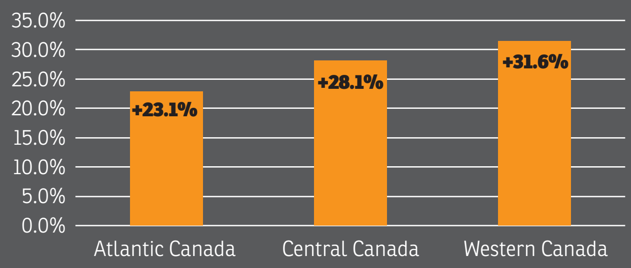
Source: Atlantic Canada Opportunities Agency from data provided by individual provincial governments.
Note: Each Atlantic province employs different methodology for tracking visitation so visitation numbers are not directly comparable.
The application of an index treats 2005 as the base year and the starting point of 100 on the index to enable us to track change.

If the 2010 estimates are accurate, Newfoundland and Labrador will experience a dramatic 4-year increase in non-resident visitations, putting non-resident visitation levels 10% higher than 2005. Based on provincial estimates, Prince Edward Island is tracking close behind Newfoundland and Labrador with non-resident visitation levels estimated to be 7% higher than in 2005. Nova Scotia has reported relatively flat non-resident visitations in the past few years with 2010's estimate being 3% higher than 2005, while New Brunswick's decline over the last few years may be bottoming.

Looking to the future, the Conference Board of Canada is forecasting that the Atlantic Canada provinces will noticeably lag the other provinces in overnight non-resident visitor growth between 2009 and 2014. This non-resident visitor forecast translates to Atlantic Canada lagging the rest of Canada as well in non-resident visitor expenditures through 2014.

Total Expenditures

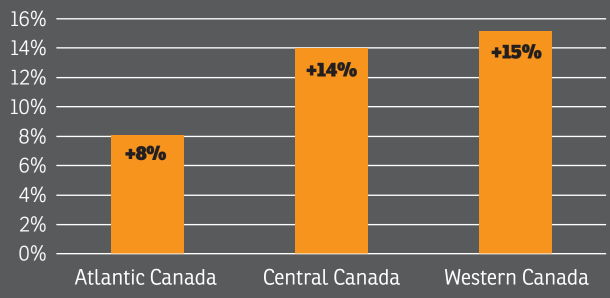
$ Millions Overnight 2014 (forecast) vs. 2009 (forecast)



Source: Conference Board of Canada: *Travel Markets Outlook National Focus, 2010*

Non-Resident Overnight Visitations

2014 (forecast) vs. 2009 (forecast)



Source: Conference Board of Canada: *Travel Markets Outlook National Focus, 2010*

The Ten Essentials of Successful Travel Products:

In ACOA's strategic plan, the agency reported that, overall, Canada as a nation was lagging global tourism growth and attributed much of the situation to the competitiveness of a global tourism industry and geopolitical and economic conditions.

However, the agency also "…concluded that much of Atlantic Canada's tourism product and visitor experiences are not adequately responsive to global forces impacting tourism and changing traveler expectations."

In exploring the situation further using the Ten Essentials of Successful Travel Products model developed by tourism consultant Harvey Sawler, ACOA concluded that many tourism offerings in Atlantic Canada are not adequately addressing the key elements that contribute to product success.

From ACOA's perspective, the challenge is product development and experiential execution: "…it is obvious that Atlantic Canada has the core assets to be a global competitor and offer distinctive and unique vacation experiences. Key Atlantic Canada elements that have a strong fit with current and emerging traveler wants include: coastal experiences; sightseeing and tours; culture, entertainment, heritage; outdoor activities; experiential accommodations; major and international events."

"Strategically, it is a question of delivering a complete visitor experience – through price, quality and uniqueness – that creates high perceived value-for-money and supports profitable pricing."

From a regional perspective, ACOA concluded that revitalizing Atlantic Canada's tourism product requires "…overarching leadership, an umbrella pan-Atlantic vision and a strategic approach to achieve industry growth and greater synergies across all areas." This is a role that ACOA sees itself as well positioned for and able to fulfill.

Going forward, ACOA has adopted a strategic approach that places much more emphasis on product development and product development's positioning in the Research – Product – Marketing (R-P-M) continuum:

"The Continuum is a disciplined approach to tourism planning. Far too often, tourism small and medium-sized enterprises (SME's) and organizations leap from research to marketing without giving due consideration to product challenges and the reality that product and not marketing generates demand."

In addition to the R-P-M continuum, other principles that ACOA has embraced include: leadership and pro-activeness; the pursuit of transformative, consumer-driven products and experiences; adoption of best practices – both internal and external; and accountability and measurement.

Research Product Marketing Continuum

Overall it appears, from ACOA's perspective, that there is meaningful tourism growth potential in Atlantic Canada in simply executing better with the product that exists as opposed to reinventing the experiential offering. This, however, does not preclude what ACOA envisions as "new investment partnerships [that] will drive the creation of new, strategic, in-demand products and experiences."

This trip...was all about dining on PEI's famously delicious Atlantic seafood, walking some of the most magnificent beaches in Canada - Cavendish, Brackley and Greenwich beaches - and taking in the picture-perfect rolling green vistas, from town after town.

- Michelle Hopkins, writing for America Online Travel

photo: Tourism PEI / Clive Barber

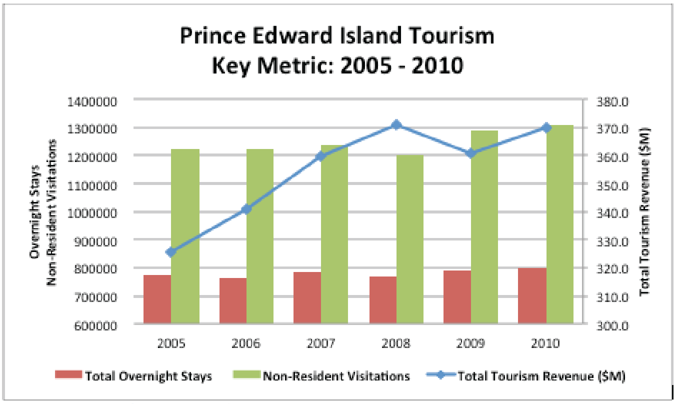
photo: Tourism PEI / John Sylvester

2.4 A Prince Edward Island Perspective

At almost 7% of the provincial Gross Domestic Product (GDP), tourism is significantly more important to PEI's economy than the other Atlantic provinces (2.0% – 2.4%) and Canada as a whole (1.9%). It's not surprising then that upwards of 7,000 full-time equivalent jobs in PEI are attributable to the existence of our tourism industry.

Since the launch of TAC's first strategic plan, Prince Edward Island has faced many of the challenges confronting tourism across the country. This has been reflected in revenue generated, non-resident visitations and overnight stays. One factor, the "staycation" phenomenon demonstrated that resident tourists may also play a role in tourism success. While it has seen an increase in recent years in PEI, its role is less significant than in jurisdictions that have much greater populations. In addition, domestic campaigns in other provinces that typically provide our tourism visitation may have a negative consequence for our tourism industry. We can see the trend in resident tourism in PEI by metrics such as resident tourist overnight stays increasing from approximately 120,000 in 2005 to 157,000 in 2010. Total tourism revenue generated by resident tourism grew from $54 million in 2005 to approximately $74 million in 2010. It is important to keep in mind the overall tourism market size for perspective. The overall direct tourism revenue in 2010 was estimated at $370 million. In addition, bringing new spending into the province from off-Island is seen as more beneficial from a Provincial perspective.

Looking at tourism performance over the last five years in Prince Edward Island will provide some insight into changes in the industry and the marketplace. In general, the direction is positive, with overall direct tourism revenue on an upward trend, despite a decline in 2009 and subsequent recovery in 2010. Overnight stays and non-resident visitation continue to climb at a modest rate as demonstrated in the following chart. The average annual growth rate for direct tourism revenue between 2005 and 2010 was 2.7%, overnight stays grew at an average annual rate of 0.8% and visitation at an average of 1.5% per year.



Source: Department of Tourism and Culture, Prince Edward Island

In addition to the positive trend in key indicators, the situation analysis and industry consultations also revealed an optimism based on a belief that industry and government are working together collaboratively; that a number of the temporary negative global impacts may be waning; and that the industry is pro-actively positioning itself for future growth.

