

Explorers' Edge Board of Directors Meeting Minutes
Wednesday, March 25, 2015
Muskoka Highlands Golf Links, Bracebridge, ON

Present: Don MacKay, Michelle Berry, Anthony Rizzo, Jackie Leung, Curt Dunlop, Kim Loader, Jerry Feltis, Jeff Suddaby, Hilary Chambers (via teleconference), Drew Rachar (via teleconference), Andy Vitch (via teleconference)

Regrets: John Miller, Nicole Saulnier, Andrew Ryeland

Staff: James Murphy, Erin Smit

Resource: Peter Coish - Kuration Inc. (via teleconference), Laura Hernando - MTCS

Guest: Richard McKinnell - Assistant Deputy Minister, Ministry of Tourism, Culture and Sport (MTCS); Leah Leslie – JW Marriott The Rosseau Muskoka Resort & Spa; Esa Paltanen – Sherwood Inn; Todd Lucier – Northern Edge Algonquin

Welcome and Introductions: Jackie Leung called the meeting to order at 9:40am

Jackie announced the guests; Richard McKinnell, Leah Leslie, Todd Lucier, Esa

Approval of Agenda – March 25, 2015

Motion: moved Don by that the Agenda for the March 25, 2015 Board of Directors meeting be approved.

Seconded: Anthony

Discussion: n/a

Carried.

Approval of Minutes – January 13, 2015

Motion: moved by Anthony that the Minutes from the January 13, 2015 Board of Directors meeting be approved.

Seconded: Curt

Discussion: n/a

Carried.

Financial Presentation – Andy Vitch

Discussion:

Vitch presented the income statement and balance sheet as of March 23, 2015, with attention to the balance sheet; actual column states a net income of \$70,480.07; actual budget shows loss of \$3,667.01 for the year; loss will be made up before end of fiscal year with outstanding partnership projects. Vitch briefly discussed partnership program, \$256,858.20 spent on partnerships overall; had budgeted 332k, 3 projects yet to be finalized, they will be before year end. Vitch discussed income from the Ministry and income from partnership programs; the only discrepancy on the statement relates to the membership; 115 members paid, not 35 as shown. ED Murphy spoke to accounts payable and receivable document

shared with the board highlighting all vendors that have received payments from the RTO. ED Murphy shared with the board that reviewing all contracts is a good risk management process, the directors should always be aware of who is receiving funds from the RTO. Murphy also spoke to increased membership from last fiscal year (up 100%). ED Murphy completed the financial discussion underscoring two outstanding projects, the Georgian Bay signage program as well as the Accreditation program (Muskoka Community Futures and Muskoka Community Network).

Approval of Financials

Motion: Andy Vitch moved that the financials presented at the March 25, 2015 Board of Directors meeting be approved.

Seconded: Don MacKay

Discussion: n/a

Carried.

ED Murphy introduced Mr. Richard McKinnell, Assistant Deputy Minister MTCS. Spoke to his biography and experience within the industry; proud supporter of the RTO model and moving the model forward. Mr. McKinnell continues to visit RTO12 on an annual basis. RTO12 shared is excitement to have Mr. McKinnell visit and speak to the board on matters related to provincial tourism.

RTO Presentation - Richard McKinnell , Assistant Deputy Minister, MTCS

Discussion:

ADM McKinnell shared his pleasure regarding the opportunity in joining the board to discuss current priorities within the industry while at the same time looking for feedback from the group on the RTO model. ADM McKinnell spoke to the importance of having such a dedicated Board of Directors and also complimented the RTO on the financial presentation; impressed with evidence of RTO12s dedication to making appropriate and thoughtful choices with regards to spending Ministry dollars.

ADM McKinnell discussed growing the tourism sector throughout the province (almost 10% of the GDP in the province goes to Tourism, Culture and Sport), as well as tourism and its impact on spending within the province, including creation of jobs, etc. Globally tourism is growing in every jurisdiction; grown 5% overall while in Ontario, a 2% or 3% increase means we are falling behind other jurisdictions; Canada overall is falling; regional model at the heart of pushing tourism forward. ADM McKinnell told the Board, that Ministry officials cite Explorers' Edge (EE) as an example of an RTO doing things well, saying we have defined our niches and specialty markets, experiences offered, and are pushing out a clear brand to the public. On the note of RTO success ADM McKinnell spoke to the provincial stakeholder satisfaction surveys; EE is at the top of the list with respect to stakeholder satisfaction, a 70% satisfaction rating with the highest response rate. ADM McKinnell then discussed the region and how with its large geographic size and large differences between the areas it can be hard to be cohesive; but EE is working hard at achieving that. He then spoke to Fuel & Fun and tipping point programs and how those are being utilized very well to help define the region.

