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COMMISSION

AGENDA MEMORANDUM Item No. 11b

BRIEFING ITEM Date of Meeting January 10, 2023

DATE: December 10, 2022

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 2022 and provide insight on what is to come in 2023. The pandemic has changed the face of tourism and the Port's team is focused on continuing to rebuild in a smart, responsible and equitable fashion. As a primary gateway for international visitors and the gateway to Alaska cruising, tourism is a top export of King County and Washington State and a vital segment of the economy.

In 2022 the Port continued its partnership with State of Washington Tourism (SWT) to promote recovery. Having seen the benefits of the \$1.5 million dollar Port investment with SWT's recovery initiative, budget has been designated for 2023 to further strengthen that relationship.

The return of in-person events in 2022 and the lifting of international travel restrictions, helped bring a sense of normalcy and optimism to the industry. Trade shows, familiarization tours and press trips were all back on the table as international marketing resumed. For the Port, this meant re-committing to traditionally strong markets such as the United Kingdom and Germany while also seeking out new markets that can bring increased ROI.

The Port hosted international media, tour operators and more throughout 2022 and worked with local partners and cruise lines to keep Washington at top-of-mind in the travel trade.

2022 may have started with the baby steps of the industry's recovery, but in 2023 we are reaching our full stride. A full slate of industry trade shows and events present the Port's tourism team with the opportunity to power the state's full recovery to beyond 2019 levels.

The tourism industry has proven its resilience and is continuing to find new ways to build back stronger and smarter than before with an increased priority on sustainable, responsible and equitable strategies.

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TOURISM TRENDS

The tourism industry is experiencing uneven recovery out of the pandemic. Some destinations and attractions have already achieved or exceeded 2019 levels, while others lag behind. Bridging the gap between these destinations is a top priority.

2022 saw cruise eclipse pre-pandemic levels with 1.28 million revenue passengers. Overall passengers into SEA inched closer to 2019 levels with 48.9 million passengers passing through the gates.

International visitors who stay longer, spend more, visit urban and rural areas, and visit in offpeak times are returning and remain a focus for the tourism team. Asian markets continue to lag behind Europe and the UK.

Desire to travel is high and international flights have recovered to over 60% nationwide, but the industry still faces major headwinds to full recovery due to consumer sentiment, economic factors and continued health concerns.

2022 Highlights

The return of in-person events brought a sense of normalcy to the tourism industry in 2023. The Port was able to resume trade shows, sales missions and other industry events. Lifting of international travel restrictions in late 2021 also enabled the Port to host familiarization tours and press trips once again in 2022.

The Port was able to host 26 familiarization tour attendees in 2022. The total cost to conduct the FAM efforts was \$65,223.36 with the Port's \$12,395.16 contribution leveraged by \$53,062.20 of in-kind support from Port partners to make the programs happen.

The Port had a strong market presence in the UK, Germany and Australia.

WHY UNITED KINGDOM:

- UK is the USA's biggest overseas market representing 8% of all inbound travel - 4.87M in 2019.
- The UK/Ireland is Seattle's largest long-haul market with direct air service via American Airlines, British Airways, Virgin Atlantic and Aer Lingus.
- 2M Brits cruised in 2019 and via our CLIA UK relationship, we target 8,000 cruise travel advisors

WHY AUSTRALIA:

- 35+million Australians cruised in 2019.
- Australia leads the established cruise markets in penetration rates - one in 17 Australians cruise.
- Australian holidays (19-21 days) provide plenty of time to explore the Pacific Northwest

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WHY GERMANY:

- Germany is the largest and wealthiest source market in Continental Europe.
- Number three in the world for tourism expenditures - USD \$93.2B. Total population of "only" 83M with 2M Germans traveling to the USA pre-pandemic.
- Direct air service into SEA via Lufthansa and Condor (Alaskan Airlines partner) plus easy connections via Delta and Icelandair.
- Rapidly growing source market for cruise vacations.
- Extremely strong partnership in Germany between Port and NCL for trainings and promotions.
- Germans as a rule have 30 days of paid vacation and enjoy 12 public holidays.

The Port hosted media and travel trade from the US and around the globe including Germany, Ireland, and the UK.

Earned Media Value by Market

UK

Distribution 3,115,183

Open rate for online 35% +

Earned Media Value \$265,864.00

NOTE: The UK program was only in operation for 7 months in 2022. Several of our published stories have not been included in the values as we are currently without a clipping service. Our partners CityPASS and Greenrubino have kindly assisted for this report.

NOTE: The UK London Sales Mission broadcast media interviews which included Skye News Radio, Share Radio, Talking Feature Network, and others, reached a total audience of more than 25 million.

Australia

Distribution 34,816,538

Open rate for online 30%

Earned Media Value \$985,655.00

NOTE: The Australian program was in operation for 6 months in 2022. For 2022, the Linkd team provided more than 80 published pieces on behalf of POS efforts.

Germany

Distribution 3,287,670

Open rate for online 30%

Earned Media Value \$95,498.00

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Cellet Travel Solutions was contracted by the Port to be its official in-market representation in the United Kingdom and Ireland. With its many options of non-stop flights, The UK is the top international market for Washington and having Cellet on the ground in-market will be key to our success. Through the agreement with Cellet, the Port also gains representation in Germany through GetItAcross Marketing.

