

Port of Seattle Tourism Development Strategy

Table of Contents

Public Affairs Vision and Mission	2
Tourism Vision, Mission and Strategy	2
Background	3
• The Port and Century Agenda	3
• Tourism program and economic impact	4
• Industry organization and leadership	4
• Collaboration and partnerships	6
Key strategies	8
Key policy opportunities and budget	12

Vision and Mission Statements

Public Affairs Department Vision:

Through our efforts, the Port is recognized as a trusted partner, economic engine, environmental leader and premier global gateway.

Public Affairs Department Mission:

We are essential partners in achieving the Port's business, community and employee objectives by broadening public awareness and engaging stakeholders, forging relationships through strategic communication and community outreach, technical expertise, and issue management.

Tourism Development Vision:

The Port's actions will add jobs through economic growth in the tourism sector as well as related industries and businesses.

Tourism Development Mission:

We extend the economic impact of the Port's cruise and airport businesses by attracting international leisure visitors to Seattle and the region, extending the stay of cruise passengers, and encouraging a welcoming environment for all visitors.

Tourism Development 2015 – 2017 Strategy:

Leverage tourism industry relationships to achieve increased economic impact to the region.

Background

The Port

The Port's international tourism promotion program began about 30 years ago. The program has grown and now supports tourism promotion in 5 key direct-flight overseas markets: Japan, China, the UK, France and Germany. The program is operated in partnership with Washington Tourism Alliance and Visit Seattle (formerly Seattle's Convention and Visitors Bureau). The partnership jointly contracts with international public relations firms to represent Seattle and the state in their respective markets, by promoting our destination through relationships and special promotions with traditional and online tourism industry businesses and travel trade, consumer and social media. Annual joint funding for these 5 overseas contracts is in the range of \$600,000, and this number has remained relatively static for the past 10 years, except for an increase two years ago at the Port to begin work on the 'cruise plus' program.

The Port has the power to “expend moneys and conduct promotion of resources and facilities in the district or general area by advertising, publicizing, or otherwise distributing information to attract visitors and encourage tourist expansion”, per RCW 53.08.255.

Through the course of operating the tourism development program, the partnership makes numerous contacts throughout the state with lodging, food service, and attractions businesses as well as local Destination Marketing Organizations (DMOs). These entities provide hosted or discounted rooms, meals and admittance to attractions for visiting tour operators and media, and are important partners in the program. We capture and report on this 'in-kind' support; the metric is an indicator of the tourism sector's support and success across the state, and it has grown every year. In 2013, this in-kind support was in excess of \$600,000, a record high.

Century Agenda

The overarching goal of the Port's 25-year strategy is to add 100,000 jobs through economic growth led by the Port of Seattle. One of the four strategies of the Century Agenda is to: **Advance this region as a leading tourism destination and business gateway.** Details of the Century Agenda include making Sea-Tac the West Coast “Gateway of Choice” for international travel, doubling the number of international flights and destinations, and doubling the economic value of cruise traffic to Washington State.

The linkage between the tourism development program and the port's Century Agenda is direct:

- The mission of the tourism development group is to extend the economic impact of the Port's cruise and airport businesses by attracting international leisure visitors to Seattle and

the region, extending the stay of cruise passengers, and encouraging a welcoming environment for all visitors.

- One job is created here at home for every 35 international visitors who visit the area, according to the US Travel Association.

The Port's Tourism program

In addition to our long-standing promotion of the region as a year-round leisure destination, we have begun to promote a “cruise-plus” program that encourages international cruise passengers to extend their stay in the area. International visitors are “valuable”, as they spend more time and more money on vacation than domestic travelers. These “long-haul” travelers typically have up to 3 weeks of vacation, and often visit multiple destinations in one trip. This focus is a successful niche for us, already generating multiple international media stories and earning a “Port of the Year” designation from a German cruise publication. Promotion partnerships with one cruise line (NCL) in Germany and the UK resulted in an increase of 26% and 40% bookings through Seattle, respectively.