ADM McKinnell continued with information related to provincial investment attraction work; how attracting new opportunities and investments to the region make a difference in the strength of the

area as a whole. When speaking to ministry programs ADM McKinnell also focused on the importance of festivals and events; spoke to Celebrate Ontario and the community cohesiveness and economic impact it creates. He encouraged the board to think about new opportunities that are available, for example Aboriginal tourism; an authentic experience, spoke to what's happening in Manitoulin, Minister is keen to work with and support them. Accessibility was tabled and its importance in the tourism business. The ADM then touched on last year's TIAO conference and the TIAO report which captured issues and results; the Ministry of Tourism Culture and Sport is still digesting the report and a response will be shared with the industry in coming months.

ADM McKinnell opened the table for discussion to the Board; what are we doing well, what can be approved upon, how do we grow tourism, how to instigate growth in the region; came back to speak to the RTO model, reporting, money spending, development of the Board of Directors, how RTOs interact with other agencies in their area. ADM McKinnell discussed targets; should the government set targets (doubling tourism receipts by 2020); spoke to aiming to grow with the global rate of 5%; what is an appropriate target and what has been the secret of success in RTO12.

Chair Leung asked about the TIAO report; spoke to the recommendations and how not all were spot on; liked the piece on collaboration and looking through a tourism lens while planning for transportation and infrastructure, is this happening and what does it look like? ADM McKinnell responds; TIAO did a good job of getting a snapshot of the ideas out there; with a multifaceted response there will be disagreements. ADM McKinnell continued by discussing their recommendation for strategic planning and how that was received, as well as the opinions that Ontario should not market to Ontario residents. ADM McKinnell spoke to how he balanced his role and time as ADM between time spent discussing tourism policy and time spent with other sectors on their impact on the tourism industry.

Rizzo asked about the sustainability of the RTO model; is it seen as an initiative that will be continuing for the long term or as an entity that should become self-sufficient. ADM McKinnell said it was always recognized that support via the Ministry of Finance would need to be pushed out from the government, but that the regions would also need to devise ways to bring in their own revenues. He spoke to leveraging money that is given to us, and turning it into partnership money; how RTO12 leveraged an extra 166k from working with groups in the region. ADM McKinnell also discussed the opportunity to look at other revenue tools, such as destination marketing fees, and thinks the model is sustainable and achievable if stakeholders see value in the model. Rizzo then pressed the ADM regarding criteria that defines the funding model; heads in beds for operators other than resorts and hotels; to include campgrounds and B&Bs. ADM McKinnell replied that allocation to tourism investments will probably not grow, but that alternative sources of revenue are being derived from other sources, he does recognize that smaller regions like RTO12 are very dependent on provincial resources.

Chair Leung spoke to successes of RTO model; how Explorers' Edge is customizing solutions to problems in the region. Also discussed alignment with other organizations in developing strategy; could there be an officer in place to help with that; Mr. McKinnell said that could be a role for regional industry advisors. Spoke to TRIP, the online portal to unite the 13 RTOs and share information i.e. best practices.

Chambers shared her experience; complementing the RTO on doing a great job evening the playing field with geographical areas within the region. Uplifting the community she is in; she asked what the Ministry can do to encourage the RTOs to develop their smaller communities i.e. capacity building. ADM McKinnell responded MTCS is reaching out to groups they maybe they have not reached out to in the past; said only 42% of stakeholders overall knew who their RTO was.

Leslie asked about opportunities to work with the federal government in bringing in foreign workers. ADM McKinnell spoke to Visas, air policy, federal funding, and immigration. What opportunity is there within the RTO for workforce development; finding ways to staff seasonal businesses without foreign workers. Leslie asked about other RTOs and their successes in workforce development. ADM McKinnell spoke to workforce development strategy; how it can be a lifetime career and not a starter job; says focusing on this and the sharing economy (air B&B, phenomenon of social media and how that affects business). Consumer protection is on the horizon.

