

ANNUAL REPORT 2000-2001



Expanding Ontario's Tourism Industry

**ONTARIO TOURISM MARKETING
PARTNERSHIP CORPORATION**

ONTARIO
More to discover

BOARD MEMBERS

The Ontario Tourism Marketing Partnership Corporation's (OTMPC) Board of Directors provides industry leadership, policy and strategic direction to the operation of the partnership. The Board is responsible for the overall management of OTMPC and is ultimately accountable to the Minister of Tourism and Recreation.

Current Board Members, 2000-2001:

Mr. Alan Dare, Chair
Owner, Wilson Lake Resort
Port Loring
March 30, 1999–December 31, 2001

Mr. Cameron Hawkins, Former Chair
Consultant
Toronto
March 30, 1999–April 12, 2000

Ms. Jean Lam, Vice-Chair
Assistant Deputy Minister, Ministry of Tourism
and Recreation
Toronto
March 30, 1999–March 29, 2002

Ms. Laurie Adams-Robert
Owner, Harmony Acres/Bruce Peninsula Outfitters
Tobermory
March 30, 1999–March 29, 2001

Mr. Jacques Bazinet
Marketing Director, Creg Quay Ltd.
Bainsville
March 30, 1999–October 6, 2000

Mr. Ferg Devins
Director, Corporate Affairs, Molson Canada
Toronto
May 10, 2000–May 9, 2003

Mr. Josef Ebner
Regional Vice-President, Delta Chelsea Hotels
Toronto
March 30, 1999–March 29, 2001

Mr. Nick Florian
Director, Jonview Canada Inc.
Toronto
March 30, 1999–March 29, 2003

Mr. William French
Chair, Northern Tourism Marketing Corporation
Thunder Bay
March 30, 1999–March 29, 2002

Ms. Anne McCall
General Manager, Special Projects, Fairmont Hotels
Toronto
May 10, 2000–May 9, 2002

Ms. Patricia Nicholl
Director, Sales and Marketing, Deerhurst Resort
Huntsville
March 30, 1999–March 29, 2002

Ms. Bev Philp
Vice-President, Marketing, Blue Mountain Resort
Collingwood
March 30, 1999–March 29, 2001

Mr. John Ryan
President, Toronto Tours Ltd.
Toronto
December 30, 1999–December 29, 2001

Mr. Allan Tremblay
President, CEO and Partner, Orion Sports Management Inc.
Brampton
November 1, 2000–October 31, 2003

Mr. Bruce Walker
Executive Vice-President, Government & Industry Relations
Vincor International Inc.
Mississauga
March 30, 1999–March 29, 2002

Ms. Sharon Wheeler
Executive Director of Marketing, Casino Niagara
Niagara Falls
March 10, 2000–February 5, 2001

Mr. John Williams
President, Williams Hotels Ltd.
Belleville
March 30, 1999–March 30, 2001

CORPORATE CONTACTS

Ontario Tourism Marketing Partnership Corporation
(OTMPC)
10th Floor, Hearst Block
900 Bay Street
Toronto, Ontario
Canada M7A 2E1

OTMPC Inquiries:

Phone: 1-800-263-7836

Fax: 416-314-7574

email: tourism.partnership@mczcr.gov.on.ca

Travel Information for Ontario:

1-800-668-2746 (English)

1-800-268-3736 (French)

Partner site: www.tourismpartners.com

Consumer site: www.ontariotravel.net



Ontario

Ontario Tourism Marketing Partnership Corporation



(Left) Spring/Summer Touring Guide
(Centre) Winter Getaway Guide
(Right) Reference Guide

Table of Contents

Message from the Chair	/1	Financial Statements	/8
Marketing Ontario	/2	Auditor's Report	/8
2000-2001 Performance Highlights	/3	Balance Sheet	/9
Research	/3	Statement of Operations	
Domestic Market	/4	and Accumulated Surplus	/10
United States Market	/4	Statement of Cash Flows	/10
European Market	/5	Notes to Financial Statements	/11
Asia-Pacific Market	/5		
Product Development	/6		
Partnership Support	/6		

MESSAGE FROM THE CHAIR

Alan Dare, Chair of the Board of Directors

The OTMPC has evolved into a strategic, marketing and business alliance between government and industry since its launch in mid-1999.

The enthusiastic response of domestic and international consumers to our marketing programs and new product offerings produced tremendous results during 2000-2001, as seen in this year's performance highlights.