Our area is featured in hundreds of individual tour products among our 5 target markets, and media coverage for 2013 was valued at more than \$27 million, a record year. (Media value is calculated by determining how much paid advertising would cost for the equivalent number of pages, inches or seconds/minutes in the same media.)

Economic Impact

Tourism is the state's fourth-largest export industry according to Gross Domestic Product (GDP) produced, following software, aerospace and agriculture and processed food. Visitors to Washington State in 2013 spent \$17.6 billion and generated \$1.13 billion in local and state tax revenues. Travel and tourism supported more than 155,000 jobs and generated earnings (payroll) in excess of \$5 billion in our state. International visitors represent 11% of the state's total visitors, and they account for almost 14% of all visitor spending in Washington. According to the US Travel Association, they spend an average of 5 times more than domestic travelers—which makes international a very lucrative market.

Industry organization and leadership

The State

The travel and tourism industry in the state has traditionally been disjointed, with large trade associations operating in silos and little collaboration with related groups. This lack of coordination is complicated by the fact that 80 percent of the tourism businesses in this state

qualify as small business, such as Bed & Breakfasts, “mom & pop” restaurants, gift shops and local attractions—which may not be members of the larger associations. In addition, most tourism-dependent cities and towns around the state have their own destination marketing organizations (DMOs), and there is a statewide DMO organization as well. By far the largest DMO in the state is Visit Seattle, with a multi-million dollar budget and a large and influential membership.

With the 2011 closure of the State Tourism Office, Washington Tourism Alliance was born. The Port of Seattle was one of the 5 founding members of the WTA, which also included representatives from lodging, restaurants, attractions and DMOs. WTA was designed to serve as an interim organization to maintain the state tourism assets and to develop and implement a sustainable, long-term funding model.

The Port retained a seat on the full board, and the Port Commission voted in 2011 to award the organization \$155,000 from proceeds of the Industrial Development Corporation as a catalyst for other businesses and governments and as a way to help keep up the momentum in promoting the state to tourists. This funding was matched by partnerships and contributions. The Port Commission sponsored another \$50,000 in 2012 and the same amount in 2013. Boeing matched this grant. Seven ports and 14 cities are members of the WTA, recognizing tourism’s essential role in economic development in their communities.

The WTA was successful in having a study plan approved by the state legislature in 2014. Port of Seattle Commissioner John Creighton testified in support of the bill, and other ports sent messages in support. The study directs state agencies to work with WTA to develop a funding and collection plan for 5 tourism sectors by December 1, 2014. Enabling legislation will follow in 2015. The initial funding goal is \$7.5 million, which the plan said would be raised from industry sector participants in roughly this proportion: Lodging, 32%; Food service, 28%; Attractions, 13%; Retail, 19%, and Transportation, 8%. This funding plan is under study now, and may be changed for the final legislation. It is anticipated that for the first year at this level of funding, the statewide organization will develop a state tourism brand and begin marketing to selected domestic and international markets.

On a parallel course, the Port of Seattle and the Port of Walla Walla convened a “Tourism Ports Task Force” in 2013, in order to discuss ports’ potential role in statewide tourism promotion. The Task Force has concluded that Tourism Ports should contribute to the WTA once the enabling legislation is in place. The ports’ contribution would be incremental to the WTA’s legislated collection and would potentially other sectors would also contribute, such as tribes, wineries, etc. Work continues on the tourism ports’ funding strategy in advance of the 2015 legislative session.

Seattle

Commissioner John Creighton serves on the advisory board of Visit Seattle, and Jane Kilburn sits on the Visit Seattle board itself. This organization developed the Seattle Tourism Improvement Area (TIA) in downtown Seattle. An initiative sponsored by the Seattle City Council, it is designed to increase tourism to Seattle by advertising and promoting the city as a premier vacation destination in external markets. The initiative allows a \$2 per room per night

surcharge to guests in certain-sized hotels in the greater downtown area. The organization also has taken on the production of Taste Washington, an annual wine-tasting event, formerly produced by the Washington State Wine Commission. In addition, Visit Seattle works to attract conventions and meetings business to the city.

