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PRINCE EDWARD ISLAND

STRATEGIC PLAN FOR TOURISM 2016-2021

Stage 1 – Situation Analysis Executive Summary

Prepared for Tourism Industry Association of Prince Edward Island (TIAPEI)

Tourism Development International

www.tourismdev.com

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1. Destination Analysis

Tourism is a significant economic contributor in PEI. According to 2014 government statistics, the industry hosts in excess of 1.3 million visitors (including day-trippers and cruise ship passengers) annually that spend more than $401.1 million while visiting. The key indicator of (visitor party) overnight stays increased by 3% in 2015 to 870,000. When expressed as a percentage, tourism spending represents 6.4% of provincial Gross Domestic Product (GDP).

Operating within the parameters of a Strategic Plan formulated in 2011, PEI has emphasised five specific product components over the past five years, these being:

- Coastal and Beach
- Culinary
- Culture
- Golf
- Meetings & Conventions

All five have been seen as demand generators, whereas in other territories the role of the former three, and especially culinary and culture, is usually judged to be more supportive than generative. The province has a very wide product range of accommodations, activities and entertainments within a very small area, which constitutes a unique attraction factor in itself.

Destination marketing for PEI is undertaken primarily by the provincial government's Department of Economic Development and Tourism, operating as Tourism PEI, (hereafter TPEI) who describe their mandate as "...aggressively market PEI as a premier destination; proactively facilitate product and plan development; aggressively promote special events; provide continued emphasis on customer service; manage provincial infrastructure projects (i.e. golf courses and parks); and facilitate community development through tourism".

On the overseas front TPEI depend heavily on working through the Federal agency, Destination Canada. Within North America TPEI is in close partnership with The Tourism Industry Association of Prince Edward Island (TIAPEI) a membership-based organisation in the private sector, representing the principal tourism operators and suppliers. Most campaigns outside Atlantic Canada promote the entire Atlantic region and come under the aegis of the Atlantic Canada Tourism Partnership (ACTP), a vehicle created by the Atlantic Canada Opportunities Agency (ACOA) which channels Federal support to the provinces concerned. Other than destination image promotion, almost all of the marketing of PEI involves public-private partnership.

PEI Department of Economic Development and Tourism, acting through TPEI, also provides marketing, product development and other support to the tourism industry. Federally, Parks Canada and Canadian Heritage maintain, operate and promote iconic tourist attractions, while ACOA further assists investment in new and existing tourism products and experiences.

2. The Marketing Challenge

International tourist arrivals grew world-wide by 4.4% in 2015 to reach a total of 1,184 million, according to the UNWTO World Tourism Barometer while income generated by international visitors on accommodation, food and drink, entertainment, shopping and other services and goods reached an estimated US$ 1,232 billion in 2015, an increase of 3.6%; North America saw a 3% increase.

Some 50 million more tourists (overnight visitors) travelled to international destinations around the world last year as compared to 2014. This marks the 6th consecutive year of above-average growth, with international arrivals increasing by 4% or more every year since the post-crisis year of 2010. UNWTO expect further growth of up to 4.5% in international travel in 2016, with growth for the decade to 2020 averaging out at 3.8% per annum.

International tourist arrivals in North America (+4.4%) grew by over 5 million to reach 126 million, consolidating the strong results of 2014. Tourism expenditure globally, from the world's second largest source market, the United States, increased by 9% in 2015 to US$ 120 billion, while the number of outbound travellers grew by 8% to 73 million. The appreciation of the US dollar stimulated such outbound travel, although benefiting the Caribbean and Central America even more than Canada.

The United States remains the critical inbound travel market for Canada accounting for almost three-quarters of last year's 16.5 million international arrivals. In 2015, the number of US overnight visitors rose 8.3% compared to 2014 to reach nearly 12.5 million.

Tourism is a significant economic contributor in PEI. According to 2014 government statistics, the industry hosts in excess of 1.3 million visitors (including day-trippers and cruise ship passengers) annually that spend more than $401.1 million while visiting. The key indicator of (visitor party) overnight stays increased by 3% in 2015 to 870,000. When expressed as a percentage, tourism spending represents 6.4% of provincial Gross Domestic Product (GDP).

PEI's relative improvement in 2015 was encouraging. The improvement also appears not just to have affected the larger, mostly Charlottetown-based hotels, which are more likely to be included in the CBRE data than hotels in rural PEI. This is validated by the more comprehensive occupancy data collected from **all** licensed hotels by Quality Tourism Services (QTS), the licensing body appointed by the Province, which also showed an even more marked upswing in 2015, with a recorded occupancy up three points from 42.9% to 45.9%.

The following key emerging trends that are happening in the USA & Canadian market so to sustain and grow the competitive position and differentiate as a destination, PEI should address:

Increased Global Competition

An increasing number of global destinations that are well-funded, heavily advertised, and already well-known are vying for travellers' attention and their discretionary income. Global competition is strongly influenced by how much competitors spend on marketing to North America and the development of new products and experiences.

Online Planning and Booking

Information technology advances have revolutionized the way people research and book their travel. Today, over 80% of travellers conduct general trip planning and travel research online.

Quality Service

The tourist marketing battle is shifting from competitive pricing to a growing demand for higher levels of service quality.

Environmental Consciousness

Climate change has emerged as a significant environmental concern and travellers are becoming conscientious of their footprint. There is also an increased demand for sustainable approaches.