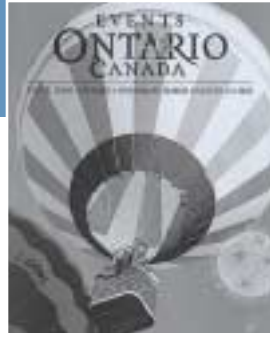
This past year, OTMPC has developed close partnerships with the Canadian Tourism Commission (CTC), Resorts Ontario, Niagara Falls Tourism Visitor and Convention Bureau, Tourism Toronto and the Northern Tourism Marketing Corporation to market Ontario worldwide.

Our four-seasons marketing strategy—focused on city, outdoor and touring products—attracted more visitors and

generated great results for our industry partners. As competition increases, OTMPC will need to continue to respond strategically, creatively and cooperatively to ensure Ontario's tourism growth.

I would like to thank our Board and committee members, industry partners and staff whose hard work has made our achievements possible in 2000-2001.

Alan Dare,
President, Wilson Lake Resort, Port Loring, Ontario



(Left) Niagara Falls Getaway Guide
(Centre) Spring Events Guide
(Right) Globespan U.K. tour operator brochure

Ontario is home to the country's largest tourism industry, accounting for more than 35 per cent of Canada's tourism revenues and 43 per cent of its visitors. With 115.8 million people domestically and internationally visiting Ontario each year, it is no surprise that tourism is credited with directly generating more than \$7.7 billion to the province's Gross Domestic Product (GDP).

The OTMPC was established in 1999 to provide a focused effort to support Ontario's tourism industry. It is a consumer-driven business partnership between the tourism industry and the Government of Ontario with the following objectives:

- Promote Ontario as a prime tourist destination in both domestic and international markets;
- Generate a vibrant and compelling image of Ontario as a premier four-season tourist destination; and
- Achieve its marketing goals through partnership with industry and government stakeholders.

OTMPC's industry-led Board of Directors is supported by an Executive Committee that sets overall priorities and recommends objectives and strategies, a Nominations Committee responsible for succession planning and recruitment for industry-led market and product committees, and a Market Performance Assessment Committee (MPAC) which ensures appropriate measures are in place and regularly reported.

Market and product committees provide further guidance in the development and creation of marketing strategies for the partnership. More than 100 industry volunteers serve on these committees for two-year terms, operating on a consensus basis and providing input based on their product, area or regional expertise.

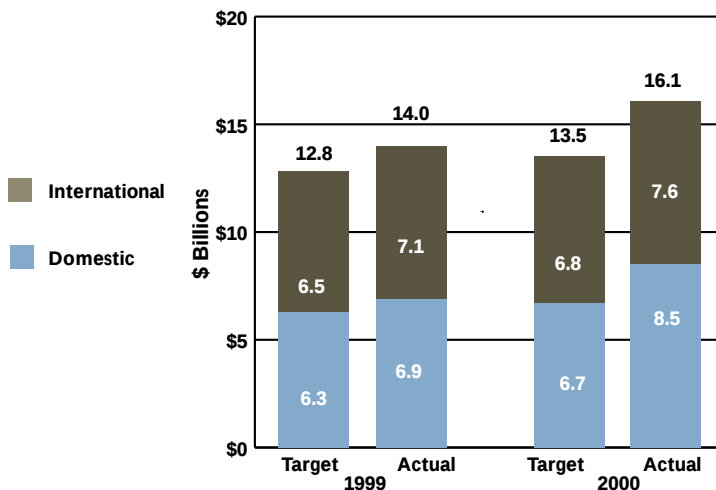
Market Committees

- Americas
- Asia-Pacific
- Domestic
- Europe

Product Committees

- City
- Outdoor
- Touring

Visitor Expenditures 2000



- Source: Canadian and International Travel Surveys, Statistics Canada.
- Methodology for measuring tourism revenues changed by Statistics Canada in 2000. Data revised for 1999 for comparability.

