Newfoundland and Labrador Best Practice Case Study - Organisation: Public/Private Collaboration

Background and Context

In 2008 the Tourism Industry wanted to create awareness within the Province of NL and outside that Newfoundland & Labrador is a leading tourism destination.

Tourism is the fastest growing economic sector in the world and the largest export earner. In Newfoundland and Labrador it is one of the province’s greatest economic drivers worth an estimated $800 million annually. From 2003-2007 non-resident visitations increased by 15% and generated approximately $357 million (2007) in annual provincial revenue. The resident market is also a substantial component of NL’s tourism industry representing over 55% of total tourism spending in the province (2007). As a whole, the industry contributes almost $790 million (2007) to NL economy each year, supports 12,730 direct jobs in tourism, and generates significant economic and cultural spinoff.

Beyond the economic benefits, tourism helps preserve and protect NL natural heritage, culture, and history. And it gives life to a range of facilities and events that play an important role in the regeneration of communities for both residents and tourists alike.

It’s also an industry with huge untapped potential.
The partnership of government and industry was essential to developing NL’s tourism industry. The cry for integration of all key stakeholders was heard and a framework (i.e. vision) was designed as a place for change and action. The vision was developed under the guidance of the Vision Steering Committee with representatives of the Department of Tourism, Culture and Recreation, and the tourism industry association, Hospitality Newfoundland and Labrador (HNL).

An achievable yet bold vision was put in place but in order to be able to see real and measurable results for all involved in the industry.

The Newfoundland and Labrador Tourism Vision 2020 provided a blueprint for extraordinary growth. It addressed the real and perceptual barriers facing NL industry with innovative strategies and actions.

Uncommon Potential: A Vision for Newfoundland and Labrador Tourism was drafted. The establishment of the Tourism Board was the first step in the implementation of Vision 2020. The Board was committed to developing Newfoundland and Labrador as a leading tourism destination offering authentic and exotic experiences through the ‘creativity’ brand pillars of people, culture and natural environment. The ultimate goal of the Vision was to double annual tourism revenues by 2020.
Strategy

Vision

Newfoundland and Labrador will be a leading tourism destination offering an authentic and exotic experience through the ‘creativity’ brand pillars of people, culture, and natural environment.

There are seven strategic directions that were established with Vision 2020. They are:

1. **PRIVATE PUBLIC LEADERSHIP**
   A Partnership for Tourism Growth & Development

2. **SUSTAINABLE TRANSPORT NETWORK**
   A Transportation Strategy to Grow Our Industry

3. **MARKET INTELLIGENCE & RESEARCH STRATEGY**
   A Framework for Accessible & Timely Research

4. **PRODUCT DEVELOPMENT**
   Delivering Strategic & Sustainable Traveller Experiences

5. **TOURISM TECHNOLOGY**
   Strengthening Our Information & Communications Technology

6. **MARKETING OUR BRAND**
   Building on the Success of Our Creative Marketing Campaign

7. **DEVELOPING OUR WORKFORCE**
   Growing Our People for a Dynamic Industry

These directions were intended to guide the vision – particularly an investment plan for tourism and provide the platform for a shared focus and unified action. Ongoing and widespread communication among all industry stakeholders was a critical success factor that underpinned all seven strategic directions. The shared leadership between government and industry was seen as crucial to ensuring delivery of the strategy’s action plan.
Goals
The main goal is to double annual tourism revenue in Newfoundland and Labrador by 2020.

Increase the value of tourism to visitors, residents, businesses, communities, and environment around the seven strategic directions identified through the research and consultation process. The strategic directions are the foundation of the strategy and action plan to be developed and implemented.

Mission
Inspire travellers through authentic experiences that embrace NL’s natural creativity, environment, and unique culture for the sustainable benefit of people and province.