New Product Culture Accomplishments

Through the strategic plan consultation process and a review of the ***The New Product Culture Strategy (2005- 2010)*** achievements, the industry identified numerous achievements in recent years, including:

- TAC growing from a start-up to a mature organization with a clear vision and focus.
- The development of a new research platform and the creation of the Tourism Research Centre.
- The development of a new economic impact estimate model.
- Policy and programming changes to better facilitate industry investment in new product, in addition to marketing.
- The elimination of research, product and marketing silos both within TAC and government and the adoption of an integrated, more collaborative model.
- The emergence of a strong working relationship between industry and government.
- Industry leadership and professionalism that are at an all-time high.
- Stakeholders who have embraced and acted upon product-driven tourism development.
- Growth in air access.
- Development of the new Coastal Touring Network.
- A compelling positioning that is effectively differentiating Prince Edward Island as a destination to visit.
- Technology developments such as apps, Box Office PEI, Integrated Tourism Solution(ITS)/Book PEI, and so on.
- The efficiency and effectiveness of the Atlantic Canada Tourism Partnership (ACTP).
- The establishment of culinary as a new iconic visitation platform.
- The renewal of 'major league' festival product as a visitation motivator.
- Development of the cruise ship terminal and strong early-stage growth in cruise business.
- Growth in the meetings and conventions sector.
- The development of a new convention centre in Charlottetown.
- Renewed investment in Prince Edward Island National Park.
- The pending launch of culture as a new iconic visitation platform.
- Industry climate improvements such as the Regional Tourism Association (RTA) reorganization underway, professional development opportunities such as experiential workshops and Total Market Readiness (TMR), high speed internet access province-wide, Sunday shopping, revised liquor laws and an enhanced retail environment.
- An ability to compete on the global stage with one-time initiatives such as 'LIVE! With Regis & Kelly.'

Underlying these accomplishments is a sense that the following factors have combined as an effective cluster to serve as a catalyst for growth:

• a common vision • pro-activeness
• research • a product-centric development focus
• managed risk • leadership.

Are there ***challenges*** that lie ahead for Prince Edward Island's tourism industry? **Absolutely...**

Experiential excellence: Prince Edward Island operators are not immune from ACOA's strategic planning conclusion that "much of Atlantic Canada's tourism product and visitor experiences are not adequately responsive to global forces impacting tourism and changing traveler expectations." There is a valid argument to be made that strong gains are possible simply by Island tourism entities doing a better job of delivering our current offerings. The provincial government itself is included in this "do better" need. For example, the government's provincial park infrastructure is frequently cited as being below competitive standards.

Brand confusion: While Prince Edward Island has effectively been differentiated as a destination to visit, there are still a number of tourism operators in the industry who do not see The Gentle Island as an effective overarching image for the province or their particular business.

Labour supply: Despite a narrowing of the labour demand/ supply gap due to current economic conditions, tourism labour shortages are still being experienced in PEI, particularly in rural areas. As tourism demand grows and overall economic conditions improve, the labour demand/ supply gap will widen.

Access to capital: Tourism operations of all sizes face significant challenges accessing capital – both debt and equity – to invest in renewal and/or expansion.

Provincial tourism budget: There are a finite amount of resources available to the industry and there is no responsible way that Prince Edward Island can outspend its competition. Finite resources mean that there must be a balance between maximizing current experiential offerings and developing new products or new iconic visitation platforms. It also translates into a drive for greater efficiency in market retention in order to re-allocate resources to new market development.

Yield and growth potential in key markets: Our largest market is Nova Scotia and New Brunswick at 64% of all travel parties. Overall, PEI has a very high rate of repeat visitation at over 78%. Repeat visitors tend to have a a shorter average length of stay.

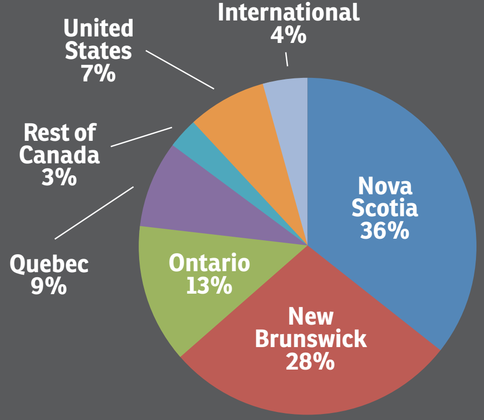
Nova Scotia and New Brunswick have the highest proportions of repeat visitors (94-95%) of all of our markets. The reliance on Nova Scotia and New Brunswick, the reliance on repeat visitation and the need for more first time visitors is seen as critical for sustainability and growth.

A shrinking primary geographic market: Nova Scotia and New Brunswick account for more than half of Prince Edward Island's non-resident visitors. But the Maritime marketplace is aging and there is negligible population growth.

Air access: Despite notable improvements in recent years, air access (cost, routes and frequency) remain a barrier to certain strategic high-yield geographic markets.

Visitor Origins

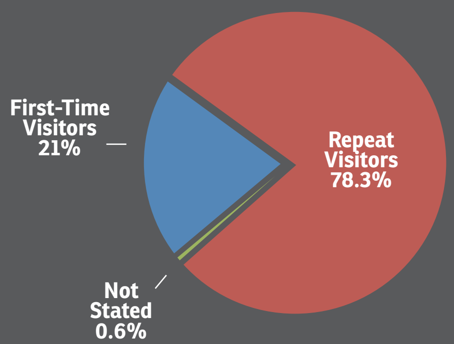
(Based on travel parties)



"Nothing is open.": Depending on the time of year, day of week or time of day, this nagging phrase is still being uttered by visitors. Seasonality of visitation remains a significant challenge and reliable data from bridge traffic and overnight stays can guide opportunities for growth where investment could be focused. For example, there is relatively dramatic peak at the end of July and for the month of August and the excess capacity in the weeks immediately prior and immediately following that peak represents an opportunity to build shoulder season business. Those adjacent weeks are considered to be the 'low-hanging fruit' for season extension, in addition to market diversification and demand generation in off-peak periods.

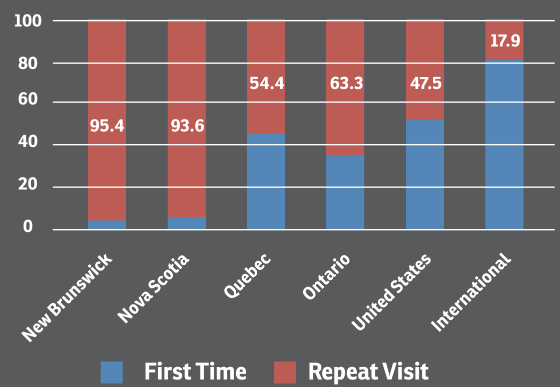
Percent of Travel Parties:

Full Year



Source: 2007/2008 PEI Exit Survey, Tourism Research Centre at the University of PEI.

% of first-time and repeat visitors



2.5 Case Studies

The focus of the case studies was not to find a direct comparison to Prince Edward Island. Instead, the interest was in examples of innovative tourism thinking in a challenging operating environment that reflected many of the foundational changes impacting global tourism.

Several good examples were identified and examined, both at the macro and micro destination level:

- Le Massif de Charlevoix in Québec **(www.lemassif.com);**
- Fogo Island in Newfoundland and Labrador **(www.shorefast.org);**
- Lighthouse Picnics in Ferryland, Newfoundland and Labrador **(www.lighthousepicnics.ca);**
- La Savonnerie Olivier in Ste-Anne-de-Kent, New Brunswick **(www.oliviersoaps.com);** and
- Kinsgbrae Garden in St. Andrews, New Brunswick **(www.kingsbraegarden.com).**

Le Massif de Charlevoix

Le Massif de Charlevoix "is a vacation destination borne of a desire to share the locale with a clientele that's curious, adventurous and sensitive to the planet's wellness". It is a 4-season tourism and recreation project being developed at an estimated cost of $230-million. Covering some 120 square kilometres, the project "emerged from a desire to do things differently, to live and share a refreshed, sustainable form of tourism in an authentic setting – one that's well rooted in its community. It defines itself as a place for learning, for pleasure and discovery, a territory for original and genuine experiences that favours encounters, exchanges and stimulates the senses."