Collaboration and partnership

The Port of Seattle's tourism goal is to attract visitors to the area from targeted international markets where we have direct air service, for general tourism and for extended stays before or after Alaska cruises. We also have begun to research the international meetings/incentives market, especially as regards our international conference center and cruise. Collaboration and partnerships play a central role in our success, both at home and abroad.

A cornerstone of the program is inviting and hosting tour operators and social media mavens to the area to experience and promote what Seattle and Washington State have to offer their clients or followers. Another cornerstone is inviting and hosting travel trade and consumer media to the area in order to build visibility of our destination and set the stage for vacation destination "buys." Another element is targeted co-operative promotions with tour operators and other businesses, limited advertising and social media promotions in our targeted countries.

Across all international markets we engage in-country contractors as key partners, as they know the industry landscape and have the important relationships in their markets. They serve as advisors and collaborators, and are tireless promoters of the region. They identify other potential partners on an ad-hoc basis where we have the funding to participate in a co-operative promotion (i.e. with the media, an airline, a tour operator or a consumer business).

Regarding the international tourism partnership, each of two partners (The Port and Visit Seattle) pays an equal share of the retainer and related fees and expenses associated with tourism promotion representatives in overseas markets. In the whole, each of the two partners is an equal financial contributor. In 2014, the Port Commission approved a new approach: The Port's share is paid through WTA, thereby including WTA in the partnership—and leveraging state matching funds to be used to benefit the international tourism partnership.

It has been very important to show continuity and commitment in the international markets, regardless of our state funding issues. Now, with the WTA entering the partnership, there is potential to enhance programs in the target markets, and to envision a new paradigm for the future.

The strengths of the partnership lie in its longevity and consistency in our target markets, the relationships that have been built and maintained both abroad and here at home, and the expertise of the staff. Seattle and the state are relatively well known in the UK, Japan and Germany—three of the top and longest-standing markets into the state—and we are gaining traction in France (a relatively new market) and in the growing market of China.

The partnership is constrained from growing market share in existing markets and from expanding into new markets largely by budget. Other cities and states spend many multiple times the amount we do in international markets, Washington State is losing market share, and the competition is growing every year. Most of the threats to the partnership's success are competitive in nature. Oregon is well-funded, even though Portland does not have the rich international air service that Sea-Tac does. New York, California, Las Vegas, and East Coast destinations spend millions in international markets and attract the lion's share of the first-time visitors to the US. Our destination is a second or third visit for most international visitors, so we scale our promotions to recognize that fact, and yet our budget is very modest.

An optimistic expectation is that WTA will receive funding beginning mid-2015, and at that time it will make sense for the Port to establish a direct partnership with WTA to maintain focus on promoting the entire state to international markets and leveraging the benefits of the gateway across the state. Visit Seattle has grown to the point that it operates independently, as many city Destination Marketing Organizations do in California, for example. The port's interest as the gateway to the region aligns well with the WTA's broader focus across the state.

Key Strategies:

1. *Advance Seattle and Washington State as a desirable tourism destination in targeted international markets with direct air service to Sea-Tac.*
2. *Increase the economic impact of the cruise business.*
3. *Maintain the Port's strong leadership role in the travel and tourism industry in the region.*

1. *Advance Seattle and Washington State as a desirable tourism destination in targeted international markets with direct air service to Sea-Tac.*

Objective	Action	Measurement
Leverage tourism partnership with WTA	<p>Strengthen and clarify relationship, activities and funding through renegotiation of the Joint Marketing Agreement</p> <p>Contract with international firms to represent the partnership</p> <p>Develop, with partner and international rep agencies, targeted and specific plans for each market, with themes, goals, messages, activities and measurement</p>	<p>Renegotiated agreement and functioning partnership.</p> <p>Contracts signed and scope of work agreed upon.</p> <p>Goals met, measurement achieved</p>
Solidify relationships in Seattle and across the state	Conduct regular outreach to tourism entities across the state and engage them in international tourism activities	Increased participation in familiarization opportunities and in-market missions overseas

