

# Accountability Report

Tourism Nova Scotia

2016 - 2017

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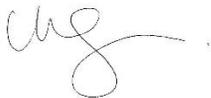
## Accountability Statement

Tourism Nova Scotia's Accountability Report for the year ended March 31, 2017 is prepared pursuant to the Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against Tourism Nova Scotia's Outcome Agreement for the fiscal year just ended. The reporting of Tourism Nova Scotia's outcomes necessarily includes estimates, judgements and opinions by Tourism Nova Scotia management.

We acknowledge that this Accountability Report is the responsibility of Tourism Nova Scotia management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in Tourism Nova Scotia's 2016-2017 Business Plan and Outcome Agreement.



R. Irene d'Entremont, C.M., D. Comm. h.c., Chair  
Tourism Nova Scotia



Michele Saran, CEO  
Tourism Nova Scotia

## Message from the Chair

On behalf of the Board of Directors, I would like to congratulate the team at Tourism Nova Scotia for a remarkable year. As a newly established organization, Tourism Nova Scotia got its foothold in 2016-2017, successfully delivering on all aspects of its business plan.

Accountability, collaboration, and co-investment with industry and stakeholders are the overarching principles that guide the team as they work to lead the growth of Nova Scotia's tourism industry through: experience and sector development initiatives; cutting edge marketing strategies; visitor servicing; and confidence-building. Tourism Nova Scotia's innovative partnership approach engages industry in the development of world class experiences, content capture, and digital marketing campaigns, and is producing tangible results for Nova Scotia. It also has destination marketing organizations from around the globe looking at the Tourism Nova Scotia's model with great interest.

Nova Scotia celebrated its best tourism year on record in 2016 with more than 2.2 million visitors coming to the province, and preliminary tourism revenue estimates reaching \$2.6 billion, \$125 million more than the year before. Non-resident visitors accounted for approximately 59 per cent, or \$1.5 billion, of overall tourism revenues.

In pursuit of the \$4 billion in annual tourism revenues by 2024 goal, Tourism Nova Scotia will stay the course with its strategy, and focus on growing export revenue through the development and marketing of uniquely Nova Scotian experiences that appeal to first-time, higher-spending visitors. The organization will also work to address challenges and leverage opportunities with the national tourism agency, Destination Canada, the Atlantic Canada Tourism Partnership, the Tourism Industry Association of Nova Scotia, and other community, business, and government stakeholders in the province.

I'm pleased to present this Accountability Report which demonstrates the impact of the hard work Tourism Nova Scotia and its partners have done, and continue to do, to grow Nova Scotia's economy, and build a strong, sustainable tourism industry in the province.

R. Irene d'Entremont

## Message from the CEO

I am pleased to present Tourism Nova Scotia's 2016-2017 Accountability Report which reflects the activities and accomplishments of the past year.

It has been a rewarding year for our team as we successfully transitioned our programming and activities to reflect the travel motivations and expectations of our target visitors. We've made great strides with tourism businesses, community stakeholders, and government to raise the profile of Nova Scotia as a tourist destination. We're working with industry to sharpen our experience and product offerings to compel visitors to tick a Nova Scotia vacation off their bucket lists "now". In this highly competitive industry, we're staying at the forefront of marketing trends to capture the attention of potential visitors. We're especially proud that NovaScotia.com was named one of the world's top 25 tourism web sites in 2016-2017. We're building on these successes in 2017-2018.

We've been working closely with industry to encourage alignment with our strategy, and ownership of the roles that are best suited for each of us. Together with the Tourism Industry Association of Nova Scotia and other partners in government and the private sector, we are looking at how best to address challenges associated with a short tourism season, air access, accommodations capacity, quality, and labour – all are important if we're going to reach \$4 billion in annual tourism revenues by 2024.

Tourism presents a significant economic opportunity for Nova Scotia, and we're committed to doing our part to drive export revenue growth through strategic partnerships and research-based investments.

Congratulations to the team at Tourism Nova Scotia for your hard work and commitment to growing Nova Scotia's tourism industry for the benefit of all Nova Scotians.