The project, led by Daniel Gauthier, co-founder of Cirque du Soleil and its president for 11 years, is strongly focused on sustainable development on three fronts or "landscapes": environmental, economic and human. Of particular note, is the approach to planning the destination that applies these principles in all aspects of the development – from the train service to arrive at the destination to the individual accommodations and mix of products and services available, resulting in a cohesive tourism experience.

Fogo Island

Fogo Island is the largest of Newfoundland and Labrador's offshore islands. Led by Zita Cobb, who was born and raised on the island and found business and financial success 'away,' Fogo Island rural revitalization is being tackled through the Shorefast Foundation, a not-for-profit registered charity. Shorefast "undertakes projects built on social entrepreneurship. We use entrepreneurial methods to create positive change. We are innovative risk takers who use new ideas, products, resources and opportunities in novel ways to tackle problems. Our success is measured by social benefit and economic sustainability."

Tourism is an integral component of Shorefast's rural renewal efforts: "…Fogo Island [will] become a sought-after destination for geo-tourism – tourism that enhances and sustains communities – and a magnet for the world's finest contemporary artists and creative thinkers."

Lighthouse Picnics

Located about one hour from St. John's, Lighthouse Picnics (which has been operating for eight years) offers visitors gourmet picnics with a Newfoundland flavour that they enjoy while viewing Newfoundland's rugged coastline where minke and humpback whales and icebergs are frequently sighted.

The attraction itself is a leisurely and scenic 25-minute walk from the nearest car park. When they arrive, visitors choose their picnic fare from a gourmet menu of salads, sandwiches and desserts - and are then given a blanket and a flag. They're told to pick out their favourite spot in the vast headland surrounding the lighthouse, lay out their blanket, set up their flag and await their meal.

We are innovative risk takers who use new ideas, products, resources and opportunities in novel ways to tackle problems. Our success is measured by social benefit and economic sustainability.

- Excerpt from Shorefast website

When the picnic baskets are ready, they are delivered by a server who matches the basket to the flag. The food is served on china plates with real silverware and the drinks are in Mason or jelly jars with screw-on lids so they don't spill. Visitors are then free to lounge and enjoy both their meal and the surroundings. During times when it's too cold to picnic outside, the owners host visitors in the lightkeeper's cottage with entertainment and talks by local artists, writers, musicians and dancers.

The business owners credit much of their success to the community embracing the idea and the business and giving it full support, including donating artifacts, being entertainers and helping to spread the word-of-mouth advertising that has proven to be the biggest visitor draw.

La Savonnerie Olivier

According to the owners, La Savonnerie Olivier or Olivier Soapery "represents a philosophy of living pure and pursuing dreams." Founded in 1995, Olivier "is a living museum of the traditional craft of soap-making in the early 19th century" that has expanded into a wide line of artisan skin care products handmade with 100% all-natural ingredients.

Olivier differentiates itself by making the interpretation of soap-making unique, entertaining and hands-on through their The Cleanest Show On Earth! presentation and where visitors' sight, smell and taste are engaged as soon as they walk through the door. The experience is diverse as well, including the contemporary SoapArt Collection produced by local artists. The success of Olivier is partly reflected in the volume of visitor traffic that comes to the business' rural location in New Brunswick, making it a true destination.

Kingsbrae Garden

Kingsbrae Garden celebrates St. Andrews' heritage of fine gardens through a use of old and new gardening styles. Situated on 27 acres, Kingsbrae maintains numerous themed gardens consisting of more than 50,000 perennials, shrubs, and trees.

Kingsbrae is a horticultural garden rather than a botanical one, with the main difference being a "feast for the eyes" approach with display and themed gardens as well as an educational component. The Gardens have been awarded the Because Green Matters National Stewardship award from Project

EverGreen Canada and is designated a Certified Audubon Cooperative Sanctuary. Kingsbrae was also declared Attractions Canada's National Winner for Best Developed Outdoor Site in Canada.

Lessons Learned:

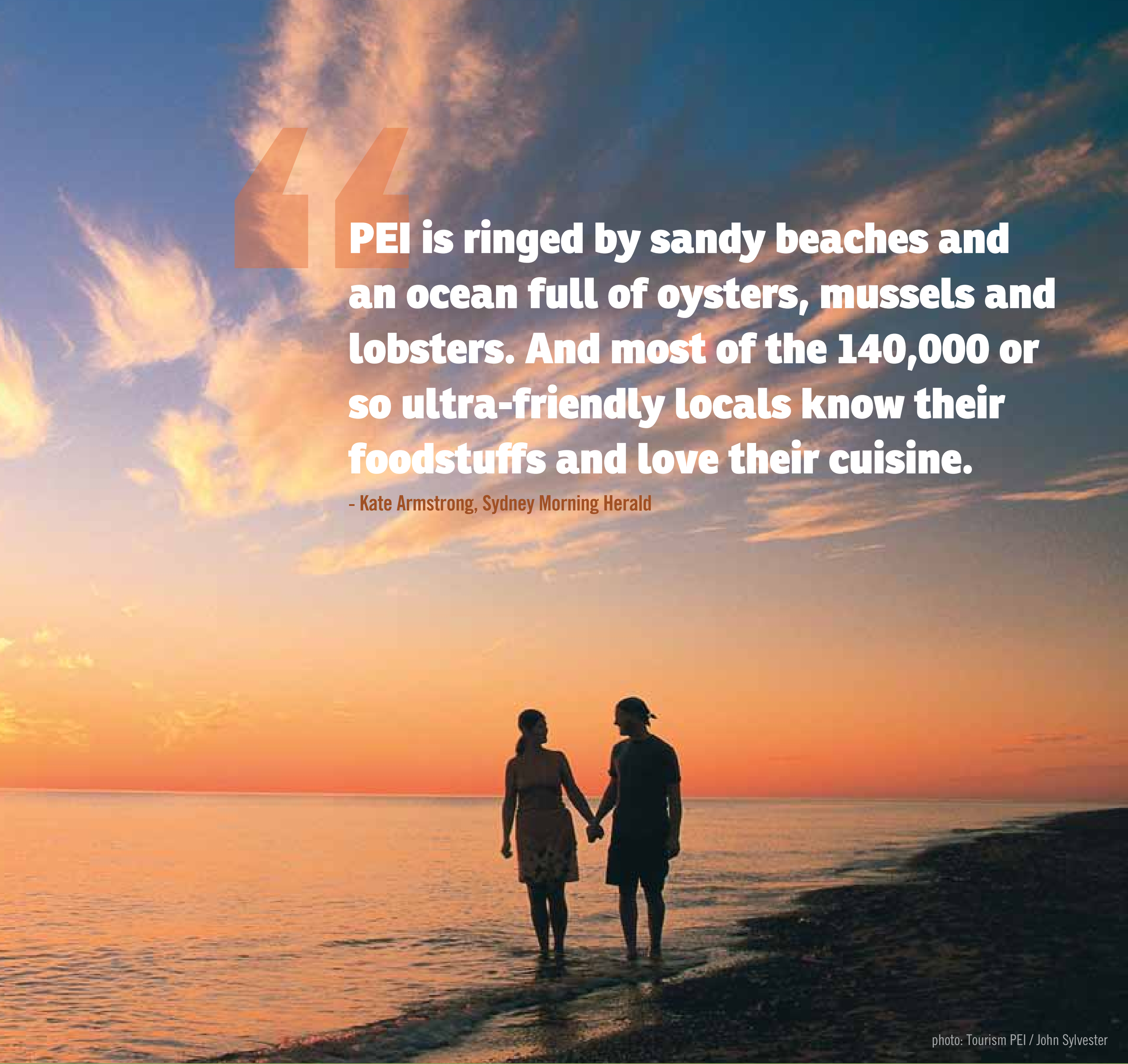
What can PEI's tourism industry learn from these case studies? According to tourism stakeholders attending the strategic planning Tourism Summit and industry forums, best practices include:

- a long-term vision;
- achieving uniqueness through authenticity;
- inspiration and passion;
- a can-do philosophy;
- focus;
- an engaging story that is integral to every experience;
- managed risk that is part of the competitive equation;
- sustainability as a fundamental principle; and
- everyone must be a partner…communities, the industry and government.