Safety and Security

There is a growing demand for safe and secure vacation experiences that are free from natural disasters, civil unrest, and terrorist threats. More than ever, travellers are looking for a peaceful 'haven'.

North American Market Shifts

Changes in consumer behaviour and demographic shifts taking place in the wider market will also play a key role in future tourism trends. Destination Canada has done extensive research into these shifts. These include:

- The Changing Traveller
  An aging and active population, a trend in increased discretionary income, and a growing trend towards non-traditional households have all impacted people's leisure time and choice of activities. It's also led to increased consumer interest in exploring new, 'off the beaten path' places.

- Experience Travel
  Travel is driven by emotional motivation to experience new people, cultures, and places. There is a growing demand for unique, high-quality experiences.

- Individualism
  Increasing numbers of travellers are seeking customized, engaging, and original experiences that have a sense of unpredictability and authenticity.

- Redefined Holidays
  People are looking for ways to enjoy quality time with friends and family in trips that are easily planned, shorter, and more frequent than the traditional once a year, two-week vacation.

3. The Enabling Environment

In order for the industry to grow the fundamental building blocks enabling and encouraging visitation need to actively support growth. The consultation and research process has identified a wide range of matters which need to be addressed in this regard.

Access Transportation

The critical element of access transport infrastructure impacting the tourism industry in PEI is the Confederation Bridge linking the island to New Brunswick. Estimates, published in the *PEI Annual Statistical Review*, suggest that bridge and ferry traffic combined over the three year period to 2014 grew by less than 1%. There is, however, very limited information available profiling bridge traffic, with commercial sensitivity said to be an issue. Current tolls at $46 per automobile have risen only very modestly in the past two years.

The Regulatory Environment

Traditional European-style government regulation and classification of tourism accommodation has diminished considerably in its importance and relevance to most leisure travellers, given the panoply of information now available on the Internet to assist consumers make informed choices. *TripAdvisor* alone has now been available for 16 years, and there are several other high profile sites which also feature validated user reviews. Consumers now often turn first to high-profile web-based distribution channels such as *AirBnB* which provide 360-reviews when seeking vacation properties. On PEI alone there are some 600 *AirBnB* listings.

Stimulating Investment

Tourism, as other sectors of the PEI economy, benefits from extensive investment support channeled through *Finance PEI (FPEI)*, a crown corporation now under the aegis of the Department of Economic Development and Tourism. Support includes capital and working capital loans, equity investments, and loan guarantees for the acquisition, renovation and expansion of tourism related businesses.

The extent and nature of FPEI support for tourism is not replicated elsewhere nationwide or in Atlantic Canada, although other federal initiatives such as the small scale general business loans available from the *Community Business Development Corporations (CBDC)* are widely present.

The regional development body, ACOA, also has a number of programs providing advantageous loans for business development.

Labour Force Development

The most salient characteristic of the total tourism industry in PEI is its seasonality. Outside of Charlottetown this is at its most evident.

While a more strategic approach than heretofore to the selection of priority products and markets will, over time, make some impact on growing the shoulder seasons faster than peak season, the need for labour force planning and development to primarily address the peaking issue will not diminish.

An increasingly sophisticated consumer is comparing service and quality from the PEI industry not with previous or traditional PEI offerings and standards but with the "best in class" offerings they are encountering on vacations taken elsewhere in North America and sometimes further afield. However the reality is also that the bulk of customer-facing personnel the visitor encounters is, and will continue to be, made up of seasonal workers without a long-term commitment to the PEI tourism and hospitality sector.

Research and Innovation

Benefitting from its island status, with almost all traffic to and from the island passing through three access points, PEI has relatively good information on the profile of visitors to the island. Given the absence of face-to-face interviewing by a professional independent agency, available data from the access points are, nonetheless, subject to a large number of assumptions, particularly where bridge traffic is concerned. Accordingly they need to be treated with caution, and are more useful as indicators of trends than measurements of absolute value.

The available data are communicated to industry partners mostly through news releases issued by TIAPEI. Visitor statistics are provided in some more detail on the government website. There is, however, a lack of commentary and interpretation to assist investors and commercial operators extract greater value from the available material.

The major gaps in research availability, however, more concern the potential customers who do not visit. PEI is particularly short of insightful qualitative research on how potential tourists from elsewhere in eastern (i.e., accessible) North America perceive and view its offerings.

4. Market Research and Case Studies

4.1. External Trade Survey

TDI conducted on-line interviews with 105 representatives of the travel trade in PEI's main markets. The survey was conducted over a ten day period from 28th May to 7th June 2016.

The main findings from this survey can be summarized as follows:

- Growth in demand expected for **culinary tourism, soft adventure, experiential tourism**, and **cultural tourism** over the next two years.
- **Anne of Green Gables** and **Charlottetown** are the two most popular products/attractions featured in programs (spontaneous basis).
- PEI's primary attributes as a tourism destination are **beautiful scenery** and **great (sea)food**.
- Main weaknesses associated with PEI as a tourism destination are **lack of awareness** and **access**.
- Main advantage of PEI as a tourism destination: **island destination, small/compact size**.
- Most important actions for the development of tourism: development of touring routes, soft adventure, activities/features in national parks, cultural heritage

4.2. Survey of Local Operators

TDI also conducted on-line interviews with 288 tourism operators in PEI. This survey was carried out between 27th May and 6th June 2016. The main findings from the Survey of Local Operators can be summarized as follows:

- PEI operators are **optimistic** regarding prospects for tourism in 2016.
- Primary comparative advantages identified: **beaches, good (sea)food, and beautiful landscape**
- Marketing actions which PEI operators would like to see implemented: **investment in promotion (generally), web/social media marketing, promotion of rural PEI**
- Product development interventions identified: **food/culinary tourism, cultural tourism, soft adventure**, and initiatives to **extend season**
- Call for a more **unified approach to overcome fragmentation**
- The months of **May, June, September** and **October** offer the greatest potential for tourism growth

4.3. Focus Group Discussions Overview

TDI also conducted focus group discussions with representatives of the tourism sector in PEI and other interested stakeholders. In total, seven focus group discussions were undertaken. The key points emerging from the focus group discussions are summarised below.