Guiding Principles
The following principles guide throughout the journey to 2020:

- Respect for our Home. Develop tourism experiences that support, protect, and enhance a sustainable society, economy, and environment.
- Respect for our Residents. Collaborate with tourism partners to garner our collective knowledge and experience for the benefit of our people and our province.
- Respect for Travellers. Deliver appealing, memorable, and quality experiences for our travellers at every stage of their journey.
- Respect for Profit. Make investment decisions based on the ability to sustain economic growth and prosperity in our province.
- Respect for Communication. Commit to ongoing, positive, and constructive dialogue within our industry as a cornerstone for achieving our vision.
Organization

Tourism Board Creation

The establishment of a private/public Tourism Board was designed to set the priorities and focus and to implement the vision. The Tourism Board (NLTB) was announced on June 3rd, 2009. It comprised representatives from both government and industry and was established to oversee the future development and growth of the province’s tourism industry.

Tourism Board Mandate

The mandate of the Tourism Board is to define and drive tourism investment and development decisions focused on the marketing, product development, and visitor experience priorities of Vision 2020.

The Tourism Board aligned government and industry efforts with a primary focus of defining the roles, responsibilities, and financial support structures for tourism organizations; developing closer links with local communities and regions; and strengthening the leadership capacity within NL industry.

Tourism Board was structured so that it will always enable the board to focus on achieving strategy. Board comprised of:

- 4 Senior tourism leaders
  - 1 seat reserved for TIA’s chair
  - 3 seats selected through application process

- 4 Destination Marketing Organization leaders
- 4 Senior Govt Leaders
  - Deputy Ministers
  - Assistant Deputy Ministers
- Industry Chair appointed by Govt Ministry
The Board used every available communication tool and avenue to communicate Vision 2020 and strengthen collaboration among stakeholders. The Board provides recommendations to the Minister of the Department of Tourism, Culture and Recreation and report annually on the status of its activities.
Tourism Board’s Key Priorities

- Define roles and responsibilities of all tourism stakeholders in achieving Vision
- Align govt. and industry efforts by building strong linkages throughout the public and private sector and develop closer links with local communities regions
- Lead and direct tourism investment and development decisions focused on the marketing, product development and visitor experience priorities
- Seek sustainable financial support structures for tourism organizations
- Strengthen the leadership capacity with the tourism industry
- Use every available communication tool and avenue to communicate the strategy and strengthen collaboration among stakeholders
Critical Issues

Further Defining of DMOs & RTA’s role

- The organization of the tourism industry was fragmented and uncoordinated leading to confusion for all involved in the industry. There was a need to clearly identify and define the roles and responsibilities of the various stakeholders in the industry and ensure support is provided for these roles.
- Identified that the role of DMOs should be around engaging and helping members to reinvest and develop new experiences.
- As part of roles and responsibilities expectation was that DMO would work with operators on a grass roots level (one-on-one). Industry members indicated that some of the most valuable experiences they have had over the years was mentoring sessions.
- The thought was that DMOs would assist with the delivery of such programs to industry.

Limited/Difficult access to capital costs

- This was raised as a major concern with many rural areas in the province, particularly as it relates to the ability for upgrades and expansion of accommodations.
- Discussion ensued around areas where accommodations are in desperate need of upgrades. Industry reps indicated that when accommodators are approached on the topic of investing in their accommodations the response is often that there is only 50% financing available for them and they are not sure if they access that.
- Further to this, there is concern by accommodators that if they do make the investment in the property there is no confidence that outcome will help the business. They are unable for the most part to make the necessary investment or have no knowledge of where to go to obtain this funding.