2.6 Critical Factors

The purpose of a situation analysis is, ultimately, to inform on the critical factors that may drive strategic planning for the next five years. **The critical factors identified by industry which the strategy must address, are:**

1. An aura of momentum, invention and mobilization is strongly motivating industry stakeholders. These elements must be retained and built upon.
2. Prince Edward Island has the core assets – urban and rural, natural and cultural – that can serve as the foundation for meaningful tourism growth.
3. Seeking excellence…make everything the industry offers dramatically better.
4. Calculated 'risk' is the most prominent theme.
5. 'Balance' is another important theme. Balance in supply and demand. Balance in market retention and growth.
6. Tourism's economic stature – how the sector is seen by PEI's economic decision-makers – is not as strong as it should be.
7. 'Access to capital' is seen as the #1 obstacle facing industry.
8. Labour demand/supply is seen as the #2 obstacle facing industry.
9. There exists no clear process, custodian or receptacle for the consolidation of tourism-related sector policies and programs.
10. Financial competitiveness barriers must be overcome to help quality businesses prosper, grow and reinvest in future growth.
11. Rural tourism needs special attention.
12. The industry does not generally understand government's brand philosophy.
13. Technology and the digital age are fundamental to motivating interest in a destination and supporting a decision to visit.



> **PEI is ringed by sandy beaches and an ocean full of oysters, mussels and lobsters. And most of the 140,000 or so ultra-friendly locals know their foodstuffs and love their cuisine.**
>
> – Kate Armstrong, Sydney Morning Herald

photo: Tourism PEI / John Sylvester

3. The Strategy
3.1 The Over-arching Strategy Storyline

The strategy has an over-arching storyline, that element which drives the thinking and philosophy behind everything said in the document. That storyline is predicated on the natural formula by which the consumer world operates: The Customer Demand Formula, in which research, once established, leads to new or renewed products, which lead to unique selling propositions (or brands), which leads to the opportunity to executive effective marketing campaigns, which leads ultimately to generating consumer demand.

The Customer Demand Formula

Product drives Brand, which drives Marketing, which drives Demand

- Creating new and enhanced demand-generating products and experiences;
- Clarifying and managing a P.E.I. brand which supports those products and experiences; and
- Achieving breakthrough marketing.

> **Halfway through dinner on my last day on Prince Edward Island–a sensational 12-course sampling of island-grown edibles–I toy with the idea of deliberately missing my flight home.**
>
> - Melissa Kronenthal, Food and Travel Magazine

3.2 Identifying the Demand Generators

The Consumer Demand Formula looks firstly for those products (demand generators) that are true to the qualities of the destination and that will provide for brand and marketing excitement. On Prince Edward Island, there are five identified key demand generators, one of which – Coastal – is seen as actually defining the destination.

The Supporting Demand Generators

The remaining four Supporting Demand Generators also contribute heavily to the strategy, each having a relationship to the fact that Prince Edward Island is inherently a coastal destination. The Supporting Demand Generators are: Culture, Culinary, Meetings, Conventions and Golf. Each of these also fits within the over-arching strategy storyline of Product – Brand – Marketing – Demand.

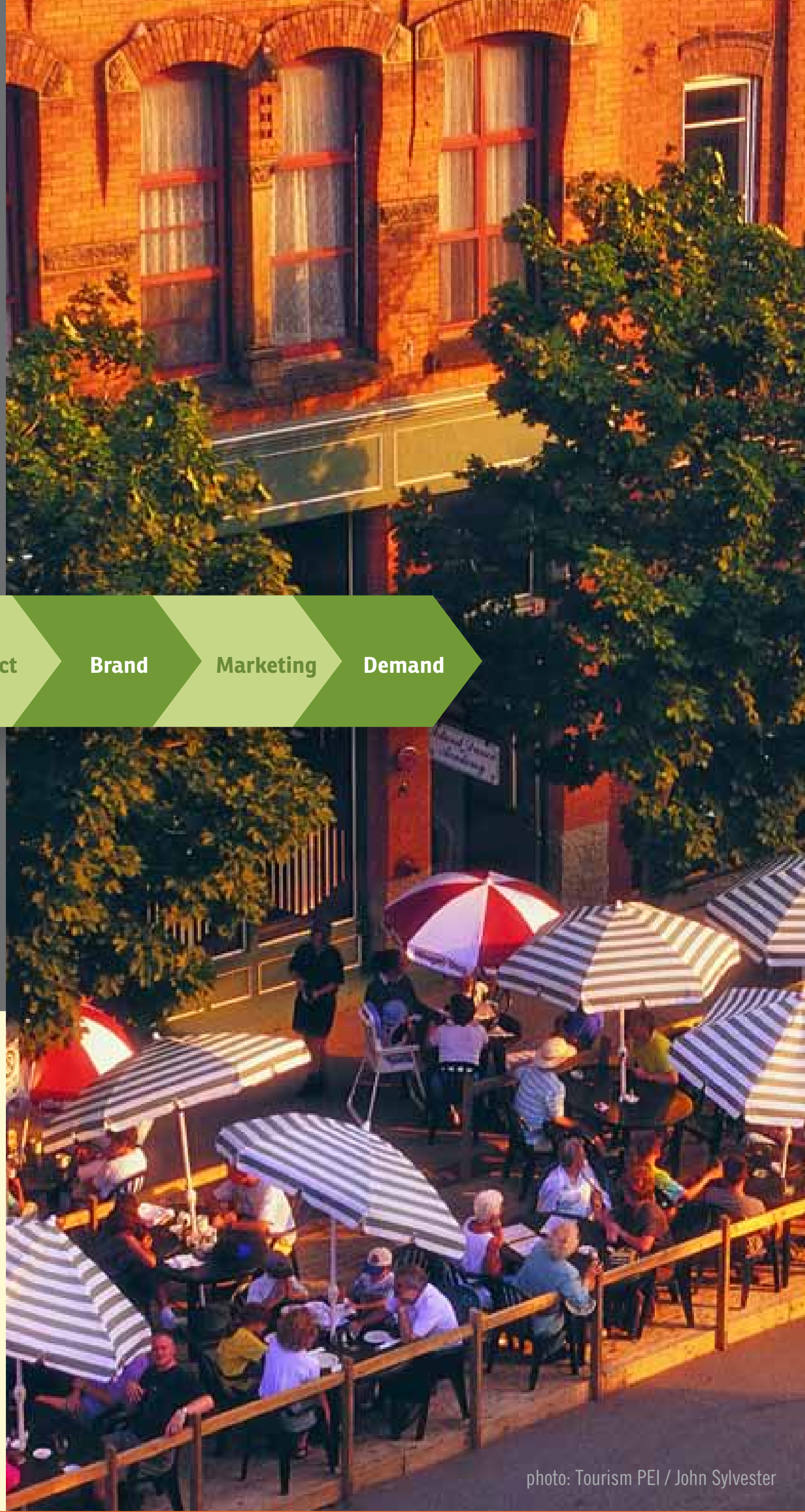


photo: Tourism PEI / John Sylvester

Micro and Macro Tourism

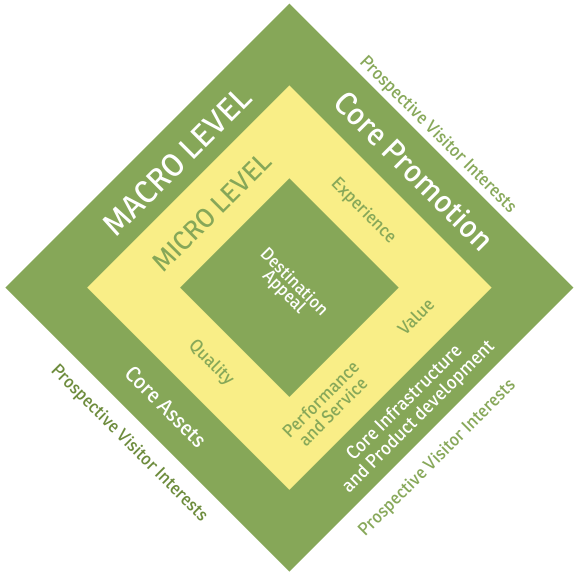
The strategy approach will unfold in the realities of how product and tourism destination development transpires. Macro and micro are two concepts that define tourism strategic planning, extending beyond economic principles. Macro represents the overarching factors influencing a destination's overall capacity, competitiveness, appeal and growth/prosperity. Micro represents the overarching factors influencing individual capacity, competitiveness, appeal and growth/prosperity.

Within the context of a tourism strategic plan, macro factors broadly encompass core assets, core product infrastructure and development and core promotion.

