Georgian Bay Positioning and Product Analysis

(Core Region)

October, 2008
A1918/ME

Presented to • Présenté à
The Ontario Ministry of Tourism

tns canadian facts

Contents

At TNS, we know that being successful in today's dynamic global environment requires more understanding, clearer direction and greater certainty than ever before. While accurate information is the foundation of our business, we focus our expertise, services and resources to give you greater insight into your customers' behavior and needs.

Our integrated, consultative approach reveals answers beyond the obvious, so you understand what is happening today – and what will happen tomorrow. That is what sets TNS apart.

Thank you for allowing us to explore your business needs. We hope you will continue to trust TNS to provide the insight you need to sharpen your competitive edge.

Introduction

Background

The Georgian Bay Region is one of Ontario's premier tourism destinations, offering an exceptional diversity of tourism experiences within a fairly confined area. Nonetheless, there is a belief that the Region has significant unrealized potential as a travel destination both in Canada and in the United States. This view has been expressed at various times by policy-makers, marketing organizations and industry stakeholders in the region. However, before significant new investments in investigating the opportunity are made, and possible courses of action devised, it would be prudent to review existing data pertaining to the region in order to scope the magnitude of potential that exists and to identify, in broad terms, positioning and marketing strategies that are likely to be successful.

To this end the Ontario Ministry of Tourism commissioned TNS Canadian Facts to undertake a review of existing data and to synthesize the results into a single set of implications and recommendations.

Objectives

The essential purpose of this study is to investigate existing data applicable to Georgian Bay (or the Georgian Bay Tourism Region), with a view to developing a roadmap for effectively targeting the destination to potential visitors with motivating messages and packaged product offerings.

In more specific terms, the objectives of this investigation are to:

- Uncover Georgian Bay's current standing and potential as a tourism destination;
- Define barriers and inducements to choosing Georgian Bay;
- Determine the messages and expressions of traveler benefits that will resonate most powerfully with the target audience;
- Identify the specific tourism products and experiences that have the most potential to attract desired travellers and are consistent with the Region's ability to deliver, either currently or via resource development.

Data Sources and Form of Investigation

In preparing this report the following data sources were explored.

- Travel Activities and Motivations Survey (TAMS) ’06, Canada and US;
- The TAMS Ontario US Return-To-Sample (RTS) Study conducted in the summer of 2007;
- ITS 2001-2006 / CTS 2001-2004;
- Travel Survey of Residents of Canada 2006 (TSRC);
- Provincial Traffic Volumes 1988-2005, Ministry of Transportation, Ontario;
- Ontario’s Travel Intentions tracking program (2005);
- Ontario Ad and Brand Tracking Study July, 2008.

Patterns within each data set were examined as a means of pursuing specific investigative themes. A technical summary of each of these studies appears in the appendix to this report.

If appropriate, application of multivariate and other analytical techniques were considered as aids to the investigation. However, no new primary survey work was undertaken to support the purposes of this study. It should be noted, therefore, that of the works explored, none is directly focused on the holistic goals of this exploration. As a consequence, there are necessary limitations to the depth of the exploration and the conclusions that can be drawn. There is also an obvious need to rely, to some degree, on indirect associations and inference.

Valuable background information was obtained from marketing reports provided by the Georgian Bay Destination Development Partnership, and from a meeting with this body held on September 4th, 2008.

Definition of the Georgian Bay Region

For the purposes of this analysis, we have used a geographic definition of the Georgian Bay Region that is aligned as closely as possible to that articulated by the Ministry of Tourism. (This might be regarded as the Core Georgian Bay region.) The limitations of the various data sources required that we expand this definition to some degree in certain cases, but it has been our intention throughout to align as closely as possible to the following census units comprising the region:

- Bruce (CD41)
- Grey (CD42)
- Simcoe (CD43)

The Current State of Affairs

Statistics on Volume and Trends

Travel from the US

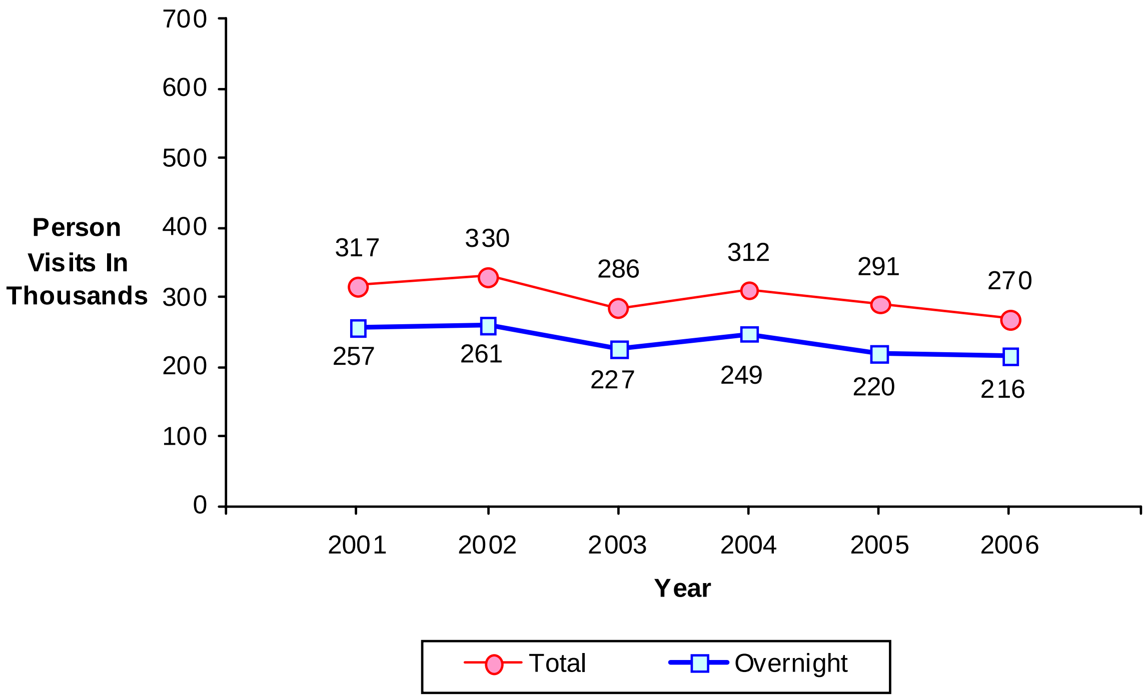
According to the most recent trend data made available by Statistics Canada, the Georgian Bay Region has suffered a gradual decline in volume (person visits) over the past several years (despite a short period of stability between 2003 and 2005) . The erosion is most clearly evident in the US source markets. Overall, person visits originating in the US declined by 15% between 2001 and 2006, from roughly 317,000 to just under 270,000.

While day trips account for some of this erosion, the overnight component of travel sourced from the US has shown signs of weakness. Overnight trips made by Americans declined by 16% between 2001 and 2006. There is evidence of recent recovery (between 2005 and 2006) within the pleasure travel stream, but this seems to have been offset to some degree by accelerated decline in VFR travel during the same period. Overall, overnight volume recorded from the US sits at a decidedly lower level in 2006 than in 2001 within both the pleasure and VFR segments.

As far as US travel goes, the overnight segment of the Georgian Bay Region's tourism sector is critical. It not only accounts for the lion's share of total visits from the US, but delivers significantly greater revenue per visitor than does the same-day segment. Correspondingly, then, the volumetric loss recorded from US source markets has a substantive negative impact on total tourism revenues, despite the fact that US tourism flows to the region are dwarfed by those originating in Ontario itself.

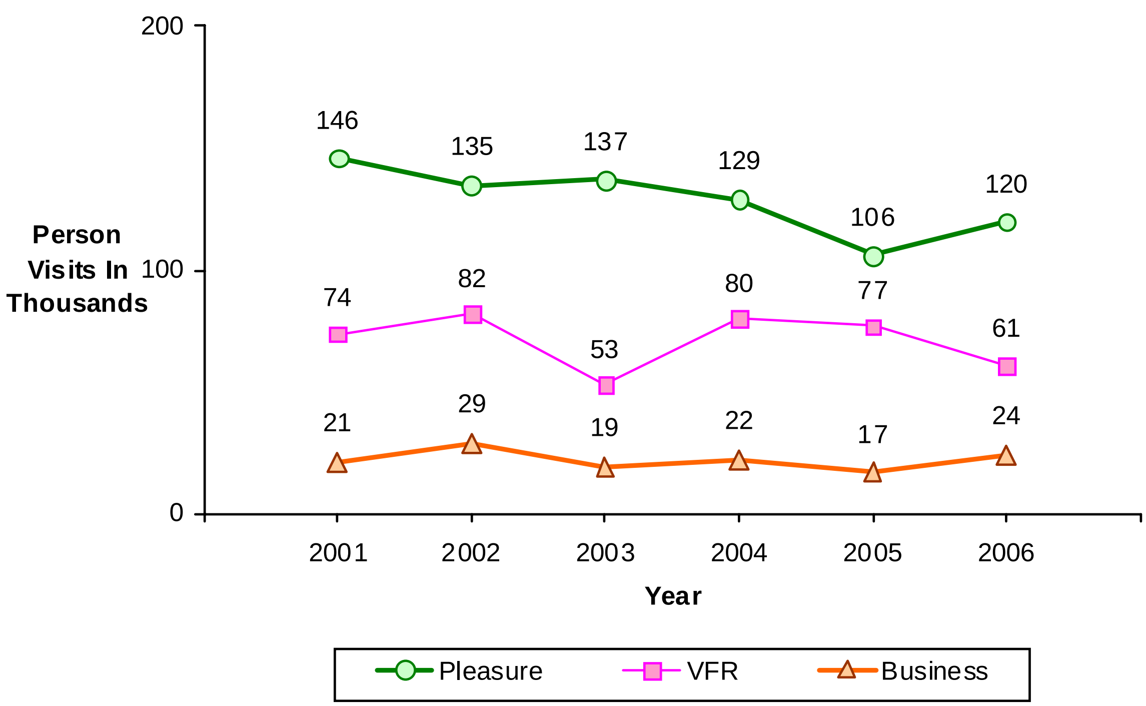
By contrast, though the Niagara Region has experienced a larger proportionate loss of total person visits, this is accounted for mainly by the precipitous decline in same-day traffic. Niagara has apparently had more success than the Georgian Bay Region with respect to minimizing losses in the more lucrative overnight trade. Clearly then, efforts to prompt a resurgence of US overnight travel to Ontario has greater significance for the Georgian Bay Region than it does for other major tourism destinations in the province that have been able to retain some buoyancy in this regard. However, the recent downturn in US economic fortunes and the strength of the Canadian dollar relative to its US equivalent may be suppressing precisely this segment of Ontario's US source markets.

Person Visits To The Georgian Bay Region From The U.S.



Source: Statistics Canada, International Travel Survey 2001-2006.

Overnight Person Visits To The Georgian Bay Region From The U.S. — By Purpose



Source: Statistics Canada, International Travel Survey 2001-2006.

Change In Georgian Bay Travel Volume Relative To Other Ontario Regions — From The U.S.

	From U.S.		Difference In %	
	2001	2006	–	+
Georgian Bay Area:				
Total Person Visits	316,909	269,871	-15%	
Overnight Person Visits	256,669	215856	-16%	
Southwestern Region*:*				
Total Person Visits	3,169,884	2,189,124	-31%	
Overnight Person Visits	805,399	666,065	-17%	
Niagara Region:				
Total Person Visits	9,304,452	5,687,570	-39%	
Overnight Person Visits	1,843,873	1,678,407	-9%	

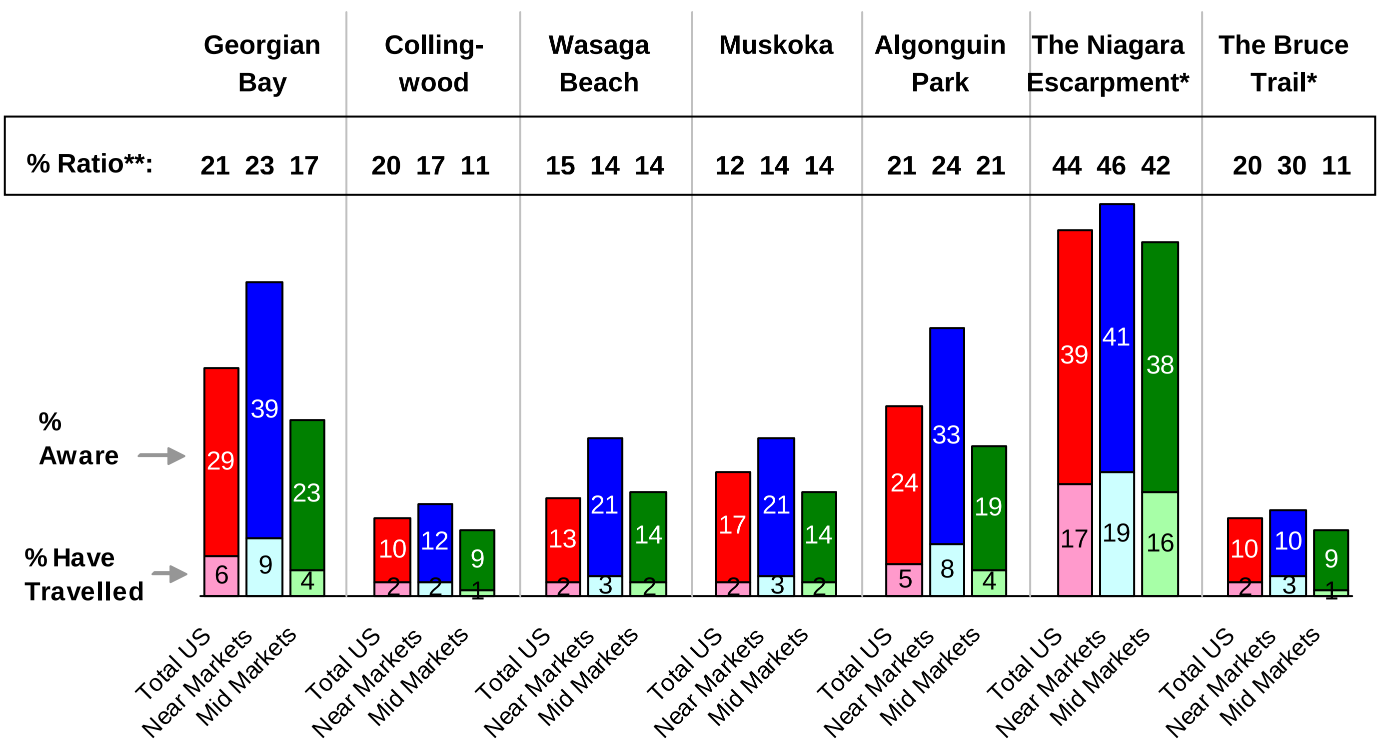
Source: Statistics Canada, International Travel Survey 2001-2006.

