SOUTH EASTERN ONTARIO

INDUSTRY INSIGHTS SURVEY

Wave 1 Summer 2018

Final Report

October 12, 2018

RTO 9 Regional Tourism ORGANIZATION

Twenty31 tourism defined.

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Note: Figures in this report are percentages unless indicated. All figures in charts and tables might not add to 100 due to rounding and weighting or multiple response categories.

October 12, 2018

Introduction

To better understand South Eastern Ontario tourism trends and stakeholder needs we conducted a pilot Industry Insights Survey in summer 2018.

Regional Tourism ORGANIZATION

With the active cooperation of tourism stakeholders in the region we were able to conduct a pilot Industry Insights Survey to identify tourism issues and understand the outlook and concerns of our most important tourism partners across the region.

This survey was a primary market research initiative identified in the RTO9 Multi-Year Data and Research Plan ("Plan"), which launched in April 2018. The Plan was designed to address the unmet research needs of destinations and tourism operators in the region, with a key focus on improving the timeliness and reliability of data.

This year's survey is the pilot for two waves that will be carried out each year starting in 2019, to allow for comparison and tracking of results.

Summary and Growth Insights

South Eastern Ontario has been experiencing a positive period of growth.

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It is important to note that due to small sample sizes results should be interpreted with caution.

The stakeholder groups that showed the highest engagement when looking at survey response rates was the accommodations sector, retail stores and historic sites/museums. From a destination standpoint respondents from Kingston 1000 Islands, Land O'Lakes and Prince Edward County had the highest representation at 69%.

The Industry Insights Survey indicated a fairly positive picture of the health of tourism during the shoulder season and high season in RTO9 this year, when taking into consideration own business sales and visitor performance. At the community level, this year's high season was viewed more positively than last year (44%) but when it came to the shoulder season almost half of respondents (47%) felt business in general was about the same. Despite increases in sales and visitors, businesses mostly employed the same amount of people compared to last year.

For source markets, businesses indicated that their customers are most likely to be from within RTO9, the Greater Toronto Area and Ottawa. A desire to grow business throughout the year was expressed but the key month's indicated were May, February and October.

Summary and Growth Insights, continued

Despite challenges, tourism businesses are making investments and have noticed new tourism trends.

The challenges perceived to have the most negative impact this year and last were Bill 148 – which may account for maintained employee levels – and gas prices. Weather was perceived to have the most positive impact on business.

The vast majority of respondents invested in their business this year by making a few physical improvements or considerable upgrades (84%). In terms of technology, 79% of businesses reported making improvements or considerable upgrades. Next year's anticipated improvements and upgrades under both categories included renovations, maintenance, cosmetic updates and social media and website enhancements.

The most mentioned tourism trends were an increase in international tourists and a need for more experiences but overall four key themes emerged:

1) Shifting traveller mix and patterns
2) Sophisticated Customer Demands
3) Activities vs. Things
4) Enhanced Technology

Summary and Growth Insights, continued

The current RTO9 priorities and pillars largely align with the needs of stakeholders within the region but there is still room to improve.

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A key area of opportunity for RTO9 relates to marketing tactics. When asked to rank twelve different marketing tactics, social media was at the bottom and newspaper and magazine ads was seen as most important. In contrast when asked to indicate which tactics are currently being used social media was at the top of the list while newspaper and magazine ads were second from the bottom. This is certainly an area for further investigation, however it indicates a need for more training and education on the effective and efficient use of marketing tactics based on preferences of RTO9 visitors and global tourism trends.

Agreement with RTO9's current priorities was high but there is still room to improve engagement with stakeholders in the region; only 52% partnered with the RTO last year. The top four themes for additional support related to: 1) needs of non-profit organizations and businesses 2) marketing 3) tourism infrastructure and 3) product development.

METHODOLOGY

Overview

The Industry Insights Survey was deployed in summer 2018 by RTO9 and destinations in the region.

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METHOD

- Online
- 11 Minute Questionnaire
- Fieldwork from June 25 – August 11, 2018

SAMPLE SIZE

- 112 total respondents
- South Eastern Ontario (43), Land O Lakes (28), Kingston 1,000 Islands (22), Prince Edward County (10), Bay of Quinte (5) and 1000 Islands Brockville (3)

TARGET

- Tourism businesses and organizations operating in South Eastern Ontario

COMMUNICATION

- Stakeholder databases of RTO9 and six Destination Marketing Organizations (DMOs), social media and Tourism Talk were used to reach the target group

Questionnaires

With the collaboration of our destinations we were able to reach our target group more effectively.

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- Separate questionnaires were developed for the South Eastern Ontario region and eight destinations:
  - Bay of Quinte
  - Prince Edward County
  - Land O'Lakes (Lennox & Addington, Frontenac)
  - Rideau Heritage Route
  - Kingston 1000 Islands
  - 1000 Islands Gananoque
  - 1000 Islands Brockville
  - Cornwall and The Counties

Questionnaires, cont'd

A battery of standard of questions were developed to permit comparison and tracking where possible.

- The questionnaires contained two series of questions:
  1) Destination specific, to monitor engagement with the DMO/DMP/RTO; and
  2) Standard questions, to permit comparison and tracking. These questions helped us to learn more about the following:
     - Types of businesses
     - Customer source markets
     - Seasonality
     - Factors impacting business
     - Business investments
     - Employment contributions
     - Tourism trends
     - Marketing tactics (importance and use)

Sample Size

The vast majority of responses came from the South Eastern Ontario questionnaire.

- RTO9 and 62.5% of the destinations participated by deploying the questionnaires. There were 112 total respondents (n=112).
- The following number of responses came from the destinations:
  - South Eastern Ontario n=43
  - Kingston 1,000 Islands n=22
  - Land O'Lakes n=28
  - Prince Edward County n=10
  - Bay of Quinte n=5
  - 1000 Islands Brockville n=3
- Due to small sample sizes results are more qualitative and it is important to note that results should be interpreted with caution.

Communication

The survey was emailed to the target group and promoted on social media channels but response rates indicate low levels of engagement overall.

- Industry databases were utilized, which in total was 9,235 contacts.

Destination Name	Number of Database Contacts	Response Rate
Bay of Quinte	2,000	0.3%
Prince Edward County	1,400	0.7%
Land O'Lakes (Lennox & Addington, Frontenac)	40	70%
Rideau Heritage Route	1,200	-
Kingston 1000 Islands	95	23.2%
1000 Islands Gananoque	3,000	-
1000 Islands Brockville	800	0.4%
Cornwall and The Counties	Unknown	-
South Eastern Ontario	700	6.1%

- In addition, Twitter, Facebook, Newsletters and e-blasts were used to encourage responses. The South Eastern Ontario survey link was also made available on the RTO9 industry site Tourism Talk.

Lessons Learned

The pilot Industry Insights Survey revealed that there is a need for more engaged destinations and stakeholders in research efforts.

1. Databases need to be up to date with new stakeholders added regularly.
    - *Issue:* Some destinations have relatively small stakeholder databases.
    - *Solution:* Anticipating that stakeholder databases will be used for research initiatives, all destinations should ensure they have a viable database management strategy to accurately keep track of contacts and to boost the number of tourism businesses on their lists.
2. An industry survey can help to generate better local data and serve as a useful tool for engagement.
    - *Issue:* Only five of the eight destinations and the RTO participated in the survey and of these participants, stakeholder response rates were lower than anticipated (excluding Land O'Lakes).
    - *Solution:* RTO9 relies on the active cooperation of the destinations and stakeholders in order to execute projects and be successful in its mission. The benefits of research for destinations and stakeholders needs to be fully understood through increased collaboration prior to the survey launch.

RESULTS

Where is South Eastern Ontario?

To provide a reference point, a regional map was included for respondents to identify destinations relative to other well-known cities in Ontario.