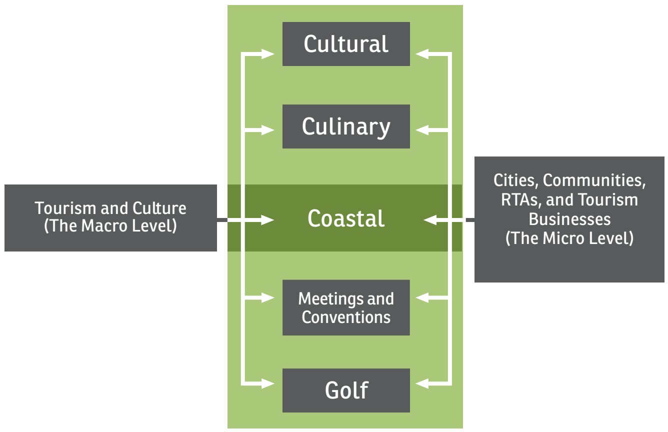
The micro level focuses on the individual operator and the individual experiences, quality, performance and service and value offered.

Shared Responsibilities for Fulfilling the Demand Generators

It is TAC's determination that the effective delivery and fulfilment of the strategy and its demand generators is a shared responsibility amongst governments, communities, tourism industry associations, tourism businesses and industry partners. The Department of Tourism and Culture, because of its capacity to deliver programs, is generally viewed as being the primary deliverer at the Macro Level. The other parties are generally viewed as being the primary deliverers at the Micro Level. While this scenario is not mutually exclusive, it does help define roles for the strategic objectives which conclude the strategy and give it meaning and 'legs'. ***Governments, communities, associations, businesses and strategic partners each share responsibilities for driving the demand generators forward.*** They also share the responsibility for focusing on the five generators and not veering off the strategic path, except in rare cases where the strategic argument for new opportunities is too persuasive to ignore. These opportunities would need to align with the vision, mission and goal, as well as offering strategic benefits as identified for the ***Strategy 2015*** Objectives outlined in the next section – season expansion, higher yield, balancing new and repeat visitation and contributing to prosperity, growth and new product or experience offerings. Governments will focus primarily on the Macro approach – those efforts that are industry-encompassing – and the rest of the industry structure are primarily responsible for the Micro approach – those efforts that are individual or localized in nature.



Partnerships & Alliances



3.3 Vision, Mission, Goal, Balance

Strategy 2015 sets out a clear Vision, Mission and Goal:

The Strategic Vision

Prince Edward Island, with its unmistakable seaside beauty, accessible coastlines, pastoral landscapes, facilities and unique experiences, will be the Canadian destination of choice for consumers seeking cultural entertainment, personal enrichment and rejuvenation.

The Strategic Mission

Build tourism into the most influential sector of the provincial economy through the formation of innovative local, national and international partnerships which showcase and define Prince Edward Island's brand strengths.

The Strategic Goal

{ The Strategic Goal is to reach $500 million in direct tourism revenue by 2015. }

Achieving Balance

Balance is seen as necessary in order to retain markets and set out on new ventures. The 'CEO' of tourism on Prince Edward Island, considered to be the Deputy Minister at the provincial level, is responsible for executing day-to-day strategies from within ***Strategy 2015*** which deliver a balanced attack in terms of Supply and Demand (looking after both industry and the consumer) and the pursuit of volumes of visitors and higher yield visitors. In order to achieve the goal of $500 million in direct revenue in 2015, we must balance all fours of these aspects for the greatest impact.

Operators, on the supply side, require an environment conducive to investment and this must be balanced with a focus by industry and government on the customer. Monitoring and responding to customers changing needs and opportunities will be key and we will emphasize the defining and supporting demand generators. In addition, increasing yield will be critical to reaching the revenue target, however this means more efficiently reaching our repeat visitors, re-allocating savings to new market development, building out the tourism season and creating new product-market matches.

photo: Tourism PEI / John Sylvester

3.4 Strategic Objectives

There are seven Strategic Objectives set out in Strategy 2015, each having a clear statement, a rationale, an identified champion responsible for leading the execution and areas of focus for momentum, invention and mobilization over the next five years. The objectives are:

OBJECTIVE #1:

Heighten Prince Edward Island's overall tourism stature.

OBJECTIVE #2:

Occupy the position as Canada's leading coastal and beach destination.

OBJECTIVE #3:

Heighten PEI's status as a leading domestic and international cultural destination.

OBJECTIVE #4:

Become famous in North America for PEI indigenous foods and food experiences.

OBJECTIVE #5:

Occupy the position as Canada's leading Tier 3 meetings and conventions destination.

OBJECTIVE #6:

Maintain and build the reputation as a leading Canadian golf destination.

OBJECTIVE #7:

Heighten industry's engagement in Strategy 2015.

Each of the Objectives is Highly Strategic

Based on the situation analysis, competitive environment and the specific challenges and opportunities faced by the Prince Edward Island tourism industry, it was recognized that each objective should only receive priority if it serves to benefit our focus, to facilitate growth in our industry, and ultimately to move us toward achieving our goal of $500 million in direct tourism revenue by 2015.

- **Each has Potential for Seasonal Expansion**
- **Each Skews Toward Achieving Higher Yield**
- **Each Speaks to attracting both Repeat and New Customers**
- **Each Speaks to Prosperity and Growth**
- **Each Creates a Climate for Creating New Products and Experiences**
- **Each Speaks to Momentum-Invention-Mobilization**

With the identification of the strategic objectives based on industry consultations, situation analysis and research confirming the demand generators, the strategic rationale above provided a litmus test to ensure that the objectives chosen had the potential to create the change we want to see in our tourism industry. Each objective is outlined below with a brief explanation of the ***reason*** for it's selection, importance and relevance to the Prince Edward Island tourism scene.

By identifying the ***champion***, the Strategy challenges the stakeholders, recognizing that every partner has a role to play in advancing the agenda, but ensuring accountability and minimizing scope-creep or role-confusion. This will translate into the evaluation framework and, ultimately, into the annual report card.

Finally, each objective is profiled under the lens of ***Strategy 2015: Momentum – Invention – Mobilization***. While some of these areas of focus may not be new, they have all been selected for their critical importance to the potential for real industry growth - and make no mistake, there is work to be done. Follow the content below and the graphic indicators to understand where the emphasis will be focused over the next five years. Consider that a mature tourism product may be in need of ***invention***, or perhaps a sector that is just becoming market-ready requires a concerted effort to ***mobilize*** the partners in one cohesive, powerful direction. Maybe the emphasis is on ramping up our efforts and creating ***momentum***. This is the core of ***Strategy 2015***… and it is the challenge that it sets forth for each and every stakeholder.

This document sets the philosophy and guides us toward a vibrant, sustainable industry over the next five years. It does not, however, prescribe exactly what tactics will be undertaken to get there. The distinction between strategy and annual plan lies here: it is understood that the lead responsible- the champion - will prepare an annual action plan that is responsive to the current market conditions and which moves us one step closer each year to the strategy goal and targets. Our partners will hold us accountable through the annual planning process with the Tourism Advisory Council, culminating each year in the Annual Report Card and Annual Tourism Plan presentation to TIAPEI at the fall conference.

OBJECTIVE #1:
Heighten Prince Edward Island's overall tourism stature.

Momentum
Invention
Mobilization

Why: There are perceived and real fundamental weaknesses regarding Tourism's place within the P.E.I. economy. This objective is positioned as the number one priority with great consciousness and intention. Creating change in this area is critical to breaking down the barriers to industry enhancement and capacity-building. Issues such as access to capital and labour needs that were recurring themes in the ***Strategy 2015*** situation analysis and industry consultation will benefit from tourism's enhanced stature.

Champion: Tourism Industry Association of PEI (TIAPEI)

Momentum: The tourism industry in Prince Edward Island has taken big strides since the launch of the last strategy five years ago – from the ***shift to the new product culture to the stabilization and momentum of industry results in the last five years***, tourism's importance to the Island economy is huge. There is a pervasive sense that we are on the right path with the destination management in this province, but it is not time to be complacent. We will build on this positive direction to increase the stature of tourism with all of our key audiences – from provincial and federal government to the industry operators themselves and Islanders, in general. Tourism matters to every business and individual in PEI. From Island pride to jobs, economic impact and quality of life, tourism contributes in a big way.