Awareness in the US

The Georgian Bay Region's lack of profile in the US is illustrated by awareness of its key geographic features. On an aided basis, many (though certainly not most) US travellers residing in the Near and Mid Markets are aware of Georgian Bay as a geographic feature, but considerably fewer are aware of its main land-based regions and points of interest such as the Bruce Trail, Collingwood, Muskoka or Wasaga Beach.

While generating wider awareness within the US traveller community would undoubtedly stimulate growth, there still exists opportunity to generate momentum should current levels of suppressed awareness persist. The rate of stimulating visitation among Americans who express awareness is markedly low with respect to tourism districts in and near the Region such as Wasaga Beach and Muskoka. Low rates of conversion are also noted specifically within the US Mid Markets when attention is turned to Collingwood and the Bruce Trail.

Awareness of Ontario Outdoor Destination Among US Travellers



** Runs from Niagara region through Bruce*

*** Ratio = <u>% Have Travelled</u>*
% Aware

Source: Travel Intention Survey, 2005

Travel from Canada

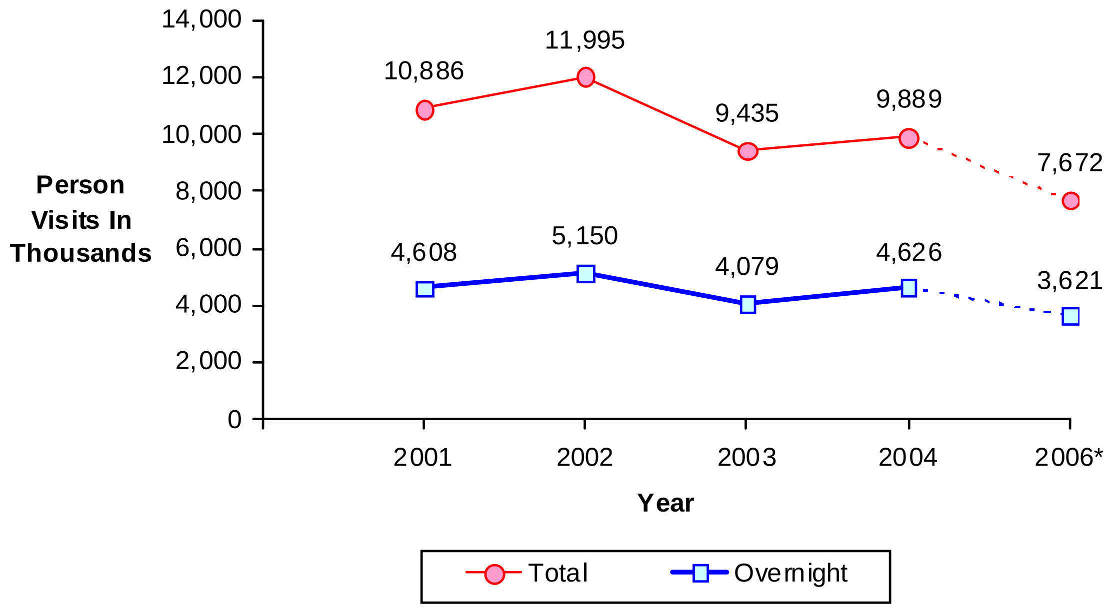
There is also evidence of decline when attention is turned to travel volume sourced in Canada, largely involving the same-day component of the market. Despite the fact that changes to the Canadian Travel Survey have made it somewhat problematic with respect to drawing direct comparisons between 2006 and previous years, it is clear that the Region has not been able to maintain the peak pleasure travel volumes recorded in 2002 and has likely suffered some degree of further erosion since 2004.

Same-day and overnight travel account for similar shares of person visits to the Georgian Bay Region that originate in Canada, and though losses in the same-day segment have modestly shifted the ratio since 2001, a rough equivalence has held despite recent changes in total travel volume. As one might expect, given differences in proximity, same-day travel carries far greater weight in the Canadian source markets than it does in the US. This relative strength in combination with the sheer number of same-day trips involved does suggest certain domestic opportunities. Specifically, there may be significant potential to convert a fair number of domestic same-day trips to extended stays in the region. Certainly, the existing pool of same-day travel is large enough to afford some opportunity in that regard, possibly by conveying to domestic travellers a better sense of the breadth of tourism experiences that the region offers.

Canadian and US comparisons are of some value in another sense as well. In a travel context, the Georgian Bay Region exists primarily as a pleasure destination among both Americas and Canadian travellers. However, as a proportion of total trips, pleasure travel **does not** achieve greater prominence relative to VFR in the US source markets, even though the network of friends and relatives in the Region is far less extensive among Americans than among Canadians. This suggests considerable under-development of Georgian Bay as a pleasure travel destination in its US source markets. Certainly proximity plays a role in this regard, but one could argue that this impediment might certainly be overcome or reduced with messages carefully targeted to the travel needs of potential visitors and clearly suggestive of the region's suitability for an extended visit. Indeed, the solution here is not unlike that pertaining to the challenge of converting domestic same-day visitors to overnight stays.

The need to take action on both counts is underscored by evidence that the Georgian Bay Region has not been able to rely on the domestic market as a source of growth capable of compensating for the loss of US tourists. At least this is the case when we examine data collected through to 2006. Unlike Southwestern Ontario and the Niagara Region (both of which have benefited from a significant upswing in domestic volume in recent years), Georgian Bay has generated no momentum with respect to either overnight or same-day travel within its Canadian source markets. In fact, considerable softness has been noted for same-day travel.

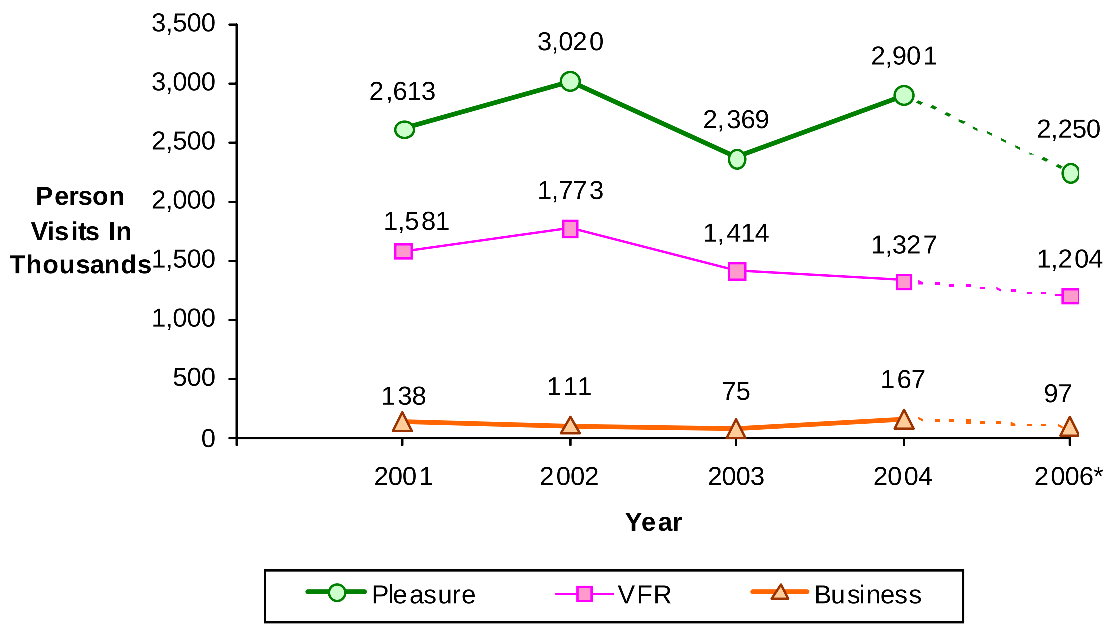
Person Visits To The Georgian Bay Region From Canada



Source: Statistics Canada, Canadian Travel Survey 2001-2004; Travel Survey of Residents of Canada 2006.

* *Due to a change in data collection methodologies, 2005 data is not available and 2006 data is not directly comparable to any historical data*

Overnight Person Visits To The Georgian Bay Region From Canada — By Purpose



Source: Statistics Canada, Canadian Travel Survey 2001-2004; Travel Survey of Residents of Canada 2006.

* *Due to a change in data collection methodologies, 2005 data is not available and 2006 data is not directly comparable to any historical data*

Change In Georgian Bay Travel Volume Relative To Other Ontario Regions — From Canada

	From Canada		Difference In % (2001-2004)		
	2001	2004	-	+	2006*
Georgian Bay Region:					
Total Person Visits	10,865,920	9,889,321	-9%		7,671,562
Overnight Person Visits	4,608,412	4,626,203		±0%	3,620,787
Southwestern Region:					
Total Person Visits	9,958,715	11,014,000		+11%	9,821,665
Overnight Person Visits	3,261,122	4,031,749		+24%	3,560,451
Niagara Region:					
Total Person Visits	5,384,951	5,554,849		+3%	5,102,257
Overnight Person Visits	1,975,040	2,414,634		+22%	2,254,133

Source: Statistics Canada, Canadian Travel Survey 2001-2004; Travel Survey of Residents of Canada 2006.

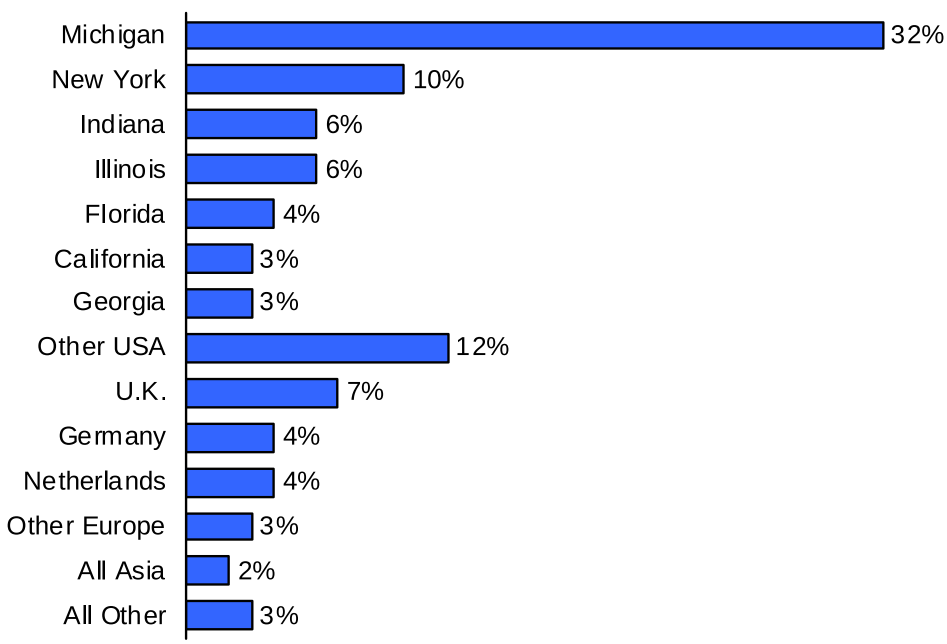
* *Due to a change in data collection methodologies, 2005 data is not available and data from 2006 is not directly comparable to any historical data*

Current Sources of Volume for Overnight Pleasure Travel

The following graphs clearly indicate that, though possibly underdeveloped as a source of overnight visitors, the immediate US border area (Michigan and New York) nonetheless represents the most concentrated source of visitation to the Region beyond Ontario itself. At the same time, these volumetric data also suggest that the Georgian Bay Region does have the capability of appealing to a reasonably wide geographic area. This is clearly evident in the flows recorded from more distant origin markets. About one-third of total international visitors come from areas of the US beyond the Great Lakes basin and just under one quarter come from overseas points of origin.

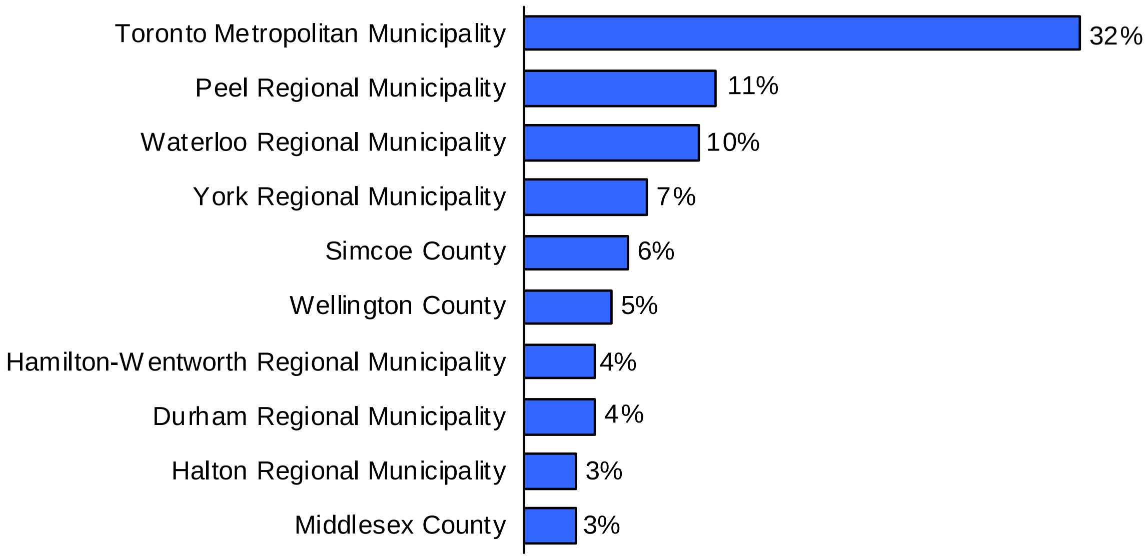
In the case of Canadian overnight pleasure travellers to the Region, the primary source markets are represented by the main Ontario population centres directly to the south, with the GTA delivering the largest tourism volumes. In light of this, distances travelled to the Region seem long enough to warrant overnight visitation in many cases and, therefore, transition of more same-day visits to short getaway trips of one to three nights away from home. Here too, one could argue for a solution that places some emphasis on impressing potential visitors with the breadth of the offer, packaging the Region's experiences appropriately and providing assurance that adequate accommodation is available.