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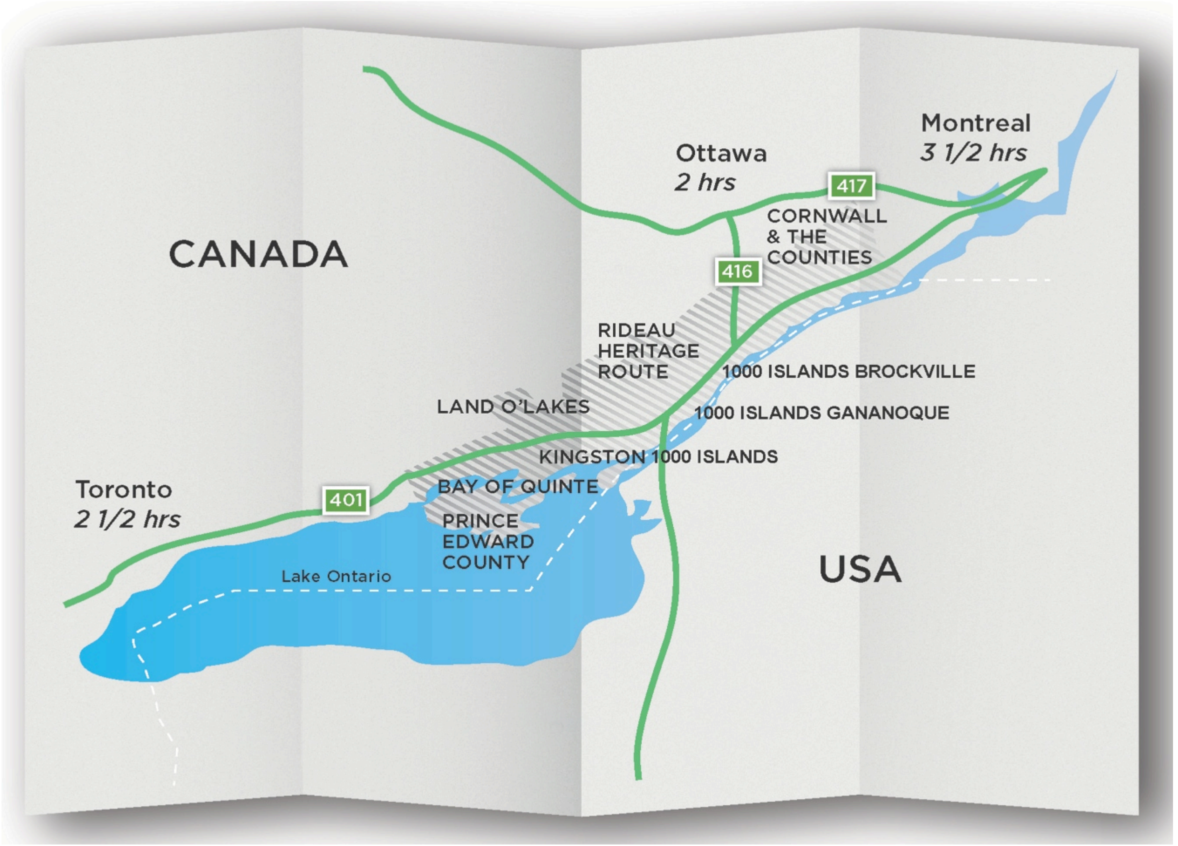

- South Eastern Ontario includes the region east of the Bay of Quinte to the Ontario/Quebec border as shown on this map.

Types of tourism businesses and organizations

The stakeholder group that showed the highest engagement was from the accommodations sector, however there was a varied mix of respondents.

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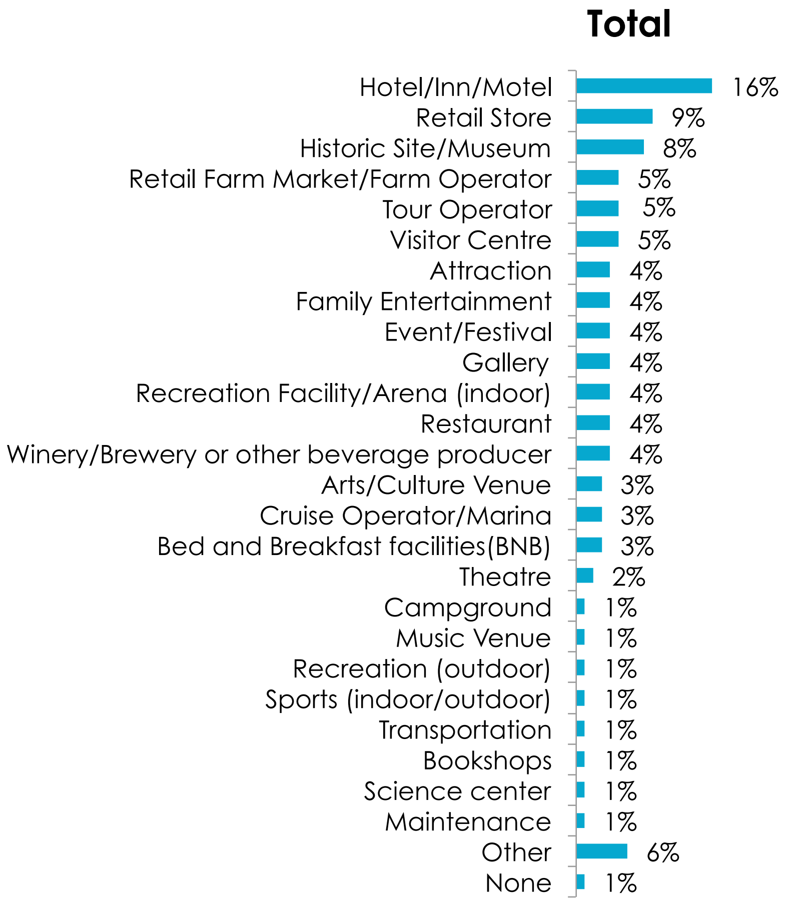
Q1: What type of tourism business or organization do you operate? n=112



INSIGHT

A variety of tourism businesses and organizations responded to the survey, however the responses indicate relatively high engagement from the accommodation sector (Hotel/ Inn/Motels), Retail Stores and Historic Site/Museum stakeholders.

Customer Source Markets

Visitors from within RTO9, the Greater Toronto Area and Ottawa appear to be solid customer source markets, as expected.

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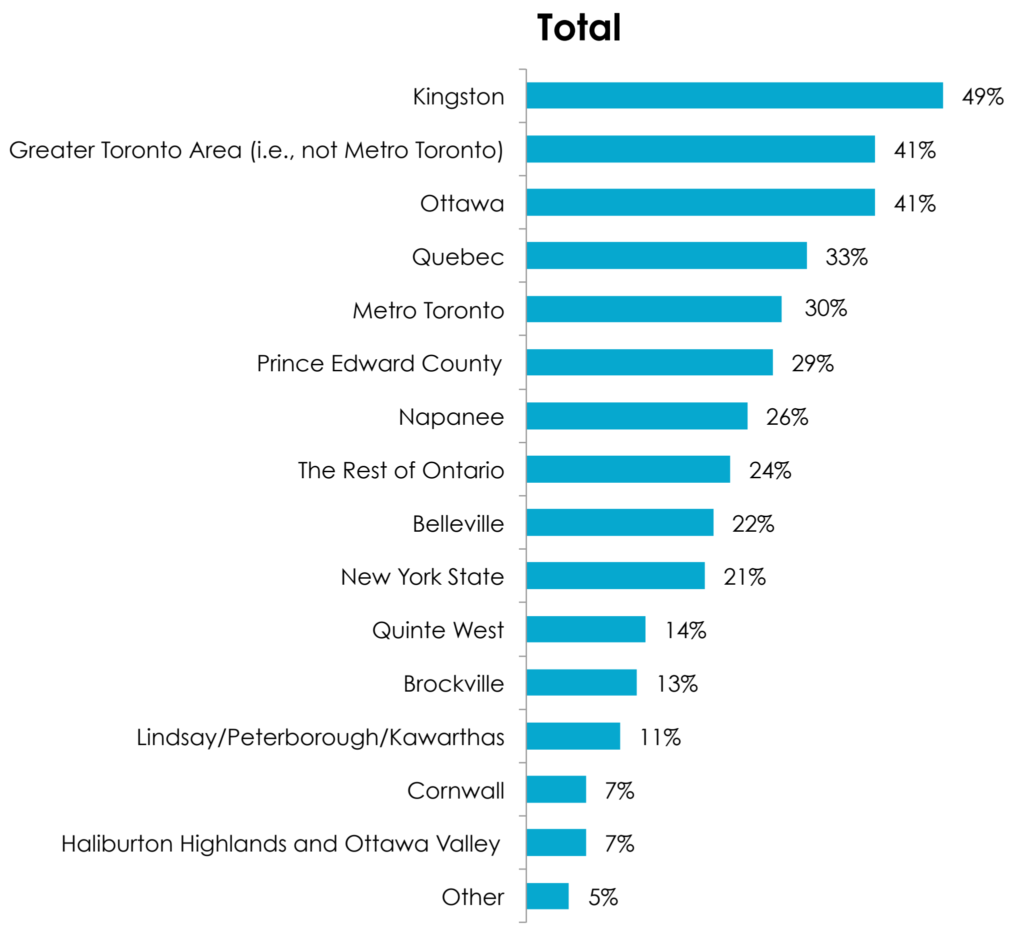
Q2: Where do the majority of your customers come from? n=112