Leadership, Vision, and Defined Growth through Partnerships and Collaboration

- Tourism doesn't seem to get the **recognition** it deserves as a major contributor to economy
- **Continue to invest in product and marketing** to ensure continued growth
- PEI is **more than the Gentle Island**
- Opportunity to **tie tourism with agriculture/fisheries**
- **Continue to invest in product and marketing** to ensure continued growth
- There appears to be a **lack of a coordinated strategy to extend the season**.
- There appears to be a **disconnect - need for more role clarity** between Tourism PEI, TIAPEI and the regional and sectoral groups.

Authentic Visitor Experiences that Support Demand Generators

- **Experiential tourism** offers tremendous potential for the arts. Arts and Heritage Trail requires more long term support
- **Canada's Food Island** is a big promise – Need to back this up
- **Culinary tourism** – Need to offer new and unique experiences
- There needs to be constant focus placed on **authenticity** - Authentic Coastal experiences are what the market is looking for

Access and the Removal of Barriers to Growth

- **Timing of provincial funding** is too late
- Barrier to financing is the **skill to effectively prepare a funding request**
- **Access to skills/employment programming** is often a challenge
- **Training** is required in basic business skills, social media and technology, marketing, product development

Focussed Marketing by Industry

- There is a lot of confusion around the PEI **brand**
    - Gentle Island – does it still apply?
    - It changes too frequently
    - Culinary offered as an experiential product
- PEI slow to recognize changes in **markets/segments** – not just families
- Market overlap in **short season** can cause conflict between sectors because of lack of accommodation

4.4. Best Practice Case Studies

TDI examined three case studies with a view to identifying 'learnings' that may be appropriate for PEI. The case studies were:

- **Newfoundland** – Organisation: Private-Public Collaboration
- **Wild Atlantic Way** (Ireland) – Product Development Initiative of Scale
- **Switzerland** – Integrated Information and Communications

Overall, the key findings to have emerged from the best practice case studies are as follows:

Newfoundland[1] – Organisation: Public-Private Collaboration

- **Partnership of government and industry** has been essential to the development of the Province's tourism industry
- Achievable yet bold **vision** was put in place
- Establishment of a **Tourism Board** to set the priorities and focus, and to implement the vision
- The Tourism Board comprises **representatives from both government and the tourism industry**
- **Non-resident visitation and spending growing** 22% and 36% respectively since 2009

Wild Atlantic Way (Ireland)[2] – Product Development Initiative of Scale

- West of Ireland is rugged spectacularly beautiful but quite **fragmented**, lacked **integrated theme**
- Aim of the Wild Atlantic Way (WAW) was to develop a **long-distance touring route** with the purpose of achieving **high brand visibility** for West of Ireland
- The **primary objective** of the WAW is to increase visitor numbers, dwell time, spend and satisfaction