Paltanen asked about workforce development as well; Sherwood Inn employs a lot of Ontario students, comes at large cost to them in regards to staff housing. Spoke to possibilities of subsidising student housing for seasonal workers; how that could help with the lack of foreign workers.

ADM McKinnell thanked the directors and stakeholders for the endless volunteer hours they contribute to the RTO model and tourism in general.

Group Break – 11:02am

Group Resumes – 11:20am

2015-2016 Marketing Presentation – Peter Coish, Kuration Inc.

Coish spoke to looking at a consumer centric approach moving forward; engaging searching or discovering audiences through branded content, social and SE marketing, and website enhancement. Discussed launch of the new website November; new site offers a responsive design for mobile screens (where a large portion of our content is being consumed), showcases content for discoverers, and facilitates searchers with travel planning tools.

2014/2015 fiscal was a record year for site traffic; 654,000 site visits (up 133%), 987,000 page views (up 100%), and 517,000 site visitors (up 123%). By fiscal year end we will record almost 700,000 visitors to the site and 1 million page views. 2014/2015 was also a record year for referrals and organic traffic; 107,000 referrals from explorersedge.ca to third party sites (up 144%), referral rate has increased over 30% since the launch of the redesigned website; searchers created 16% of all traffic with 103,000 page views (up 161%). Content marketing is working; top 10 blog posts accounted for 10% of all traffic to the site (story builds its own traction through Google; organic traffic as a result of high quality content being published on the site).

Coish discussed mobile traffic; mobile accounts for 64% of all traffic to the site (38% of that from Apple iPhone). Spoke to consumer behaviour on mobile phone; consumers do not linger, content needs to be consistently engaging. Explorers' Edge content is driving massive engagement; the top 25 posts drove

almost 40% of all page views and 40% of all organic traffic. Time on site for blog visitors was three times that of the average for the site.

Facebook continues to be the most cost effective traffic driver right now; paid sources account for 75% of total visits to the site; Facebook accounted for 70% of paid traffic but was only 51% of the total spend. Spoke to brand positioning as well as its drive to organic traffic; the Explorers' Edge Facebook page is now the third largest tourism organization page in Ontario behind OTMPC and Tourism Toronto. The top 10 Facebook posts reach over 2 million users and generated over 75,000 actions.

Google CPC and Programmatic Native deliver the highest quality paid traffic, organic traffic is top referrals generator (referrals are click to third party sites); total of 107,000 referrals to third party sites from EE.ca; 7 of top 10 referrals from Google come from good content, not just keywords or pictures.

Google AdWords drives great quality traffic, primarily accommodation seekers. The total investment of \$135,000 drove 87,000 visits. Discussed how the average CPC in 2014 was \$1.55, 19% higher than in 2013 due to an increase in competition for keywords. 59% of traffic from Google AdWords went to pages relating to accommodations. Coish discussed how email is an untapped opportunity for us; will become a top priority moving forward in 2015. Moving back to old school direct marketing; subscriber list grew by 34% last year by asking passively on the website. Average open rate is 31%, only 15% for overall travel sector; click rate of 4.4% is twice the industry average of 2.2%. Moving away from one size fits all emails to a more targeted approach.

Ed Murphy spoke to additional marketing thorough partnership programs including the Bala Cranberry Festival, the Loring-Restoule Business Association, promotion of video and blog content for Discover Muskoka, and branding and content creation for the Kearney Dog Sled Races; partners all bought into content marketing development . Murphy also discussed the JackRabbit booking engine; system was developed last summer and got off the ground in the Fall 2014; 345 accommodation listings resulted in 15,000 referrals, 44% referral to search ratio, and 98% of listings benefited with more than 5 qualified referrals. Spoke to attractions tab launch in January 2015; 192 referrals. JackRabbit; part of partnership application is adopting the JackRabbit widget; i.e. Golf Muskoka and Muskoka Tourism. Cost to us is 50k a year, to our partners is 2k a year; of benefit to consumer experience to see this across a number of platforms. A change on our JackRabbit platform makes the changes across the system for all our partners using the widget.