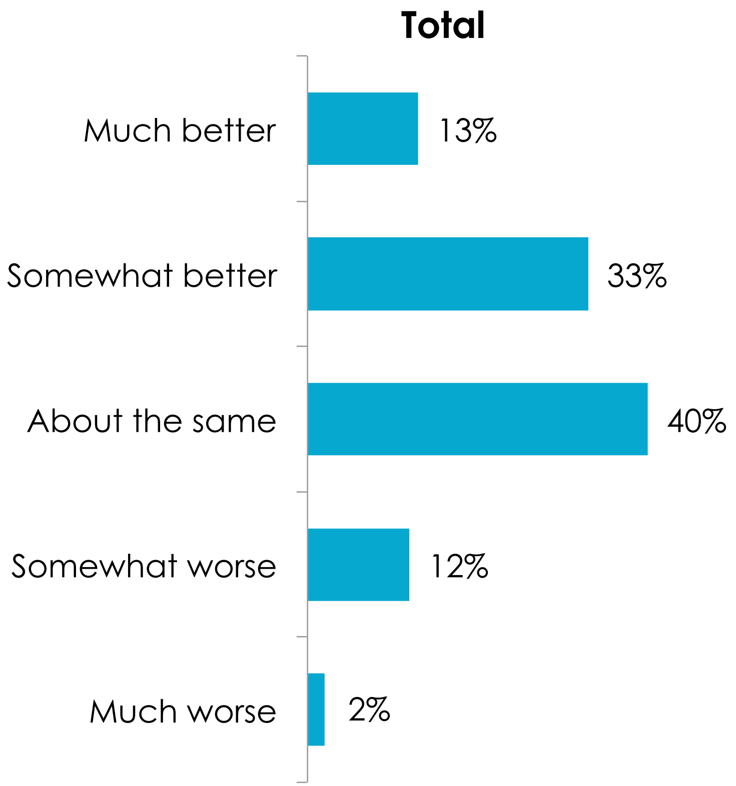
INSIGHT

Survey respondents indicated that the majority of their customers came from within RTO9, the Greater Toronto Area and Ottawa. The most commonly cited Other response was the US and Europe (UK).

Seasonality and sales, shoulder season

There was an uptick in shoulder season sales this year when compared to last year.

Q3: Thinking about last year and this year's shoulder season (i.e., September-May), how have sales been for your own business? n=112



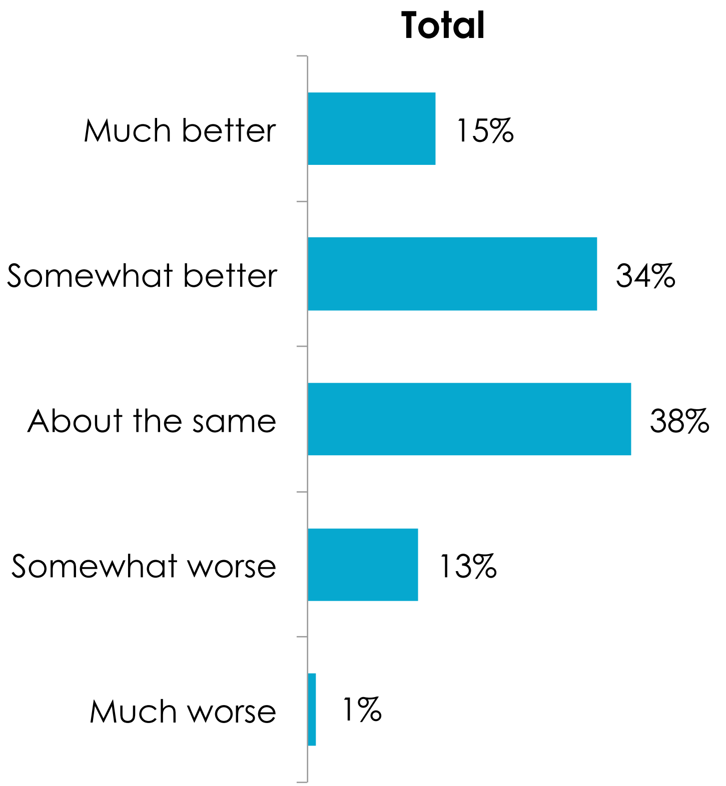
INSIGHT

Respondents were more likely to indicate a positive (46%) or neutral view of this year's shoulder season (40%). Only 14% felt business was somewhat worse or much worse.

Seasonality and sales, high season

Consistent with shoulder season results the high season this year also resulted in increased sales.

Q4: Thinking about last year and this year's high season (i.e., June-August), how have sales been for your own business? n=112



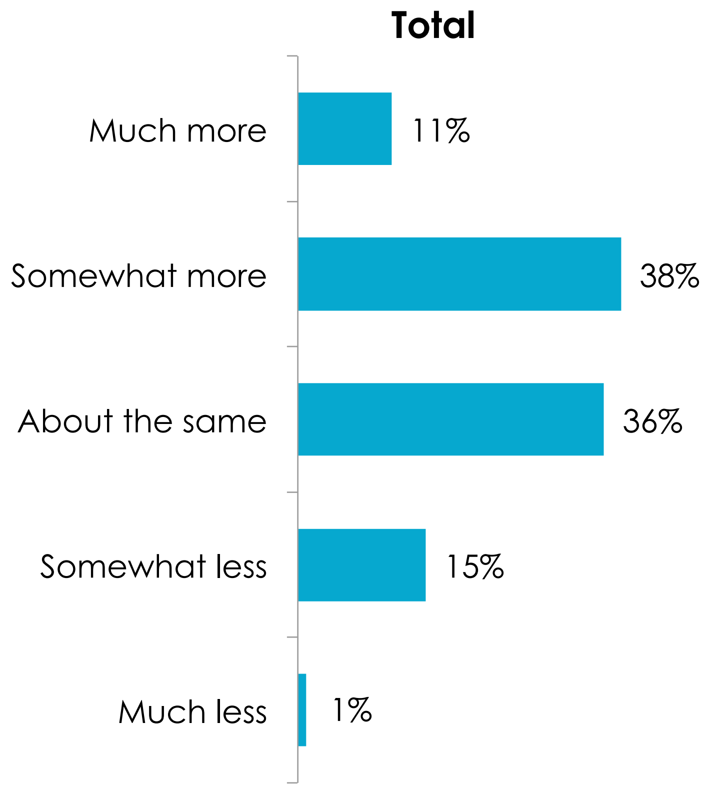
INSIGHT

At 49% almost half of all respondents felt that sales increased this year, while 38% felt that results were about the same. Only 14% viewed sales this year as worse than last year.

Visitor Performance

Businesses mostly observed a positive increase in visitors this year compared to last or they maintained the same amount.

Q5: Compared to last year, how many visitors do you have this year so far? n=112



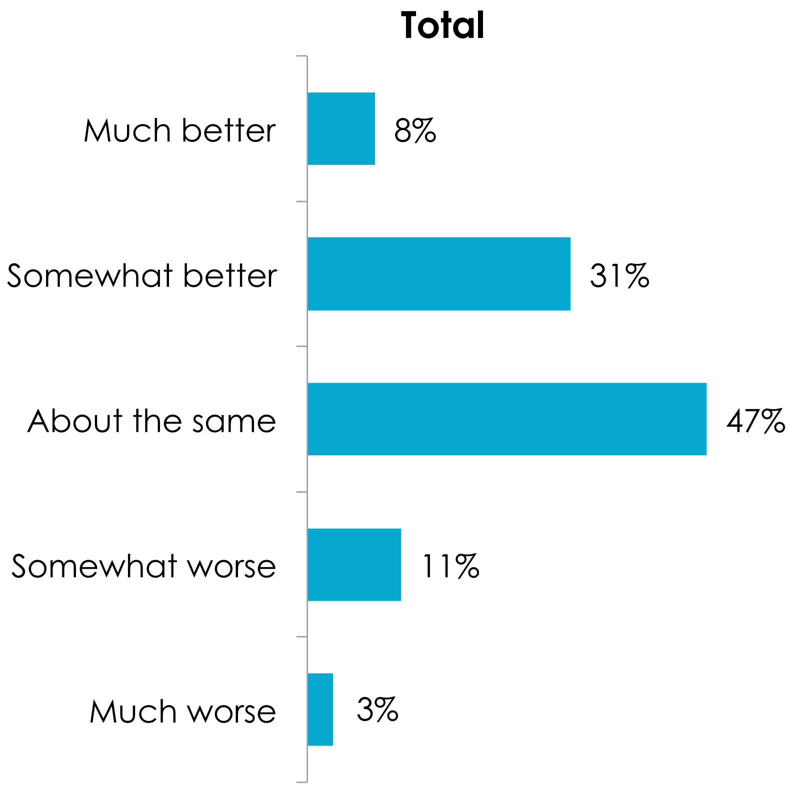
INSIGHT

Reflecting the positive sentiment indicated when asked about sales almost half of respondents observed an increase in visitors this year when comparing the same time last year (49%). Only 16% felt that they had less visitors than last year.

