



**COMMISSION
AGENDA MEMORANDUM**

Item No. 10c

ACTION ITEM

Date of Meeting March 22, 2022

DATE: January 28, 2022

TO: Stephen P. Metruck, Executive Director

FROM: Dave McFadden, Managing Director, Economic Development
Patti Denny, Interim Director, Tourism Development

SUBJECT: International Tourism Marketing Contracts

Amount of this request: \$555,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute contracts to promote international travel through SEA, Cruise oriented travel options and Washington state's tourism opportunities in the UK and Europe as a one-year contract for \$185,000 with two additional one-year options at the rate of \$185,000 per year for a total not to exceed \$555,000.

EXECUTIVE SUMMARY

PORT OF SEATTLE INTERNATIONAL MARKETING FOCUS

The Port of Seattle's Tourism Development Office takes a global approach to tourism marketing with a consistent message to promote:

- SEA as the preferred gateway for the Pacific Northwest, Western Canada, and Western USA
- Seattle as the cruise gateway of choice for Alaska (45% of current market share)
- Seattle and Washington state as unique and exciting pre/post cruise and fly/drive destinations

International trade shows are an efficient and cost-effective way to meet global leisure buyers (tour operators and travel agents) and media. To ensure high visibility and to provide statewide tourism information, we invite Washington destination management organizations (DMOs) to join us in Port sponsored booths to promote cruise/stay and fly/drive itineraries. Over the years, we have been joined by Visit Bellingham, Long Beach Peninsula Visitors Bureau, the Cascade Loop Association, Seattle Southside Regional Tourism Authority, Visit Seattle, Visit Walla Walla and

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others for the trade shows, World Travel Market, and ITB-Berlin, and for participation in Go West Summit familiarization tours.

Our Port booth at the U.S. Travel Association’s annual IPW trade show which brings the world to America, enables us to network with international buyers from 70 countries that have been ‘qualified’ to attend by in-market Visit USA Committees. Via scheduled appointments the Port meets with USA specialists from Europe, Asia, Africa, Australia, North America, and South America. Meeting results have provided Tourism with the opportunities to develop a cruise/stay training webinar for Indian cruise specialists, co-op collateral with Holland America Line to promote Seattle city stays in Korea, and Washington itineraries for tour operators that work with Singapore Airlines.

For in-depth efforts, Tourism focuses on countries which provide direct service into the Seattle-Tacoma International Airport (SEA) and/or provide exceptional potential for cruise customers.

Another focus would be countries with the highest propensity of foreign independent travelers (FIT) versus groups. (Much of Washington does not have infrastructure for large groups.) FITs are more likely to travel to explore local cultures and the great outdoors. They also tend to stay longer and spend more throughout state – contributing to economic development opportunities for rural areas and small businesses - not just urban centers. The UK and Germany are strong FIT markets.

INTERNATIONAL MARKETING PARTNERS

Washington state’s international marketing efforts were initially instigated to support long-haul flights from Japan and the UK. The Port established UK representation in 1984. The UK office provided opportunities such as trade show participation, familiarization tours, magazine supplements, and tour operator campaigns and the Port invited the Seattle CVB and Washington State Tourism to join. During this period, Seattle nor the state even participated in U.S. Travel’s IPW due to budget constraints.

Overtime, budgets improved, and the state established representation in Germany and the Seattle CVB established offices in Japan, China, and France. At one time, mid to late 80s, a partnership was created with the state of Oregon to market the destinations as America’s New West Coast Playground. Communication, teamwork, and common goals made the programs work.

As Washington’s international market share grew; the state’s tourism office closed; the Seattle CVB became Visit Seattle with available marketing dollars; and the Port became more strategic on conducting Business to Business (B2B) programs in markets with cruise/stay potential.

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Today, the Port maintains full-time representation programs in the UK/Ireland, Germany/Mainland Europe, and Australia/New Zealand and concentrating on B2B programs. Currently, Visit Seattle's efforts are more Business to Consumer (B2C) driven working with UK and German reps on a project-by-project basis. These B2B and B2C efforts are complementary. Our partnerships will be critical as we rebuild, improve, and grow international visitation.

State of Washington Tourism (SWT) is just launching their new brand into the global arena, working closely with the Port. Together, SWT and the Port are conducting a 2022 in-person UK Sales Mission and a virtual German Sales Mission.

Additional international relationships important to the Port include the partnerships built with airlines serving Seattle and cruise lines calling Seattle Homeport. With the contacts, the knowledge, and the experience, the Port will continue to be a leader in international tourism - strategically focused on bringing tourism to all corners of Washington via cruise/stay and fly/drive itinerary development.

Tourism will take advantage of future international opportunities presented by the U.S. Travel Association, Brand USA, SWT, DMOs and travel trade partners - cruise lines, airlines, tour operators, and the media - for such projects as familiarization tours, trade shows, sales missions, marketing campaigns and press releases, newsletters, and targeted trade campaigns. In 2019, DMOs provided \$250,000 in-kind contributions (lodging, attractions, and experiences) towards the operation of Port familiarization tours.