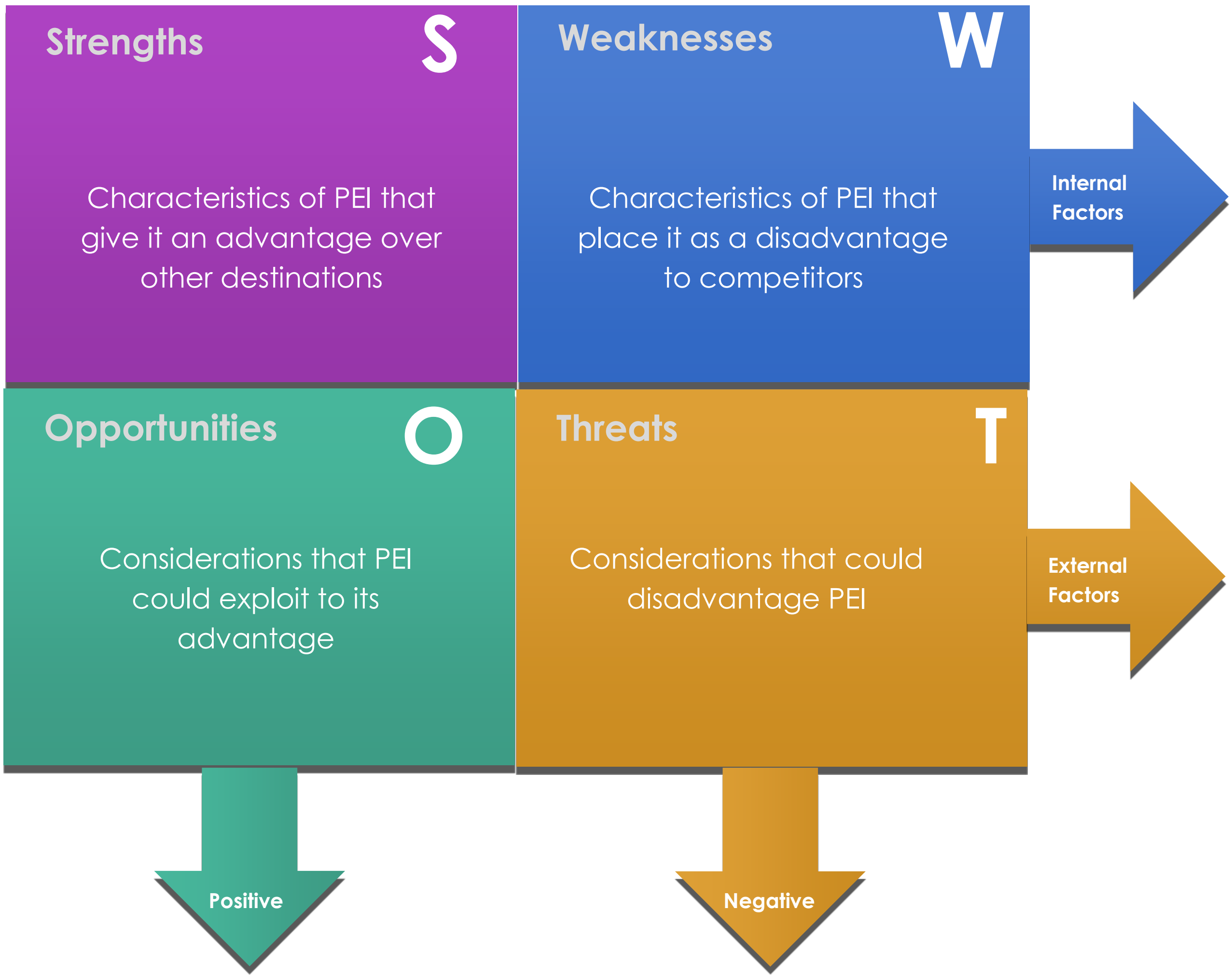
Switzerland – Integrated Information and Communications

- Switzerland offers a good example of an **integrated approach to information and communications**
- www.myswitzerland.com is the **main visitor portal** for tourism in the country
- Provision of **high quality standardised signage**
- A **preparedness to subjugate narrow territorial interests** for the greater benefit of the wider destination

1 www.newfoundlandandlabrador.com
2 www.wildatlanticway.com

5. SWOT Analysis

The market analysis and product assessment findings have been drawn together in a SWOT analysis which is presented below. TDI's recommended strategy will aim to capitalise on PEI's competitive advantages and achieve differentiation as a multi-facetted destination.



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5.1. Strengths

Strengths **S**

Characteristics of PEI that give it an advantage over other destinations

The strengths below describe the positive attributes of PEI as a destination to be discovered and rediscovered.

- **Island** – Compact and very accessible to the population of the Maritime Provinces
- **Coastal Environment** – Accessible beautiful unspoilt island coast, featuring some of the longest expanses of pristine beach on the Eastern Seaboard of North America; Attractive coastal drives (eg Three Rivers).
- **Attractive Towns and Villages –** eg Montague, Murray River, Rustico, Victoria
- **Food** – Authentic cuisine fresh from boat and farm to fork. High value products such as lobster, oysters and mussels achieve instant recognition throughout Canada and sometimes further afield.
- **History and Culture** – Anne of Green Gables, Birthplace of Confederation with historic built heritage, maritime associations (eg Lighthouses)
- **Charlottetown** – very attractive town with critical mass of facilities, restaurants and unique architectural patrimony
- **Rural Landcsape** - Churches are a distinctive feature
- **Confederation Trail** – Valuable asset offering 'Tip to Tip' walking/cycling experience BUT not fully exploited.
- **One of Canada's leading coastal National Parks** - the access afforded to a most distinctive saline and dune environment via the floating boardwalk at Greenwich has created a unique attraction
- **Vibrant arts, heritage and creative sector** – PEI has attracted many artistic innovators as new permanent residents
- **Festival and events** – Successful track record
- **Road Connectivity** – Offshore island yet one can drive there
- **Ecology** – Pristine environment for "Green" tourism
- **Engagement** – Industry ownership primarily in local hands; small size means decision-making partners can be readily engaged for common actions
- **Community Support** - the population at large welcome tourists and there is considerable shared interest and harmony with agriculture and fishing the other two mainstays of the economy

Objective: Capitalise on these strengths which bring added value and in some cases a competitive advantage to PEI as a multi-facetted destination.

Weaknesses **W**

Characteristics of PEI that place it as a disadvantage to competitors

5.2. Weaknesses

The weaknesses below detract from PEI's appeal and performance as a destination.