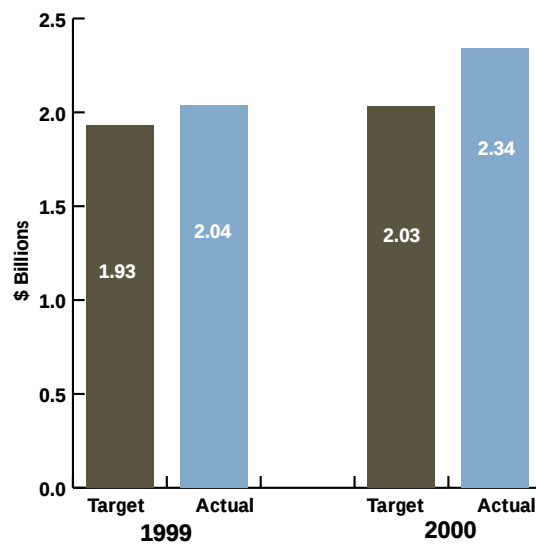
(Left) Detail from CTC-Ontario Japanese magazine ad
(Centre) Detail from Arts in the Wild print ad
(Right) Detail from Domestic direct mail piece



RESEARCH

MARKET RESEARCH DRIVES THE STRATEGICALLY TARGETED APPROACH TO ALL OF OTMPC'S MARKETING ACTIVITIES. In 2000, OTMPC developed a segmentation model to better understand target markets. This model helps OTMPC to understand the needs, travel patterns, behaviours and attitudes of 12 consumer groups across North America.

Provincial Tax Revenues



- Source: Ministry of Tourism and Recreation Economic Impact Model

DOMESTIC MARKET

OTMPC's objective has been to make Ontario the top choice among Ontario residents as a four-season travel destination bolstered by new products in city, outdoor and touring categories to counter the "been there, done that" challenge of marketing to repeat visitors.

In 2000–2001, more emphasis was placed on targeting high-yield travellers who take more frequent trips and spend more on each trip. These affluent adults look for engaging activities such as festivals, events, soft and hard outdoor adventure, shopping, sight-seeing and arts and culture.

OTMPC partnered with the tourism industry and others, including Ontario 2000 (a Millennium project of the former Ministry of Citizenship, Culture and Recreation), to gain increased exposure cost-effectively.

The 2000–2001 advertising campaigns saw the first four-season, national television campaign for Ontario. The 15-second commercials featuring city, resort, touring and outdoor adventure experiences ran for 30 weeks and helped to generate more than 330 million adult gross impressions.

Approximately 6.7 million newspaper inserts reached the top 70 per cent of homes in 15 Ontario and four U.S. border markets with increased industry participation over 1999. Finally, the direct mail campaign generated 3.3 per cent response from French constituencies and a 6 per cent response rate from English households where the industry average is a mere 1 per cent.

Media relations generated the equivalent of more than \$6 million in free advertising for Ontario by creating a strong Ontario presence in top daily newspapers, major magazines and on national television programs.

UNITED STATES MARKET

OTMPC's strong partnership and retail advertising approach won great response from U.S. consumers in 2000. Focused efforts increased Ontario's presence in core near-border markets within a three-hour drive to Ontario—New York, Ohio, Pennsylvania, Michigan, Minnesota, and Wisconsin—and in new mid-haul markets—Boston, Chicago and New York City.

OTMPC's advertising campaign focusing on Ontario's city, touring and outdoor product experiences won six prestigious international awards.

OTMPC partnered with Niagara Falls Visitors and Convention Bureau and with the CTC on a multi-media program including direct response television, print and Internet banner advertising, launched in Chicago and New York in May 2000.

It generated more than 22,000 responses. A *Winter in Toronto* program developed with Tourism Toronto including 17 hotel members, Mirvish Productions and event partners, promoted Toronto as an urban winter getaway destination to affluent mature couples in Buffalo, Cleveland, Detroit, Pittsburgh, Rochester, Syracuse and southern Ontario.

Within six weeks, Toronto's call centre logged more than 1,600 hotel room nights and \$276,000 in revenue. Reservations were up 121 per cent from the previous year and overall revenue generated had increased 260 per cent.

U.S. media coverage included a *Time* magazine feature on Polar Bear Provincial Park and Algonquin Park, *Chicago Tribune* and *Chicago Sun-Times* articles, two CNN features on Toronto and national coverage by both NBC and Fox networks on Ontario's Moose in Chicago.

Ontario's exposure across television, newspaper, magazines, direct mail, publications, American Automobile Association (AAA) publications, and online generated more than \$28 million in free advertising for the province.

EUROPEAN MARKET

With most European economies recovering after two years of decline, OTMPC focused on building a strong, four-season Ontario brand through joint marketing programs. A partnership with the CTC in its Pan European television campaign in the United Kingdom, Germany and France (January–May 2000) generated 47,000 responses for Ontario.