Overnight Pleasure Visits By Place Of Residence — 2006
(US and Other International Visitors only)



Source: Statistics Canada, International Travel Survey 2006.

Overnight Pleasure Trips By Domestic Place Of Residence (Ontario) — 2006



Source: Ontario Ministry of Tourism, Travel Survey of Residents of Canada 2006.

Age Profile of Overnight Pleasure Travellers To The Georgian Bay Region

Americans who have visited the Georgian Bay Region for an overnight pleasure trip tend to be older, on average, than the general US traveller population. This is likely correlated with greater affluence and is suggestive of an over-representation of mature, affluent couples and possibly older families.

When turning to overnight pleasure travellers from within Ontario, there is evidence of somewhat greater alignment with the age profile of the total population than is the case with American visitors. This is, perhaps, to be expected, given the popularity of this travel region among Ontario residents and the concomitant tendency to appeal to a cross-section of travellers from the province. Still, as with Americans, there is some degree of under-representation among the younger groups and over-representation of the middle-age cohorts. From these results, one would not anticipate substantive variation from the Ontario population as a whole when it comes to the socio-economic profile of domestic visitors with the likelihood of a skew toward affluence.

Overall, these profile patterns imply that visitation to the Georgian Bay region may have been responsive to overtures aimed at the Affluent Mature market, at least to a degree. While this is consistent with recent marketing strategies for Ontario as a whole, one could also argue that significant untapped potential exists to draw greater volume from the young household and young family segments. This possibility is underscored by the fact that the potential to appeal to younger families may be quite strong given the mix and range of activities and attractions in the Region.

Age Profile of Georgian Bay Region Overnight Pleasure Travellers

	Percent Of Overnight Georgian Bay Pleasure Travellers From…			
	Ontario*		U.S.**	
	(503) %	Difference vs. Total Population	(83)**** %	Difference vs. Total Population
Age:				
Under 15 Years	n/a	n/a	11	-9
15 – 24 Years	8***	-8	7	-7
25 – 34 Years	3	-12	3	-11
35 – 44 Years	15	-4	13	-1
45 – 54 Years	40	+21	35	+35
55 – 64 Years	20	+6	17	+7
65+ Years	15	-2	13	±0

Source: Statistics Canada, Travel Survey of Residents of Canada 2006 (“Under 15 Years” data not reported).
** *Source: Statistics Canada, International Travel Survey 2006.*
*** *18-24 Years.*
**** *Caution small base size*

Trip Profile of Overnight Visitors to the Region

Canadians and Americans who have taken an overnight trip to the Georgian Bay Region in the recent past differ to some degree with respect to party size, accommodation choice, spending patterns and expenditures per night per visitor. When compared with Canadians, Americans spend considerably more on average, with considerably more dollars going to shopping, accommodation and recreation/ entertainment rather than food and beverages. Americans are also far more likely to select paid commercial accommodation and to travel as couples without the accompaniment of children. These findings are consistent with our previous contention that the appeal of the Georgian Bay Region is skewed toward the mature and affluent segments, especially in the U.S. It is also consistent with the very significant representation of cottagers among domestic visitors.

	Percent Of Overnight Georgian Bay Pleasure Travellers From…	
	Ontario* (503) %	**U.S.**** (83)*** %
Accommodation: Nights Spent in Region:		
Roofed Commercial Lodging	33	53
Campgrounds/Trailers	18	2
Private (Cottages/Homes)	49	46
Household/Travel Party Size:		
One Person	36	13
Two People	34	47
Three or More People	29	41
Adult-only Parties	73	85
Parties with Children Less Than 15 Years Old	27	15

	Percent Of Overnight Georgian Bay Pleasure Travellers From…	
	Ontario* (503) %	**U.S.**** (83)*** %
Total Visitor Spending in Region:		
Transportation	15	12
Accommodation	24	29
Food & Beverage	38	24
Recreation/Entertainment	12	13
Retail/Other	10	22
Average Spending Per Person Per Night	**$68.45**	**$87.90**

* *Source: Statistics Canada, Travel Survey of Residents of Canada 2006*

***   Source: Statistics Canada, International Travel Survey 2006.*

**** Caution small base size.*

Sources of Potential Growth

Georgian Bay currently attracts a relatively small proportion of those overnight travellers in neighbouring US and domestic regions who express an overt interest in Ontario travel. This interest is demonstrated through past behaviour or, in the US, through derived openness to considering Ontario for overnight pleasure travel. The latter measure (derived openness) is defined by applying the Conversion Model™ to the 2006 Travel Activities and Motivations Survey (TAMS) database. The model has been widely used in a tourism context and its effectiveness as a measure of brand (or destination) affinity and a predictor of future behaviour has been widely verified. More information on the Conversion Model™ appears in the appendix to this report.

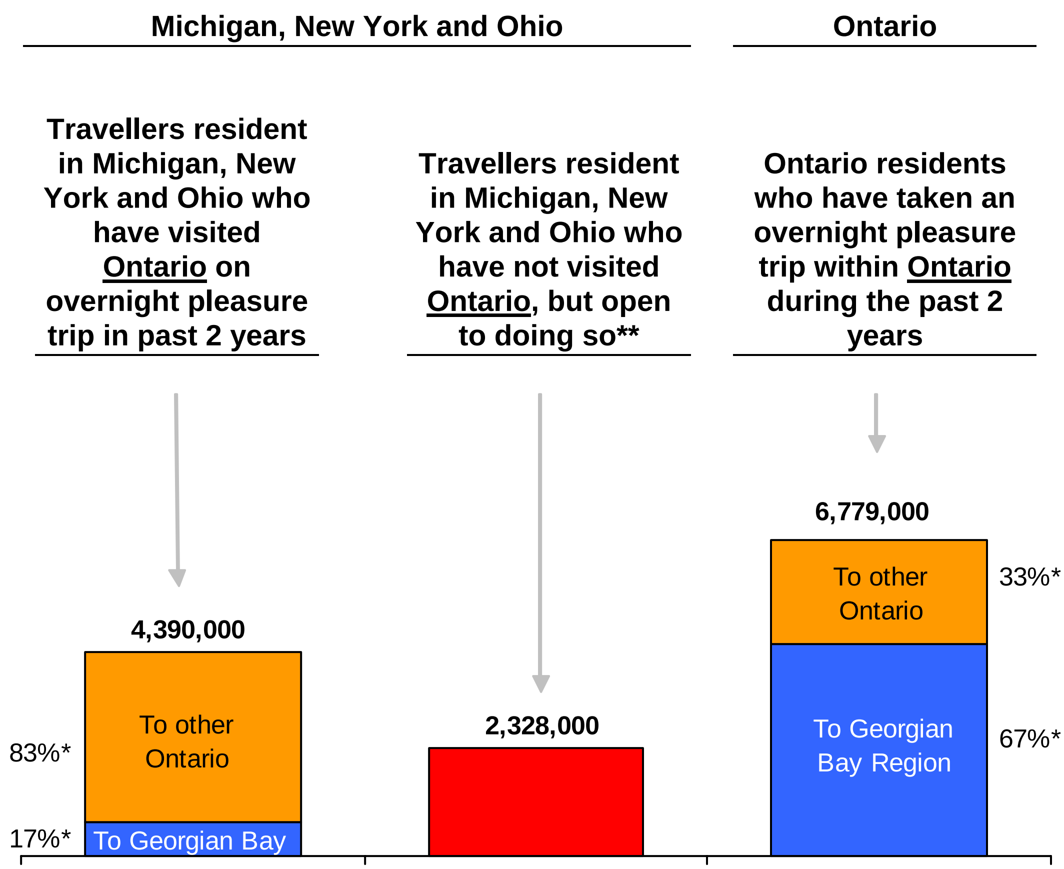
It is unreasonable to expect that the Georgian Bay Region could be of more than passing interest to **all** of these potential travellers, but the pool to draw from is quite large relative to current volume and suggests that the possibility certainly exists for the region to generate greater tourism volume from parts of North America that are in reasonably close proximity. However, two conditions must apply, before this can happen.

- The tourism product in the region must be of sufficient diversity and quality to effectively meet a broad set of needs.

- Potential visitors must know that these tourism opportunities exist in the Region.

While this report will shed light on the applicability of both conditions in the context of Georgian Bay, it should be noted that the issue of service capacity is not addressed. It is quite conceivable that, in certain product areas, the tourism infrastructure (transportation, accommodation and facility capacity) may currently be unable to handle large increases in tourism volume. This is not necessarily a function of quality - indeed, the following section of this report will point to a diversity of high quality offerings in the Region. But some attention should be paid to servicing capacity for numbers of person visits surpassing the peak recorded in 2002. This means being sensitive to meeting the expectations of all visitors while also maintaining the integrity of the tourism offering itself.

Growth Opportunity For Georgian Bay In Neighbouring Markets



* *Derived from share of person visits*

** *Derived from Conversion Model segmentation.*

Source: *Travel Activities and Motivations Survey (TAMS), 2006.*
Statistics Canada, International Travel Survey, 2006.
Statistics Canada, Travel Survey of Residents of Canada, 2006

The Region’s Offerings

Attractions Currently Offered

The Georgian Bay area offers a distinctive mix of tourism attractions that are aligned with the Region’s geographic diversity unique role in Canadian history, strong outdoor recreational infrastructure, natural heritage (Niagara Escarpment, 30,000 Islands, etc.) and its proximity to several US access points and large population centres in both the US and Canada. The main attractions are categorized and listed below. It is important to document the attraction mix since this will form the basis for positioning and packaging recommendations.

Amusement/Theme Parks

- Castle Village and the Enchanted Kingdom Park
- Rounds Ranch
- Story Book Park

Cruises

- M.S. Georgian Queen
- Manitoulin Island Ferry (Chi-Cheemaun)
- Midland 30,000 Islands Boat Cruises
- Orillia Boat Cruises - Island Princess
- Penetanguishene 30,000 Island Cruises

Sports and Outdoors

- ATVing in the Georgian Bay Wilderness
- Bruce Peninsula Mountain Bike Adventure Park
- Hiking (Bruce Trail, Georgian Trail, etc.)
- Motorcycle Touring
- Scenic Caves Adventures/Eco-adventures
- Scuba Diving

Art/Art Galleries

- Tom Thomson Memorial Art Gallery

Museums

- Centennial Museum
- Champlain Monument
- Coldwater Canadiana Heritage Museum
- Collingwood Classic Aircraft Foundation Aviation Museum
- Creemore's Jail
- Discovery Harbour
- Grey Roots Museum & Archives
- Huronia Museum and Huron/Ouendat Village
- OPP Museum
- Penetanguishene Centennial Museum & Archives
- Sheffield Park Black History and Cultural Museum
- Stephen Leacock Museum

Attractions

- Aboriginal Powwows
- Blue Mountain
- Discovery Harbour
- Historical Murals of Midland
- Martyrs' Shrine
- Nancy Island Historic Site
- Sainte-Marie among the Hurons
- Spirit Catcher, Barrie

Festivals

- Barrie Dragon Boat Festival
- Barrie Jazz and Blues Festival
- Barrie Native Friendship Centre's Annual Traditional Pow Wow
- Collingwood Dragon Boat Festival
- Collingwood Elvis Festival
- Festival du Loup
- Festival of Lights Celebration
- Mariposa Folk Festival
- Minesing Unplugged Wetlands Festival
- Orillia Jazz & Blues Festival
- Orillia Winter Carnival
- Strawberry Festival
- Summerfolk Music and Crafts Festival
- The Barrie Fair and Horse Show
- The Collingwood Music Festival
- Wasaga Beachfest
- Winterama

Nature and Outdoors

- Awenda Provincial Park
- Bruce Peninsula National Park
- Fathom Five National Marine Park
- Flowerpot Island
- Georgian Bay Islands National Park
- Kempenfelt Bay
- Lake Simcoe
- Wasaga Beach
- Wye Marsh

Resorts

- Blue Mountain Village
- Horseshoe Resort
- Talisman Resort Village

Performing Arts

- Cerridwen Theatre Project
- Gayety Theatre
- Gryphon Theatre
- Red Barn Theatre
- Theatre by the Bay
- Theatre Collingwood

Other

- Wide Array of Restaurants
- Numerous golf courses
- Casino Rama

The above comprises only a partial list, but covers all of the primary attractions and defines the major tourism categories relevant to Georgian Bay. Many attractions are of regional significance, but a fair number have potential to attract visitors from a broader geographic area. The latter tend to be concentrated in the areas of nature/outdoors (especially the numerous national and provincial parks), recreation (fishing, boating, golfing etc.) and certain historical and cultural attractions (various Aboriginal sites). Casino Rama could also potentially draw from a relatively large market area as could the high-end resorts; the latter representing both a significant draw and a base from which explore the region more fully.