Michele Saran

## Financial Results

### TOURISM NOVA SCOTIA ACCOUNTABILITY REPORT 2016-2017

	<u>Budget 2016-17</u>	<u>Actuals 2016-17</u>	<u>Est - Actuals Variance</u>
<b>Revenue</b>			
Provincial Operating Grant	21,164,000	19,297,030	(1,866,970) <sup>1</sup>
Grants - Other PNS departments			0
Tourism Fees and Charges	729,000	927,402	198,402 <sup>2</sup>
Tourism Recoveries	<u>577,000</u>	<u>1,036,929</u>	<u>459,929</u> <sup>3</sup>
<b>Total</b>	<b><u>22,470,000</u></b>	<b><u>21,261,361</u></b>	<b><u>(1,208,639)</u></b>
<b>Expenses</b>			
Salaries & Wages	6,511,200	5,774,502	(736,698) <sup>4</sup>
Travel	317,000	224,565	(92,435)
Professional Services	2,521,400	2,937,694	416,294 <sup>5</sup>
Supplies and Services	9,694,100	9,054,643	(639,457) <sup>6</sup>
Other	890,000	752,667	(137,333)
Other Provincial Obligations	0	77,210	77,210
Grants and Contributions	<u>2,536,300</u>	<u>2,440,080</u>	<u>(96,220)</u>
<b>Total</b>	<b><u>22,470,000</u></b>	<b><u>21,261,361</u></b>	<b><u>(1,208,639)</u></b>
<b>Surplus (Deficit) before Capital</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

#### Notes:

<sup>1</sup> - The CRA ruling of 100% eligibility for HST rebate rather than 50% eligibility that was budgeted in 2016-2017, received late in the year, meant that the provincial operating grant was reduced by the amount of increased credit

<sup>2</sup> Increased Travel Guide advertising sales

<sup>3</sup> Search Engine Marketing partnerships

<sup>4</sup> Temporary Vacancy Savings

<sup>5</sup> Business Plan initiatives were partially funded through Vacancy Savings

<sup>6</sup> Savings in Distribution Centre postage, Visitor Information Centre and Signature Resort maintenance

## 2016-2017: A Year of Evolution

2016-2017 was a year of learning and corporate growth for Tourism Nova Scotia. The organization implemented key activities related to its new mandate and strategy, and completed an organizational restructuring. Many 2016-2017 activities were “firsts” for Tourism Nova Scotia, including the launch of three pilot programs that moved away from providing organizations with operational funding to a more strategic approach of directly supporting initiatives that will drive tourism growth. The *Inspiring Content*, *Search Engine Marketing*, and *World-Class Experience EXCELLerator* programs align with Tourism Nova Scotia’s strategy to attract first-time visitors from markets of highest return, and to focus on world-class experiences.

Tourism Nova Scotia also conducted its first consumer advertising campaign with its new agency partners: DDB Canada and Trampoline.

Stakeholder outreach and engagement was a priority in 2016-2017. Tourism Nova Scotia shared its new mandate and strategy with stakeholders across the province through workshops, presentations, newsletters, and social media, and it launched a new corporate web site which serves as Tourism Nova Scotia’s primary communications platform for stakeholder communications, [www.tourismns.ca](http://www.tourismns.ca).

Finally, Tourism Nova Scotia put significant focus on accountability over the past year, and developed program evaluation frameworks to assess new and ongoing activities.

## Measuring Our Performance

Tourism Nova Scotia's 2016-2017 Outcome Agreement identified a number of outcomes and associated measures that are discussed below.

Tourism Nova Scotia's performance measures, as identified in the 2016-2017 Outcome Agreement, align with its mandate, strategy, and key activities. Measures that are proxies for the performance of the entire tourism industry, such as room nights sold by accommodations operators, accommodations revenues, and overall tourism revenues are not necessarily reflective of Tourism Nova Scotia's performance, and are no longer included as performance measures for Tourism Nova Scotia.

As new sources of measurement data become available, (e.g., data related to digital advertising and attribution is becoming increasingly more sophisticated), new measures will be added to assess the organization's performance.

In 2016-2017, Tourism Nova Scotia undertook the following initiatives to address the outcomes identified in the 2016-2017 Business Plan and Outcome Agreement:

- **Delivered a consumer-focused marketing campaign.** In 2016–2017, Tourism Nova Scotia launched a consumer marketing campaign that targeted key Explorer Quotient segments (Authentic Experiencers, Cultural Explorers) in markets of highest return (Ontario, Quebec, the northeastern US, UK, Germany).
- **Conducted research to identify and deepen understanding of Nova Scotia's target markets** (demographic, geographic, psychographic).
- **Extended marketing reach through strategic initiatives with key stakeholders.** The Search Engine Marketing (SEM) pilot program leveraged the scale of Tourism Nova Scotia's SEM activities and united operators under one cohesive search effort for maximum efficiency in key markets of Ontario, Quebec, and the northeastern US. The program evaluation process identified opportunities to evolve this program, and the 2017-2018 edition is a broader "Digital Marketing Program".
- **Extended consumer marketing reach to grow visitation through the travel-trade sales channel.** In 2016–2017, Tourism Nova Scotia entered the China market in partnership with Destination Canada to select travel-trade contacts. In addition to partnering with Destination Canada, Tourism Nova Scotia attended Showcase Asia in October 2016.
- **Conducted a Nova Scotia tourism brand review.** Tourism Nova Scotia engaged in a brand conviction exercise in 2016. More than a simple logo or tagline, a brand is a promise to visitors that sets a destination apart. Nova Scotia's brand conviction tells the story of our destination and depicts how visitors will feel when they visit. It serves as a way for the industry to deliver products, experiences and interactions that reflect our promise to visitors.
- **Deepened our understanding of the sharing economy.** In 2016–2017, Tourism Nova Scotia undertook a review of the sharing economy to better understand the opportunities and challenges it presents to Nova Scotia's tourism industry.

- **Evolved Tourism Nova Scotia's content strategy.** In 2016–2017, Tourism Nova Scotia shifted focus from the development of the best possible content for NovaScotia.com, to the acquisition and distribution of the best possible content for where consumers are, including NovaScotia.com, online travel agencies, traveller review websites, social media, YouTube, etc. The Content Development pilot program enabled the development of content that may be leveraged by both Tourism Nova Scotia and tourism operators.
- **Monitored and reported on the collective progress of the tourism industry against the ONE NS \$4 billion tourism revenues goal.** In 2016–2017, preliminary tourism revenue estimates for 2016 were developed.
- **Completed a jurisdictional review and initiated an Accommodations Needs Assessment Study, in collaboration with key partners, to understand areas of opportunity for investment attraction, growth and competitiveness.**
- **Strategically prioritized and influenced tourism sector development opportunities.** The Experience EXCELLerator pilot program, based on research that leveraged the Explorer Quotient segmentation model, informed the development of 10 new purchasable experiences in Nova Scotia. These experiences were developed through the lens of the Free Spirit, to motivate this segment to travel to Nova Scotia.
- **Developed Tourism Nova Scotia's program evaluation capacity.** In 2016-2017, program evaluation frameworks were developed for key Tourism Nova Scotia initiatives, including the three pilot programs. In addition, new measures were developed to assess stakeholder engagement.
- **Developed and implemented marketing communications channels to reflect the corporation's new mandate and communications objectives.** Tourism Nova Scotia launched corporate social media channels in 2016-2017, and completed a redesign of its website.
- **Assessed resident and stakeholder views of the tourism industry and Tourism Nova Scotia.** Tourism Nova Scotia conducted market research to track Nova Scotia residents' views of the provincial tourism industry, and to benchmark stakeholder views of the industry and Tourism Nova Scotia.

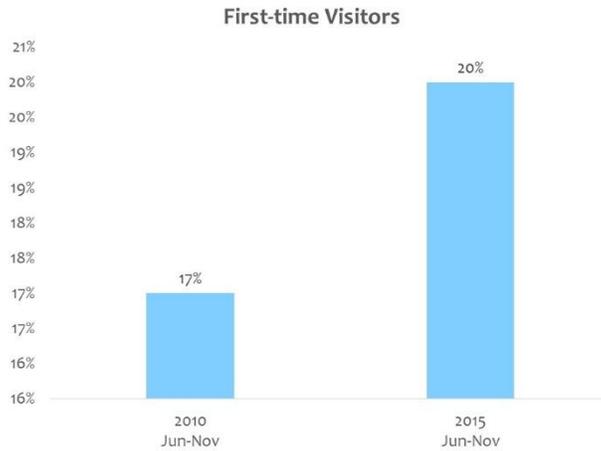
**Outcome: Significant growth in tourism revenues by attracting more, higher value visitors.**

While tourism activity depends on a variety of external factors such as weather, economic conditions, and exchange rates that are outside the control of Tourism Nova Scotia and the tourism industry, Tourism Nova Scotia seeks to attract more high-value visitors to Nova Scotia through marketing initiatives in key markets.