Invention: ***We will bring about a tactical response to the access to capital dilemma.*** Given the challenge set out to industry and government in this ***Strategy 2015*** document, it is widely recognized that policies and programs are required to enable operators to access financing in order that they can respond to the needs and interests of today's traveler. By the end of 2011, a comprehensive action plan will be developed that addresses how to establish a fresh policy framework that makes it possible for governments and lenders to enrich their investment relationships with the tourism sector. In order to achieve this, we will need to:

- formulate compelling return on investment scenarios;
- prioritize investment opportunities through alignment with the strategy;
- more effectively apply sector-specific research already available at the front lines - by both funders and operators or would-be operators;
- compare governments' assistance programs to similarly sized businesses in other Island economic sectors;
- investigate tourism assistance program best practices in successful jurisdictions;
- develop a new capital policy framework and programs targeted to tourism industry operators.

Timely and adequate access to a qualified labour pool is an ongoing and increasing challenge facing tourism operations in Prince Edward Island. This strategy sets out to address this dilemma - ***a Labour Action Plan must be developed by the end of year one of the strategy, 2011***. We will:

- formulate return on investment scenarios to demonstrate the benefit of programs designed to ease labour problems;
- examine programs in other jurisdictions which have successfully mitigated the supply/demand dilemma of the tourism sector;
- develop a new labour policy framework and programs targeted to tourism industry operators.

It is also imperative that we widen political and community-level embracement of tourism by proving that rural and coastal tourism are foundational to the true Island travel experience. Tourism on Prince Edward Island is largely a rural-based industry, however, urban centres are outperforming them. ***This urban-rural gap needs to be addressed***. We will demonstrate the economic value of tourism in rural and coastal areas, expanding the experiential offering in keeping with the demand generators and the overarching coastal demand driver. By creating linkages between urban centres and our rural products, we are able to provide a compelling tourism product offering that is true to our Island nature and culture.

Mobilization: In order to achieve success in any of the ***Strategy 2015*** objectives, it is critical that the industry is perceived by Islanders, stakeholders and government partners to be the economic engine that the economic impact studies verify it to be. ***An ongoing campaign will be undertaken to educate economic influencers and create a groundswell in the overall Island population about the importance of tourism and it's place in our economy.*** By investing annually in an effective, pro-active, year-round communications plan, we can ensure that the positive implications of a half-billion-dollar industry are seen and understood by all of government, industry and the general public. ay's traveler.

OBJECTIVE #2:
Occupy the position as Canada's leading coastal and beach destination.

Why: P.E.I.'s *Island-ness* is its best bet for uniqueness. Beaches and the coast – and vacations are intrinsically linked in travelers' minds. Islands have a sense of mystique so capitalizing on one of our greatest strengths is a smart approach. For many years, beaches and coastal touring had almost-exclusive billing as our tourism product mix and it served us well. Today, coastal still drives everything we do – it is the backdrop, the influence, the defining feature or aspect for each of our culinary, cultural, golf and meetings and conventions products – the other four supporting demand generators.

Momentum
Invention
Mobilization

Champion: Tourism and Culture

Momentum: We have long been perceived as a leading beach destination in Canada. We have been recognized with many awards over the years as one of the world's great Islands. ***Our unique coastal nature provides a perfect platform to create a unique selling proposition for our supporting demand generators and for Prince Edward Island in general***. Our most compelling brand attributes of our coastal nature and our landscape merit special attention in our destination management for the next five years.

Invention: ***Now is the time to re-invigorate our coastal tourism product***. Coastal is redefined to encompass more than just Provincial and National Parks or beaches. We must protect the brand attributes by placing coastlines and beaches at the forefront of our overall tourism plan. We will address and champion our coast and our landscape and bring new beach product and new experiential offerings into the tourism product mix, while being cognizant of sustainable and green tourism practices.

Mobilization: Coastal is our strength. It's our defining feature. We can not be complacent. By placing coastal at the forefront of all tourism product development and destination planning discussions, it finds its rightful place. We will work with seaside communities and tourism entities to inventory, prioritize gaps and build sustainable new coastal based products and experiences. ***By working with strategically aligned partners such as National and Provincial Parks, Department of Environment, Energy and Forestry and coastal communities, we can focus on mutually beneficial initiatives while pursuing the position of Canada's leading coastal and beach destination***.

> **We stood on the beach, the Confederation Bridge as our backdrop, as the historic music of PEI waffled towards us. Can it get any better than that?**
>
> \- Michelle Hopkins, AOL Travel

OBJECTIVE #3:
Heighten P.E.I.'s status as a leading domestic and international cultural destination.

Why: Cultural experiences are in high demand world-wide. In addition to our reputation as a coastal and beach destination, our *Island-ness* has created a distinct culture rooted in our sense of place and heritage. The "Island way of life" has always been embedded in our tourism product, in many ways. It is time now, to truly transition to a world-class cultural tourism destination. We have a rich cultural fabric that can become more accessible to the visitor through market-readiness and business savvy development. Demographic and global trends suggest that the experiential, engaging hands-on travel that allows a visitor to encounter the authentic nature of a place is here to stay. We will give our visitors opportunities to be enriched by our culture and heritage and endeavour to have them leave with a meaningful memory and impact on their lives and their view of the world. Prince Edward Island also has a unique opportunity to maximize the impact of the 2014 Birthplace anniversary celebrations. With the potential for the single largest marketing campaign in provincial history and product development support, this celebration provides an unparalleled chance to boost our tourism product and potential.

Momentum
Invention
Mobilization

Champion: Tourism and Culture

Momentum: ***The marriage between tourism and culture is just starting to take off, not only with the recent re-alignment of the Departments, but on a broader scale at the industry and community-levels***. Both sectors recognize the mutual benefits of working together and product enhancement follows suit as both tourism and culture entities strengthen their offering - and business model – by what they learn from one another. The timing is right on the demand side as indicators worldwide are that culture is a leading motivator of travel. We will build on the long-standing strengths of our Island culture and assets including the Confederation Centre of the Arts, The College of Piping and Celtic Performing Arts, the PEI Museum and Heritage Foundation, festivals, theatre and attractions with an emphasis on supply-side market readiness and customer demand generation.

We're showing the world what a special food destination we are, how food is woven into the tapestry of our culture and why we're worth a special visit.

- Chef Michael Smith

photo: Tourism PEI / Russell Monk

As we approach the 2014 celebrations, we will use such building blocks as the City of Charlottetown's 2011 designation as a Cultural Capital of Canada and associated projects, along with the cultural action plan, as catalysts for the excitement and momentum.

Invention: Bringing visitors directly into the reality of day-today life with our artisans and culture to encounter our authentic way of life and heritage is key to our success as a cultural destination. By emphasizing experiential, capitalizing on our strengths as a destination and leveraging human and financial resources and industry intelligence for mutual benefit across industries and sectors, we will reinvigorate both the cultural and tourism sectors. This approach has the potential to further enhance the business model for each and ultimately, generate greater consumer demand. For example, dramatically enhancing visitor access to heritage, musical, story-telling, visual and performing arts experiences may require an inventorying of the providers, industry or product development and an avenue or sales channel for the consumer to find them. Creation of an Arts and Heritage Trail is one example of this and the ***implementation of a Cultural Action Plan between 2011 and 2013 will lay the foundation for the evolution of our cultural tourism offering and enable our industry to prepare to host the 2014 sesquicentennial Birthplace celebrations***. This unique and unparalleled opportunity to showcase our Island will be leveraged with all partners and leave a legacy for future generations of Islanders and visitors alike.

Mobilization: ***We will merge the cultural and tourism sectors to create a mutually-beneficial demand-generating force that truly capitalizes on the strengths of each and solidifies Prince Edward Island's place on the world cultural destinations map***. The Action Plan implementation sets the stage to break down any barriers that may exist and to build the bridges of change that will form alliances between businesses, creative communities and public sector partners. These alliances will be the incubator for authentic new product development, enhanced market-readiness and a cohesive cultural tourism product offering.

OBJECTIVE #4:
Become famous in North America for PEI indigenous foods and food experiences.

Why: Prince Edward Island boasts excellent harvested/produced products; local food and culinary experiences are in high demand world-wide. Yet again, the defining demand generator, coastal, plays a significant role in expressing our product and identity in the culinary tourism marketplace. Our fishing and agricultural heritage, and these industries today, paint the canvas of our coastline and landscape that drive our brand and marketing. The harvest-in-the-morning; dine-in-the evening approach creates a competitive advantage and a strong positioning for our culinary tourism product to the North American consumer linking urban and rural tourism product. Leveraging each sectors strengths and resources and creating new export opportunities allows us to multiply our investment effect.