ED Murphy discussed traffic from OTMPC as being down 35%, a concern because they provide high quality traffic; only 1,700 referrals came from 5 million print publications; site only lists 1,500 packages vs. the 8,000 it had previously. Spoke to Northern Ontario FSI print publication distribution, Union Station visit cancellation (and discussed solutions for opportunity "reimbursement"); need to go back to OTMPC and see how this opportunity can be reimbursed. FSI did not have a big impact with our RTO in relation to site traffic; we have been moving away from print material, this solidifies that idea.

2015/2016 fiscal year marketing recommendations will continue with the consumer centric approach including engaging searching and discovering audiences through branded content, social & SE marketing, and direct marketing. Murphy discussed ideas and topics for content coming from

community partners; pushing externally to bring in ideas from the region and its operators. Spoke to future of the Sojourner; was well written but just a general email blast, how email is evolving and how it can bring all those pieces together to make a sale. Focus moving forward being expanding upon the traffic coming to the site, but done responsibility with qualified traffic; how to convert our email list to buyers.

Coish discussed the marketing priorities for 2015; continue with content marketing, publish exceptional content serving the Ontario explorers segment and specific niches, focus on discoverers and attract searchers with product and offer-oriented content; goal of focusing at least one story a month on purchase decision criteria where EE is perceived to be lacking, as well as focus on communities of interest and niches i.e. fishing, motorcycling, etc.

Coish also discussed lead nurturing; converting site visitors to leads and putting heads in beds. Objectives for 2015 will focus on publishing 150+ pieces of content, driving 700k visitors to that content on the website, driving 150k referrals to third party websites, and adding 4k leads to the email database. Spoke to how lead nurturing will be the evolution of EE marketing. Content has proved EE can drive traffic to the site, now need is to focus on converting those site visitors to overnight stays in the region; lead nurturing plays a critical role in that conversion (the process of building relationships with qualified prospects over the long run with the goal of earning their business when they are ready to book).

Coish presented the objectives for the lead nurturing program as developing deeper engagement with site visitors and then growing the email list from the perspective of acquiring new subscribers, as well as collecting data on existing and new subscribers to expand upon EE's understanding of who they are and their travel preferences. The program components will focus on building the database (call to action), lead processing (assign them based on interests to marketing segments), and email marketing (monthly email deployments, no one size fits all newsletter, only segments who have a relevant interest to content will be reached).

Operationalizing the lead nurturing program will involve marketing automation software; key to an effective lead nurturing strategy:

- Segment prospects and prioritize them based on interests and engagement
- Easily create customized landing pages for email campaigns
- Automate the deployment of customized email based on prospect behaviour
- Manage content publication and track content interactions across online and social platforms
- Integrate with lead management systems such as Highrise

Coish recommends HubSpot as the software to provide our marketing automation solution. Leslie asked about how small the reach is for the email list; who it goes to, percent of people who open it, click through, and the further segmentation by interest; is it worth the time and money? Coish spoke to the conversion rate and how we are missing an opportunity with so much traffic on the site, we need to grasp an opportunity to try something new. ED Murphy spoke to benefits of gaining insight into what the consumer wants; how this can help with package creation and its importance moving forward.

Motion to accept the 2015 / 2016 Annual Marketing Plan as presented to the board of directors.

Motion: Hilary Chambers

Seconded: Michelle Berry

Discussion: n/a

Carried.

Motion to approve information captured in the March 25, 2105 Consent Agenda

Motion: Anthony Rizzo

Seconded: Curt Dunlop

Discussion: n/a

Carried.

Executive Director Update – James Murphy

ED Murphy discussed recent updates; committees are all moving forward, JackRabbit moving forward (office has new contact), Fuel & Fun is launched. Murphy talked about positive feedback coming in from stakeholders, Fuel & Fun also seeing higher engagement and faster return on paperwork from operators. Spoke to marketing segmentation workshops and the heavy interest from operators in the region. Leung asked about what to expect with schedules moving forward; ED Murphy updated that nominations will close on April 16th for positions on committees; nomination committee, looking for one last regional stakeholder to sit on that committee. AGM is tentatively book for first week of June; possibly south Muskoka. Expect one more board meetings before the AGM; May to present slate of directors. Leslie let the board know April 28th is the Muskoka Tourism AGM.