**Measure:** Tourism Nova Scotia cares about all visitors, however, an important part of increasing the level of visitor expenditures is increasing the number of first-time visitors to Nova Scotia. Tourism Nova Scotia, through its “Nova Scotia Visitor Exit Survey”, monitors first-time visitation to Nova Scotia.

**Target:** Increase in first-time visitors to Nova Scotia to comprise between 20% and 25% of overall visitation by 2017.

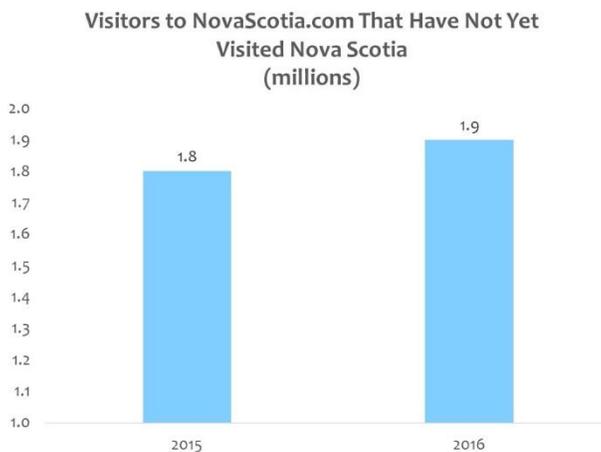
**Result:** The most recent “Nova Scotia Visitor Exit Survey”, conducted in 2015, reported an increase in the percentage of visitors to Nova Scotia that are first-time visitors, compared with 2010. The percentage of first-time visitors is now within the target range (20%). The next “Visitor Exit Survey” will be conducted in 2017.



**Measure:** Not all factors that affect the decision to visit Nova Scotia are within our control, however, Tourism Nova Scotia influences consumer decisions by marketing Nova Scotia to specific markets. The organization’s advertising campaigns create awareness and drive consideration and choice of the province as a vacation destination. Encouraging non-visitors to learn more about the area is an important step on the path to purchase. One way to achieve insight to the success of these activities is the monitoring of visitors to Tourism Nova Scotia’s website, NovaScotia.com.

**Target:** Increase number of visitors to NovaScotia.com that have not yet visited Nova Scotia by 125,000 in 2016–2017.

**Result:** In 2016, the number of unique visitors to NovaScotia.com that had not yet visited Nova Scotia increased by approximately 145,000 compared with 2015, well above the target set for 2016-2017.



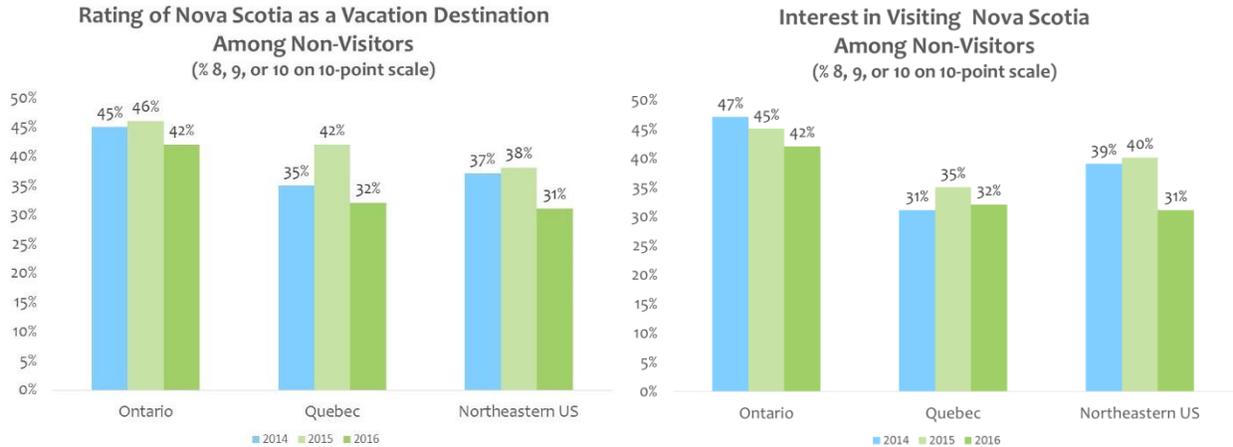
**Outcome: Increased Nova Scotia brand recognition in key markets.**

Tourism Nova Scotia monitors Nova Scotia’s tourism brand health in key markets.