One of Georgian Bay's greatest strengths (and arguably one of its greatest weaknesses) lies in the breadth of its tourism offering. While the Georgian Bay Region offers no shortage of activities for visitors to choose from, it also presents a creative challenge with respect to bringing these disparate elements together on a manner that has greater meaning to potential visitors and generates synergy. This, of course, is a problem that might be considered the envy of many competing tourism regions. And, it does bring to mind the potential of an overarching vision or positioning strategy for the Region that could act as a galvanizing force capable of giving definition to 'Georgian Bay' in the eye of the potential visitor, while simultaneously binding its diverse elements together into a particularly attractive whole. Certainly, there are many examples of tourism regions throughout the world that have taken a similar approach and encountered much success.

Before embarking on this type of exploration, however, it is worth describing some of the key centres of recent investment, long-standing strengths, unique elements and emerging trends that might bring positioning opportunities into clearer focus.

Recent capital investments at Blue Mountain and area have bolstered the vicinity's ability to attract a growing number of affluent visitors in search of recreation (skiing, snowboarding, mountain biking, "eco-tourism," etc.) and relaxation (spas, fine dining, shopping etc.). This area has also attracted attention from corporate groups seeking a site for activities ranging from conferences to marketing and public relation events (e.g., Coors Light/Telus Triple Challenge events 2006-2008). An opportunity exists to leverage these experiences into developing a reputation as a premier destination for corporate events. Moreover, the business/corporate experience should be viewed as an opportunity to present the Region's wider offering to individuals of some affluence who might certainly return as pleasure travellers. The notion of leveraging this type of growth generation strategy applies to a host of resorts in the Region.

The Region's cottage population is quite large during the summer season. These individuals provide 'background support' to the Region's tourism product during peak months, but could be induced to explore the larger region as true 'tourists' rather than 'cottagers', using their summer homes as a convenient base or starting point. The inducement, here, would be an appeal to become better acquainted with the unique environs of one's second home and to appreciate its diversity more fully across the seasons.

While the Region has begun to re-tool existing attractions to cater to the growing number of "eco-tourists" (e.g. Scenic Caves), Georgian Bay is in a prime position to capitalize further on the growing interest in eco-based activities. By identifying additional venues and locations that would best accommodate these activities (ideally in close proximity to existing resorts/hotels, etc.), the Georgian Bay Region has the potential to become the foremost provider of such activities in Ontario.

Activity Participation in the Georgian Bay Region

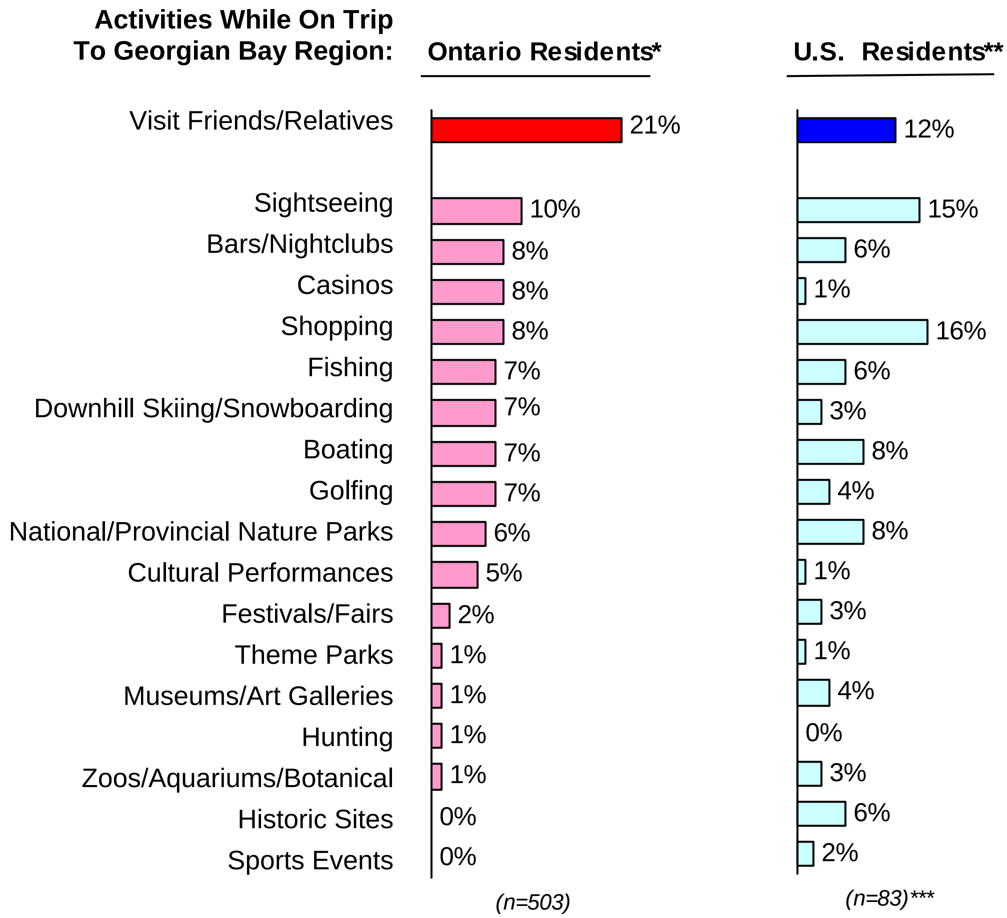
In the recent past, Canadian and US visitors to the Georgian Bay Region for overnight pleasure travel have engaged in an array of activities. The two groups differ quite markedly, however, in terms of the nature of these experiences.

Canadians tend to gravitate to those activities that define the stereotypical cottage experience - fishing and boating. Sightseeing and golf have some prominence as well, but in general it can be said that Canadians do not completely avail themselves of the interplay of town, country and wilderness experiences.

Americans, on the other hand, are motivated by the more generic tourism experiences of shopping and sightseeing, including visits to historic sights of interest. Enjoyment of outdoor recreational activities plays a somewhat more peripheral role than is the case with Canadian visitors to the Region.

In a sense, Georgian Bay's tourism industry would benefit if Americans were encouraged to move some distance toward the activity profile of Canadians and vice versa. In other words, domestic travellers should be induced to look beyond the standard outdoor activities associated with cottage country, while the attention of Americans should be turned to a wider array of these same activities, particularly those that offer opportunities for deep appreciation of Georgian Bay as a unique environment worthy of repeat visitation. In both case, it can be argued that more can be made of the cultural and entertainment experiences available in the region, as well as the wide array of festivals and fairs that not only highlight Georgian Bay's distinctive micro-culture, but also appeal to a diversity of traveller interests (jazz, blues, film, rural life, etc.)

Activity Profile Of Georgian Bay Region
Share Of Activities Among Overnight Pleasure Travellers



* *Source: Statistics Canada, Travel Survey of Residents of Canada 2006.*
** *Source: Statistics Canada, International Travel Survey 2006.*
***** Caution small base size*

Alignment With Demand

As a first step toward coming to terms with the potential of the region's offering, it is useful to quantify the extent to which specific components of Georgian Bay's tourism product have drawing power across potential source markets in North America. It is also of some value to examine this in relation to travellers' acceptance of Ontario as a possible future destination.

The following table demonstrates that the activities and attractions offered by the Georgian Bay Region are collectively capable of stimulating a very large number of overnight visits from among travellers in the surrounding area who are perhaps most likely to consider this region of

Ontario. Certainly the demand for these activities and attractions far outstrips the magnitude of current visitor volume to the region. This basically reinforces the notion that growth opportunities do indeed exist, and that the mix of product available in the Georgian Bay Region offers some potential to resonate with an even wider audience.

More that 12 million overnight travellers resident in Ontario, New York, Michigan and Ohio claim to have taken trips to destinations specifically to engage in the types of activities and experiences available in the Georgian Bay Region. Moreover, those activities generating the most widespread appeal in this regard are closely aligned with elements of the Georgian Bay offering that are central to its existence as a distinctive and appealing tourism region. Foremost among these are water and land based recreational activities such as fishing, boating, beach activities, hiking, golfing, nature park visitation and cycling. Camping and resort accommodation figure prominently in the mix as well, as do many attraction categories that are offered by the Region but may not be widely associated with it at the present time. This includes casinos and gaming (particularly among Americans), festivals and fairs, the performing arts and historic sites and exhibits. One could argue that presentation of Georgian Bay's strengths in these areas could offer a very powerful inducement to take an overnight trip to the Region, particularly when aligned with its better known iconic attractions.

Indeed, while all of these attractions and tourism activities have drawing power when considered individually, the more significant growth opportunity undoubtedly lies in the effective combination and packaging of various components of the offering in a manner that is meaningful to potential visitors and stimulates heightened interest. Effective packaging in this sense will also encourage wider appreciation of the Region particularly when aligned to an effective over-arching brand positioning.

Opportunities to stimulate growth through this type of integration and holistic consideration of the Region seem to be quite strongly present in the US border states While overnight travel volume to Georgian Bay coming from these states is currently dwarfed by that sourced from within the province, findings indicate that overnight travellers who have demonstrated patterns of choice and activity interest that are congruent with the Region's offering may actually be more numerous in these same border states. Potential for growth is, therefore, clearly evident.

Activities Stimulating Overnight Travel Among Residents Of Key Neighbouring Source Markets

	Projected Number Of Travellers (in '000s) Claiming That Activity Was Main Reason For Taking Any Overnight Trip In The Past 2 Years		
	Residents In Michigan, Ohio & New York		Residents Of Ontario Who
	Have Taken Overnight Trip To Ontario In Past 2 Years #	Non-Visitors Open To Visiting Ontario #	Have Taken Overnight Trip Within Ontario In Past 2 Years #
Total Claiming Any Of The Types Of Activities Available In Georgian Bay Region Have Stimulated An Overnight Trip To Any Destination	**4,342**	**2,328**	**5,679**
Specific Activities (Limited To Those Offered In Georgian Bay Region):			
Land based Activities (Net)	**1,488**	**634**	**1,681**
Hiking (Sub-net)	331	143	490
Golfing (Sub-net)	255	98	314
Hunting (Sub-net)	248	89	133
Cycling (Sub-net)	154	62	184
Motorcycling (Sub-net)	84	52	72
ATV (Sub-net)	82	38	98
Climbing (Sub-net)	75	41	63
Water Based Outdoor (Net)	**1,401**	**629**	**2,147**
Sunbathing (Sitting on a Beach)	706	345	1130
Fishing (Fresh Water)	415	60	612
Swimming (in Lakes)	307	137	673
Motor Boating	208	43	270
Kayaking/Canoeing (Fresh Water)	156	68	377
Sailing	70	43	83
Theme Parks (Net)	**1,359**	**550**	**1,005**
Exhibits/Historic (Net)	**1,304**	**558**	**1,204**
Well Known Historic Sites or Buildings	475	224	434
Museum (Sub-net)	440	170	396
Art Galleries	229	111	225
Other Recreation (Net)	**1,208**	**425**	**856**
Went to a Casino	975	320	466
Went to IMAX Movie Theatres	153	63	108

(Cont'd)

Activities Stimulating Overnight Travel Among Residents Of Key Neighbouring Source Markets (Cont'd)

	Projected Number Of Travellers (in '000s) Claiming That Activity Was Main Reason For Taking Any Overnight Trip In The Past 2 Years		
	Residents Of Michigan, New York & Ohio		Residents Of Ontario Who Have Taken Overnight Trip Within Ontario In Past 2 Years #
	Have Taken Overnight Trip To Ontario In Past 2 Years #	Non-Visitors Open To Visiting Ontario #	
Specific Activities (Limited To Those Offered In Georgian Bay Region): (Cont'd)			
Accommodation Related (Net)	**1,154**	**517**	**1,710**
Campground (Sub-net)	561	193	858
Public Campground in a National, State, Provincial or Municipal Park	474	157	706
Lakeside/Riverside Resort	316	116	484
Ski or Mountain Resort	151	118	340
Performing Arts (Net)	**1,120**	**373**	**1,158**
Festival & Events (Net)	**1,016**	**433**	**1,062**
Farmers Markets or Country Fairs	268	142	365
Music Festivals	223	85	190
Firework Display	221	91	206
Spectator Sports	**1,005**	**290**	**938**
Nature Parks	**697**	**288**	**757**
Well Known Natural "Wonders"	**691**	**236**	**275**
Winter Outdoor (Net)	**569**	**235**	**1,096**
Skiing (Sub-net)	351	174	631
Skiing –Downhill	282	154	532
Snowmobiling (Sub-net)	113	10	152
Shopping (Sub-Net)	**475**	**167**	**646**
Team Sports (Net)	**453**	**104**	**593**
Dining Net	**451**	**180**	**450**
Dining-Restaurant offering local ingredients and recipes	356	128	315
Dining- High-end Restaurant of International Reputation	176	79	340
Wildlife (Sub-net)	**325**	**153**	**287**
Aboriginal (Net)	**197**	**63**	**66**

Source: Travel Activities and Motivations Survey, 2006.

Activity Packaging and Product Development Possibilities

To get some sense of the manner in which elements of the Georgian Bay Region's tourism product offering might be developed and packaged in meaningful and compelling ways, a hierarchical clustering routine was applied to the Ontario TAMS RTS database. This entailed examining the interrelationships among all of the approximately 200 travel activities for which participation rates were collected. This analysis is of particular interest because it focused only on activities undertaken in Ontario during the last visit. Therefore, it is a visit-specific analysis that determines the manner in which specific activities are combined on a single overnight trip to Ontario. Moreover, because of data limitations, the exercise was restricted to individuals who chose locations in and around the Georgian Bay Region on their last trip to Ontario, thereby imbuing the results with greater relevance. Moreover, because of data limitations, this exercise was conducted among visitors who travelled to Central, Eastern, or Northern Ontario, but can be assumed to present the same associated clustering due to the similarities of offering within these three regions of Ontario, that are also readily available in the predefined Georgian Bay Region.

Because the RTS survey was confined to the US, the analysis is directly applicable only to the American source markets. However, because the more general travel activity sets of Americans and Canadians are broadly similar, the results of this analysis are likely germane to the Canadian market as well.

