



**COMMISSION
AGENDA MEMORANDUM**

Item No.

11a

BRIEFING ITEM

Date of Meeting

January 23, 2024

DATE: January 2, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Dave McFadden, Managing Director, Economic Development
Nick Leonti, Director, Tourism Development

SUBJECT: Tourism Development Briefing

EXECUTIVE SUMMARY

This briefing will provide an overview of Tourism’s efforts in 2023 and provide insight on what is to come in 2024. Over the past year the tourism team has been transformed with new personnel, strengthened international marketing partnerships, and furthered its leadership in responsible tourism. All of these efforts are designed to help SEA Airport, cruise terminals and other Port facilities drive visitor-spending throughout the region.

With a director in their first full year and a new tourism development manager who joined late in the year, 2023 was a year to assess what has been done in the past and strategize for the future.

The Port plays an important leadership role in Washington’s tourism economy by acting as a trusted strategic and financial partner for the entire region. With one of the lowest-funded state offices of tourism and many smaller DMOs, the Port is able to do what Washington’s tourism industry cannot always do for itself: Represent the region on a global scale and leverage its position to keep Seattle and Washington top-of-mind throughout the travel trade.

International markets continue to be a priority for the Port and its key partners: State of Washington Tourism (SWT) and Visit Seattle. A two-year, \$800,000 marketing agreement with SWT allowed the Port to re-establish itself in key markets such as the United Kingdom/Ireland, Germany, Australia, Japan and South Korea. 2024 will bring further expansion into France/Benelux, the Nordics and more.

The Port also played a lead role in hosting familiarization tours and media visits in 2023 – hosting over 100 members of the global travel industry. These visits give attendees firsthand experience in the destination and allow them to share the Port’s story with the world in a way that other marketing efforts do not.

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The tourism department also took a leadership role in the world of responsible travel and destination stewardship in 2023 by producing a well-received Responsible Travel Handbook and furthering the Port's sustainability, and DEI priorities through its tourism grant programs.

Heading into 2024 with the new Port tourism team fully intact, healthy partnerships with SWT and Visit Seattle, and a full slate of activated international markets, the tourism department is in prime position to enhance and expand its global impact in the year ahead.

Tourism Stats & Trends

Post-pandemic recovery continues to be uneven, but Washington is inching towards surpassing 2019 numbers across the board.

The 2023 cruise season saw 1.7 million revenue passengers come through Seattle, the biggest year ever. However, according to the recent passenger survey conducted this summer, more of those passengers were from the local area and average length of hotel stay for cruise passengers was down.

According to research provided by the US Travel Association, Washington is slightly behind the US average in overseas arrivals and travel spending. While travel spending in Washington has reached pre-pandemic levels, international passengers are only at 74% of 2019 numbers. This is largely due to slow recovery in Asian markets as Europe and Australia have recouped over 90% of their pre-pandemic passenger counts.

The Tourism Development department is constantly monitoring industry trends to help create strategies to benefit our region. Heading into 2024, sources such as the US Travel Association, Skift and Booking.com confirm some trends to watch for the upcoming year:

- Strong international demand for travel to the US
- Slow, but steady recovery for business travel, plus increase in “bleisure” travel
- Travelers leaning on AI more for recommendations and itineraries
- Traveler motivations include: Budget, eco-friendly options, authenticity, connection with locals, sustainability, “less touristy” spots
- Change in travel patterns and bookings as travelers search for “affordable luxury”

International Tourism Marketing

International markets continue to be a top priority for the tourism development department. These visitors tend to stay longer and spend more while visiting both urban and rural destinations. It is the Port's goal to grow markets that share Washington's passion for responsible travel, sustainability and authentic tourism experiences.

In partnership with State of Washington Tourism (SWT), the Port has full-time, in-market agency representation in the UK/Ireland, Germany and Australia, but also has agencies for project work in Japan, South Korea, France, Benelux and the Nordics. Through constant customer contact, marketing campaigns and industry events, these agencies help keep Seattle/Washington at the

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top-of-mind for the industry as well as consumers and share our international marketing priorities including:

- Positioning SEA Airport as a premier US gateway
- “Cruise & Stay” marketing that encourages adding more night pre/post cruise
- Showcasing our region’s arts, culture, food, wine and more

The Port updated its list of annual trade shows to ensure the team is making the best use of its efforts. IPW, ITB and Brand USA’s Travel Week continue to be the largest shows that allow our team to share our region’s story with the world. These trade shows provide a platform to directly engage with key travel producers on a one-on-one basis.

Tourism development efforts in 2023 included sales staff trainings, marketing campaigns, content creation, newsletters, one-on-one meetings, sales calls, industry events and, of course, familiarization tours and media hosting. Cultivating long-term relationships across the industry is vital to building sustained positive growth for Washington’s tourism industry.

While European markets are nearly back to 2019 levels, Asian markets are lagging behind. The tourism team attended the Active America China show in 2023 and conducted sales calls to the offices of receptive operators working with Japan and South Korea. In partnership with SWT, the Port is monitoring these markets and acting strategically as the market suggests. Business travel is leading the comeback, but leisure travel is significantly behind. Visa wait times, hesitancy to travel, and unfavorable exchange rates continue to hamper a full comeback in many markets.