- **Remoteness** – No major Metro area (1m+ population) within 10 hours drive
- **Toll/Tariff regime for Confederation Bridge** – Disincentive to visitors, particularly repeats
- **Poor air access** – Insufficient population to support frequent and affordable services and leaving inordinate dependence on one carrier
- **Infrastructure** - Some poor sections of coastal road; lack of dedicated/safe facilities for car touring (ie rest areas)
- **Positioning** – Confusion regarding PEI brand; traditional focus on beach resulting in highly seasonal tourism pattern
- **Perceptions** – Seen as "old-fashioned", with little appeal for "Millennials"
- **Research and Market Intelligence** – available material is inwardly focused, concentrates on elements of the existing market rather than understanding potential markets and lacks clear written communication and interpretation
- **Poor alignment of marketing activities** – Between agencies and between public and private sector leading to wasteful duplication especially in print material
- **Product fragmentation** – Product offer lacking critical mass/initiatives of scale; avoidable competition between regions resulting in lack of product familiarization and poor linkages.
- **Share of Voice** – Marketing budgets inadequate to build destination awareness
- **Product "Missings"** – Lacks product variety, insufficient soft adventure options; insufficient authentic PEI visitor experiences (eg Product gap between West Point and North Cape)
- **Food** – Uneven offer outside Charlottetown with some exceptions
- **On-line presentation of visitor information** – lack of internet-based marketing skills resulting in undue dependence on print material
- **Organisation** – Industry structure very disparate and difficult to achieve coordinated impact combined with resistance to structural and organisational change by key influencers

- **Skills and Knowledge Gaps** – ranging from the lack of financial and technical expertise at owner/senior manager level to introduce even moderately sophisticated yield management to lack of local product knowledge at temporary operative level
- **Seasonality** – Short season impacting on viability of businesses
- **Opening Hours** – Often limited /restricted during evenings and outside peak season
- **Access to labour** – particularly in shoulder season
- **High dependence on government funding** – associated with a tendency to direct investment to quick fixes with questionable prospects for independent sustainability

Objective:

Prioritise improvements to PEI's offer in order to compete and win market share from other destinations.

5.3. Opportunities

Opportunities

Considerations that PEI could exploit to its advantage

The opportunities below reflect PEI's potential as a reinvigorating destination within 1,200km of significant urban concentrations in Northern New England, Quebec and Nova Scotia while benefitting from enhanced air services from Toronto.

- **Exploit pure "Canadiana" image** – PEI provides a unique opportunity for big city Canadians, especially in Ontario and Quebec, to reconnect with an authentic and distinctive heritage-rich Canada combining the cultures of the three Founding Nations in a landscape with literary touchstones that is purely Canadian. *Canada 150* must be exploited in a strategic fashion.
- **Special support for entrepreneurs creating soft adventure products** –especially for products intrinsic to an island experience, e.g., Water based adventures such as Kayaking, waterski, parasail, snorkel, paddle boarding, etc. Land-based products like cycle hire and itinerary packaging, equestrian trail riding, golf learning academies, etc., are also candidates for support. Private sector operators providing well designed environmentally friendly soft adventure could be facilitated on Parks Canada and other publicly owned land once strict zonal management and operating procedures were agreed.
- **Provide operator learning and upskilling opportunities** –benefit from the skills and knowledge transfers which can result from organised peer-to-peer workshops and round-table seminars.
- **Address the need for a centrally managed information base providing reliable information on the availability of product outside the July-August period** – this is critical to encourage partners to devote energies and funding to shoulder season and other off-peak promotion
- **Authentic Island/Coastal experiences** – Greater opportunities on-water can be exploited by using suitable craft to allow visitors sample, participate in, and access simple activities such as shellfish gathering, lighthouse accommodation
- **Culinary tourism experiences** – these can include learning to "land/pick and cook" based around fresh island produce
- **Flagship product developments – Confederation Theme** - Orientation facility; expanded trail development etc
- **National Park** – New visitor experience and products

- **Integrated island touring route** – the current routes based on somewhat arbitrarily defined regions potentially confuse the visitor and dilute the impact which can be obtained from encouraging "tip-to-tip" touring
- **Cross-sectoral cooperation** – with agriculture and fisheries
- **Switch emphasis on event creation to more upscale interests** – virtually all hospitality industry-led event creation in receipt of any form of assistance from public funds in PEI should be able to demonstrate how it will attract a higher-spending tourist, for example, by placing specialist food and culinary experiences as an integral part of the offering.
- **Enhance Product through Linkages** – eg Bundle Summerside waterfront with historic district
- **Fund cultural/ craft training for Francophone and Mi'kmaq Communities** – very authentic cultural experiences can be offered by these communities. In the Francophone case Acadian music and seafood can be potent attractors. Opportunity also to exploit PEI Scottish heritage
- **Cruise Tourism** - Growth market with potential to focus on smaller/adventure cruises
- **MICE** - Further develop Conventions, Meetings and Inventive business to achieve seasonal extension.
- **Sports Tourism** - Fully capitalize on all-weather facilities such as Credit Union Place to attract significant events for off-season
- **Organisation development and leadership** – Rationalise structures to enhance co-operation and coordination between public and private sector. Addressing fragmentation and duplication can free up considerable resources for productive marketing and product development activity
- **Create craft and hobby learning experiences** – PEI needs to expand its range of "things to do" for the non-family market. The substantial number of skilled artisan food and arts and crafts practitioners, both indigenous and recent settlers on the island, provides a splendid opportunity to build an attractive tourism product around weekend or week-long learning experiences.

Objective:

To realise the potential of PEI as an innovative destination through effective leadership, stakeholder collaboration and implementation of product development and targeted marketing strategies.

5.4. Threats

Threats T

Considerations that could disadvantage PEI

The threats below have the potential to threaten the maintenance and further development of PEI as a successful destination. The scope to manage these threats varies considerably. Accordingly we have listed these in approximately ascending order, from those most susceptible to alleviation to those least so.