The following dendogram (split across two pages) portrays the manner in which various activities are linked together within individual trips. For the most part, the linkages are expressions of natural associations of interest and make intuitive sense. They also reveal some activity clusters that are of particular relevance to the Georgian Bay Region and should be subject to further exploration and assessment as possible packaging and product development opportunities that are consistent with behavioural realities.

There is, for instance, a cluster of activities around fairs, festivals, concerts and live theatre. Packages developed along these lines would potentially present opportunities for highlighting the Region's unique local flavour and can evidently be coupled with golf as a primary recreational activity. It is perhaps of some significance that motorcycle touring (popular in the Region) exhibits some degree of affinity with this particular activity cluster.

Similarly, there exists an interesting interaction between localized activities involving high-end shopping (jewelry, shoes, clothing, antiques, gourmet food, local arts and crafts) and activities aligned with casinos and gaming. Moreover, such activities often coexist on the same overnight trip with nature park visitation. This cluster directs one to some interesting opportunities for packaging diverse sets of daytime and evening activities on an extended overnight trip.

There is evidence, as well, of a high-end historical/cultural complex of activities including gourmet dining, galleries and historical exhibits and museums of various kinds. Water-based outdoor activities clearly exist as a separate category with many links to enjoyment of, the natural environment. Camping exists as a separate sub-category with fairly close ties to this water-based cluster. Adventure activities and extreme sports also exist as a separate activity configuration (water skiing, ATV, paintball, rock climbing, etc.) and, of some interest, may be more closely tied to the casino/shopping/ nature park cluster than to outdoor water-based activities.

One can also point to controlled family-based themed activities (zoos, theme parks, amusement parks, science/tech museums) and the interesting interaction of these activities with those featuring direct involvement with rural life (fruit picking and guest farms). This cluster also exhibits signs of alignment with a cluster of activities defined principally by aboriginal experiences, botanical/gardening attractions and resort skiing (in winter).

The 'softer' connections between larger clusters of activities are also worth considering. For instance, the relatively close linkage between the casino/shopping/nature park cluster and high-end cultural/historical experiences raises many interesting possibilities for establishing broad packages of diverse, but inter-related activities that are meaningful to many potential visitors to the Georgian Bay Region.

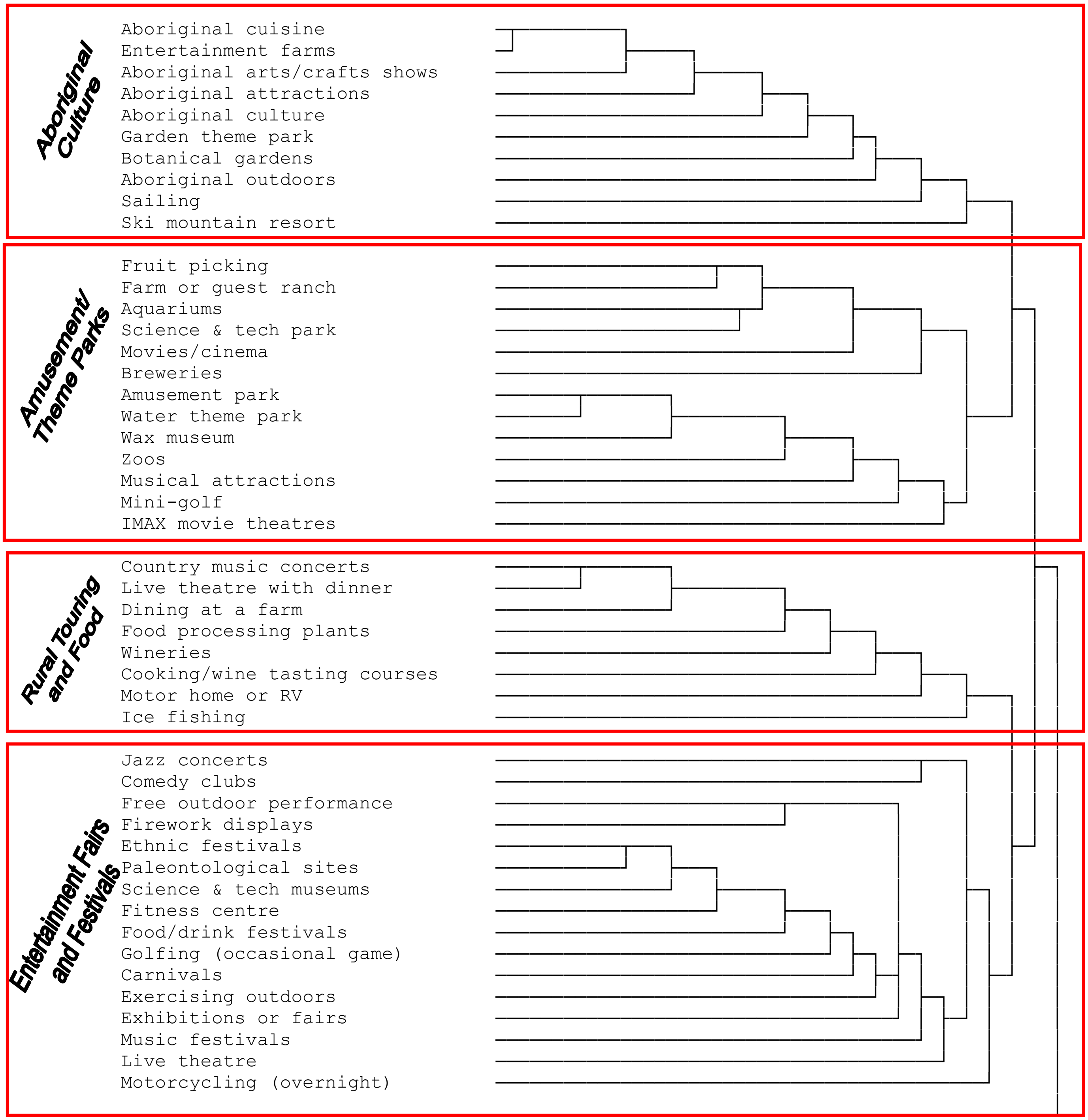
While these clusters may not currently be suitable for development of formal packages in all instances, they do provide, at a minimum, some insight into effective means of juxtaposing product messages in communication pieces and other marketing materials. They also provide insight with respect to the possible courses of future product development.

Note on reading the Dendogram

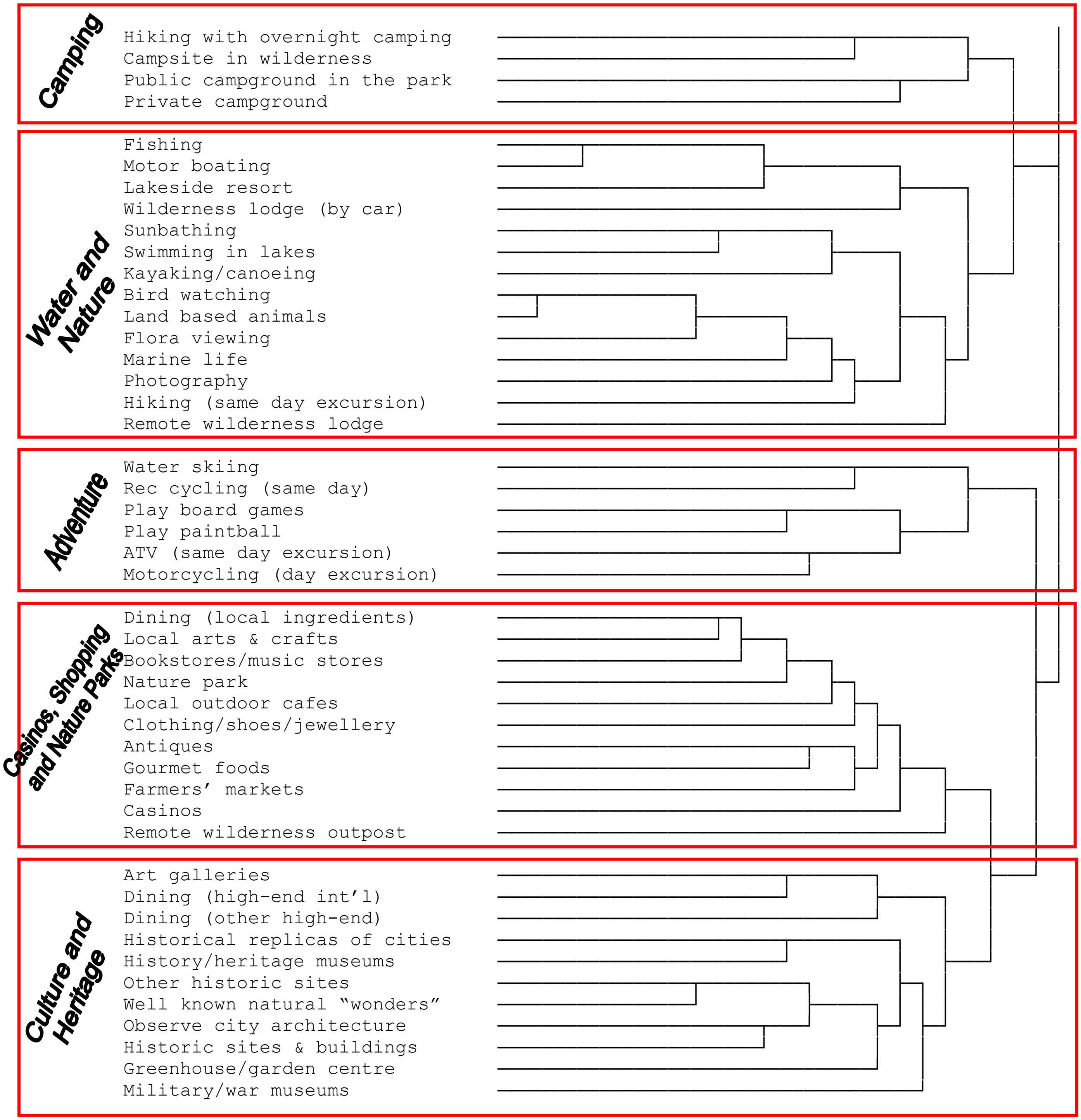
The following dendogram should be read from left to right. Activities that are connected to each other closer to the left-hand side of the chart are behaviourally aligned insofar as they are often undertaken by the same individual on a single trip. Connections further to the right link activities and activity groups that are more remotely aligned and tend to occur less commonly on the same trip. The result is a set of nested activity clusters. For instance, visiting a planetarium, a science theme park, an amusement park, a water theme park, a wax museum and playing mini-golf represent a cluster of aligned activities that often occur on the same trip. Within that, visiting both an amusement and water theme park defines a sub-cluster of activities that are very closely tied to each other.

The same logic applies to the relationships between larger groups or clusters. The cluster of activities composing the grouping running from aboriginal cuisine to ski resorts is, for instance, more closely tied to the cluster defined by fruit-picking through to IMAX than to any other activity grouping.

Dendogram of Activity Participation On Overnight Trips To Georgian Bay Among US Visitors



Dendogram of Activity Participation On Overnight Trips
To Georgian Bay Among US Visitors (Cont'd)



Source: TAMS Ontario Return To Sample Survey In US Markets, 2007.

Profiling and Sizing the Activity Clusters

The activity clusters can be sized and profiled to assist the Georgian Bay Region with assessing the magnitude of opportunity that exists and means of reaching those travellers exhibiting the desired activity characteristics. There are a number of clusters that are relevant to the region. Some of the key ones and the percentage of visitors they involve (cluster size) are outlined below.

Activity Clusters	Size
"Casinos, Shopping & Nature Parks"	55%
"Water and Nature"	49%
"Culture and Heritage"	29%
"Entertainment, Fairs and Festivals"	16%
"Aboriginal Culture"	13%
"Amusement/Theme Parks"	12%
"Rural Touring and Food"	8%
"Adrenaline"	7%
"Camping"	6%

Detailed profiles for the four largest clusters in the above chart are given on the following pages. The intent, here, is to provide some initial insight with respect to targeting possibilities, realizing, of course, that more extensive probing of these clusters would be required if they were to be incorporated into product development initiatives, marketing plans or media buys.

When reviewing these profiles, it should be kept in mind that some of the characteristics uncovered represent the profile of US visitors to Ontario generally and are not necessarily particular to the specific cluster in question. Perhaps the most important example of this can be found in the age profile. Virtually all activity clusters are under-developed in the most youthful adult age cohorts, suggesting that the province, in general, has had less success at attracting youthful American adults than older age groups. Nonetheless, underdevelopment among youth is still a valid cluster characteristic when one considers the actual activity behaviour of Americans who have visited the province during the past few years.

“Casinos, Shopping and Nature Parks” Activity Cluster

Defining Travel Activities:

Dining (local ingredients), local arts & crafts, bookstores/music stores, nature park, local outdoor cafes, clothing/shoes/jewelry, antiques, gourmet foods, farmers’ markets, casinos, remote wilderness outpost.

Size:

55% of US travellers to Georgian Bay and surrounding parts of Ontario

Distinguishing Profile Characteristics:

- Age skews 55-64 and 30-34
- Two person households/no kids in house- potentially retired persons and young married couples without kids
- Large number from Florida (Tampa) and larger cities such as New York, Chicago, and Detroit.

Media Habits:

Readership of a wide array of newspaper types, strong local paper readership.

Strong magazine readership for interest levels (entertainment and music 45%, home and garden 40%, other magazines 51%)

TV gravitates to news, drama and science and nature shows (69%, 67%, 60%). Large viewership of film on TV (71%), history (56%), comedy (54%), travel shows (50%).

Radio listenership ranges from oldies (51%) to news/talk radio (46%)

“Water and Nature” Activity Cluster

Defining Travel Activities:

Fishing, motor boating, lakeside resort, wilderness lodge (by car), sunbathing, swimming in lakes, kayaking/canoeing, bird watching, land based animals, flora viewing, marine life, photography, hiking (same day excursion) remote wilderness lodge.