Municipal engagement

- Municipal engagement with SMEs is very important as they can offer tourism infrastructure support.
- Municipalities are another stakeholder and piece of the puzzle that needs to be integrated into the development of an area to achieve a positive outcome (increased visitation/business).
- DMO play a role in the engagement of municipalities with product development in their regions.
Product Development Roles & Leadership

- The need for a cohesive approach to product development – was not being driven by anyone in the regions especially developing areas.
- Accommodators are challenged if there isn’t enough product in the area to draw visitors if upgrades to their accommodations are made.
- Many operators are not equipped (possess the skill set required) to bring products to market. They possess the knowledge of the experiences in the area and can deliver the experiences for the most part but lack the ability to bring all the pieces together and package the products. Often these are business owners/operators who have little to no business knowledge or of the tourism industry.
- In 2013, to advance the focus and investment in achieving the PD goals, a formative evaluation was commissioned of the tourism resources in all regions of the province with the goal of producing a destination development plan to guide tourism operators.
- Designed with the visitor in mind, the research methodology enabled each region within the province to be examined as separate entities with unique nuances, but also provides the ability to draw linkages between the regions so that provincial themes or ideas may be built upon.
- This process has been completed across the province and all regional destination management organizations in their product, market and experience development efforts.

New Provincial Visitor Exit Survey Methodology in 2011

- yielded updated non-resident visitor information as well as the basis for an improved and more detailed process to estimate non-resident visitation and spending.
- With the new methodology, it is estimated that 459,100 non-resident visitors travelled to the province in 2011, spending $424 million along the way – the most non-residents have ever spent here.
- The 2011 resident and non-resident spending estimates also take the province to a new milestone with reaching just over $1 billion in provincial tourism spending.
Examples of Other Critical Issues Discussed and Dealt with

- Air Access Strategy
- Ocean Access to Island of Newfoundland (Marine Atlantic Federal Crown Corporation)
- Car Rental Shortages
- Provincial Tourism Statistics
- Human Resources
- Tourism Partnership Forums
- Organizational Structures
- Marketing
- Market Readiness/Quality Assurance
- Regional Destination Development Plans

The first three years of implementing the Tourism Vision showed that this path is often very straightforward yet littered with unexpected turns. While presenting many challenges, the re-structuring of the tourism sector took good shape and the re-focusing of the Destination Management Organization took centre stage. That put into place a solid financing structure, aligning and resident travellers.

While the Resident Travel Survey provided insights into travel attitudes, motivations and in-provinces trip experiences of NL residents, the Labrador Travel Survey served as a benchmark study to identify priorities for the development and improvement of travel services and to identify tourism development opportunities in Labrador. One of the greatest research efforts in the province, however, was dedicated to the Provincial Visitor Exit Survey which offered new knowledge about non-resident visitors to the province and formed the basis for updated estimates of non-resident visitation and spending the province’s marketing efforts played a major role in attracting travellers to the province.
However, product development initiatives and investment activities also made a significant impact on the appeal of the province as a travel destination. During the 3 year period 2009-2011, over $7.3 million was invested in travel generators and premier tourist attractions.

Another $3-4 million was invested in provincial historic sites and provincial visitor information centres. Much effort was also put into developing and expanding numerous festivals and events to celebrate the four seasons “Newfoundland and Labrador”-style, attracting residents and non-residents alike outside the summer peak travel season.

While government funding supported a wide range of tourism related activities, attractions and infrastructure, private investments were equally essential to carry the sector’s momentum.

Operators’ investments had been fostering growth in the tourism sector and were a significant driver of economic development in their respective regions, over $100 million in investments in new hotel developments in St. John’s with other areas in the province had also experiencing a number of accommodation expansion and upgrade projects.

ACOA programming alone had supported over $12 million in accommodations projects across the province between 2009 and 2011. Private investment had also been focused on improving tourism infrastructure, including the Shorefast Foundation’s five star inn with conference centre, art gallery and heritage library ($15 million). Additional investments during the 2009 to 2011 period totaling over $4.3 million supported by ACOA programming involved replacing tour boats, expanding tour operations, upgrading alpine ski facilities and developing hiking trails.

Quality Assurance, Market Readiness and Sustainable Tourism programs had started to take centre stage in the province to ensure travellers wouldn’t leave disappointed and keep recommending it to their friends and family. The implementation of these programs over those years was critical to guarantee minimum business standards across all operators to meet travellers’ expectations in the fast changing and technology driven tourism environment.