- **The greater commercial advantages present in the hospitality industry in other bigger local markets in North America** -continue to appeal to young trailblazers from PEI at the expense of using their skills and energy within the province
- **National policies which restrict more flexible practices and partnership ventures by public agencies** – given these control many key elements of cultural, heritage and environmental infrastructure which are the bedrocks of the island's tourism offering. PEI is more heavily dependent than most of its competitors on landscape and cultural assets which are entirely or significantly under federal control
- **Inability to source sufficient funding for marketing at destination level** – the understandable desire of cash-strapped governments to see industry beneficiaries rather than taxpayer funds provide the dollars necessary to promote the island threatens to leave a funding void unless an equitable and efficient alternative mechanism emerges to generate the necessary funding for marketing
- **Banking Practices** – an increasing reluctance by commercial bankers to lend to a sector where bankable assets and potential mortgage security are considered too high risk because of weak highly seasonal earnings
- **Airline Economics** – disadvantages remote areas such as PEI with small resident populations
- **Major oil price increases**- most negatively impacting destinations such as PEI where the cost of access is a higher than average component of total vacation cost

Objective: Through effective planning and co-ordination, position PEI to respond proactively to factors that may threaten the destination.

6. Conclusions

6.1. Organisation and Leadership

While the organisational structure for tourism in PEI is not dramatically different from that present in most of the other Atlantic provinces, it does appear quite unwieldy when viewed from both an international perspective and from the viewpoint of very many of the individual entrepreneurs involved in the industry.

A recurrent issue raised in almost all of the industry focus groups conducted was the **belief that structures were top-heavy, with unnecessary duplication and fragmentation**. Tourism PEI was often seen as remote, slow to change, and lacking an understanding of commercial realities. On the other hand there was virtual unanimity about the need for a sector-neutral destination marketing body for the province. The role of TIAPEI was poorly understood, while there were mixed views about the role and relevance of the Regional Tourism Associations (RTAs).

Commercial operators have difficulty understanding why, at an individual level, they are asked to be members of both TAIPEI and the RTAs. Best practice elsewhere does not provide for small bodies individually directly engaging with the policy-making groupings. Overlaps in responsibility between province-wide and local bodies, such as the Regional Tourism Associations, need to be resolved and wasteful duplication eliminated.

6.2. Products and Experiences

PEI's tourism product offering has stayed relatively constant in the past two decades, i.e. attractive beaches with pleasant summer season weather, attractive landscapes and an appealing artistic and cultural heritage – both historic and contemporary, manifested through well-preserved literary monuments (Anne of Green Gables) and a flourishing arts scene. All these combine with the rich colonial built heritage of Charlottetown and a cuisine based upon the rich harvest of shellfish and other seafood and local farm cultivation to create what is widely perceived as a quality destination product.

Where the accommodation product is concerned, reinvestment in independently owned properties, offering the visitor the opportunity to connect with real islanders, is most important. This may need some form of incentive to ensure the sustainability of such mainly family-owned establishments which are crucial to delivering real islander experiences, given that many older operators report extreme difficulty in selling on their businesses to other islanders, and that commercial banks are perceived as being highly reluctant to provide medium to long term finance to tourism businesses.

A challenge where food and dining is concerned is to make available some of the same quality and breadth of dining experiences present in Charlottetown in other parts of the island outside of high season. "Foodies" seek a range of eating options within close proximity of an accommodation base, so are likely not to venture far beyond the provincial capital other than the very small number who can be accommodated for short stays at destination "inns". **Intensive promotion of the small selection of outstanding fine dining options in rural areas may be the best mechanism** to attract enterprising chef-proprietors who see an opportunity generated by excess demand.

The island's visitor attractions are lacking in diversity. The economics of providing, or subsidising, attractions when there is a small local population are challenging, so the responsibility where educational, heritage and cultural based attractions are concerned must fall, in significant measure, to the Federal Government. PEI is getting solid attention from *Parks Canada* and the funding programmes of *Canadian Heritage* received favourable mention from a handful of operators, but there is a clear demand for speedier and more locally-based yet transparent decision-making. One "missing" is the lack of a state-of-the-art interpretive centre to explain and present the province's intriguing history. Waterparks and similar popular children's entertainments also face challenging economics, given the short season. Municipalities need to facilitate investors wishing to upgrade such facilities in every possible way.

Festivals and event creation have sometimes been seen to be a major answer to the challenges of extending the product portfolio and lengthening the season. **The quality of both the concepts and the realisation of such newly or recently-created events have varied enormously.** There have been cases of events being extensively supported where existing vacation traffic was negatively impacted. Properly planned and executed events can bring major benefits to destinations which are off the beaten track for most mainstream tourism. However decisions with regard to public funding support for festivals and events are best taken when they are informed equally by the commercial good sense of the entrepreneurs who are likely to benefit but also by specialist expertise, if necessary from outside the province, which can remain independent of narrower local interests.

Given its superb coastal and rural environment PEI up to now has offered a surprisingly thin portfolio of outdoor soft adventure. There has been too great a degree of attention on golf as a potential generator of specialist incoming visitors. While the golf product needs to be maintained and highlighted where it is distinctive, an entire range of soft adventure product needs significant development, much of it water-based but also including medium and long distance cycling and equestrian trekking and countryside exploration.

The concept, in particular, of adventuring experiences incorporating "tip-to-tip" discovery of the island holds a very immediate appeal to many involved in the industry, both within and without the island.

The principal perceived diversification opportunities to the established beach and coast tourism market in recent years have been in golf (there are 16 recognised **golf** courses[3] on the island) in and meetings and incentives.