**Measure:** Tourism Nova Scotia’s “Brand Health Monitor” measures awareness and appeal of Nova Scotia as a vacation destination, and key Nova Scotia tourism brand attributes, over time. Annual surveys in Tourism Nova Scotia’s key markets of Ontario, Quebec, and the Northeastern United States are conducted to measure Nova Scotia’s tourism brand health.

**Target:** Maintain current strong performance in consideration of Nova Scotia as a vacation destination in 2016-2017, with intention of increasing in future years.

**Result:** 2014 saw a marked increase in positive perceptions of Nova Scotia as a vacation destination in our key markets. In 2015, this strong performance was maintained. In 2016, brand health measures softened slightly. This result was not unexpected, given the activities-based focus of the successful 2016 advertising campaign. The 2017 campaign will incorporate a more emotional appeal to continue to build our brand health in key markets.



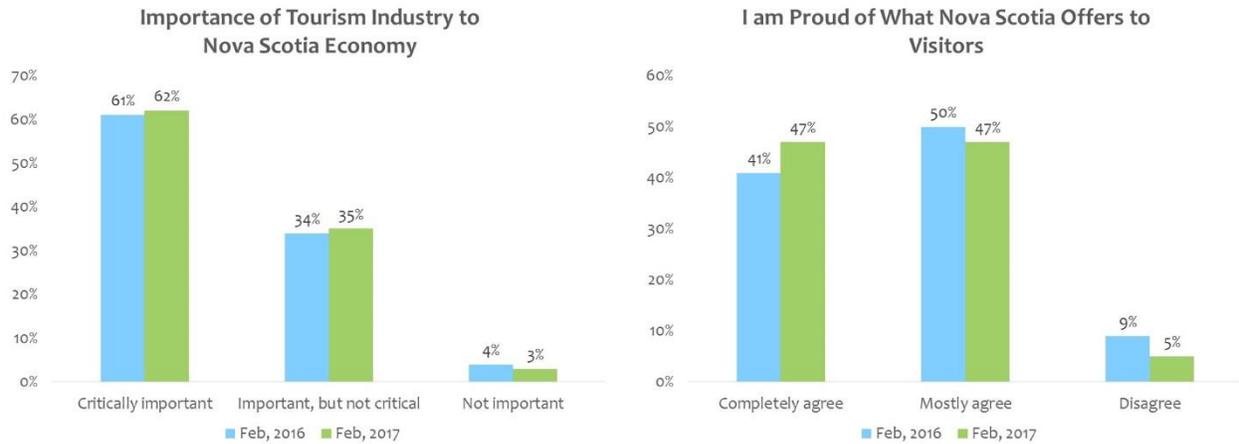
**Outcome: Influence pride in what Nova Scotia offers to visitors, resulting in Nova Scotians adopting a more visitor-focussed mindset.**

a) Growth in Nova Scotia’s tourism industry will benefit everyone, and having an engaged and informed population will provide a positive environment for industry growth.

**Measure:** Each year, we interview Nova Scotians about the importance of tourism to the province.

**Target:** Maintain current performance in awareness of, and appreciation for, Nova Scotia’s tourism industry among residents in 2016–2017, with the intention of increasing in future years.

**Result:** In 2016, Nova Scotians’ perceptions of the economic importance of the provincial tourism industry are stable compared with 2015. Of note, 2016 saw an increase in the declaration of pride in what Nova Scotia offers to visitors.



b) The tourism industry’s ability to achieve \$4b in annual tourism revenues by 2024 is contingent on engagement of all stakeholders to achieve support for Tourism Nova Scotia’s strategic direction.

**Measure:** In 2016-2017, Tourism Nova Scotia benchmarked, via a stakeholder survey, perceptions of the provincial tourism industry and stakeholders’ assessment of Tourism Nova Scotia’s performance against its mandate and strategy.

**Target:** Benchmark these measures in 2016. The goal is to increase Tourism Nova Scotia’s performance on these measures.

**Result:** The following benchmark measures were identified.

	<b>% expressing a high degree of confidence (8, 9, or 10 on 10-point scale)</b>
Confidence in Tourism Nova Scotia to achieve its mandate to achieve tourism growth and maximize the value of tourism to the economy	24%
	<b>% expressing high level of satisfaction (8, 9, or 10 on 10-point scale)</b>
Satisfaction with Tourism Nova Scotia’s performance in past 12 months	33%

These first-year results are foundational and reflective of Tourism Nova Scotia being a new Crown corporation with a new mandate. The organization will monitor these results on an annual basis as an indicator of our performance.