Activity in the United Kingdom included a newspaper campaign with Thomas Cook that resulted in sales of almost \$1 million, and a campaign with First Class Holidays resulted in sales valued at \$7.4 million. In partnership with Globespan, a winter “short break” program offering three different Toronto/Niagara Falls packages was successfully tested and has since become a year-round initiative.

Finally, an Ontario-only TV and print campaign with partners Globespan and Travelpack greatly increased Ontario's impact in the U.K. market. This Ontario-only campaign generated more than 34 million television and 2.3 million print impressions.

In Germany, OTMPC joined with other provinces in CTC's summer insert campaign that resulted in more than 2,000 inquiries and 500 bookings, and launched its Ontario-only German consumer campaign featuring Ontario's parks for the second year. The print campaigns generated total adult impressions of almost 3.5 million.

Additionally, more than 60 press trips were scheduled from the United Kingdom, Germany and Italy for 140 journalists that generated great media attention for Ontario.

ASIA-PACIFIC MARKET

While many competitors reduced their marketing efforts following the slowdown of Asia-Pacific tourism in 1998, OTMPC chose to remain active to build long-term market share. In Japan, partnership in the CTC's “Yellow Canada” print campaign including both trade advertising and placement in lifestyle magazines helped reach 2.6 million consumers.

An Ontario-only, two-week cinema and outdoor campaign in three primary Japanese markets (Nagoya, Osaka and Tokyo) also had strong impact for Ontario. Additionally, a 40-page, four-colour, Ontario Learning manual was distributed to the travel trade at KANATA and to 3,000 Japanese high schools as an English-as-a-second-language (ESL) resource.

OTMPC marketed Ontario at annual travel trade shows including, Canada Corroborees in Australia and Canada Calls in New Zealand. Nearly 2,000 retail travel agents, wholesalers and media attended—an increase of approximately 25 per cent over last year.

Media relations programs in Australia, Japan and Hong Kong generated the equivalent of \$16 million in free advertising to build Ontario's brand image.

PRODUCT DEVELOPMENT

Spas Ontario, a collaborative marketing venture established in 1999 by a group of 12 spa owners and operators, launched their new spas product in June 2000 to appeal to an affluent market.

Within three weeks of the launch, media coverage generated almost 800 personal requests for the 24-page *Premier Spas in Ontario* brochure. Three Spas Ontario members featured in *Leisureways* and *Journey* magazines articles report the response as “overwhelming.”

Paddling Ontario and *Arts in the Wild* products were launched together. *Paddling Ontario* is a collective of 20 canoe/kayak outfitters determined to make Ontario the destination of choice for paddlers seeking the ultimate wilderness experience. The *Arts in the Wild* alliance, comprising 23 traditional and non-traditional partners, package art and landscape appreciation through activities such as photography, painting, sketching, sculpture, carving, drama, folk and Native art. Both have received strong media support.

Through partnerships with local organizers, OTMPC has also participated in marketing more than 70 events province-wide including the *Orangeville Buskers Founders Fair*, the *Dragon Boat Race Festival* in Sault Ste. Marie, and the *Kapuskasing Lumberjack Festival*. The Tourism Event Marketing Partnership Program (TEMPP) invested \$1.6 million and leveraged an additional \$3.2 million in public and private sector marketing dollars.

In 2000–2001, the Industry Partnership Proposal Program (IPPP) was launched to support innovative co-operative marketing opportunities that will drive shoulder season visitation. OTMPC invested approximately \$350,000 in partnerships with seven industry groups across Ontario, leveraging an additional \$525,000.

PARTNERSHIP SUPPORT

In addition to public funding, investment by the tourism industry in OTMPC's programs and initiatives has been critical to effectively market Ontario. Partnership contributions via cash, in-kind services, or leveraged dollars has steadily increased since OTMPC's inception enabling the organization to evolve its leadership role in areas such as marketing expertise, creative execution and stakeholder facilitation.

By working in partnership with Destination Marketing Organizations (DMOs), the CTC, overseas tour operators and more than 9,000 tourism suppliers across the province, 2000–2001 saw strong leverage and healthy cash flows for OTMPC.

Partner Investment (in millions)

	1999-2000		2000-2001	
	Target	Actual	Target	Actual
Cash	3.5	1.9	4.4	4.2
Leverage	3.0	7.3	5.0	6.9
In-kind	1.7	1.4	2.1	0.8
Operations	0.3	0.1	0.5	0.2
	8.5	10.7	12.0	12.1

Cash:

Dollar amount received by OTMPC directly or through an intermediary for participation in an OTMPC-led and -delivered programs.