Momentum
Invention
Mobilization

Champion: Tourism and Culture/Culinary Alliance

Momentum: ***The formation of the Culinary Alliance has prompted great progress and has ensured all multi-industry stakeholders are working together for mutual benefit***. It is widely considered one of the most unique partnerships in Canada, if not North America, bringing together partners from provincial and federal government, from various departments, sectors, industry associations and operators from agriculture, fisheries and aquaculture, foodservice, tourism and business development. The Alliance facilitates the development of innovative and sustainable food industry partnerships, culinary experiences and promotional programs. The efforts assist to increase tourism visitations and season extension, increase the consumption of PEI food products and increase export sales for Prince Edward Island. The formation of the Culinary Trail, the PEI Flavours branding and promotions and the Fall Flavours Festival expansion are providing benefits Island wide across all sectors. Building on consumer awareness of PEI mussels, oysters, potatoes and increasingly lobster and beef, we can extend the reach, expand the markets and increase the revenues for PEI culinary experiences and products. Likewise, tourism opens up doors to new export markets and revenues for the other sectors. The celebrity endorsement and culinary brand ambassadorship by Chef Michael Smith has enabled much greater market reach than we might otherwise have been able to achieve and reflects the kind of non-traditional partnerships and brand awareness leveraging that we continue to cultivate.

> **The undulating hills and fertile lands of this agricultural green belt - known as the 'Million Acre Farm' - churn out fresh produce from carrots and pumpkins to cauliflowers and rutabagas. Plus, of course, potatoes - the Island's largest agricultural commodity.**
>
> - Kate Armstrong, The Brisbane Times

Invention: The alliance and their initiatives in the last two years have changed the face of tourism to more prominently include such partners as farm markets, culinary experience providers, farmers and fishers. While this direction has broadened the experience and capacity of our industry to respond to the demands of the culinary tourism market, there are opportunities for a more sustainable culinary sector. ***This is a two-pronged approach: one is striving to do every culinary initiative we have started even better, year after year and the other is with new targeted initiatives***. We will build Fall Flavours into one of the premiere food festivals in North America. The festival concept has demonstrated its ability to attract visitation, however, we will strive to grow visitation from off-Island, particularly mid and long haul markets within the next five years. The PEI Flavours Culinary Trail will grow its participation and demonstrate its return on investment to the partners, with the sophistication of the operators themselves driving us to raise the bar for participation criteria. We will work with the industry to grow their sector and their businesses. New initiatives will also aim to address the sustainability of the restaurant, foodservice and culinary experience sector – by such projects as dedicated and specialized best practice missions, trade and marketplace opportunities and professional development programs. We will develop more industry export partnerships by strengthening the mussels and potato promotions and striking or enhancing similar partnerships with the oyster, lobster and beef producers.

Mobilization: The Culinary Alliance has a demonstrated track record for building partnerships. ***We will focus on Island culinary and tourism supplier partnerships and maximizing cooperative product development and marketing***. In addition, external partnerships with export and non-traditional partners will challenge the Culinary Alliance to look beyond the current mix of stakeholders to broaden their reach even further. We will ensure that all five – lobster, mussels, potatoes, oysters and beef have solid promotions and export partnerships in place. We will investigate the success formulas of destinations having excelled in primary product-destination marketing, motivate and reward operators and destination communities for featuring their primary products and return to the idea of placing the Prince Edward Island brand and messaging prominently on every primary product.

OBJECTIVE #5:
Occupy the position as Canada's leading Tier 3 meetings and conventions destination.

Why: The Island's selling proposition as a coastal meetings destination enhances our appeal in the meetings market and strengthens our ability to compete and grow this sector. With the upcoming addition of the new Convention Centre in Charlottetown, Prince Edward Island will stand to capture a much larger share of the Tier 3 Conventions market. Tier 3 is defined as centres offering up to 100,000 square feet of total rentable space and further describes the destination as catering to conferences or conventions with up to 1,000 delegates and with up to 30,000 square feet of tradeshow space. Charlottetown has successfully attracted meetings from this market on the smaller end of the scale, but the new convention centre enables us to cater to larger meetings within this same tier with considerable room for growth. The existing meetings and conventions spaces and inventory in PEI are critical to support this Convention Centre addition and additional accommodations inventory is already coming on-stream in anticipation of the additional demand.

Momentum
Invention
Mobilization

Champion: Tourism and Culture/Meetings and Conventions PEI

Momentum: Prince Edward Island is well positioned to advantage the Atlantic Canadian meetings and conventions rotation. ***The new convention centre will enable us to take a greater share of the Tier 3 meetings and conventions business in 2013 and beyond***. Our industry has been in the meetings game for a long time and they are convention-savvy. Our demand generators of coastal, culinary, cultural, and golf products fit particularly well with the meetings market. Prince Edward Island has built a reputation as a coastal meetings destination.

Invention: Growing our share of the Tier 3 meetings and conventions business will require a fresh new approach to capture the attention of this market. ***Industry expertise will be employed to create a five year sales plan that capitalizes on our new and existing assets, infrastructure and experiences - focusing on our defining and supporting demand generators***. Linking coastal, rural and urban strengths, we will create a new inventory of meetings-suitable experiences to augment the selling proposition and appeal to the convention planner of today. New niche markets and interest groups will be targeted based on sound research and product-market match. The ***Strategy 2015*** challenges Meetings and Conventions PEI to capitalize on the 2014 Birthplace Celebrations customizing events and experiences to this market through such offers as themed meetings, spousal programs and pre-and-post-programs. This type of celebration holds a special cache for the meetings market and will figure prominently in the sales plan.

Mobilization: ***Meetings and Conventions PEI is undergoing a re-invigoration as the provincial lead responsible for the challenge ahead***. In order to achieve the growth we are striving for, all beneficiaries must be engaged – looking beyond just accommodations and meeting space to restaurants, attractions, experience providers and retailers. A provincial partnership will take shape as stakeholders and partners across the province come together, taking ownership in their market opportunity and identifying their best chance for success in this market. Either as an individual operator identifying a need or meetings gap that they can fill or a whole region or group of suppliers who are prepared to target a niche – Meetings and Conventions PEI will provide the partnership and leadership to pursue these new opportunities under the province-wide brand.
able food industry partnerships,

OBJECTIVE #6:

Maintain and build the reputation as a leading Canadian golf destination.

Momentum
Invention
Mobilization

Why: Golf is one of the few products which breaks through the seasonal expansion dilemma. The golf product in Prince Edward Island may be described as mature. While Prince Edward Island has a reputation as a leading Canadian golf destination, the strategy recognizes the changes in the competitive marketplace, with strong new product development in competing destinations like Ontario and changing market demographics impacting golfing trends and participation. Strategy 2015 challenges the golf sector to maintain and build our #1 golf destination reputation in Canada over the next five years.

Champion: Tourism and Culture/Golf P.E.I.

Momentum: Prince Edward Island is currently a Canadian-leading golf destination – perhaps even eastern North American-leading. We are home to 10 of the Top 100 courses in Canada. In 2009, we also made golf history as the first Canadian destination to host the Golf Channel's Big Break reality series and followed that up with designation by IAGTO (International Association of Golf Tour Operators) in 2010 as the Undiscovered Golf Destination of the Year. ***The list of golf awards and successes is long, not the least of which is our industry government partnership that is the envy of many other jurisdictions***. The Golf PEI partnership demonstrates clearly the benefits of working together. However, golf on PEI has seemed to have reached a plateau in its performance so we need to find new ways to attract new business - and to get more business from our existing golf visitors.

Invention: We will create and innovate our partnerships, promotions and product to achieve this goal over the next five years. In order to build the Island golf brand in Canada and the U.S., we recognize that traditional brand awareness marketing and advertising is not enough. We will continue to pursue non-traditional partnerships with media or business partners that can leverage their brand or distribution channels to our benefit. ***By building strategic, market-penetrative partnerships, we can make our marketing investments go further and work harder on our behalf***. The partnerships may be broad awareness-generating partnerships like the Golf Channel or they may target narrowly defined market niches - very specific research-driven geographic markets or special interest groups through a strategic, dedicated and cohesive sales effort. We will leverage media events and themed/special-interest festivals and events as a means to penetrate the marketplace.