Health of tourism business, within own community (shoulder season)

At the community level there appears to be a belief that business has stayed mostly the same as last year.

Q6: Compared to last year's shoulder season (i.e., September-May), rate overall tourism business in your community for this year so far. n=112



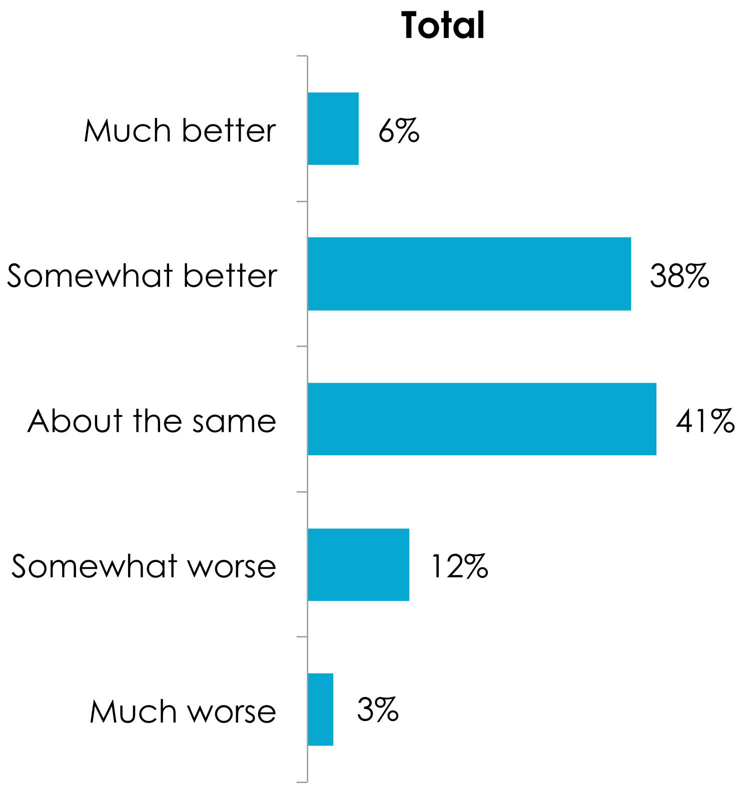
INSIGHT

When thinking about tourism at the community level, perceptions of business this year were slightly more neutral than positive. Almost half of respondents (47%) felt business was about the same while 39% had more a positive view.

Health of tourism business, within own community (high season)

This year's high season was viewed more positively than last year's when assessed at the community level.

Q7: Compared to last year's high season (i.e., June-August), rate overall tourism business in your community for this year so far. n=112



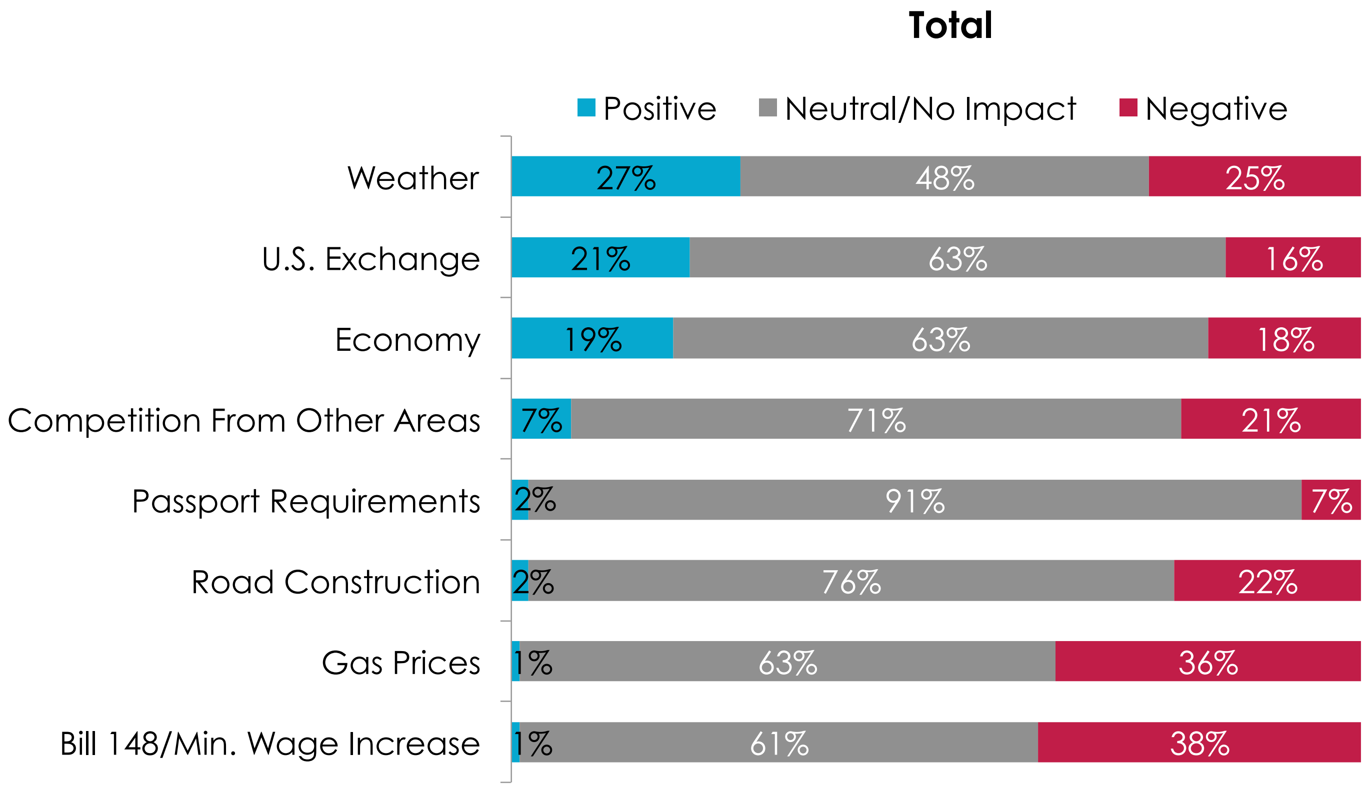
INSIGHT

At the community level, this year was viewed more positively than last year (44%). However, when thinking about the health of tourism based on own sales (not community) positive sentiment was higher at 49% vs. 44% for tourism business in own community.

Business Challenges

The challenges perceived to have the most negative impact this year and last were Bill 148 and gas prices and weather had the most positive impact.

