

TOURISM VICTORIA

COVER REPORT

TO: Mayor and Council, City of Victoria

FROM: Paul Nursey, President & CEO

DATE: February 10, 2015

RE: City of Victoria Funding Presentation - February 12, 2015

Background

Tourism Victoria is presenting today as, in accordance with the *Hotel Room Tax Act*, the Provincial enabling legislation allowing communities to collect hotel room tax for marketing and new infrastructure purpose, there is a requirement for the five original communities under the act (including Victoria) to seek approval from city council on an annual basis. There are two pieces of enabling legislation, the original *Additional Hotel Room Tax* (AHRT) and the *Municipal Hotel Room Tax* (MHRT) legislation.

Fifty-three communities in B.C. collect AHRT/MHRT. Victoria is one of five communities grandfathered under the AHRT legislation that requires annual approval from council. The spirit of this approval is to ensure the tourism marketing effort is aligned with community objectives.

The *Hotel Room Tax Act* was incorporated into the *Provincial Sales Tax Transitional Provisions and Amendments Act*, 2013, SBC2013, c. 1, s. 77, effective April 1, 2013. The elements of the Additional Hotel Room Act are unchanged; this Provincial Sales Tax Transitional Provisions and Amendments Act was created to handle the transition back to GST/PST. Section 3 of the Hotel Room Tax Act is the enabling legislation.

The spirit of the act provides provisions for the municipality/city/regional district to be aligned with industry through the hotel community. Both the municipality and industry, through 51 per cent of hotel rooms, must approve the creation and any material changes to the relationship. Both industry and the municipality/city have the ability to dissolve the entity if they so choose every five years.

Tourism Victoria has two municipal funding partners: City of Victoria and District of Saanich. This provincial enabling framework has power of the municipality, industry and the marketing association to provide structure. This provides necessary and healthy checks and balances to ensure that parties are aligned and working together. Practically, the City of Victoria has a full voting member on the Tourism Victoria Board of Directors and Sales & Marketing Committee.

The purpose of the tax is intended to assist municipalities and regional districts in funding tourism activities, particularly tourism promotion, and to finance new tourism infrastructure. It is not intended to replace existing sources of funding for tourism-related activities.

Tourism Victoria has long operated under by-law 88-169 that provides for a partnership to provide resourcing to the Victoria Conference Centre. Per the Hotel Room Tax Act, any changes to the arrangement would require 51 per cent of hotel rooms to be in support.

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Considerations

Tourism marketing is highly competitive in nature and Tourism Victoria is under resourced vis-a-vis its competition due to the fragmented nature of the region. This is just a reality we work within. Tourism Victoria overcomes this under resourcing by being highly innovative, creative and efficient with its activities and others are taking note. The organization was awarded 2014 Marketer of the Year by the BC Chapter of the American Marketing Association, an award that spans all sectors. Tourism Victoria has also been honoured with several awards from the Hotel Sales & Marketing Association International in both 2014 and 2015 for the following campaigns: *Great Meetings*, *Victoria Calling* and *Find Christmas Here*.

Tourism Victoria is working hard to align itself with the City of Victoria's priorities and support a vibrant Victoria. The organization has a very positive partnership with the City of Victoria at many levels. However, it starts with a very constructive and open appointment process with the City of Victoria on Tourism Victoria's Board of Directors.

Tourism Victoria enjoys very broad member support with increasing satisfaction. The organization has a highly robust strategy to promote an experiential tourism brand that drives significant spending with small businesses.

Tourism Victoria's renewed 2015-2017 strategy and 2015 Business Plan have received strong industry support. As part of this plan, the organization is shifting resources to support the Victoria Conference Centre to build their business. Tourism Victoria and Victoria Conference Centre now have trusting, partnership-based business objectives. Both organizations just want to fill the city. Our shared success will benefit us both and the community as a whole.

Tourism Victoria is undergoing deep organizational transformation to be lean, outcomes-driven organization.