Mobilization: It is critical that all beneficiaries are at the table as we work together to enhance the North American-leading industry-government partnership that we have – we will expand our stakeholder network. ***Strategy 2015 challenges industry and government to build on our partnership and continue to be innovative and progressive in how we bring the partners to the table to create change and growth***. We will work with industry on a new marketing, sales, pricing and web-based strategy. Balancing marketing and sales initiatives and targeting direct sales in key markets, working with on-the-ground partners has proven worthwhile and beneficial for PEI and represents a new approach to sales for Golf PEI. Building and enhancing this effort, it will be worthwhile to re-investigate North America's most successful golf destinations and develop a new competitiveness strategy in accordance with the investigation findings.

OBJECTIVE #7

Heighten industry's engagement in Strategy 2015.

Why: Every tourism operator or stakeholder in Prince Edward Island owns this Strategy 2015. The vision and the challenge set out on these pages belongs to the tourism industry in Prince Edward Island. The Tourism Advisory Council of PEI is responsible to take the lead on the five year strategy process and in so doing, we invited every tourism business to share their vision for 2015. Over 150 tourism stakeholders participated directly in the development of this strategy. TAC's unique structure also enables the participation of industry through the Tourism Industry Association of PEI (TIAPEI) Executive Director. TIAPEI, the Atlantic Canada Opportunities Agency, Parks Canada and of course, the Department of Tourism and Culture are all ex-officio partners with an active seat at the table. This ensures that all partners are working in the same direction – the one set out here in Strategy 2015. The more involved YOU are in this strategy, the more successful we all can be in achieving our goals and objectives.

Momentum
Invention
Mobilization

Champion: Tourism Advisory Council

Momentum: Since the last strategy, the downward trend in tourism has been halted and the industry has seen a levelling out and a modest increase in recent years – in a climate where many of our competitors are taking hard hits due to global, economic and competitiveness factors. With a focus on product development, we have accomplished a great deal from *The New Product Culture* strategy as outlined in the Situation Analysis. We have clarified the roles of stakeholders and partners and built accountability into the destination management planning model with the five year strategy and annual plans. We have become more nimble and streamlined our efforts to ensure market retention was done in the most effective and efficient ways and that investment was allocated for new market development. But, we cannot rest on our laurels. This is a high competitive business and we are competing on a global scale for the travellers vacation dollar. ***This Strategy 2015 confirms the approach, sets new directions and challenges each of us to go further***. Calculated risk based on sound research and return on investment principles will drive decision-making. We invite industry to evaluate their business opportunities and take advantage of the research we now have to be bold and fresh in their product offering. The last strategy had unprecedented industry buy-in, but this one relies on even broader buy-in and active participation. It is imperative that every tourism business in this province play a role in moving us toward the goal. It will not truly work unless all operators embrace the change and take up the challenge. Where does your business fit in the ***Strategy 2015***? How can you capitalize on the momentum to leverage the demand generators, participate in cooperative programs and strike partnerships that will grow your business? Growth in your business means growth in our industry – that is how we will reach the goal of $500 million in direct revenue by 2015.

Invention: ***We will work with partners to create opportunities for industry to participate and support for your business development in keeping with the strategy objectives***. Industry uptake on programs, as well as input on needs, will drive new policy development. The annual plans will include on-ramps for participation and demonstrate how your business can play a role in the tactics that will drive us toward growth. Communication will be consistent and on-going. This is a two way street – the annual operator survey will call for your direction and ensure the annual plans are responsive to your business needs. The Tourism Advisory Council, along with the Tourism Industry Association, the Department of Tourism and Culture working with the Regional Tourism Associations, will ensure the information is where you need it, when you need it - to assist in your annual business planning.

Mobilization: ***Strategy 2015*** responds to the industry needs that resounded at the forums across the province. We must address the obstacles facing tourism businesses that present a barrier to entry, enhancement or expansion as outlined in Objective #1, first and foremost. We will adopt a 'one operator at a time' approach to engagement that ensures support, mentoring and access to assistance for any tourism business that is prepared to embrace the ***Strategy 2015*** challenge. This will require all TAC partners – federal government, provincial government, the industry associations – and operators themselves, to accept responsibility for industry advancement and change. We will extend our network of partners to other business, sectoral and appropriate government departments to ensure our outreach and accessibility to all sectors as we redefine the composition of our industry – encompassing cultural, culinary, golf and coastal stakeholders. We recognize that many of our operators are in transition, adapting to the new marketplace realities as consumer demands and interests change. The profile of our visitor has changed in the last decade and this has translated into fewer visitors spending more money. This change represents opportunities and challenges for our industry to respond to, and this strategy strives to maintain a balance that ensures some stability for operators by managing our market retention and new market development efforts in a responsible way for Islanders. We will strive to ensure stability and sustainability of the sector by balancing yield versus volume customer pursuits and assuming 'calculated risk' only where the research, reward and return on investment merits. Finally, and most importantly, ***the Tourism Advisory Council will develop an action plan immediately for the ongoing communication, promotion and engagement of Strategy 2015***. This engagement plan will ensure that the strategy and the annual plans are seen and understood by all key economic and policy influencers - and every tourism operator and stakeholder in this province.

Ask not what your country can do for you – ask what you can do for your country

- John F. Kennedy

photo: Tourism PEI / Barrett & MacKay

4. Benchmarking, Measurement and Evaluation

Strategy 2015 will be subjected to a stringent, calculated methodology which begins in 2011 with the development of benchmarks against each of the seven strategic objectives. On an annual basis, in complement to the annual plan, an annual report card will be produced that measures performance of the partners based on the progress toward the five year goals. The first report will be produced in the fall of 2011 benchmarking the efforts and laying the groundwork for future measurement. It will be a two-tiered approach – measuring the progress on each of the objectives – and secondly, measuring the progress toward the Goal. A final comprehensive evaluation process at or near the conclusion of year five will be conducted. The measurement will be undertaken by independent, third party qualified experts.

Measurement of the Objectives

While a comprehensive evaluation framework will be produced by the fall of 2011 which details the methodology and benchmarks for each of the objectives, two primary pieces of research have been identified as critical to monitoring our progress on this strategy. In keeping with the 'supply and demand' theme of this strategy, the measurements must reflect this. One major consumer research component (demand-side) and one industry operator research component (supply-side) component will be developed.

Consumer Awareness Study

The Consumer Awareness Study will sample the appropriate designated visitor markets for their awareness of PEI as a brand, destination and, more specifically, for our perception as a culinary, coastal, golf and cultural destination. A recognized need for brand measurement can be addressed by this effort as well as measuring our visitors perceptions of Prince Edward Island for our key demand generators, enabling us to determine if our efforts are 'moving the needle', so to speak. This study is planned for years one, three and five.

Industry Operator Research

The Operator Survey will be conducted annually, to evaluate the progress on such objectives as the access to capital, labour supply, profitability and sustainability as well as responsiveness of programs to operators needs and the strategic objectives. It is also intended that one annual operator survey will provide a new single vehicle for several smaller annual operator surveys that are already being conducted by various partners.

Measurement of the Goal

With the benefit of the new economic impact model as a result of the last strategy, we now have a means of measuring tourism's economic impact that is credible to both industry and government and allows for objective annual tracking. Using this tool, we will measure our progress from 2011 to 2015 toward our goal of $500 million in direct tourism revenue.

"Be the change you want to see in the world"

- Mahatma Ghandi

The following chart showcases the annual growth rate targets set by ***Strategy 2015***. Based on historical data, the annual growth rate and goal are aggressive. In order to achieve this goal, all seven objectives must be advanced and both supply side and demand side innovation is needed. The annual growth rate is weighted to allow for momentum to continue to build and to begin to see results from the strategy implementation incrementally year-over-year. Factors such as: the realization of increased business due to the new convention centre coming on-stream in earnest in 2013; the implementation of the Cultural Action Plan culminating in the 2014 Birthplace Celebrations; and, of course, momentum, invention and mobilization increasingly taking hold in the tourism industry - have all been taken into account.

The Strategic Goal is to reach $500 million in direct tourism revenue by 2015

Strategy Year	Annual Revenue Target	Annual Growth Target
2011	3.50%	$383 million
2012	5.50%	$404 million
2013	7.50%	$434 million
2014	8.00%	$469 million
2015	6.50%	$500 million

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