The density of golf courses is a considerable advantage. However, other than Crowbush, the courses are not sufficiently well-known, to even specialist golfers, outside the Maritime Provinces. Without a high profile circuit of signature courses, it is very difficult to attract those who travel specifically to play golf. Even the removal of one other significant perceived deterrent, the assumed difficulty prior to 2016 and the initiation of larger jet (A319) service for air-borne golfers to bring their own clubs, may not notably impact the sector.

In the context of continuing stagnation at best in the Canadian and East Coast USA golf market and the huge investment which would be required to raise awareness levels, an immediate improvement in this product's performance appears unlikely. Many industry operators are, nonetheless concerned that Nova Scotia, in particular, has been slicker in its approach to marketing golf than has PEI.

The ongoing performance and potential of the meetings and incentives market has been recognised insofar as a special Destination Management Organisation (DMO) has been created, termed *Meetings and Conventions PEI (MCPEI)*, which is supported by 180 members paying fees, an accommodation levy in Charlottetown and funding through TPEI/ACOA. MCPEI have focused on small to mid-size national association meetings (up to 500 delegates). Meetings which draw most of their attendance from Atlantic Canada are those which can most realistically be attracted.

Many other products have been name-checked and referenced in the two previous strategies, but have not since received serious attention from either government, with regard to their infrastructure needs, or entrepreneurs exploiting their commercial possibilities.

[3] PEI has more courses per capita than anywhere else in Canada, 13 of which are full 18-hole courses, with one of these featuring 27 holes. The product marketing group, Golf PEI, has 16 members. One course, The Links at Crowbush Cove, Morell, adjacent the National Park on the North Shore, is one of three Atlantic Canada courses ranked in Canada's Top 30 by *Golf Digest*. All but one of the Golf PEI courses is within a 45 minute drive of Charlottetown. There are approximately 12 other courses with very modest infrastructure catering to localised usage

6.3. Markets and Marketing

The overall impression of current PEI marketing is that it presents a rich summer-time product, without a very strong brand positioning on what are the most unique and motivational aspects of PEI. Targetting is quite well refined and focusses on nearby Canadian and United States provinces and states. There is a good use of marketing partnerships in more distant markets, although small resources are devoted to this. Only one third of leisure visitors use the Island as a main holiday base: two thirds are combining it with other Maritime Provinces.

The activities being funded by Tourism PEI could be refined further to distinguish between visitor servicing (which should perhaps be expanded/refocussed to include training on delivering service and brand values), and actual marketing to attract visitors to PEI and to return again.

The resources devoted to visitor servicing are very considerable, with the extent and resourcing of visitor information centres and "island welcome centres" being at a level unparalleled in most similar destinations. The island has no fewer than ten such centres, while other information outlets are also provided at interpretive centres, such as at North Cape. Much of the material distributed in these centres consists of small mini-brochures and small flyers produced by individual hotels, camping sites and other micro-enterprises. TPEI encourages this proliferation of printed material by providing free stocking and distribution, yet the impact for all in generating additional business is likely to be minimal to zero, as the visitor is overwhelmed by a "forest" of lookalike offerings.

In terms of actual marketing, a great deal is being accomplished by Tourism PEI, Meetings & Conventions PEI and others on very modest resources. However overall targets set in 2010 have not been met. Tourism marketing budgets were cut back by Government during the past five years, weakening the island's tourism profile.

There may be scope to use marketing to encourage existing visitors to stay longer and return more often, but **products need to be improved to make this happen**. To attract new markets and grow the cake tourism will need more resources. The issue of extending the season to help make tourism more of an industry that can support full time, professional jobs, needs to be considered as a possible strategic objective: **At present Tourism PEI marketing appears very much focussed on the ten week peak**.

The meetings and conventions marketing initiative appears to be quite strategic in this regard and should help to attract new, high spending business if air access can be improved.

Golfing is also a traditionally strong product with good visitor spend, but with intense competition and a shorter season than meetings, conventions, incentive and exhibitions (MICE), and events. The concept of luxury winter weekends based around good food might also have potential in nearby markets, if the industry can offer attractive and imaginative packages. PEI has a particularly good indoor arena infrastructure (with examples such as Credit Union Place in Summerside) yet on an organised province-wide basis appears not to have a structured programme to source and facilitate sports tourism happenings.

The movement towards specialist marketing directed at specialist segments (golf, cruise, meetings and conventions) is welcome but under-resourced partly due to the small industry size. Tourism marketing in general appears significantly under-resourced when compared to the industry's estimated contribution to the economy, even leaving aside its potential for growth.

The role of Tourism PEI as an overall strategic body may need some refining. Some activities could perhaps be delegated to regions, particularly in relation to servicing visitors' needs while on-island. The shift towards e-marketing is in line with current best practice in North America, but the **industry needs to adapt its own marketing to be less reliant on print**. The Tourism PEI website will remain a key asset, but requires overhaul to better sell the island's key strengths and offer the consumer a more experiential and stimulating experience. There may be potential to develop it as a more inclusive web portal.

The role of TIAPEI in marketing is very important through its strong research function. TIAPEI's role in marketing could perhaps be further strengthened as follows:

- to ensure industry responsibility for converting leads generated by Tourism PEI into sales,
- to enable the industry to better market itself on line, and
- for ensuring customer satisfaction and return visits through moving towards better service standards.