Fam tours hosted in 2023 included groups from Princess Cruises, Australian product managers, the Brand USA German fam, trade show post-fams, and more. Media hosting including top writers and content creators from around the globe resulting in earned media around cruise, food, music, outdoor recreation, art and more.

Responsible Travel

Responsible travel – which encompasses destination stewardship and eco-tourism in addition to diversity, equity and inclusion principles – was a main driver for everything the department did this year.

The creation of the Responsible Travel Handbook positioned the Port as an industry leader on the topic. Created along with industry leaders, The Travel Foundation and Tourism Cares, the 90+ page handbook acts as a resource for DMOs and other tourism-related businesses to build a welcoming and inclusive destination for all visitors while also protecting Washington’s diverse tourism resources. The goal is to make tourism a positive force that works for all Washingtonians.

The handbook, which was created with input from DMOs, attractions, outdoor recreation specialists, tribes, non-profits, cultural groups and more, will be a cornerstone of the Port’s messaging in 2024 and incorporated into education and strategy with local partners across the

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state. Tourism grant applicants are encouraged to use themes from the handbook to guide their marketing project proposals.

Tourism Grant Programs

Tourism grant programs continued to support local partners and help drive out-of-state visitation.

The airport “Spotlight” advertising program provided free airport ad space for over 80 tourism partners while the Tourism Marketing Support Program (i.e., tourism grants) provided over \$180,000 in funding for local marketing projects aimed at driving out-of-state visitation.

The TMSP will be revamped in 2024 to further support responsible tourism principles. Throughout the past year, the tourism team had discussions with current, former and potential grant recipients to gain knowledge of how the program could better support the cause. Those discussions revealed a need for greater funding, a new timeline for applications and execution of plans, and a revamping of how the applications are evaluated.

The main goal of the program remains unchanged: To drive visitor-related spending to the region through the use of Port facilities. Proposed changes include:

- Increasing the maximum award for grants to \$20k and creating a second tier of grants at \$10k
- Secondary tiered grant program to provide greater access for smaller, cultural organizations
- Providing additional time to application window to encourage organizations to apply
- Converting to a two-year grant program
- Moving and expanding the window of time to execute projects to encourage visitation during shoulder seasons and other need periods
- Modifying the evaluation process to further emphasize diversity, equity and inclusion and other Port priorities
- Increasing outreach to encourage applications, cultivate inclusion and provide support throughout
- Conducting at least 3 educational webinars to help guide the process
- Encouraging use of the Responsible Travel Handbook for inspiration

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The full proposed modifications to the program will be presented at a future commission meeting for approval.

2024 TOURISM PRIORITIES

Leverage relationships with SWT and Visit Seattle to maximize ROI in global markets

The cooperation and partnership with State of Washington Tourism and Visit Seattle has never been stronger. 2024 will be our first full year having a shared vision for our cross-organizational international marketing strategies. This will allow us to expand and enhance our reach like never before and strengthen the Seattle/Washington brand globally.

International visitors are key to generating positive economic impacts of tourism. In conjunction with Visit Seattle and SWT, we are strategizing markets to focus on in 2024. We research and analyze each market for travel-readiness, disposable income, travel interests, non-stop flights and more. We are always seeking out visitors who share Washington's priorities of responsible travel and generate maximum economic impact for our region. In addition to strengthening our presence in the UK, Germany, Australia, and Japan/South Korea we will explore efforts in partnership with SWT and Visit Seattle in markets such as France/Benelux, Scandinavia and India.

Prioritize responsible, sustainable and equitable tourism with special emphasis on the Tourism Marketing Support Program

As we focus more on responsible tourism and its pillars of inclusion, sustainability and respect for the environment, the tourism department is finding ways to make a positive impact. On the marketing side, that means working with the travel trade to engage, educate and attract visitors who share the same values. We have also put extra emphasis on using tourism grant programs to support local partners who have embraced responsible practices and the new Responsible Travel Handbook. Bringing the positive impact of tourism to all our region's communities in an equitable fashion including Native American and other traditionally under-represented partners is always top-of-mind.

Explore Domestic Markets

While the main focus of the department will continue to be key international markets, we will explore more domestic opportunities in 2024 as well. This means interacting more with US-based travel producers through organizations such as the US Tour Operators Association (USTOA) and potentially conducting trainings and marketing events for travel trade and travel media in major markets like California, Texas, Colorado, Illinois and New York.

Foundational Support Improvement

In order to better serve our customers, we will develop a new industry-facing webpage to complement the partner-facing page the department already has. The new page will host newsletters, royalty-free photos, sample itineraries, "cruise & stay" messaging and more.

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We will also employ new client relationship management (CRM) software to better manage and track our tourism development efforts including sales calls, trade shows, media requests, fam trips, and more.

Both of these foundational support improvements will help our department better serve our customers and improve our efficiency.

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 24, 2023 – 2023 Tourism Marketing Support Program authorization

January 10, 2023 – Tourism Development Briefing

January 4, 2022 – Tourism Development Briefing

February 23, 2021 – Washington Tourism Alliance briefing to Port Commissioners

December 15, 2020 – Commissioners authorized the Executive Director to approve execution of all contract agreements for the 2021 Tourism Marketing Support Program

July 28, 2020 – The Commission authorized the Executive Director to execute a \$1.5 million joint marketing agreement with Washington Tourism Alliance (WTA) to promote tourism recovery