There is jurisprudence in the area that focuses industry-collected revenues towards marketing. Recent successful litigation by industry against the City of Penticton highlights the risks associated with municipal bodies working in isolation on matters related to AHRT/MHRT: <http://globalnews.ca/news/1483609/city-of-penticton-loses-legal-dispute-against-penticton-hospitality-association/>

Recommendation

The distribution of \$592,800 to the Victoria Conference Centre for marketing and promotion of the Victoria Conference Centre from the proceeds of the Additional Hotel Room Tax. Please note this amount is Tourism Victoria's estimate based on inflation rate of approximately one per cent.

That the City of Victoria write a letter confirming the remaining balance of Additional Hotel Room Tax funding for the January 1 to December 31, 2015 year be distributed to Tourism Victoria.

Attachments

- Media Release – Tourism Victoria Celebrates Growth in 2014 Business Results
- Positive Editorial Coverage of Evolutions at Tourism Victoria
- List of Tourism Victoria's highly sophisticated 2015 Board of Directors who is providing leadership and governance to the organization

FEBRUARY 6, 2015

FOR IMMEDIATE RELEASE

TOURISM VICTORIA CELEBRATES GROWTH IN 2014 BUSINESS RESULTS

Victoria, B.C. – With 2014 tourism industry numbers showing average hotel rates and revenue per available room at their highest levels since 2007*, and following its 2015 Quarter One Board of Directors meeting, Tourism Victoria released its 2014 attributable business results today.

Visitor Centre Ticket Sales Grow 43% Over 2013

Tourism Victoria helps member businesses in the local community by selling tickets through the Visitor Centre and is pleased to report an increase in ticket sales of 43 per cent over 2013. Several new initiatives and Ticket Centre participants saw Visitor Centre ticket sales rise significantly in 2014 despite the closure of the Visitor Centre for renovations in January and the majority of February.

Destination Marketing Campaign Drives 10,400 Seattleites to Greater Victoria

For the first time in 2014, Tourism Victoria used an independent third party to measure the impact of their campaigns through a quantitative lens. The survey measured the effectiveness and conversion of the *Victoria Calling* campaign in Seattle. It showed a 39:1 return on investment, when the industry standard is 12:1. It also showed the campaign was directly responsible for 10,400 Seattleites booking a trip to Victoria, which resulted in a \$4.68 million economic impact to the Greater Victoria region. This campaign also ran in the Vancouver; impact from that market was not measured in the survey due to cost limitations.

Media Relations Generates 16% More Coverage Over 2013

The Media Relations department generated 311 pieces of editorial coverage in 2014, a 16 per cent increase over 2013. That's almost one article a day for a year! Tourism Victoria's Media Relations department works with travel and lifestyle media outlets. Key pieces in 2014 included *Amazing Race Canada*, *Travel + Leisure Magazine*, *Canada AM*, *USA Today*, *The Telegraph* and *LA Times*.

Meetings and Incentive Travel Confirms 3.8% More Room Nights in 2014

Tourism Victoria's Meetings and Incentive Travel team booked 9,728 confirmed room nights in 2014, a 3.8 per cent increase over 2013. Up next the team is working for the first time with the Victoria Conference Centre and the local hotel community to drive room nights, rallying around a new campaign that showcases Victoria, the Idea Capital, as an ideal meetings destination that connects people and stimulates ideas.

Leisure Travel Generates Business for Local Community

In 2014, Tourism Victoria's Travel Trade team sent 153 leads or referrals to 164 different members, generating business for the local community. Collectively, the team sent a total of 619 member referrals. This was not tracked in 2013 but will be a focus for the team moving forward. Building and measuring shelf space in the travel distribution system (e.g. brochures, online websites) as well as generating new leads for member businesses is part of being an accountable and results-driven organization.

Member Satisfaction in Tourism Victoria Increases 9% Over 2013

Tourism Victoria works in partnership with more than 800 business members in Greater Victoria and the surrounding areas. The organization uses a third-party researcher annually to conduct a member survey. For the first time in four years, the 2014 Member Survey showed an increase in members' absolute satisfaction in Tourism Victoria, which increased by nine per cent. Ninety-five per cent of the organization's members are neutral or satisfied.