Leverage:

Estimated dollar value of the advantage that OTMPC's investment in projects create.

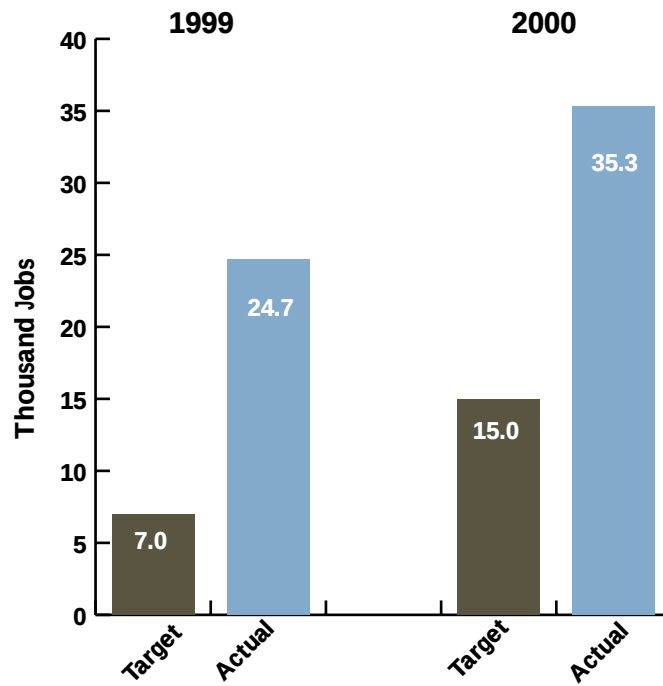
In-kind:

Estimated fair-market value of services provided by industry partners in the participation of OTMPC-led and -delivered programs.

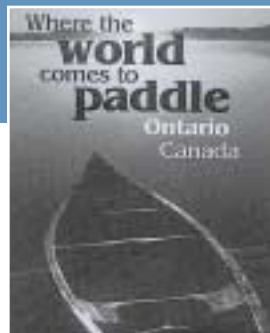
Operations:

Revenue from operations earned by Travel Information Centres.

Increase in Employment



- Source: Ministry of Tourism and Recreation Economic Impact Model
- Employment includes direct and indirect full-time, part-time, seasonal employment as well as self-employment



(Left) Ontario Moose on European tour
(Centre) Spas Ontario information booklet
(Right) Detail from Paddle Ontario launch brochure

AUDITOR'S REPORT

To the Ontario Marketing Partnership Corporation

I have audited the balance sheet of the Ontario Tourism Marketing Partnership Corporation as at March 31, 2001, and the statements of operations and accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink.

J.R. McCarter, CA
Assistant Provincial Auditor

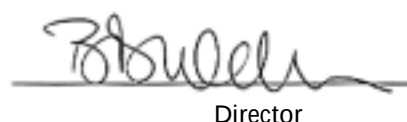
Toronto, Ontario
October 7, 2001

BALANCE SHEET As at March 31, 2001

	2001 (\$000s)	2000 (\$000s)
ASSETS		
Current Assets		
Cash	2,352	3,029
Due from the Province	5,691	2,787
Accounts receivable	1,066	407
Prepaid expenses	924	13
	<u>10,033</u>	<u>6,236</u>
Capital Assets (Note 3)	<u>454</u>	<u>584</u>
	<u>10,487</u>	<u>6,820</u>
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	<u>5,192</u>	<u>5,907</u>
Non-current Liabilities		
Deferred revenue (Note 5)	402	100
Deferred contributions related to capital assets (Note 4)	<u>454</u>	<u>584</u>
	856	684
Equity		
Accumulated surplus	<u>4,439</u>	<u>229</u>
	<u>10,487</u>	<u>6,820</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:


Vice Chair
Director

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the year ended March 31, 2001

	2001 (\$000s)	2000 (\$000s)
Revenues		
Province of Ontario	41,073	34,882
Advertising sales	3,958	1,741
Trade promotions	275	134
Commissions – sales and rentals	240	106
Amortization of deferred contributions (Note 4)	130	65
Government of Canada	127	222
	<u>45,803</u>	<u>37,150</u>
Expenses		
Advertising and promotion	22,563	18,948
Administrative expenses (Note 6)	5,544	4,756
Tourism consumer information	4,175	2,695
Trade development	2,596	2,348
Accommodation	1,863	1,488
Product development and research	1,822	2,473
Events marketing program	1,546	1,518
Grants for tourism development	500	1,827
Information technology	474	345
Board and Committee expenses (Note 7)	380	458
Amortization of capital assets	130	65
	<u>41,593</u>	<u>36,921</u>
Excess of revenues over expenses	4,210	229
Accumulated surplus, beginning of year	229	—
Accumulated surplus, end of year	<u>4,439</u>	<u>229</u>