Q8: How have the following factors impacted your business last year and this year? n= 112



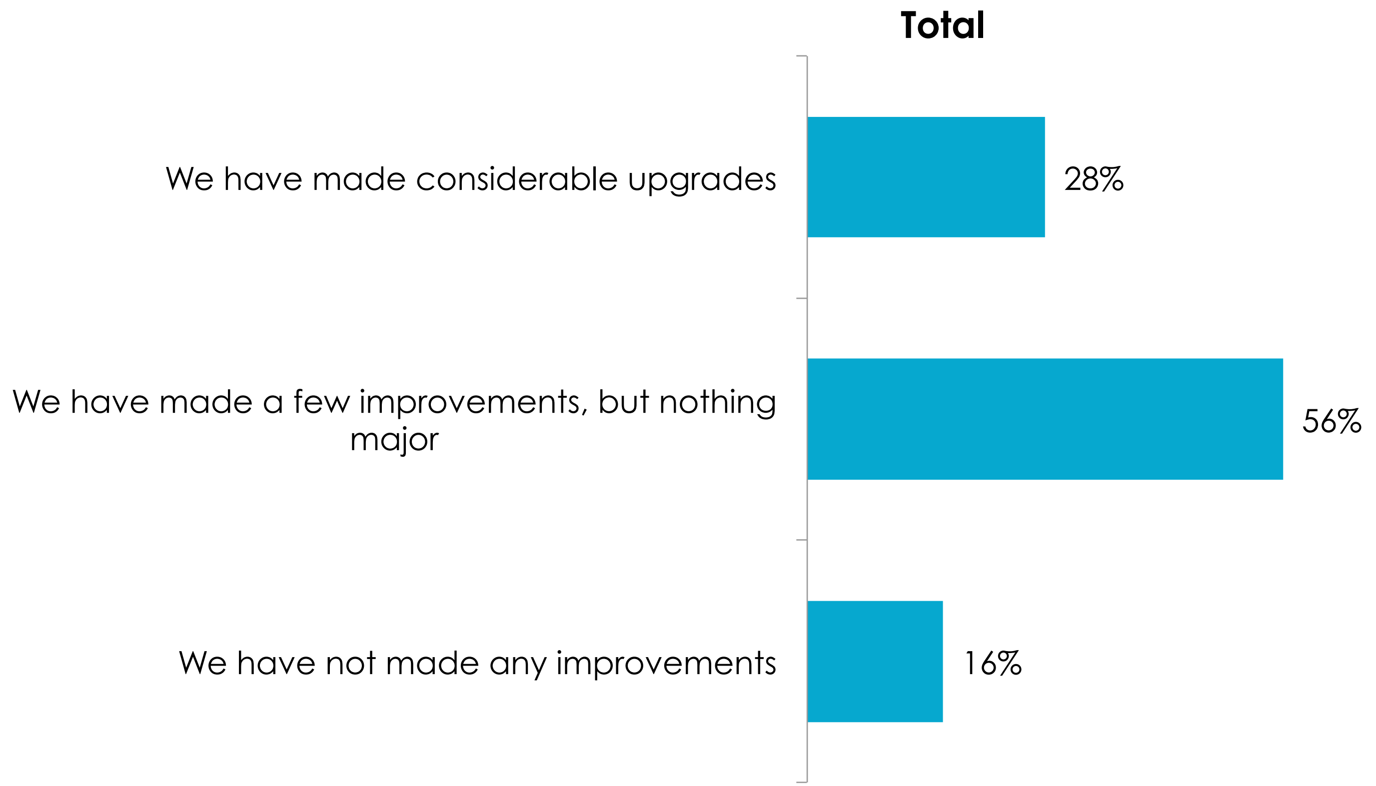
INSIGHT

The top three factors that rated highest for negative impact were Bill 148/Min. Wage Increase, followed by gas prices and weather. On the other end of the spectrum some respondents felt that weather impacted business positively, along with the U.S. Exchange Rate and the economy. Passport requirements were rated as mostly likely to have no impact.

Business Investments, physical

The vast majority of businesses have invested back into their business by making a few improvements or considerable upgrades this year.

Q9: Have you invested in physical upgrades/improvements for your business this year? n=112



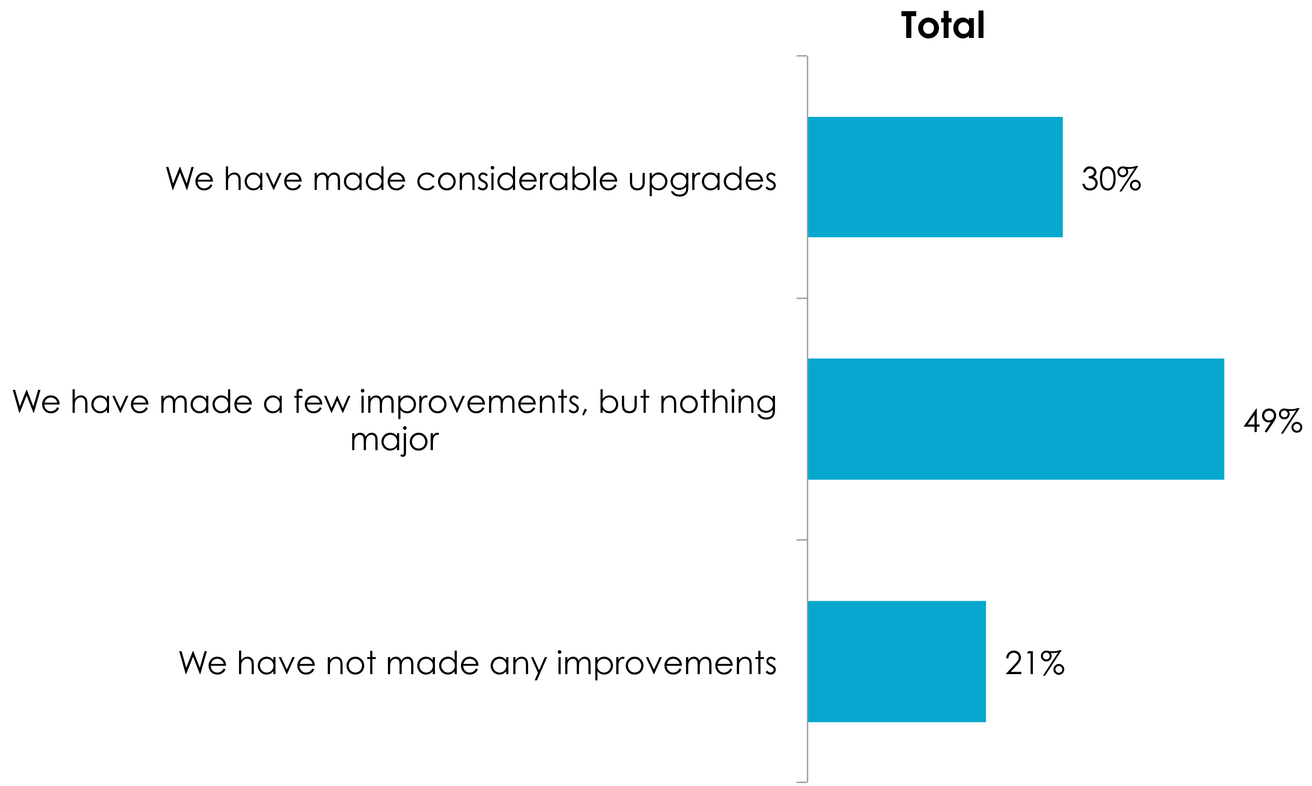
INSIGHT

The majority of businesses have invested in physical upgrades/ improvements (84%), of this amount 28% cited that they were considerable. Only 16% did not make any improvements.

Business Investments, technological

The majority of businesses have upgraded/improved the technology being used this year to ready themselves for future growth.

Q10: Have you invested in technological upgrades/improvements (e.g., website, social media, IT tools) for your business this year? n=112



INSIGHT

When it comes to technological upgrades the proportion of businesses that did not change anything slightly edged up in comparison to physical upgrade/improvements (16% vs. 21%), however the majority made either some improvements (49%) or considerable upgrades (30%).

Future business investments

Future improvements were cited in both categories however social media and website revitalization received the most mentions.

Q11: Do you have any planned upgrades/improvements (physical and/or technological) for your business next year? n=112

Type	Upgrade/Improvement
Physical	• Signage • Renovations (e.g. broken items, flooring) • Landscaping • Maintenance • Cosmetic Upgrades (e.g. painting) • Accessibility • Production facilities • New products
Technological	• Social Media marketing • Website revitalization • New online sales models • User-friendly apps • Ticketing systems • Security systems • Cashless payments