<p>Enhance presence in international markets</p>	<p>Conduct private/public sales and informational mission to the UK, commemorating 30 years and adding value to delegation participants</p> <p>Conduct focused outreach with existing market representatives to key media and tour industry, including participation in promotions and tour product catalogs</p> <p>Develop promotional initiatives in target markets, leveraging Brand USA when possible, budget allowing</p> <p>Develop travel trade show participation program and materials</p> <p>Based on research, add new markets and additional support for new direct air service (i.e. additional city in existing market or new country)</p>	<p>Participation by key partners and bookings/relationships developed as a result</p> <p>Increase in media coverage and tour product by 8%</p> <p>Quantify click-through, product sold (based on Brand USA outcomes)</p> <p>Successful trade presence with statewide partners; leads developed</p> <p>Addition of tour product and media launch</p>
<p>Support national tourism leaders in advancing issues to encourage tourism</p>	<p>Keep current on tourism issues (i.e. Visa reform)through federal legislative program and endorse action as appropriate</p>	<p>Regular information shared within the port and tourism community; action as appropriate</p>

2. Increase the economic impact of the cruise business.

Objective	Action	Measurement
Raise visibility of the destination as an add-on to a cruise for international markets	Organize and conduct familiarization trips for cruise tour operators, travel agents and cruise media from targeted international markets, offering visits to our terminal, aboard cruise ships and options for pre- or post- fam trips in Seattle and the state	Participation by tour operators; increase in “cruise plus” products developed and sold by tour companies and cruise lines and trade media coverage
Research cruise ‘plus’ opportunities for Japan, Hong Kong markets	Work with Japanese representative, tour operators and local partners to familiarize them with the opportunity to expand their offerings in Seattle and around the state, especially as tied to cruising, and leveraging Brand USA campaign; research Hong Kong potential	Improved Seattle and Washington tour products, media coverage, more bookings
Engage business and tourism communities in cruise opportunities	In partnership with Seaport and PA Outreach team, organize and conduct Cruise Workshop/Trade Show to provide information on how to do business with the cruise industry, how to partner with them on pre and post itineraries, etc., budget allowing	Participation by business and tourism communities; reported increase in local/regional business

3. Maintain the Port's strong leadership role in the travel and tourism industry in the region.

Objective	Action	Measurement
Position POS as strong supporter of statewide tourism program	<p>Maintain leadership on Washington Tourism Alliance board and key committees; participate in related organization tourism board activities</p> <p>Actively support and advocate for long-term funding for statewide tourism, aligning with other ports and business interests in designing statewide tourism ports' contributions; provide appropriate funding per tourism ports</p>	<p>POS interests represented and input into strategies</p> <p>POS is member of coalition to pass appropriate legislation; recognition as key contributor and advocate for tourism ports</p>
Ensure adequate funding for international tourism program	Develop international tourism promotion budget that reflects and leverages partnership interests in overseas markets and takes into account exchange rates	Approved budget is appropriate to the leadership role and scale of the program
Develop and administer grant program	Provide grant funding to port and community applicants whose projects have a connection to POS facilities and resources, or that would promote statewide tourism development, legal review and budget allowing	Grants successfully administered and outcomes measured per each

Key opportunities:

- Should the Port of Seattle participate in Tourism Ports funding of Washington Tourism Alliance?
- Should the Port of Seattle enhance its statewide international tourism promotion program to further the Century Agenda?
- Should the Port of Seattle establish and administer a grant program whereby ports or communities can apply for funding for programs and projects that benefit the Port of Seattle's facilities or operations?

<u>Tourism Budget variables</u>			
<i>Budget items</i>	<i>2014</i>	<i>2015 prop.</i>	<i>Difference</i>
International contracts	343,764	600,764	257,000
Promotional hosting	55,000	75,000	20,000
Advertising	25,000	35,000	10,000
Marketing materials	10,000	60,000	50,000
Cruise workshop(potential new item)	----	10,000	10,000
Grant program (potential new item)	----	50,000	50,000
WTA Port funding program (potential new item)	----	TBD	TBD
<u>Total</u>	<u>433,764</u>	<u>830,764</u>	<u>397,000</u>