Size:

49% of US travellers to Georgian Bay area

Distinguishing Profile Characteristics:

Age: Strong-representation of younger adults 30-34 years (21%)
Older adults 55-59 years (41%)

Strongly skewed towards Males (68%)

Geared towards two person households (40%) and family households (26%)

Lower trip frequency than evident with other clusters, other than camping.

Media Habits:

Tend to read a wider array of newspaper types. Strong readership of daily newspapers (72%)

Magazine readership strong for outdoor activities (42%) and news magazines (39%). Other magazines (36%), and general interest magazines (36%) are also of interest.

Television viewership exhibits a skew toward movies, news and dramas, but is also developed in science and nature, situation comedies and sports shows (most popular: movies 68%, news/current affairs 66%).

Radio listening skewed toward oldies and talk radio (62% and 45%).

"Culture and Heritage" Activity Cluster

Defining Travel Activities:

Art galleries, Dining (high-end int'l), Dining (other high-end), Historical replicas of cities, History/heritage museums, Other historic sites, Well known natural "wonders", Observe city architecture, Historic sites & buildings, Greenhouse/garden centre, Military/war museums.

Size:

29% of US travellers to Georgian Bay and area

Distinguishing Profile Characteristics:

Strong to 30-34 year age group representation (25%)

Tend to be 2 person households without children.

Higher frequency of overnight travel relative to other clusters.

Media Habits:

Readership of newspapers of all forms is strong, particularly local or community newspaper, as is readership of the travel section.

Magazine interests tend to skew towards entertainment and music magazines (62%). News (43%) and general interest (41%) are of additional interest.

Wide variety of television and radio programming choices (TV: movies 81%, news 68%, dramas 60%; history and travel shows (58%, 58%). Radio: oldies 54%, Modern rock/alternative rock (48%), news/talk 45%).

Moderate usage of the internet (62%)

“Entertainment, Fairs and Festivals” Activity Cluster

Defining Travel Activities:

Jazz concerts, comedy clubs, free outdoor performance, firework displays, ethnic festivals, paleontological sites, science & tech museums, fitness centre, food/drink festivals, golfing (occasional game), carnivals, exercising outdoors, exhibitions or fairs, music festivals, live theatres, motorcycling (overnight)

Size:

16% of US travellers to Georgian Bay and surrounding area

Distinguishing Profile Characteristics:

Strong representation of two person households (34%) but also larger households (29%) Average number of trip is slightly lower than is the case with most other clusters, but stronger likelihood of visiting Ontario in the next year or so (83%).

Above-average presence of Hartford, MSA (7%), Grand Rapids (8%), Detroit (8%), New York City (10%).

Media Habits:

Stronger weekend newspaper readership and local neighborhood/community paper readership. Frequent travel section readership of weekend paper (57%)

Magazine readership is average for most categories (most popular: general Interest 63%, entertainment and music (54%), and family and parenting magazine (51%).

TV viewership is wide-ranging, but there is a tendency to avoid history and current affairs shows (most popular: movies 78%, biography 69%, drama 68%, news 67%, history 63%, and science and nature shows 65%).

Oldies, modern rock/alternative rock, and country music are top picks among radio programs (62%, 46%, and 45).

Satisfaction Among Recent Visitors

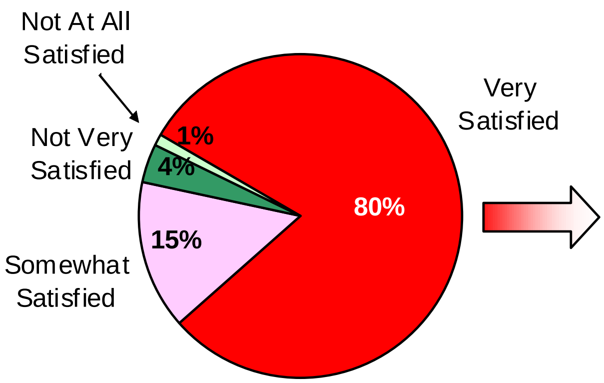
The question as to whether the Georgian Bay Region offers sufficient product quality to meet the needs of overnight visitors can be addressed through an examination of satisfaction levels. The majority of overnight visitors express satisfaction with their trip to Georgian Bay and an exceptionally large proportion do so in strongly positive terms rather than in a qualified fashion. This suggests that the existing product offering does not exhibit major deficiencies, and often impresses.

When US overnight visitors to Central, Eastern and Northern Ontario (including the Georgian Bay Region) are asked to articulate what they particularly like about the area from a tourism perspective, emotive responses are prominent (friendly, enjoyable and relaxing). They also applaud the diversity of experience and focus considerable attention on the quality of accommodation and food choices. Specific product elements tend to take a back seat to these fundamental expectations, but nature and scenery experiences tend to carry greater weight than do casinos, cultural experiences (theatre, history, art) and shopping. While this is not surprising given the Region's natural/outdoor reputation, it is quite possible that ongoing expectations may limit exposure to these latter elements. This in turn, could place limits on opportunities to experience diversity to its fullest and the positive emotive responses that it would engender. One could also argue that the more sophisticated resort-type experiences receive insufficient attention in visitor playback, particularly given the Region's avowed strengths in this area. This, too, suggests missed opportunity and given that some of these activities (shopping and restaurant-going, for example) are commonly experienced among visitors to the Region, there is also the possibility that the current offering in these areas does not uniformly impress those who experience them.

Certainly, the core nature-based offering must remain central to the essence of the Region, but there is an argument to be made that secondary elements should receive greater emphasis, than is the case currently, as a means of extending the experience into a wider range of tourism activities that complement the core. This approach could suggest to potential visitors a diversity of experience that is sufficient to justify overnight travel from greater distances. Of course, some emphasis must be attached to the quality of supportive services (especially accommodation, food and access). As has already been stated, it would be particularly effective to integrate all of these elements under an umbrella positioning for the Region that has strong emotive appeal and unifies the diverse opportunities that Georgian Bay offers for relaxation, excitement and enjoyment within a beautiful, natural setting.

Satisfaction with Last Trip to Central/Eastern/Northern Ontario
(Including Georgian Bay Region)

Among U.S. Pleasure Travellers



Specific 'Likes':	
Visiting Family/Friends	24%
Friendly People	23%
Enjoyable	17%
Nature	17%
Relaxing	16%
Accommodation	15%
Scenery	11%
Good Restaurants	10%
Great Weather	9%
Clean	8%
Plenty To See/Do	7%
Affordable	7%
Live Theatre/Performances	7%
Casino/Gambling	5%
History/Culture/Art	3%
Shopping	3%

Source: TAMS Ontario Return To Sample Survey, 2007.

US Travel Details Related To General Experience Categories

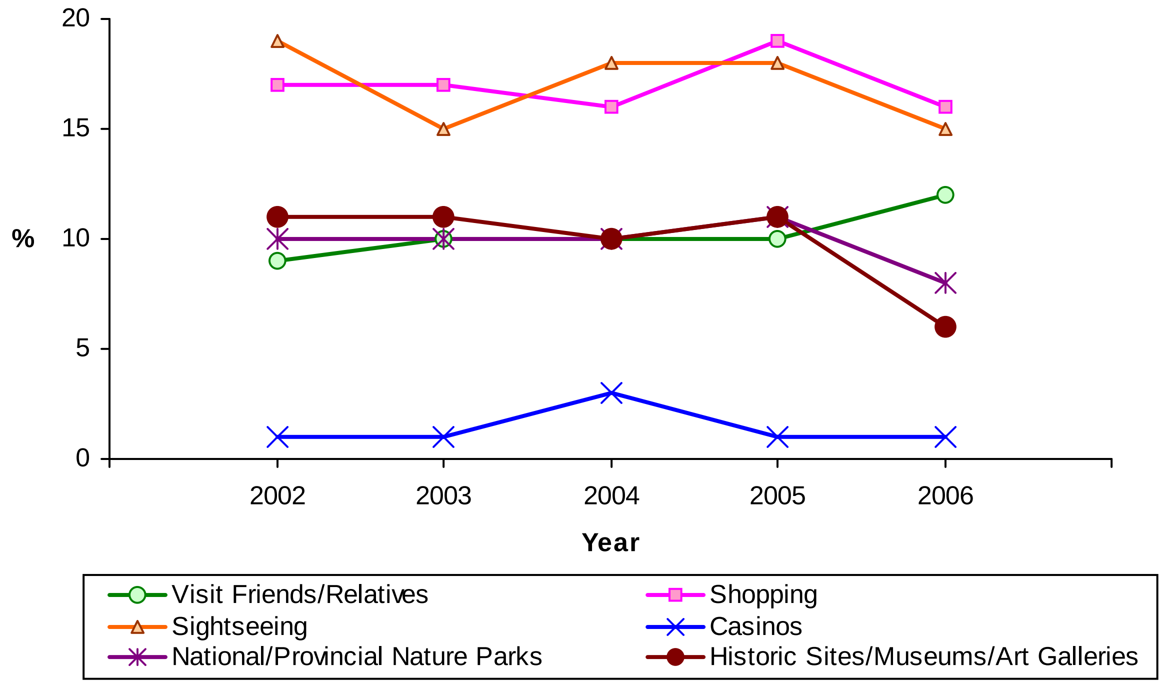
When attention is turned to broad experience categories, the types of activities Americans engage in when travelling to the Region have not seen substantial change over time. Shopping and sightseeing have consistently led the way in terms of incidence of participation, followed by VFR and historical/cultural activities. Visiting formal nature parks falls somewhat behind the abovementioned experience suggesting that the Region's nature offering tends to be experienced in less "formal settings". From this one could certainly argue that while specific distinguishing, sites and attractions may certainly play the primary role in terms of attracting US visitors to destinations, the more mundane and ubiquitous experiences (shopping, sightseeing, the quality of accommodation, the ambience of the immediate locality and general relaxation) may play an equally important role in generating overall satisfaction, positive word-of-mouth and return visitation.

It is of some importance, then, that strategies put in place to stimulate growth take a holistic approach to defining the travel experience, focusing both on points of distinctiveness and differentiation (specific activities and attractions) as well as on the ability to meet or exceed expectations with respect to 'the basics' – shopping, accommodation, food and the day-to-day living experience while at the destination.

The need to be so comprehensive in approach is underscored, not only by softness in cross-border travel volumes, but also by the reality that accommodation and activities such as shopping and food/beverage consumption generate significant spending. In fact, each stimulates dollar volumes comparable to or greater than total expenditures on recreation and entertainment while travelling. Moreover, there is evidence to suggest that retail spending among Americans has recently been on the upswing. In 2006 the typical US tourist was spending more on retail than was the case previously; both in the absolute and in relation to other expenditure categories (although strengthening of the Canadian dollar during the years following this tracking series may have reversed the trend). This underscores the robustness of this expenditure category as a revenue driver. The same might be said of accommodation spending. Apart from the anomaly of 2003, average accommodation expenditure per traveller per night has been fairly stable. At the same time the number of nights spent in the Region began to show growth moving into 2006, resulting in continued strong accommodation expenditure totals coming from the US at levels higher than those evident earlier in the decade.

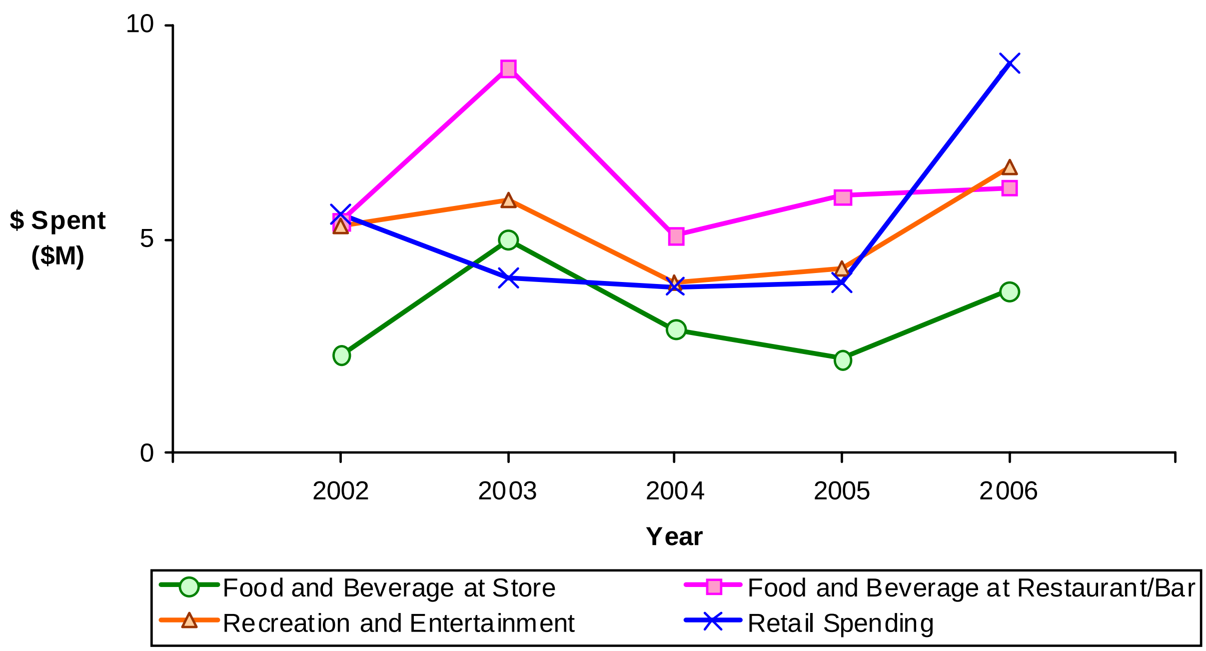
These findings are supportive of initiatives to enhance the role played by these fundamental experiences and activities with respect to attracting travellers to Georgian Bay, while simultaneously ensuring that the actual product delivers on expectations with reasonable consistency.