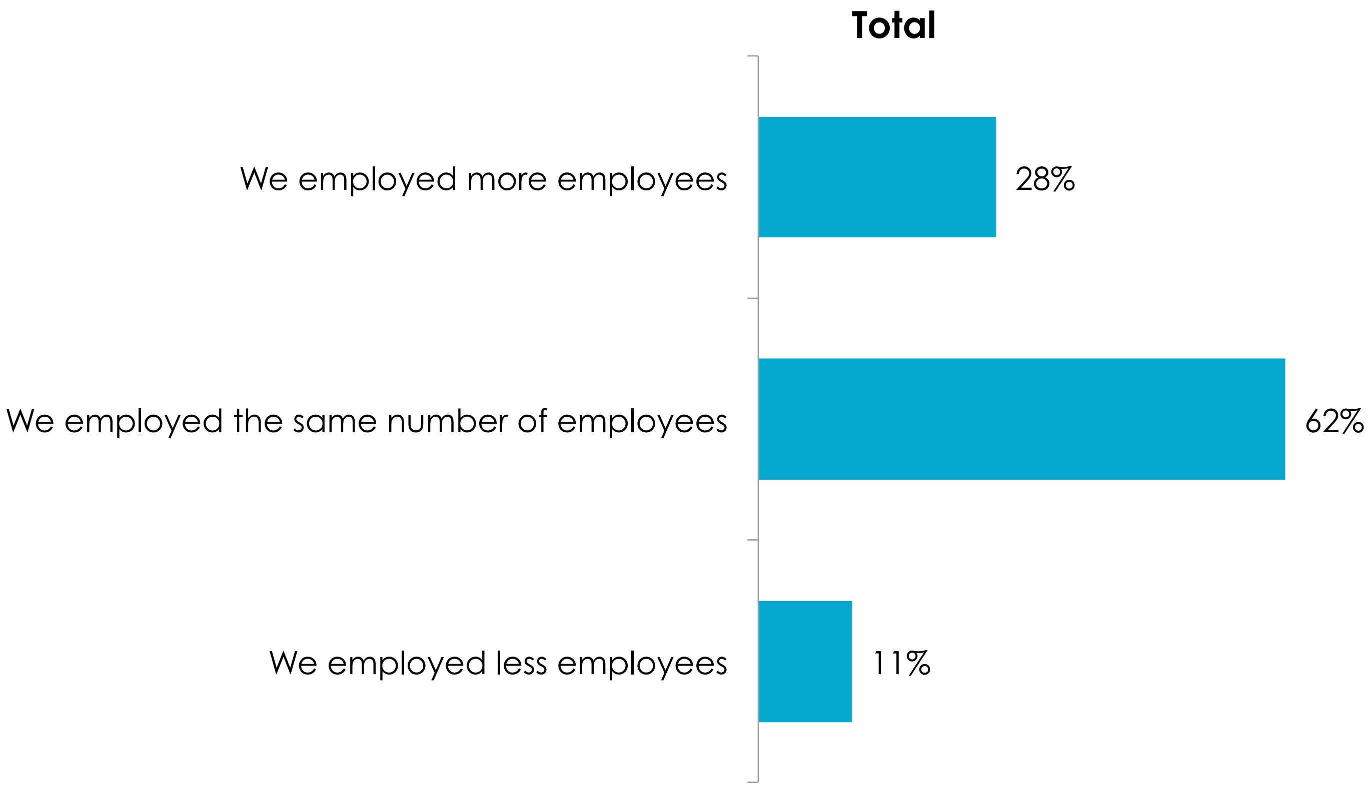
INSIGHT

Respondents cited examples of the physical and technological upgrades/improvements they plan to make next year. They were evenly split between both categories but there was also a share that indicated they had nothing planned.

Employment Contributions

While increases to sales and visitors were observed, businesses mostly employed the same amount of people compared to last year.

Q12. How has your business contributed to employment compared to last year? n= 112



INSIGHT

While sales and visitors increased this year compared to last, only 28% of businesses hired more employees. Almost two thirds had the same number of employees (62%).

Tourism Trends

The most cited trend was an increase in international tourists and a need for more experiences but overall four key themes emerged.

Q13: Are there any new trends in tourism you've noticed? (e.g., travel preferences, special requests, customer demographics, spending patterns, etc.) n=112

Shift in Traveller Mix and Patterns

- International tourists
- Adults +55
- Millennials
- Locals
- Groups of friends
- Longer stays
- Getaways
- Repeat customers

Sophisticated Customer Demands

- More last minute bookings
- Authentic/high quality goods and services and willing to pay for it
- Bilingual services
- Special foods (e.g. vegetarian, healthy, local)
- Expect good signage
- Well planned trips
- Accessibility needs

More Activities vs. Things

- Looking for outdoor activities (e.g., cycling tours, water based)
- Museum tours
- Walking tours

Enhanced Technology

- Demand for online content/social media engagement
- Increased online bookings
- Visitors taking more photos
- Increased mobile payments
- More Wifi requests

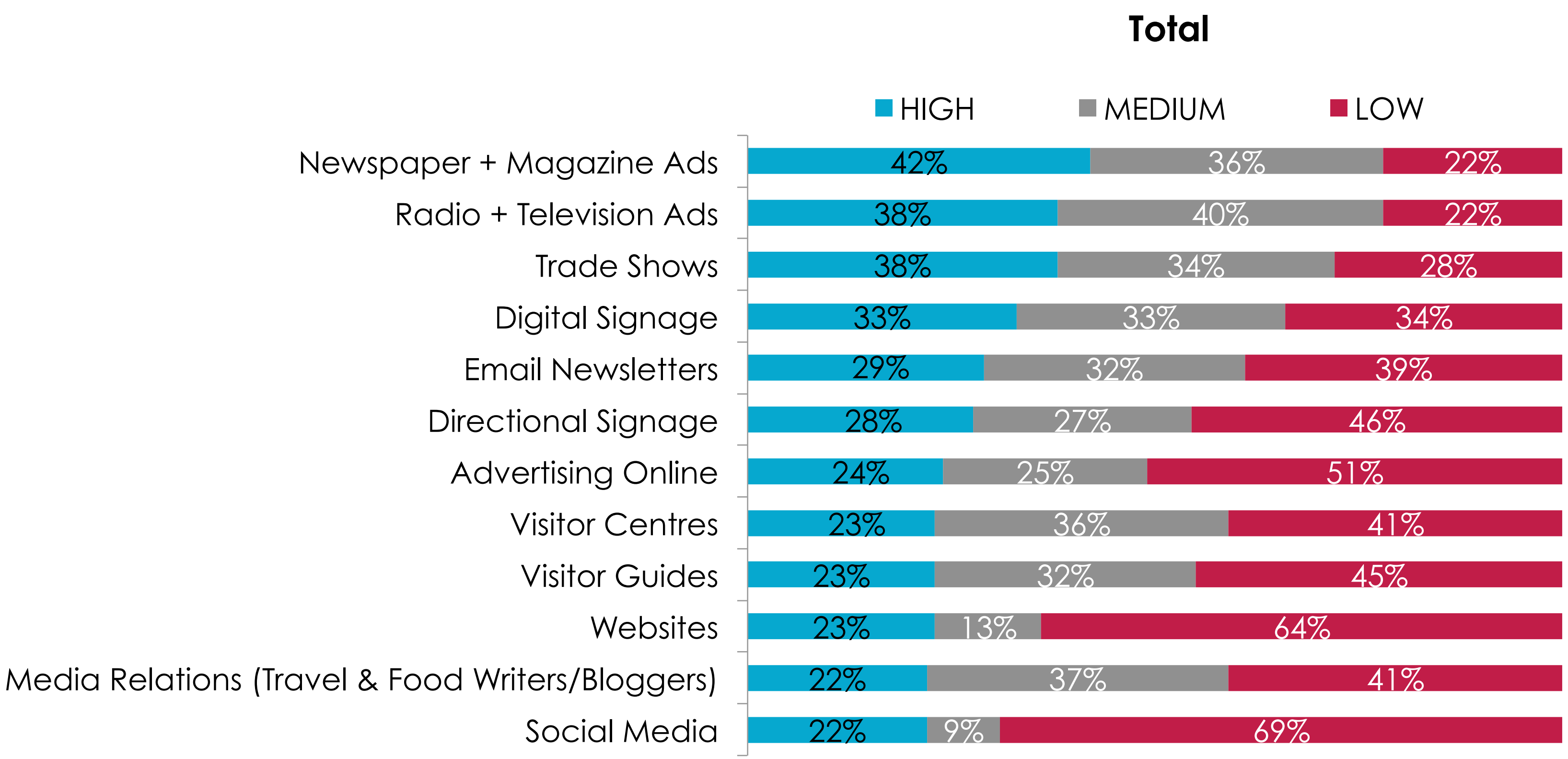
INSIGHT

Although some respondents have not noticed any trends or were not sure of any, there were four key theme responses that emerged.

Key Marketing Tactics, importance

Social media was ranked lowest among key marketing tactics; newspaper + magazine ads were seen as most important.