UK AND GERMAN-SPEAKING MARKET REPRESENTATION - ACTION REQUEST

Tourism targets the UK and German as they maintain multiple direct air service options into SEA and are countries with high levels of cruising enthusiasts. UK/Ireland is Seattle's largest long-haul market with direct air service via American Airlines, British Airways, Virgin Atlantic, Delta Air Lines and Aer Lingus and one-stop connections via United and Icelandair.

Where most of SEA's global business is stronger for outbound traffic, *the UK is unique with an inbound/outbound split of 50:50.*

For Germany, there is direct air service into SEA via Lufthansa and Condor (Alaska Airlines partner) with easy connections via Delta from Amsterdam and Icelandair via Reykjavik. Historically, Germany has been a strong market for the Pacific Northwest with tour operator demand for authentic experiences, outdoors activities, and wide-open spaces aligning with our unique fly and drive opportunities.

Concentrating on these markets with multiple nonstops, Tourism is supporting the Port's commitment to international aviation growth - SEA's new International Arrivals Facility.

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In 2019, the Port welcomed 1.2M cruise passengers - 10% were international visitors. These international passengers are high value in that with their long-haul travels, they can devote more time in-destination, conceivably visiting more of Washington state. European visitors spend more than domestic travelers (according to U.S. Travel Association up to four times as much). Again, Tourism works B2B to encourage travelers to not only cruise from Seattle but also to stay before or after their cruise.

2M Brits cruised in 2019 making it the largest overseas source of cruise passengers outside the USA. Via our UK Cruise Line Industry Association relationship, we have contact with 8,000 British cruise influencers. In 2021, POS/Tourism received World of Cruises' UK Waves Award as 'Highly Recommended Destination' by a jury of peers – key trade and media influencers.

There were 2.4M German cruise passengers worldwide in 2019. It is a rapidly growing source market for pre and post cruise vacations and a strong partnership in Germany exists between POS and NCL (NCL will have four ships sailing from Seattle to Alaska in 2022) for trainings and promotions.

JUSTIFICATION

As we are progressing through the pandemic, the international travel marketplace is proving to be even more competitive than it was previously. Traditional company structures have changed as well as key personnel within those companies. Destinations that are aware and fully utilize their knowledge of the intricate travel distribution network will be the ones with the competitive advantage.

The Association of British Travel Agents (ABTA) and the German Travel Association (DRV) state the majority of travelers utilize the services of a tour operator/travel agent. The Port's targeted B2B focus will allow Seattle and Washington state to be at the forefront of tourism development as we work with the travel channels – receptive operators, tour operators, travel agents, airlines, cruise lines – to ensure ready-to-book Pacific Northwest holidays can be actively promoted and sold.

The 'staying relevant despite the pandemic' matched by adaption, innovation, and the ability to bounce back have been keys to the Port's international success. It is important to note, that Tourism provides the content to our international representatives for training programs, press releases, newsletters, and itineraries.

We know that there has been a change in the profile of visitors to the USA from our key country markets. Prospective visitors have shifted their preference to itineraries that feature smaller, rural destinations and outdoor activities and experiences - that is, away from big cities.

The Port will continue to work through B2B channels to educate the trade so that they can inform their customers about new places to visit, new times to visit, and local practices. Where last year, we called an itinerary, the Ultimate Pacific Northwest Road Trip, we might transition to the Fabulous Green Washington Road Trip.

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The purpose of our RFP is to contract with a qualified agency to represent POS in UK/Ireland and German/Mainland Europe with a B2B focus for sales, marketing, and public relations.

This contract request is in alignment with Century Agenda Strategy:

- Advance this region as a leading tourism destination and business gateway
- Make SEA the west coast “Gateway of Choice” for international travel
- Double the number of international flights and destinations
- Double the economic value of cruise traffic to Washington state

Tourism works closely with Cruise Maritime in a very collaborative and cooperative fashion. We will continue to do so in both international and domestic travel trade arenas. Tourism’s focus is directed toward positively influencing consumers via the travel trade and travel media, while Cruise Maritime concentrates on impacting the cruise industry and deployment. Even though our missions are different, they converge. Collaboration is paramount.

Specific examples of past and continued cooperative efforts include the following:

- Florida SeaTrade Conference
- Participation in Cruise 360, a domestic travel trade show
- Participation in SeaTrade Europe
- China Cruise and Stay Sales Mission with Holland America
- Collaboration on the development of a WeChat platform with a cruise component
- Joint development and implementation of cruise visitor research surveys
- Cruise Connections participation by Tourism
- NCL inaugural activities including hosting NCL staff, travel trade and travel media
- Weekly meetings geared to share information, ensure collaboration and alignment

SCOPE OF WORK

Conduct press travel and trade services, including, but not limited to the following:

- (1) In consultation with the Port of Seattle, develop and supervise a comprehensive travel trade and media strategic marketing plan for the UK/Ireland, and Mainland Europe. The plan should include bi-monthly progress reporting to provide high-level market updates, media and trade familiarization tour information, promotion reviews and valued press clippings.