6.4. Access

The critical element of access transport infrastructure impacting the tourism industry in PEI is the Confederation Bridge linking the island to New Brunswick. However in a context where traffic volumes on the bridge have been virtually static for some time, marketing activity by the bridge operating company (Strait Crossing Bridge Ltd) appears to have largely ceased. It is not known the extent to which the terms of the PPP contract under which the bridge is operated may provide scope to engender renewed marketing, including pricing initiatives.

Such pricing initiatives are most desirable to encourage return visitation at times outside the peak season when there is major unused capacity. This appears very important to the growth of tourism to the island. It appears opportune to seek that the Federal government revisit the contract terms, given that the pricing and funding structure is now out-of-line with better practices elsewhere.

It is strategically most important that the car ferry service from Nova Scotia is maintained and used as a means of building more packaged and inclusive tour vacations. Industry operators who are working hard to attract touring visitors from further afield than the neighbouring provinces have understandable concerns about longer term commitment by the authorities to maintaining the service in the light of recent unavailability of craft at times. Reassurance in this regard is essential. Welcome steps have already been taken to render the ferry experience more akin to an entertaining cruise. This approach merits continuation and further innovation.

Air service development is hindered by the very small size of the local originating market and the nature and seasonality of the tourism product. In terms of developing the Meetings and Conventions market, a priority should be to build up the current level of service from Montreal, given that Toronto now has full jet service. However the seasonal factor alone will continue to deter new entrants. This is not to downplay the continued importance of strong collaboration with the airport, Air Canada, and other carriers, but purely to recognise that, in terms of immediate "wins" the energies of the key stakeholders in the tourism industry are better directed elsewhere.

6.5. The Operating Environment

The accommodation and related licensing system is stated to cost the industry in PEI a minimum of $350,000 annually purely in fees paid over. The real cost in terms of executive time involved in administrative compliance is undoubtedly much greater. **There is a strong case for reconsidering whether these dollars could not be spent more effectively if they were devoted to a marketing or training levy**. It would be still possible to continue the data collection system which is currently embedded in the licensing process. While there may be some reasons for PEI not acting alone in Atlantic Canada in making such changes, an ACOA sponsored review might stimulate similar developments occurring also in the other provinces. Prior to firm action being taken in this regard, **it is important that consumer research validate whether the potential visitor perceives any significant need to be reassured by a licensing system**.

As outlined earlier the private sector has a very considerable range of government operated or influenced investment supports available. One missing category of support is the non-availability of personal tax incentives for third party private equity investment in strategically important products, such as the United Kingdom's *Enterprise Investment Scheme (EIS)* which provides taxpayer investors with relief of up to 30% on investments of up to £1 million (ca $1.9 million) in a range of a business sectors (In tourism only hotels are excluded). There is a case for examining whether PEI, or perhaps the Atlantic Provinces as a region, might benefit from similar incentives.

Where labour force supply for the industry is concerned the most immediately pressing issues which need to be addressed primarily affect seasonal coastal operations, and their need to ensure a good quality supply of Summer season operatives.

These issues and corresponding proposals to ensuring an available and competent labour force during the peak season include the following:

- Students are unavailable in late August in order to return to school, exacerbated further if they are attending school/college outside PEI. Since most are being educated within the province, a key institution such as Holland College might be asked by government to schedule a later start date for Fall classes within some targeted programs.
- Potential entrants to the hospitality labour force need to be more actively and specifically targeted and assisted by selective programs. For example, single mothers could be attracted by a childcare subsidy linked to hospitality sector employment over the June through September period.
- PEI is missing out on the opportunity used by many seasonal resort areas in the USA to employ European students who do not return to college until late September. Modifying the rules of the *International Experience Canada* *(IEC)* program, which grants working holiday visas to foreign students, to provide a quota specifically for candidates prepared to work until a specified September date in the PEI hospitality industry is one example of an initiative which could be sought. This would need to be accompanied by employers reserving or allocating suitable accommodation to incoming students.

The responsibility for labour force development appears at present to be somewhat too disparate. It is not a role which is appropriate for an industry association, even though an association such as TIAPEI can and does make a significant contribution to promoting training and professional development. In other jurisdictions government normally takes on this responsibility, given that both education and employment policy are seen to fall clearly within the governmental ambit. Succession planning within many of the smaller-scale hospitality businesses in rural areas is also becoming an issue which may need some tax code or other modifications to encourage the continuance of family businesses.

Industry decision-makers also need to be better served by relevant clearly communicated market research. The provision of statistics should not be confounded with the need for actionable research. There is, in particular, an absence of information regarding those consumers, who, while having the socio-demographic characteristics of the defined target market, are not receiving or receptive to messages encouraging them to travel to PEI. Only good quality and well-designed qualitative research can help to address this. While good quality qualitative research may be prohibitively expensive for PEI on its own, a shared approach (as has been the case for some quantitative research promoted by ACOA) with the other two Maritime provinces would like yield benefits to all in growing travel from outside Atlantic Canada to the region.

Shared research carries a risk in that the best resourced may "highjack" the most innovative concepts which emerge. However if one accepts that innovation is generally driven by research and budgets on a solo basis are proving insufficient to fund the types of research needed, then cooperation makes eminent sense. Cooperative models for funding and undertaking tourism research are well established in other multi-territory contexts as, for example, in the *Pacific Asia Travel Association (PATA*) and the *European Travel Commission (ETC)* and its Scandinavian partnership.