Activities Participated In Among U.S. Overnight Pleasure Travellers In the Georgian Bay Region



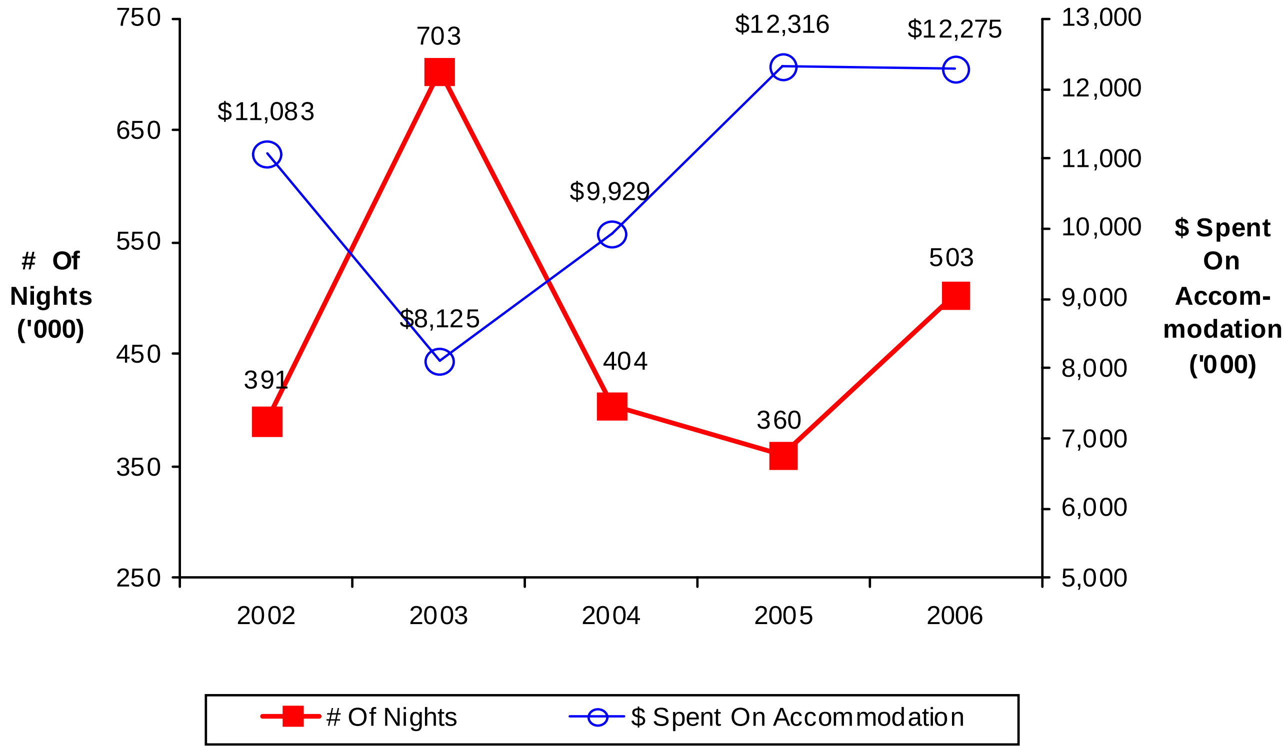
Source: Statistics Canada, International Travel Survey 2001-2006.

U.S. Overnight Pleasure Traveller Spending in the Georgian Bay Region



Source: Statistics Canada, International Travel Survey 2001-2006.

Accommodation — Number of Nights Spent and Dollar Value Spent By U.S. Overnight Pleasure Travellers in the Georgian Bay Region



Source: Statistics Canada, International Travel Survey 2001-2006.

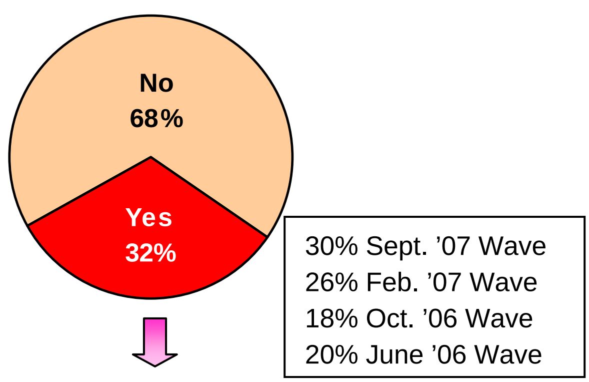
External Sources of Resistance

The most recent wave of Ad and Brand tracking conducted in July of 2008 identified a number of impediments to choosing Ontario as a destination among travellers in Detroit and Cleveland - US urban source markets of significance to the Georgian Bay region. Almost one-third of travellers in these cities pointed to the existence of significant barriers to the selection of Ontario. Persistent misperceptions concerning passport requirements were prominent among the issues identified, likely aligned with long-standing concerns about border crossing difficulties, generally. Also prominent among the factors mentioned were cost concerns undoubtedly related to gasoline prices, US economic fortunes and the strong Canadian dollar.

These pressures are not directly related to the tourism product or supportive marketing programs, but could significantly constrain the industry's growth potential nonetheless. The existence of these impeding external forces must, therefore, be taken into account when assessing the effectiveness of communications and tourism marketing programs. The same is true within Ontario itself, where the strong Canadian dollar is likely making it increasingly difficult for domestic travellers to resist tourism opportunities in the US. At the same time, high gasoline prices, economic uncertainty and a provincial economy moving in the direction of recession, may cause domestic travellers to think twice about taking spontaneous, FIT 'getaway' trips to destinations that are relatively nearby. Budgets may be reserved for the large annual vacation. This could make it more difficult to stimulate a resurgence of domestic travel to the Georgian Bay Region.

Existence Of Specific Issues/Concerns Related to Ontario Travel

Percent of pleasure travellers in US Near Markets



Passport/Border Issues	54%
Net Price	40%
Gas/Fuel Prices	18%
Value of Dollar	18%

Source: Ontario and Ad Brand Tracking, Wave 2, July 2008.

Implications

Prospects for Growth

The Georgian Bay Region is, in many ways, one of Ontario's hidden gems. The range of tourism experiences offered is quite wide and often of exceptionally high quality. Moreover, the region is unique in many ways,: from being home to the world's longest freshwater beach and some of the most dramatic manifestations of the Niagara Escarpment, through to the wide range of high-end cultural, culinary, shopping and entertainment experiences it offers, Of particular significance, all of this is available within close proximity to major centres of population on both sides of the border, as well as one of the most attractive lake-land recreational areas in North America.

The ability to deliver on this promise is evident through examination of even a partial inventory of attractions and experiences available in the Region, as well as by the exceptionally high satisfaction scores that the Region receives from recent visitors. There is no reason, then, to be dissuaded from aspiring to achieve tourism volumes that meet or exceed the peak levels recorded in the early part of this decade. Despite the external pressures placed on the industry from a number of sources, this goal could be achieved in the fairly near future in light of the following positive developments:

- Significant tourism investment in the area aimed at enhancing both product and infrastructure;
- The possibility that recent shifts in economic fortunes both in the US and Ontario, could ultimately lead to a reconfiguration of travel patterns in a manner that favours shorter overnight trips to areas that are more local or regional;
- A new cooperative spirit among tourism operators in Georgian Bay and a related willingness to partner and organize in a manner that reaps the benefits of a collective marketing approach.

This potential is unlikely to be realized, however, without undertaking initiatives that will improve probabilities for success. These are briefly outlined below.

Recommendations

As a distinctive travel entity, the Georgian Bay Region is well known among Ontario residents, but, apparently little known in the US and beyond. As a consequence, the Region is highly dependent on domestic source markets for volume, and functions largely as a summer recreational and cottage playground for residents of Southern Ontario. The Georgian Bay Region is under-developed as a potential destination among American travellers and generates limited volume from US markets at the present time. Nonetheless, a review of travel activities, interests and affinity to Ontario as a whole indicates that the volume potential existing in these markets is very large, even when restricted to nearby Border States.

A strategy aimed at reinvigorating the industry in Georgian Bay should seek to accomplish two fundamental tasks.

1. Encourage conversion of same-day trips to overnight (short getaways) among travellers resident within the province itself

Initiatives in this area might also embrace a secondary objective of encouraging greater exploration of the fuller Region among those owning cottages or second homes in the Georgian Bay area and, in general, promoting the Region as a strong choice for an extended pleasure trip among domestic travellers,

The rationale, here, stems from the extremely large number of same-day visits that Georgian Bay attracts from within Ontario and the very significant cottager population in the Region. Even relatively modest success with respect to conversion could have very significant impacts on tourism revenues.

Moreover, an argument can be made that economic recessionary pressures within the province could favour selection of domestic destinations for extended trips if the benefits and breadth of activities are clearly presented to the target audience. The Georgian Bay Region has some very significant advantages with respect to presenting itself in a positive light in this regard. While it is likely that such potential will be most clearly manifest during the peak season, encouragement of extended trips during the shoulder seasons should not be discounted.

2. Encourage overnight travel from nearby border states

To reiterate, it is readily apparent that, in the US markets, the Georgian Bay Region is underdeveloped relative to its potential as a pleasure travel destination. This undoubtedly stems from lack of appreciation and even lack of simple awareness of Georgian Bay as a distinctive tourism region. While some of the key attractions and destinations in the Region may have some profile in the US, the breadth of possibilities and potential for interaction and integration evidently do not.

Given this state of affairs, it seems necessary to build the image of Georgian Bay as a multi-faceted, high quality and unique tourism region in key US markets and to provide a strong rationale for selecting Georgian Bay as a destination for an overnight pleasure trip. The allure must be sufficiently strong not only to justify a trip of several nights away from home, but also to overcome unknowns or negative perceptions related to value-for-money and potential difficulties associated with crossing the border and accessing the Region.

Once success is achieved in markets within close proximity of Ontario, consideration might be given to adopting a similar approach in more distant Canadian and international origin markets. There is certainly reason to believe that Georgian Bay has the potential to appeal to a fairly wide geographic area.

Perhaps more so than many other travel regions in the province, the Georgian Bay area has product of sufficient diversity, quality and distinctiveness to support a significant volume of off-peak travel, consistent with the Province's goal of establishing Ontario more soundly as a four-season travel destination. The above tasks should, therefore, be addressed with this in mind. Promotion of travel to the region across the full year would not only serve to increase volume, but offers possibilities of doing so in a manner than makes more efficient use of the supportive infrastructure and reduces the possibility of overburdening it.

At the core of any strategy aimed at generating renewed growth momentum for Georgian Bay should be the articulation of a **destination vision and holistic brand positioning**. It is only by clearly expressing the essence of the Georgian Bay Region as a single distinctive entity that true synergy can be established by bringing the parts together into a meaningful whole that potential visitors can immediately grasp. It provides both a means of igniting excitement among potential new visitors and a means of bringing a disparate set of experiences together on a scale that supports overnight visitation. Of particular importance, this as relevant to the domestic market as it is to the US and others.

While it is neither possible nor appropriate for this particular study to define a precise positioning for the Region on behalf of the Partnership, it can certainly provide some direction in this regard. In our view, the following key points should be carefully considered.

- The Region's natural beauty and related outdoor amenities should be core to any proposition put forward, with some emphasis placed on the unique features that the distinctive geology and geography make available – The Escarpment and Bruce Peninsula, Georgian Bay and its islands, Wasaga, and the pastoral agricultural region to the south, among others. It is this natural endowment that defines the essence of the Region and from which virtually all other attractions spring.

- Part of the Region's charm and appeal is derived from the reality that there is much to see and do in a relatively confined area, and one that is within reasonable proximity of many centres of population in northeastern North America. A brand positioning should certainly incorporate this point of distinction.

- Overnight travel is supported by diversity of experience. Bundling of various products, experiences and attractions in a manner that has meaning for potential visitors is key to enhancing the Region's credibility as an overnight destination and the consideration it receives for extended travel. The extent to which these various pieces can be integrated under an umbrella positioning will only add to the overall allure of the Region. In light of the volume potential they represent, the following activity clusters should be given specific consideration:

- Water and Nature;
- Nature Parks, Shopping and Casinos;
- Culture and Heritage;
- Fairs, Festivals and Entertainment

- To achieve sustained success, it is critical to appreciate that the local ambience and quality of accommodation, shopping and food have key roles to play in driving a positive emotive response among visitors to any region. Georgian Bay is no exception. Apart from presenting distinctive activities and experiences, the Region would be well served by efforts to attach these to accommodation choices, restaurants, bars, and host towns and villages that are congruent with the key activity clusters and the types of visitors they are likely to attract.

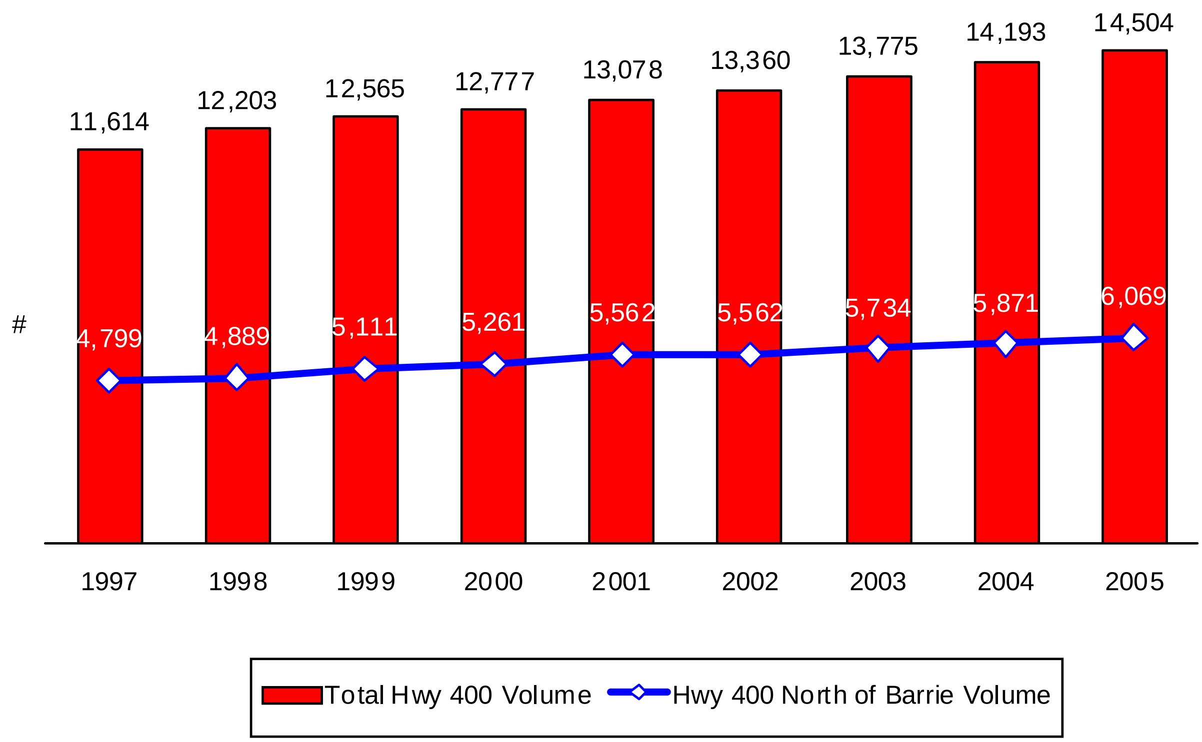
- While it is beneficial to target the mature/affluent segments of the population, some attention should also possibly be turned to developing a young family and young adult strategy for the Region, particularly in the US.