Q14: Rank the importance of these marketing tactics to attract tourists. n=112



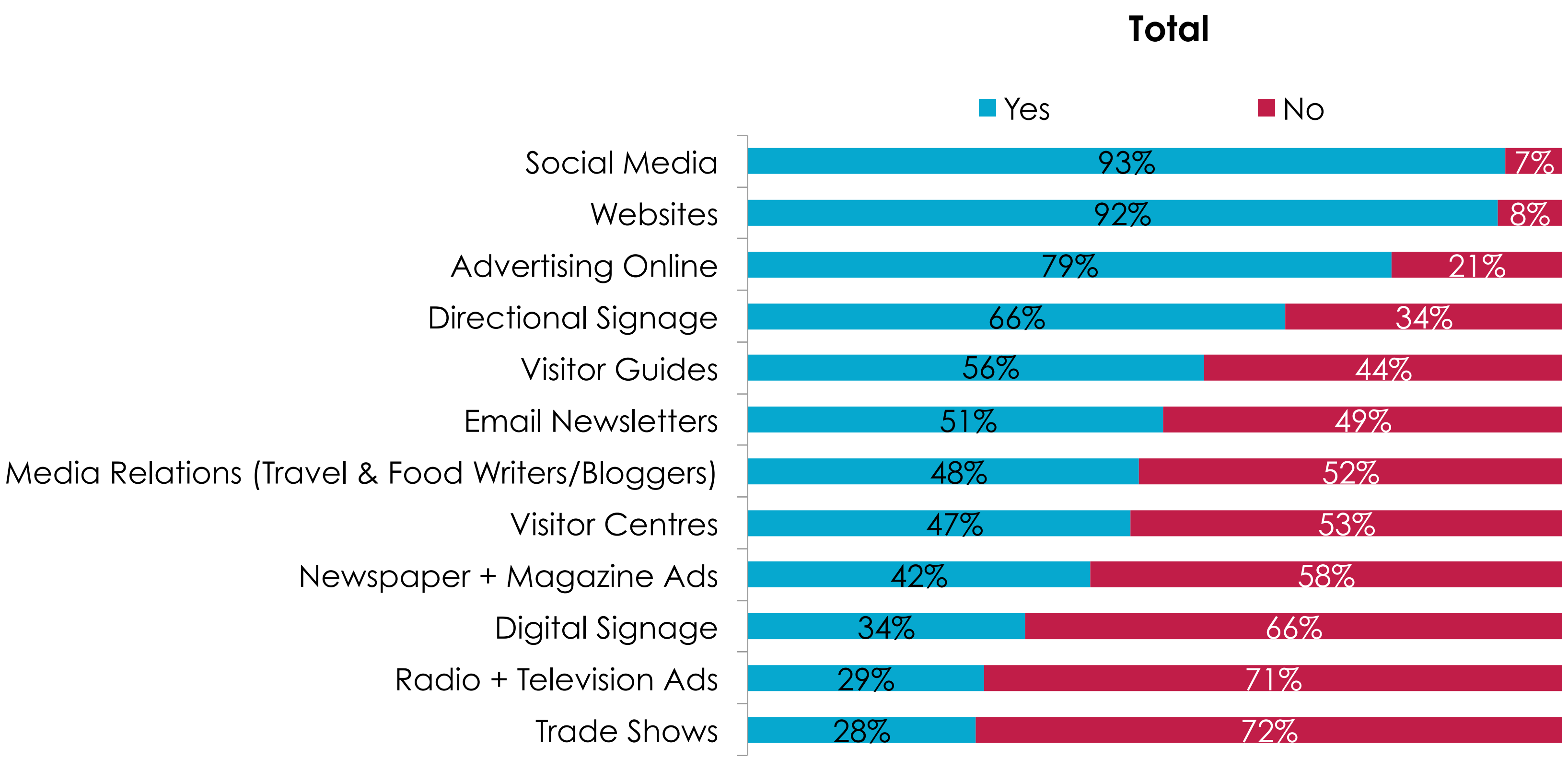
INSIGHT

The top three important marketing tactics were Newspaper + Magazine Ads, Radio + Television Ads and Trade Shows. The least important tactics respondents identified were social media, websites and online advertising.

Key Marketing Tactics, used

Social media, websites and online advertising are the most used marketing tactics, however they are viewed as the least important tactic among respondents.

Q15: Which marketing tactics do you currently use to attract tourists?
n=112



INSIGHT

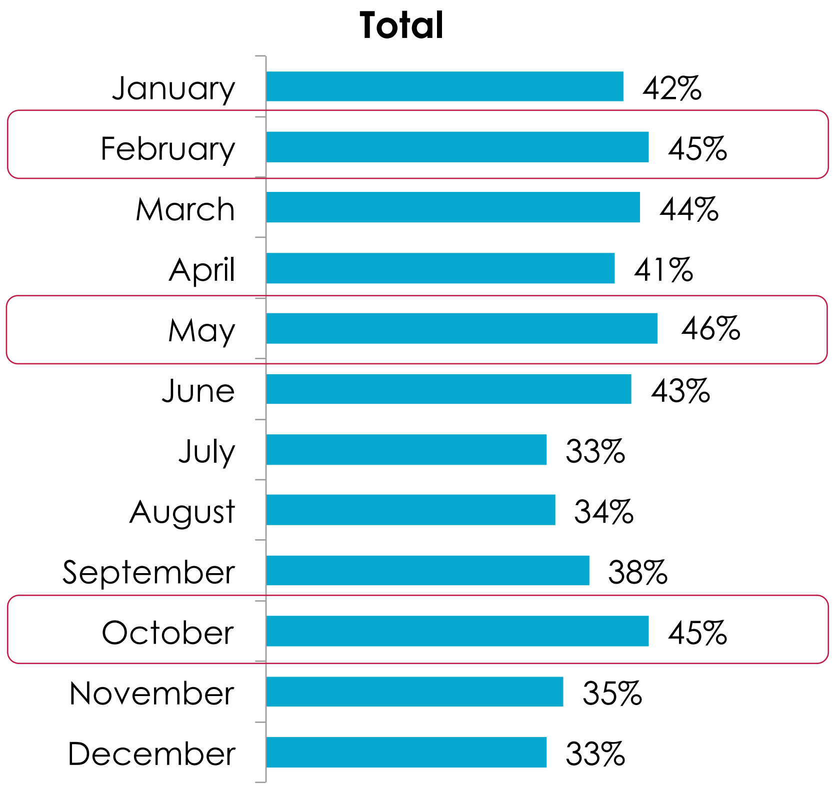
The most used marketing tactics are social media, websites and online advertising while trade shows, radio + television and digital signage were least used.

Interestingly trade shows and radio + television were identified in the top three most important tactics but are two of the least used while social media websites and online advertising were viewed as least important yet used the most.

Growth Plans, by month

The key month's that tourism businesses want to grow their business are May, February and October.

Q16: In what month(s) of the year would you like to grow your business? n=112



INSIGHT

There was considerable interest in growing business in all months of the year but it appears that May, February and October are the top priority. July and December received the least amount of interest.

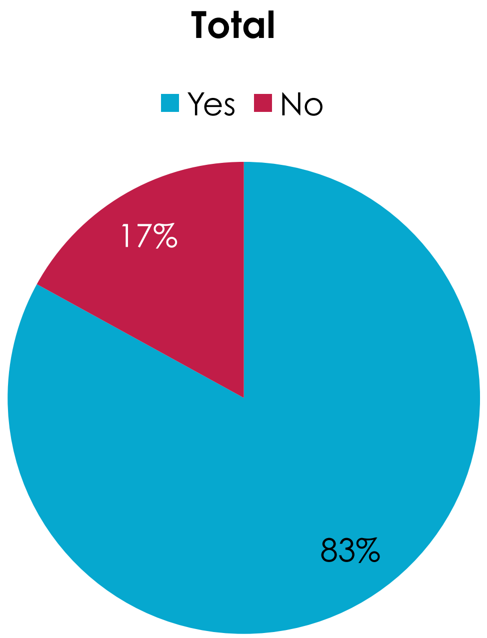
Agreement with RTO9 current priorities

RTO9's current priorities were viewed positively by tourism businesses in the region.

Q17: South Eastern Ontario Region 9 Regional Tourism Organization current priorities include:

- Outdoor activities
- Food and Drink
- Entertainment
- Culture & Heritage

Do you agree with these priorities? n=112



INSIGHT

A high level of agreement(83%) is an indication that stakeholders have positive opinions about the priorities of RTO9. However results suggest there are some areas of concern as indicated by the 17% that responded *No*.

Additional support needed from RTO9

Four key themes emerged when respondents were asked what else they would like to see from RTO9.