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- (2) Use UK CLIA Associate Partnership to positively impact CLIA travel influencers/agents to increase Alaska cruise traffic and pre/post travel in Washington state. Participate in specific CLIA-related programs that may include UK CLIA Annual Conference, enhancement of the Port's online training program and use of UK CLIA webinars, podcasts, newsletters, e-blasts, and other targeted communication activities.
- (3) Investigate Europe CLIA opportunities including participation in cruise trade shows, media events, travel agent training programs and webinars.
- (4) Represent the Port at Visit USA Association meetings as well as other pre-approved media/travel trade cruise related functions.
- (5) Develop a schedule for CLIA UK, CLIA Europe, Visit USA Committee and travel trade/media activities for which you would represent POS.
- (6) Work with POS to develop themes for new itineraries which could be pitched to receptive tour operators for packaging and then promoted to travel industry and media.
- (7) Distribution of newsletters (content to be provided by POS) reflecting itinerary themes and new destination developments to travel trade and media. Identify metrics that will be employed to illustrate effectiveness of newsletters.
- (8) Summarize your trade database with POS (understanding GDPR restrictions) to highlight your cruise, USA specialists, and leisure travel contacts. Identify a list of 15 key travel trade targets to consider in 2022 for campaigns including their preferred receptive tour operator.
- (9) Organize travel trade familiarization trips.
- (10) Public relations efforts to include the identification of potential story angles (content to be provided by POS) for broadcast, print or digital release.
- (11) Summarize your press database with POS (understanding GDPR restrictions) to highlight your contacts in the world of cruise, aviation, outdoor recreation, and USA specialists. Identify a top list of 15 media to target for special attention in 2022.
- (12) Organize media familiarization trips.
- (13) Investigate co-op multi-platform marketing strategies with cruise influencers with measurable return on investment. (Separate funding can be considered.)
- (14) Assist POS with securing appointments for the Go West Summit and IPW, U.S. Travel Association's premier travel trade event. Offer the possibility of POS add-on activities during State of Washington Tourism sales missions, World Travel Market and ITB participation.

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- (15) POS maintains the UK website, www.SeattleCruiseAlaska.co.uk. This site provides us with the opportunity to share information on cruising, SEA, itineraries, and Tool Kit, as well as storing newsletter/press releases. The site is older and technical improvements could be made. Evaluate current websites and suggest upgrade and improvements including cost.
- (16) Maintain the excellent UK and European airline and cruise line relationships the Port has built to secure support for media and trade familiarization tours to promote Alaska cruising and Pacific Northwest tourism development. Work with key partners to leverage budget - cruise lines, tour operators and media.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not propose an agreement for UK/Europe representation

Cost Implications: \$555,000 total for three years

Pros:

- (1) Reduces specific budget request by up to \$185,000 a year, which could be used for other types of tourism promotions.

Cons:

- (1) The Pacific Northwest and cruising from Seattle to Alaska are recognized as bucket-list holidays in the international marketplace. Not promoting cruising from Seattle and educating travel influencers about extending their stays in Seattle and Washington will do harm to the destination’s momentum and ability to increase the number and economic value of the international cruise travelers.
- (2) It would eliminate the possibility of leveraging the good will and successful promotions over the past few years and would erode support for the cruise / tour operators that currently sell the destination.
- (3) It would erode the Port’s leading role as a tourism advocate and economic asset for our region.
- (4) Promotions of SEA’s new International Arrivals Facilities would be limited.

This is not the recommended alternative.

Alternative 2 – Request authorization for a UK /Europe agreement for up to three years at an estimated cost not to exceed \$555,000.

Cost Implications: \$555,000 total for three years

Pros:

- (1) This new agreement will reinforce the Port of Seattle’s commitment to increasing the economic value and numbers of international cruise travelers experiencing Seattle and all of Washington state.

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- (2) This agreement will maintain and grow the momentum in these markets and provide funding for targeted promotions, medial familiarization projects and pro-active planning to grow international cruise visitor stays in Seattle and Washington.

Cons:

- (1) By not executing an agreement, the Port's leading role as a tourism advocate and economic asset for our region would be diminished and international cruise traffic from the UK and Europe would be negatively affected.

This is the recommended alternative.

POTENTIAL FOR WMBE / SMALL BUSINESS OPPORTUNITIES:

As part of the Port of Seattle's efforts to affirmatively expand its focus to increase WMBE participation on Port's contracts, staff will be reviewing the firms' affirmative efforts in their plan to achieve the Port's WMBE aspirational goals.

FINANCIAL IMPLICATIONS

The 2019 Economic Development operating budget includes \$185,000 for this purpose. The source of funds is the King County tax levy.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 22, 2019 – The Commission authorized the Executive Director to execute a UK/Europe representation one year contract for \$185,000 with two additional one-year options at the rate of \$185,000 per year for a total not-to-exceed \$555,000.

July 14, 2015 – The Commission authorized the Chief Executive Officer to execute a contract for tourism consulting services in the United Kingdom, for a cost not to exceed \$750,000 with contract duration of one year plus 2 one-year options.