Corporate Results Sees More Focus on Core Areas

In June 2014, Tourism Victoria announced a restructuring to focus on the business' core areas including sales and marketing, business development, member services and visitor services. In 2014, the per cent

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Marketing our favourite destination

of budget compared to labour decreased from 40.1 per cent in 2013 to 38.8 per cent. This is an overall decrease of more than 10 points from 49.9 per cent in 2011.

All of the performance measures above are important drivers to attract more visitors to the destination, which is comprised of an engaged membership in the local community. Tourism Victoria is committed to measuring what's important for growth and success, and reporting results back to the community annually.

Statements:

"Tourism Victoria is focused on being a results-driven, transparent and accountable organization. We are not only accountable to our member businesses but also to our funding partners. Tourism Victoria now has the Balanced Scorecard performance management framework in place, which focuses the daily activities and energy of our passionate and knowledgeable staff against initiatives that deliver the highest performance."

"Our results show that deep transformation was underway in 2014 and we are improving our efficiency as an organization. Going forward we are committed to releasing business results to the community on an annual basis. I am very proud of the Tourism Victoria team for embracing a renewed emphasis on executing against strategy and performance measurement."

– Paul Nursey, President & CEO, Tourism Victoria

"From a Board of Directors perspective, we are pleased to see the improved business results from all of Tourism Victoria's functional areas in 2014. Industry clearly had a good business year, but with an increased focus on measurement we can ascertain to what degree Tourism Victoria helped to drive that success. Tourism Victoria was already a strong organization, but we are pleased to see increased emphasis on reporting and transparency that will make Tourism Victoria an even higher performing and accountable organization going forward."

– Dave Cowen, Chair, Tourism Victoria Board of Directors

**As per Chemistry Consulting's December 2014 Victoria Tourism Bulletin*

About Tourism Victoria

The Greater Victoria Visitors & Convention Bureau (Tourism Victoria) is the official not-for-profit destination marketing organization that works in partnership with over 800 business members and municipalities in Greater Victoria and surrounding communities in British Columbia, Canada.

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MEDIA CONTACT:

Tessa Humphries

Manager, Corporate Communications and Public Affairs, Tourism Victoria

250-414-6976 (Direct) 778-677-8342 (Cell)

tessa.humphries@tourismvictoria.com

Editorial: Tourism award deserved

TIMES COLONIST

SEPTEMBER 11, 2014 03:27 PM

 Email  Print

Tourism Victoria's award from the B.C. chapter of the American Marketing Association is not an empty honour — it's based on results.

The BCAMA has given Tourism Victoria its Marketer of the Year Award. It's the first time a Vancouver Island business has achieved that honour, which celebrates innovative marketing across all industries. The award is not a thing of the moment; it isn't handed out for a specific campaign, but for a marketing strategy over a sustained period.

Attracting visitors to the region is Tourism Victoria's main focus, which is vital, considering that tourism is a \$1.9-billion industry for Greater Victoria, generating 22,000 jobs in the region.

Tourism Victoria is in the habit of attracting attention for its campaigns. It has won 10 awards provincially, regionally, nationally and internationally over the past three years.

Its Great Meetings campaign used the region's wide range of attractions and amenities to persuade international meeting planners that Victoria is the ideal conference location. Find Christmas Here aims to lure more tourists during the holiday season.

The most innovative promotion, though, is Victoria Calling, which involves setting up banks of colourful phone booths in Alberta and the U.S. Those who step inside the booths are asked about their travelling preferences; those answers unlock travel offers.

Tourism Victoria's awards show that it is an innovative partner in an industry that harvests benefits from B.C.'s natural resources without depleting them.



Tourists crowd the Inner Harbour information centre at Government and Wharf streets last July.