The tourism department designed and coordinated a London Sales Mission including State of Washington Tourism, the Port of Seattle, and Visit Seattle representatives, from March 28-April 1, 2022. The delegation hosted events for more than 150 tour operators and media, as well as a

schedule of sales calls throughout the city. Broadcast media interviews included Skye News Radio, Share Radio, Talking Feature Network, and others, with a total audience of more than 25 million. The Port remains a strong member of CLIA – the Cruise Lines International Association – to work directly with the cruise industry in our global markets. Cellet also maintains our CLIA presence in the UK.

The Port worked with tour operators on campaigns to promote Seattle as the Gateway to Alaska, “Cruise & Stay” messaging and a top destination for responsible outdoor tourism.

The Port worked with international cruise line offices on campaigns to promote Seattle as the Gateway to Alaska. Confirmed projects included NCL German Road Show plus tour operator promotions with Barrhead Travel Service, Gold Medal's Cruise Plus, Tour America, Travepack, Iglu, CANUSA, Cruise 118, American Holidays, and Flight Centre.

The Port attended key trade shows in-person for the first time since 2019 including IPW, the largest international travel show in the US and Brand USA Travel Week in Frankfurt, Germany. Our team met face-to-face with over 100 tour operators and travel media over the course of the year.

The Tourism Recovery Initiative with SWT concluded midway through 2022 and resulted in many successes as presented to the commission last summer. Memo from 7/8/2022 meeting covers these efforts in-depth.

The Tourism Marketing Support Program provided matching funds of \$5-10k to 25 local tourism partners with projects focused on attracting visitors from out-of-state markets. The 2022 TMSP resulting actual Port expenditure is \$183,018.47 with an actual match fund amount of \$127,434.46 for a grand total of \$310,452.93. Further, \$79,000 will be supporting equity and cultural tourism values and \$121,000 will support ecotourism and responsible travel. Marketing efforts will include media visits, online digital campaigns, events/cultural attractions, trade shows, and collateral and video production. See appendix for full list of 2022 awardees.

The Spotlight advertising program provided free ad-space at SEA for over 50 different local partners. The total value of these ads is over \$200k.

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The tourism team played a significant role in the organization of the inaugural Responsible Outdoor Travel Summit along with SWT and Commissioners Felleman and Hasegawa. The event was well-attended and well-received and will act as a launching pad for the Port's future responsible tourism efforts.

A key effort to promote diversity for Tourism Development was the design and coordination of Seattle feature for the TV documentary, Story of Art in America. 10 USA destinations are featured with our episode highlighting artists from the Wing Luke Museum, National Nordic Museum, MoPOP, Northwest African American Museum, the Jamestown S'Klallam Tribe's Carving Shed and SEA International Airport. Not a travelog, the feature provides an in-depth look at the influences of the Pacific Northwest on the artists' work. The goal of the Port's coordination of the project was to provide potential travelers with insight into the remarkable diverse culture of art in our region and unique ideas for traveling to Seattle post-Covid. It is currently being aired globally on Amazon Prime Video: Seattle, Washington - Story of Art (average viewership per month 4,000) and on Ovation TV, a TV network which reaches out to 50 million households. Crafted, coordinated, and developed script for Traveling With Denella Ri'chard's TV feature Seattle: Cruise & Stay. Program was sponsored by Port's Cruise Operations Department (\$18,500 pay-to-play) and Tourism (\$20,653 total itinerary costs/Tourism paid \$16,851/Partners contributed \$3,802). Networks airing the 22-minute program throughout the USA include ABC, NBC, FOX, CBS, and CW reaching millions of viewers. Global OTT and streaming outlets include Plex TV, Select TV, Local Now, & the GFNTV Roku app reach fifty million people. In addition, the program is viewed by some seven million people on DistroTV, TikiLive, SimulTV, CJC, and more. Enough content obtained to also create two one-hour features on King 5 TV and Kong 7 TV which will air on Christmas and New Year's

2022 also saw the release of the Port's new Seattle: Cruise & Stay Guide featuring the Port of Seattle's award-winning airport and cruise infrastructure as well as information on Seattle's amazing and diverse tourism opportunities, highlights of an Alaska cruise, and ideas for exploring Washington state. The new 22-page Guide will be distributed digitally and in-print by Tourism's international representatives, at trade shows, during sales missions and for cruise industry training sessions.

2023 TOURISM PRIORITIES

Strengthen relationship with SWT and Visit Seattle to maximize reach and ROI

As three organizations with a global reach, it is vital that the Port work with SWT and Visit Seattle to maximize our impact in the global market. We are striving for new levels of cooperation with shared in-market representation, collaboration on trade shows and streamlining our calendars so as to avoid duplication. When these three powerful organizations work together, all destinations across Washington state benefit.

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Re-build and expand international markets

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 2023. The effects of the pandemic continue to ripple through the industry and some markets are better fits than others in regards to 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. In addition to strengthening our presence in the UK, Germany, and Australia, we will explore efforts in partnership with SWT and Visit Seattle in markets such as South Korea, Benelux, Japan, Scandinavia and Mexico.

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 embrace responsible practices. 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.

ATTACHMENTS TO THIS BRIEFING

(1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 4, 2022 – Tourism Development Summary briefing to Port Commissioners

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

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