Q19: What else would you like to see from South Eastern Ontario Region 9 Regional Tourism Organization? n=

1 Needs of Non-Profit Organizations and Businesses

- Funding/financial assistance
- Seminars/Webinars
- Activities/Events

2 Marketing

- Maps and guides
- Apps
- Website
- FAMs
- Media Relations (e.g. promotion of bloggers)

3 Tourism Infrastructure

- Construction planning around tourism
- Improved roads
- Improved bike pathways
- Better internet/Wifi
- Directional and welcome signage
- Regular lake maintenance

4 Product Development

- Art/culture
- Recognition of local talent
- Science
- Sports

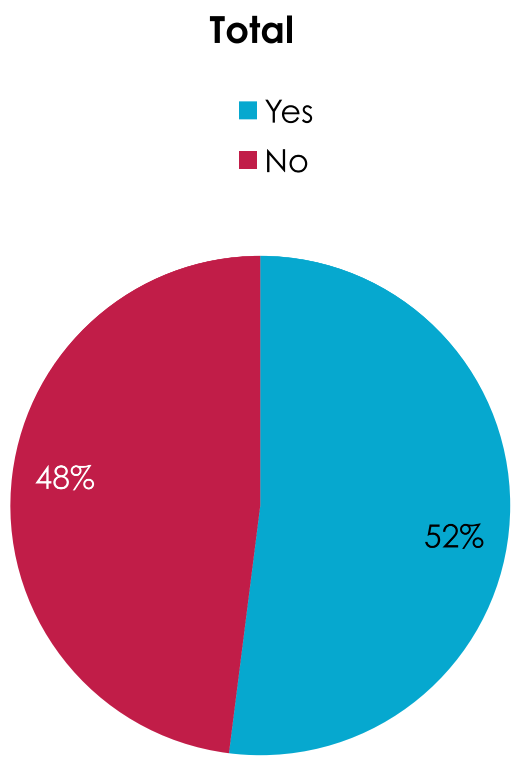
INSIGHT

Understanding the needs of stakeholders will help RTO9 provide more meaningful support and services. The top four themes for additional support related to: needs of non-profit organizations and businesses, marketing, tourism infrastructure and product development.

Partner Engagement

There is still room for RTO9 to improve engagement with stakeholders in the region.

Q21: Have you partnered with RTO9 in the last year? n=112



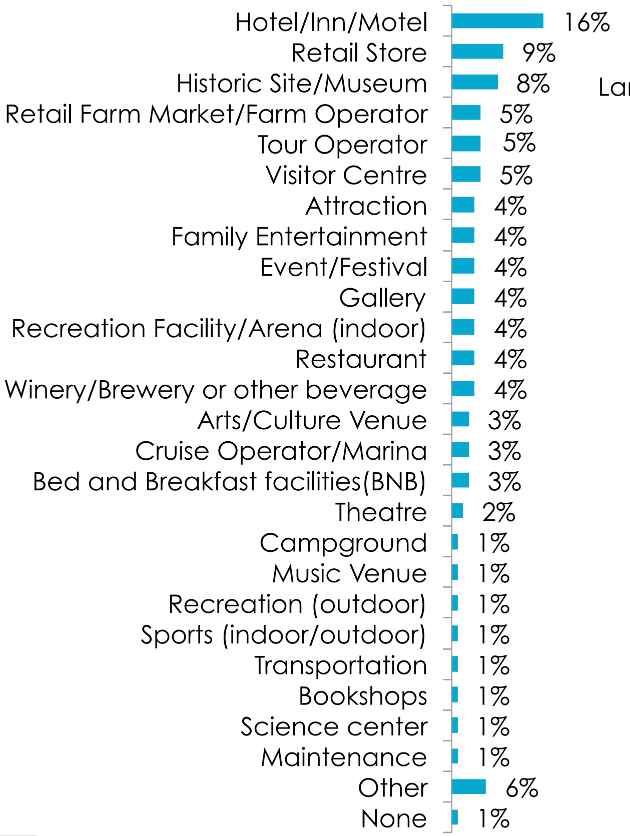
INSIGHT

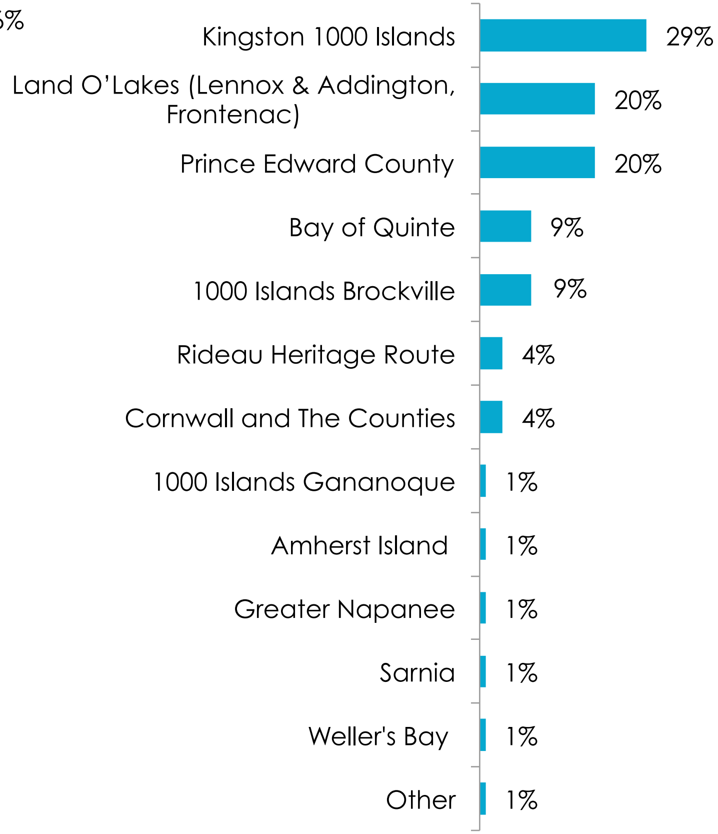
While over half (52%) of respondents have partnered with RTO9 in the last year, there is a significant opportunity to increase engagement and partnerships to increase collaboration and thereby strategic alignment in the region to grow tourism.

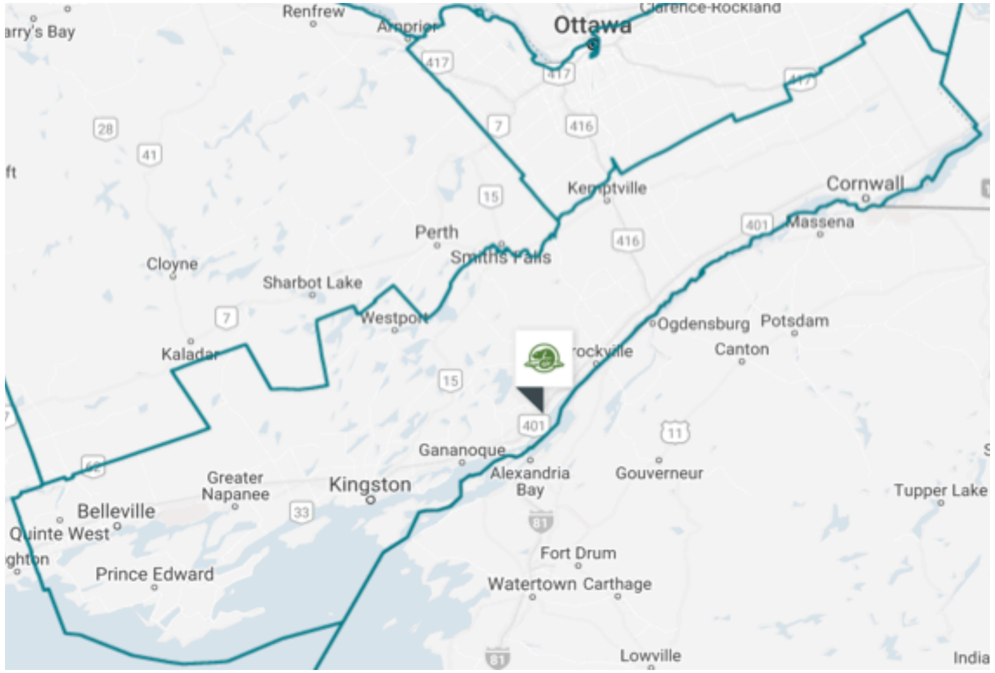
Respondent Profile

Q1: What type of tourism business or organization do you operate? Q20: Where are you located?

Q21: Have you partnered with RTO9 in the last year? n=112







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