The Province of Newfoundland and Labrador is living proof that investing in marketing and targeted spending of advertising dollars is a recipe for success. Starting in 2006, the province’s unique advertising campaign was credited by many tourism operators and other stakeholders for the industry’s success and continues to be major differentiator in the province’s approach to market itself to potential travellers.
The provincial tourism marketing budget (includes all activities) more than doubled, increasing from $6 million in 2004 to $13 million in 2009 where it has remained over three years.

In 2010, non-resident visitation was up 15.4% compared to 2004 while spending increased over 27% during the same period. Resident travel in the province has also continually increased since 2007.

The people of this province and their culture, heritage and personal stories have always been an integral part of NL’s attractiveness for travellers. Many a travel experience is defined by personal encounters with locals, and the locals most likely to be part of these experiences are the tourism sector’s “front line” workers, making tourism’s workforce a critical element in driving the future success of the Tourism Vision.

However, given the province’s labour force situation, attracting and retaining dynamic, skilled and professional employees was a significant challenge for the entire sector. Many operators and local attractions faced staffing issues or did not have funds available for appropriate staffing levels. As well, the tourism sector competed for a relatively small labour pool with other industries such as mining, oil, construction and other services industries which often are in a better position to offer attractive compensation and benefits packages.
It was recognized that training and professional development opportunities are essential not only to attract and retain workers but also to provide a high level of service quality, that must be delivered to support continued tourism growth.

Tourism’s industry association, Hospitality Newfoundland and Labrador, played a lead role in fostering positive attitudes towards training and skills development by delivering workshops to over 3,200 participants (2009-2011) and engaging in over 600 events to promote and increase the awareness of employee development and training opportunities.

**Accomplishments**

**2012-2014**

- After reaching the $1 billion mark in 2011, total tourism spending in the province remained in that range, reaching $980 million in 2012 and $1.07 billion in 2013.
- Visitation to Newfoundland and Labrador continued positive momentum with non-resident visitation and spending growing 22% and 36% respectively since 2009.
- Non-resident air visitation continued to grow from 335,600 in 2011 to 388,400 in 2014 (+16%), while non-resident auto visitation decreased 14% from 108,000 to 92,600 during the same period.
- 2012 and 2013 represent the two most successful cruise seasons for the province, setting a new record in 2012 with 39,100 cruise visitors.
- With 18,165 jobs in 2012, the industry has created over 2,000 additional jobs since 2009, with more full-time jobs created than part-time jobs and both female and male employees benefiting from more jobs.
- In 2012, growth in tourism jobs in this province (5%) exceeded job growth in the total provincial economy (3%) and in tourism jobs in Canada (2%).
- Continuous adaptation of marketing tools to ever-changing traveller requirements of accessing information on travel destinations and booking preferences also enabled easier access to local tourism operators.
- Public and private investments are enabling further cooperation and coordination of product development initiatives among stakeholders to ensure visitor expectations are being met with higher quality and more innovative experiences.
- The Destination Development Planning (DDP) project assessed the visitor appeal of regional tourism assets and laid the foundation for strategically focused experience development. With the goal of
attracting more visitors through expanded tourism offerings, the DDP project presented the potential for new industry investments as well as increased tourism spending.

- A customer-focused initiative with the implementation of the provincial Tourism Assurance Plan (TAP) has been embraced by the industry, marking a 70% approval rate in its initial year (2014). TAP established common minimum operational standards that will facilitate market readiness and promote quality assurance, which are critical to achieving high levels of customer satisfaction and stimulating continued travel demand.

- Room nights available have reached nearly 2.7 million in 2014, over 43,000 more than in 2011 (+2%).

- Room night sales increased by nearly 16,000, or 1%, over the same period. Averaging $134 for the year 2014, average daily room rates increased $20 (+16%) over the past three years, while revenue per available room also increased $10 (+17%) to $69 in 2014.