TIMES COLONIST

Tourism Victoria targets regional markets for visitors

Plans to build hotel occupancy, conference business in three years

ANDREW A. DUFFY
Times Colonist

Tourism Victoria intends to work harder and smarter to build on back-to-back years of tourism growth, said the marketing organization's chief executive.

In an interview ahead of unveiling Tourism Victoria's 2015 business plan to 200 members and local officials Tuesday, Paul Nursey said the biggest changes in direction this year are tactical. "We're not going to be spending as much money in faraway countries that aren't growing," he said.

In places such as South Korea, Japan and Mexico, Victoria will leave marketing to Destination B.C. and the Canadian Tourism Commission. "We are going to be putting money into places like the western U.S., where the economy is booming," said Nursey. "We think that is just smart business."

It's part of Nursey's balanced-scorecard approach to marketing the city — having a simple, well-executed strategy that offers a solid return on investment.

The new business plan makes it clear the organization, which has been pared down over the last year, will be measuring everything to ensure it's getting the most for its money.

"Return on investment is important. We want tangible outcomes," Nursey said, adding if new initiatives

can't point to what the industry gains from implementation, they may not be worth doing.

That's music to the ears of the organization's membership, according to Bill Lewis, general manager of the Magnolia Hotel, and vice-chairman of Tourism Victoria's board.

Lewis said there has been some criticism in the past from members wondering why Tourism Victoria spent money in one region and not another, or focused on one attraction or experience over another.

"To be able to have hard-core metrics and key performance indicators, things that can be measured year-over-year, is important," he said, adding those will go a long way to explaining why the organization goes in one direction over another.

The organization will continue to focus its consumer marketing efforts in the nearby markets of Vancouver, Calgary, Seattle, San Francisco and Portland.

But there is a new wrinkle when it comes to meetings and conference marketing.

"In terms of new relationships, there will be a very deep collaboration with the Victoria Conference Centre to help them get more business, particularly in the off-season. We will help them perform better," said Nursey.

The Conference Centre was down 8.25 per cent in

delegate days through the first 11 months of 2014 compared with 2013.

Nursey said Tourism Victoria and local hotels will enact an integrated sales plan that gets a consistent message of Victoria as an "ideas capital" into the business-meeting marketplace.

The business plan also details that Tourism Victoria's key objectives over the next three years will be to grow hotel occupancy and room rates, promote Victoria as a year-round destination, work on key issues that affect the industry such as transportation and the Belleville Street Terminal, and to garner stronger support for the industry by telling the "good news" tourism story.

While the focus has been shifted slightly to be more strategic with its marketing efforts, the organization's budget remains stable — 42 per cent of its overall budget of \$4.6 million will be used for selling Victoria to the world.

"We have to be lean and mean and punch above our weight," said Nursey, noting \$2 million doesn't make a big splash in many markets. "Our goal is to take what we have, cut as much overhead as we can and put as much as we can into marketing."

Lack of funding affects marketing groups at all levels, and Ian Robertson, executive director of the Tourism Industry Association of B.C., which acts as the political wing and advocate for the industry, said his organization is working

on improving that at the provincial level.

The association has been pushing to have Destination B.C., the provincial marketing agency formerly known as Tourism B.C., formula-funded.

"So instead of getting a pot of money, its budget is tied to sales tax revenue, so as goes revenue then goes the level of money available for marketing," he said.

But Robertson said the bigger hurdle for the industry may be getting all the players to sing from the same song book. "We need to work harder to be more aligned, once we do that we will get more attention from government," he said.

Nursey said that's starting to happen. For the first time in years, a lot of people are parking their "egos at the door."

"We are all just interested in getting results," he said.

Marsha Walden, chief executive of Destination B.C., agrees progress has been made in aligning the various groups within the industry.

"We've done a lot of work in the last year to re-engage our partners to compare strategies and make sure we're investing in the same places and in common ways that make more from the bucks we have in the system," she said.

And while she is committed to bringing about a formula-funding program for Destination B.C., she wouldn't put a timeline on its implementation. aduffy@timescolonist.com

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