Tactically, it may also be of value to deal with some immediate traveller concerns in a very direct way. Value-added offers might be particularly relevant in today's economic climate, on both sides of the border. However, care should be taken to ensure that efforts in this area do not undermine the quality positioning likely to be adopted for the Georgian Bay Region. Some consideration might also be given to devising means of easing any issues associated with access, particularly in the US, where border-crossing concerns make such issues all the more problematic.

Too Much of a Good Thing?

While growth is an expectation in modern economies, unbridled growth can be counter-productive in the end. If there is a desire to attract more overnight visitors, and to exceed peak levels recorded in the past, care should be taken to ensure that the carrying capacity of the Region's infrastructure is sufficient to support it. Are accommodation and other services available in sufficient supply and quality to meet visitor expectations during peak periods? The following chart illustrates one element of the problem. Even with the decline in tourism-related travel to the Region during recent years, the volume of traffic on the major feeder highway (the 400) has increased steadily, both overall and along the section north of Barrie. From this one could argue that a significant increase in tourism activity in future years has the potential to overwhelm carrying capacity, particularly during the peak season. This would have social repercussions as well as negative impacts on virtually all economic sectors.

Traffic Volume on Highway 400



Source: Provincial Traffic Volumes 1988-2005
Ministry of Transportation, Ontario

In a similar vein, it should be realized that the Region will likely need to meet higher expectations if more visitors are going to be attracted from longer distances for longer periods of time. Experiences that disappoint and are deemed to be sub-par can undermine satisfaction with the trip as a whole and suppress repeat visitation and the capacity to stimulate positive word-of-mouth. As a consequence, it may be useful for the Partnership to engage in an assessment of current inventory (both infrastructure and product) to identify specific attractions, services and amenities that may need upgrading and investment.

Finally, some thought should be given to the notion of long-term sustainability. There may be limits to tourism growth in the Region, particularly given the potential vulnerability of the natural environment and small-town ambience that are central to the offer. It may be wise to determine the limits of growth and to plan for it, so that the pattern and pace of development delivers maximum benefit to the Region.

APPENDIX

Descriptions of the Studies Involved in the Analysis

Detailed Description of the Conversion Model™

The Studies Involved in the Analysis

Travel Intentions Study

The Ontario Ministry of Tourism and recreation initiated an ongoing quantitative tracking study designed to measure US and Canadian travel intentions to destinations in Ontario. TNS Canadian Facts was commissioned to conduct the research via our central location telephone facilities located across Canada. Findings from the research are disseminated to key agencies and stakeholders throughout the province.

In order to meet the research objectives, 5,782 computer assisted telephone (CATI) interviews are targeted among US (3,882 completions) and Canadian (1,900 completions) households each quarter. In 2006, the study was converted to one wave per year, conducted in February.

In June 2005 TNS conducted a parallel online study to identify sources of variance between Online and Telephone methodologies in tourism research. The insights attained through this pioneering study have since been invaluable in informing the design of tourism studies combining internet and telephone methodologies, particularly in developing sample frame and weighting schemata.

Ontario Tourism Ad and Brand Tracking

The Ontario Tourism Marketing Partnership Corporation (OTMPC) manages a tracking program to measure the impact of its advertising efforts domestically and in the US. The research is intended to provide consumer intelligence and feedback to assist with both directing the marketing/advertising program and measuring its effectiveness.

TNS Canadian Facts has been commissioned to conduct this research program since 2004. Since that time, ten waves of tracking have been commissioned to measure the impact of advertising campaigns. Each wave of research is implemented in two phases as outlined below:

- Phase I is conducted immediately after the close of the campaign and comprises the initial ad assessment, as well as a brand assessment of Ontario as travel destination; and,
- Phase II of the assessment consists of returning to the sample immediately after the close of the travel season to determine the behavioural outcomes of campaign awareness and appreciation. ROI and conversion estimates are the primary outputs from this phase.

The research for each phase is conducted online using the TNS panels in Canada and the US. The study targets 2,220 completions among travellers (past two years or next 12 months) for each wave of tracking. Research is confined to Ontario, Montreal and US Tier 1 Near Markets.

The Travel Activities and Motivations Survey (TAMS)

Tourism is one of Canada's major industries, with both Canadian and US residents representing the greatest source of tourism revenue. In order to develop marketing strategies and travel products to attract visitors to Canadian destinations, a large-scale travel survey, known as the Travel Activities and Motivations Study (TAMS), was conducted in Canada and the US approximately four years ago. Since that time, TAMS has proven to be of considerable value in that it provides a comprehensive assessment of travel behaviour and motivators of the target Canadian and US markets.

To offer continuity with and simultaneously build upon TAMS, an association of government ministries, organizations and tourism/hospitality groups across Canada (the Partnership) have collaborated in order to conduct a second wave of TAMS research (TAMS ‘06). As such, TNS Canadian Facts was commissioned to conduct the travel survey in the US and Statistics Canada carried out the work in Canada.

All fieldwork was conducted in the first six months of 2006. In total, of 60,649 fully completed questionnaires were achieved in the US using a self-completion mail back approach with the TNS US household panel serving as the sample source. In Canada a mixed telephone/mail back follow-up approach was adopted, with approximately 54,000 completions achieved on the short initial telephone questionnaire, and 24,000 on the detailed mail back follow-up.

Ontario TAMS Return-To-Sample Study

In order to supplement the TAMS US database for Ontario, TNS Canadian Facts was commissioned by the OTMPC to conduct a follow-up survey of TAMS ‘06 American participants. A mail self-completion methodology was adopted and the sample disproportionately assigned to Ontario visitors and non-visitors, with the objective of getting a similar number of completions across the two groups. In addition, the non-visitor sample was matched to the geographic profile of visitors. Approximately 3,800 completed questionnaires were ultimately accepted into the final database – approximately 1,600 among visitors and 2,200 among non-visitors to the province.

The questionnaire provided extensive detail on Ontario travel behaviour, perceptions of the province relative to its competitors and activities engaged in while traveling in the province. The original TAMS ’06 database was appended to each record, providing a very rich analytical data source.

The Return-To-Sample Survey was conducted in the summer of 2007.

International Travel Survey (ITS)

The survey is currently administered as part of the International Travel Survey Program (ITS). The ITS has been conducted by Statistics Canada since the 1920s to meet the requirements of the Canadian System of National Accounts (Balance of Payments (BOP)). Through the years, the need for detailed characteristics of travellers for market research and industry planning was gradually incorporated in the survey. Today, the ITS provides a full range of statistics on the volume of international travellers and detailed characteristics of their trips such as expenditures, activities, places visited and length of stay.

The targeted population for the Frontier Counts survey is all international travellers entering Canada either by air, sea or land. The travellers are distributed into categories of flows which are, Canadian residents returning to Canada from the United States, Canadian residents returning to Canada from countries other than the U.S., United States residents entering Canada, Residents of countries other than U.S. entering Canada and finally "Other" travellers which consist of foreign and resident crew members, diplomats, military personnel, immigrants and former residents.

Depending on the mode of entry into Canada, the frontier counts correspond either to a complete census or is done on a sample basis (selection of Customs Declaration cards for the air travellers).

The frontier count is done using the information collected about the entrants into Canada recorded on forms by CBSA officials. Each port of entry sends in its administrative data according to an understanding signed by Statistics Canada and CBSA.

At all ports of entry across Canada, a count is done to determine the number of travellers by selected categories, by type of transportation, as well as the number of vehicles (cars, trucks, motorcycles, snowmobiles and bicycles) in the case of highway and ferry points.

The information collected in the 18 largest international airports is recorded on Custom Declaration cards (E-311). The information about the number of travellers, country of residence and the type of entry is used to estimate the frontier counts by type of travellers and airport. The data capture is done on a sample basis or on a census basis, depending on the travellers' type and the size of the airport. For the other airports, administrative data recorded on E-63 forms, which correspond to a census, are obtained to produce estimates. The E-63 forms collect information on the number of passengers and crewmembers of commercial and private crafts entering Canada.

CANPASS, a telephone reporting system, registers the number of travellers entering Canada by private plane or boat. The system also allows in certain ports of entry, the counts of pre-authorized travellers entering by cars that own a special permit without having to interact with a CBSA agent. Estimates are produced to determine the number of travellers for each car registered with CANPASS.

For the other land ports of entry, the information is collected on a census basis. The counts are recorded in different ways, either on E-62 Entry Tallies, E-62B for bus, E-62T for trucks or by the Primary Automated Lookout System (PALS). The number of travellers, country of residence, transportation mode and length of stay are obtained from these forms and are used for the estimation of frontier counts.

The Canadian (Domestic) Travel Survey (CTS)

The Canadian Travel Survey (CTS) is conducted by Statistics Canada on behalf of the Canadian Tourism Commission and the ten provincial governments. The CTS, is conducted as a supplement to Statistics Canada's monthly Labour Force Survey. Information is collected on the following topics.

Traveller Profiles

- sex;
- marital status;
- age;
- education;
- class of worker;
- industry;
- occupation;
- household size.

Information About Trips

- number of trips;
- origin;
- destination;
- distance;
- duration;
- mode of transportation;
- purpose;
- accommodation;
- activities;
- travel expenditures

The Travel Survey of Residents of Canada (TSRC)

The Travel Survey of Residents of Canada (TSRC) is a monthly supplement to the Labour Force Survey. This survey, which began in 2005, replaces the Canadian Travel Survey held from 1979-2004.

The general objective of this survey is to provide information on travel and tourism. The data from this survey provide an understanding of the travel habits of the residents of Canada. The specific objective is to provide information on same day and overnight trips and the characteristics of Canadians who travelled during the reference period. This includes details on the duration of the trip, type of accommodation, reason for the trip, mode of transportation, expenditures, etc. and general demographic information.

Detailed Description of the Conversion Model™

Conversion Model™ segmentation is a powerful tool within the context of tourism consumer research. This model adds value to the data analysis by providing meaningful consumer segments based on their psychological attachment to Canada and competing destinations for vacations, and their openness to visiting Canada and competing destinations.

Exclusive to TNS Canadian Facts, *Conversion Model™* is the leading model for understanding customer commitment and customer acquisition. Used by 80% of the top brands in the world for developing market share acquisition and customer-based protection strategies, over 6,000 *Conversion Model™* studies have been conducted since it was first developed. Within the Canadian tourism sector, *Conversion Model™* has been used by a number of clients, including the CTC. It was also used in the 2006 Travel Activities and Motivation Survey (TAMS2).

Its principal merits lie in the ability of the model to obtain measures of attachment and openness to Canada as a destination for vacations through subtle questioning of future intent, rather than directly. By contrast, although widely used, "intender" questioning typically produces overstatement, which, if not validated in market, can distort market growth expectations.

Conversion Model™ questions and analysis can be used as a primary method of identifying and describing segments of the market, which are open to taking extended vacations within Canada or competing destinations.

We need to understand which long-haul travellers are truly open to Canada and which ones are not, and what drives commitment to Canada and competing destinations. How many travellers are available and open to the idea of a vacation to Canadian destinations? *Conversion Model™* will effectively quantify these issues for each group leading to an accurate portrayal of the size of committed and uncommitted market segments. This will allow planning to take place using reasonable estimates of market potential, and with key drivers of commitment defined and means of attracting potential visitors identified.

Detailed Description of the Conversion Model™ (Cont'd)

The segments tell us how people feel about vacation destinations.

	**Entrenched Visitors:** Strongly committed to taking vacations in Canada and unlikely to reduce their interest in favour of other destinations in the long term.
	**Average Visitors:** Committed to return visitation to Canada, but not immovable. Fairly committed at the moment and provide positive word-of-mouth, but could abandon Canada in favour of the competition long term.
	**Shallow Visitors:** Uncommitted to taking vacations in Canada and could switch their allegiances. Some are already considering other destinations quite seriously rather than the idea of returning to any destinations within Canada during the foreseeable future.
	**Convertible Visitors:** Uncommitted to taking vacations in Canada and are most likely to defect to other destinations rather than return.

	**Available Non-Visitors**: Not taking vacations in Canada but are the most likely to do so in the short term. Have very real interest in Canada on a fundamental psychological level.
	**Ambivalent Non-Visitors:** Not taking vacations in Canada but are as attracted as much to Canada as to competing destinations.
	**Weakly unavailable Non-Visitors:** Not taking vacations in Canada, but may be available at some point, though not in the near future.
	**Strongly unavailable Non-Visitors:** Not vacationing in Canada and, are not available; they strongly prefer other destinations for their vacations