Loader asked about JackRabbit; said a refresher may be of benefit to send out to other operators who have perhaps let it fall by the wayside and are now of interest to get back involved; Murphy spoke to Ken Turner's involvement with JackRabbit, he's been reaching out on a one on one basis; also Tyler working to meet a mandate. Hilary Chambers agrees a refresher would be of value.

Round Table – Business Outlook for the 2015 Fiscal Year

Don MacKay: Golf is struggling in general; will be interesting to see how the season pans out. He is working with Golf Canada to develop a Facebook management campaign, as well as working to engage consumers across Canada to get more people playing golf. Don is running Foot Golf Canada, and sits on the board at Golf Canada. Spoke to needing more operator push at the table for Golf Muskoka.

Esa Paltanen: Sherwood Inn had a good season in 2014, 2015 looking just as good. Property books lots of weddings (26 for the year) and is also seeing a large increase in group bookings; 65% group bookings vs. 35% leisure bookings, a complete change from 10 years ago. Family day weekend was very good for them.

Hilary Chambers: spring is not looking great; many wait for the last minute to see about how the weather will be. Summer and fall are almost full already. Author from Writer's Retreat is no longer participating. Is now looking at fly fishing as a push for her area.

Andy Vitch: tracking same as last year which was second best ever. Starting to doubt early optimism that Americans will come flocking over to the region; is cautiously optimistic about showing 2013 numbers.

Leah Leslie: Muskoka Chautauqua AGM in April, stepping down as chair, looking for new chair or co-chair; doing very well otherwise and programming is in place for the summer. Muskoka Tourism AGM upcoming as well, looking at refreshing the board as some have resigned; 50k owing to revenue has been solved, now can improve the budget and get marketing efforts moving forward for the year. JW is experiencing great outlook, winter was great, and the rest of the year is pacing well. More group bookings every year. Opening a new steakhouse, Muskoka Chop House, in the resort, is also extending the poolside restaurant by the water.

Jeff Suddaby: has been tracking how far we are off 2006 numbers; 3 Guys has made it back to there, is happy with the results. Wondering if anyone else is back to those high numbers? Group spoke to delayed recovery.

Jerry Feltis: Rocky Crest is on pace to last year's numbers, since 2012 when ClubLink took back daily operations numbers have been climbing. A bit worried about this year with all the fluctuations as discussed in the meeting for 2015. Organizational changes at the property. Mill on Main continues to increase numbers, up 33% this winter.

Curt Dunlop: Pub is treading water over the winter. Third beer going into LCBO, second is just finishing up its run. Has brew pub license, now has their own beer on tap at the pub. Waiting on Celebrate Ontario announcement. Waiting for a good summer on their patio.

Jackie Leung: had a great winter, best winter to date up 10%. People seem to be embracing winter more, getting more active, thinks the ice trail has helped with that. Has high hopes for Fuel & Fun drawing on more repeat business for her.

Laura Hernando: Celebrate Ontario program announcements coming soon. Canada TODDS program review has been going through industry testing; idea is it becomes more flexible and consistent. Spoke to US market, working with OTMPC, co-op marketing, OTMPC is working with CTC. Contact Cathy Marceline at OTMPC for further information.

Kim Loader: nothing spectacular at the Lodge, pacing the same as last year and last year was a fantastic year so its good news. Spoke to staffing challenges; went to Georgian College job fair and contracted 5 co-op students (will fill most of her 8 staff housing spots) with full season employees which is great.

Anthony Rizzo: Showcase Almaguin was on Monday, attended by 80 stakeholders. EE attended and spoke to initiatives. Ontario Tourism representatives were also present, great input on marketing programs being offered by them. Discussed other government agencies (MTO, MNR) and how they are prohibitive to business expansion. Campground has cottage openings for the first time in 10 years. Spoke to campground expansion and how he could sell out another 100 sites to seasonal campers, but government restrictions make it not fiscally reasonable to do.

Michelle Berry: Canada Day week is being marketed by KOA (with the 1st being in the middle of the week) instead of just one weekend; hoping this will increase longer bookings. Concerned about how PanAm games will affect business, how traffic will affect people leaving the city. Reservations are lagging a bit over last year. US bookings up; good to be a KOA franchise. Working on two new billboards.

Motion to Adjourn 1:45pm

Motion: Anthony

Seconded: Kim

Discussion: n/a

Carried.