See accompanying notes to financial statements

STATEMENT OF CASH FLOWS For the year ended March 31, 2001

	2001 (\$000s)	2000 (\$000s)
Cash provided by (used in) operating activities		
Excess of revenues over expenses	4,210	229
Add (deduct) non-cash items:		
Amortization of capital assets	130	65
Amortization of deferred contributions related to capital assets	(130)	(65)
	<u>4,210</u>	<u>229</u>
Change in non-cash operating working capital	(4,887)	2,800
Cash provided by (used in) investing activities		
Capital assets additions	—	(649)
Deferred contributions related to capital assets	—	649
	<u>—</u>	<u>—</u>
Increase (Decrease) in cash during the year	(677)	3,029
Cash, beginning of year	3,029	—
Cash, end of year	<u>2,352</u>	<u>3,029</u>

1. NATURE OF CORPORATION

The Ontario Tourism Marketing Partnership Corporation was established as a corporation without share capital on November 30, 1998, pursuant to Ontario Regulation 618/98 made under the *Development Corporations Act*. The Corporation commenced active operations on April 1, 1999. The objects of the Ontario Tourism Marketing Partnership Corporation are,

- (a) to market Ontario as a travel destination;
- (b) to undertake joint marketing initiatives with the tourism industry;
- (c) to support and assist the marketing efforts of the tourism industry; and
- (d) in co-operation with the tourism industry, the Government of Ontario, other governments and other agencies of governments, to promote Ontario as a travel destination.

In accordance with the Regulation, the Corporation is to be dissolved on March 31, 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are the representations of management and are prepared in accordance with Canadian generally accepted accounting principles.

(b) Revenue Recognition

Revenue for designated activities received prior to the year in which the activities are to be carried out are

recorded in the balance sheet as deferred revenue, and recognized as revenue in the year when the related expenses are incurred.

(c) Donated Services

The Corporation benefits from services provided by the tourism industry, such as transportation costs (airline and bus tickets), and accommodation and meal costs (discounted or free hotel rooms and restaurant charges). Because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

(d) Capital Assets

Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful lives of the assets, with half a year amortization taken in the year of acquisition and disposition, as follows:

Furniture	5 years
Leasehold improvements	5 years

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates as additional information becomes available in the future.

3. CAPITAL ASSETS

	March 31, 2001			2000
	Cost (\$000s)	Accumulated Amortization (\$000s)	Net Book Value (\$000s)	Net Book Value (\$000s)
Furniture	253	76	177	228
Leasehold Improvements	396	119	277	356
	649	195	454	584

4. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the amount of capital assets contributed by the former Ministry of Economic Development, Trade and Tourism that have not yet been amortized. The contributions are amortized and recognized as revenue over the same period as the underlying contributed

capital assets that are being amortized. The changes in the deferred contributions balance for the year are as follows:

	(\$000s)
Balance, beginning of year	584
Less amounts amortized to revenue	130
Balance, end of year	454

5. DEFERRED REVENUE

Deferred revenue includes \$200,000 (2000 - \$100,000) representing funding from Government of Canada towards the National Tourism Association Convention to be held in 2004.

6. ADMINISTRATIVE EXPENSES

Certain costs of administration such as financial, legal and human resources support services, were provided by the Ministry of Tourism, Culture and Recreation without charge. All other administrative expenses are borne by the Corporation and are as follows:

	2001	2000
	(\$000s)	(\$000s)
Salaries and benefits	5,139	4,483
Transportation and communications	159	196
Services	182	43
Supplies and equipment	64	34
	<u>5,544</u>	<u>4,756</u>

The Corporation provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) established by the Province. The Corporation's contributions related to the PSPF and OPSEU Pension Fund for the year were \$239,490 (2000 - \$96,945) and are included in salaries and benefits under Administrative Expenses.

7. BOARD AND COMMITTEE EXPENSES

Board and committee members are reimbursed for travel expenses incurred to attend board of directors and related committee meetings.

8. COMPARATIVE FIGURES

The March 31, 2000, comparative figures have been reclassified where necessary to conform to the current year's presentation.