

Business Plan 2022
Seattle Tourism Improvement Area

**Prepared for Mayor Bruce Harrell and
The City Council of Seattle, Washington
Pursuant to City of Seattle Ordinance Number 123714**

Prepared by Visit Seattle (formerly Seattle's Convention and Visitors Bureau)

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I. OVERVIEW AND BACKGROUND

Origin of the STIA:

Tourism is a \$3.6 billion industry in Seattle/King County – creating and supporting over 80,000 jobs and generating \$322 million annually in taxes for the state and city.

In 2011, funding to promote tourism, both at the city and state levels, was in decline due to both economic downturns and tough state government budget decisions to reduce funding. Traditional funding sources for Visit Seattle (formerly Seattle’s Convention and Visitors Bureau) – Seattle’s destination marketing organization – was not adequate to compete and grow tourism revenues – let alone defend or maintain our market share.

Tourism is fiercely competitive and volatile – and Seattle competes with all destinations from Vancouver, BC to San Diego and most of those competitors are better funded at both the city and state levels. It was time for Seattle to create a more stable, predictable and competitive funding model.

The Solution:

In 2011 we established a leisure tourism (destination) marketing fund for Seattle to enable our city to compete and grow tourism market share primarily in the off season and shoulder months. This fund significantly enhanced Visit Seattle’s sales and marketing efforts to promote Seattle as a leisure destination and focus on growing overnight visitor markets for hotels. Historically, Seattle’s destination marketing efforts have been mostly “convention centric” with very few additional funds for leisure and destination marketing.

The Concept:

We created the Seattle Tourism Improvement Area (STIA) consisting of 67 hotels (see dots in STIA Boundaries on page 5) in the greater downtown area. Each hotel with over 60 rooms in this area adds an assessment of \$2 per paid occupied room per night since each property benefits from the increased leisure marketing investments. This core zone shares the benefit of excellent proximity and location to the majority of Seattle’s arts and cultural assets, attractions and retail and each hotel benefits regardless of size or market mix of the property.

The Program:

The STIA is governed pursuant to the City of Seattle Ordinance Number 123714 relating to “Seattle Tourism Business Improvement Area” for the purpose of providing needed resources to increase leisure tourism, which will increase hotel occupancy rates among participating hotels within the defined area.

The revenues will be used solely and exclusively for domestic and international tourism, including:

- Establish a leisure tourism (destination) marketing fund

- Grow tourism market share primarily in off-season, shoulder seasons
- Establish marketing opportunity fund
- Marketing services would include (but not limited to):
 - Destination publicity (domestic and international)
 - Advertising creation and media placement
 - Sales activities
 - Hosting industry events
 - Administration and personnel as needed
 - Contingency and reserve (marketing opportunity fund)

Management of STIA:

Program Manager:

The Program Manager for the STIA is Visit Seattle - as contracted by the City and the STIA Ratepayer Advisory Board.

Ratepayer Advisory Board:

The STIA is overseen by a Ratepayer Advisory Board, consisting of an odd number of Ratepayers (no less than nine and no more than eleven) reflecting the diversity of location, size and type of Ratepayers. The Board is responsible for adopting policy guidelines, providing advice and consultation to the Department of Finance and Administrative Services initially, and to the Program Manager, on all matters related to the operation of the program. The Board meets at least once quarterly to approve an annual work plan and budget, address and discuss Ratepayer concerns and questions regarding the STIA district program, review all reports submitted to the Department by the Program Manager and sponsor an annual Ratepayers' meeting.

STIA Boundaries:

The STIA boundaries are outlined on the following map. Directionally – Beginning where Puget Sound meets Galer Street, continuing east as if Galer Street continued to 12th Avenue, south to South Royal Brougham Way, west as if South Royal Brougham Way continued to Puget Sound, continuing along the shore of Puget Sound to W. Galer Street.

STIA Boundaries:



Assessment Rate:

Beginning November 1, 2011 Ratepayers have been assessed by the City of Seattle at the rate of \$2 per occupied room. The City of Seattle will invoice the Ratepayers on a monthly basis and funds shall be due from the hotels on the 10th of each month.

Assessment Exemptions:

The special assessment is not imposed on rooms (a) where the occupant has stayed 30 or more days; (b) that are provided by a Ratepayer to guests without charge for promotional purposes; (c) that are available exclusively to members or guests of members of a private member-owned club or its reciprocal clubs or (d) that comprise facilities where accommodations are generally marketed and sold on a per bed, shared room basis (e.g. hostels).

STIA Estimated Supply & Demand - Seattle Downtown Core

	2022	2023	2024
# of hotels (at year end)	72	72	73
# of rooms**	16,817	16,817	17,117
Supply	6,138,205	6,138,205	6,247,705
Demand (rooms occ)	3,786,069	4,603,654	4,841,971
Occupancy % (estimated)	62%	75%	78%
Assessments (\$2/room)	\$7,572,137	\$9,207,308	\$9,683,943

** # of rooms – estimated that new rooms will be in effect for half of each year.

II. PROPOSED 12 MONTH BUSINESS PLAN

STIA Activities:

For 2022, the STIA will focus on eleven main areas.

Advertising

Visit Seattle will create and execute an advertising plan and media buy to support two main initiatives in 2022 – drive hotel bookings in downtown and repair the Seattle brand reputation locally, regionally and nationally. Due to travel restrictions, audience selection will be extremely targeted as to maintain safety for travelers and the Seattle community. As restrictions are lifted messaging will expand accordingly.

There will be an emphasis on utilizing the voices of Seattle residents and visitors to illustrate real-time recovery of Seattle. Domestic leisure travelers represent the sole type of visitor in 2022 and the playfield will be more competitive than ever. Authentic messaging and storytelling by trusted individuals will be used to encourage overnight stays and tell the story of a healing destination.

Inbound Hosting of International Media and Travel Trade

Upon travel restrictions being lifted and local conditions permitting it, international media and travel trade will be invited to experience Seattle. These trips are hosted by Visit Seattle and highly encourage promotion of the city, which will be particularly important as our destination recovers and reopens. Invited guests may include members of the media as well as tour operators and travel professionals from the primary markets of Australia/New Zealand, Canada, China, France, Germany, Japan, Mexico, South Korea, and UK/Ireland.

Travel professionals and media from these markets are strategically selected as they have an enhanced ability to promote and sell Seattle in their countries of origin, which are the largest source markets for our city.

International Client Events and Sales Missions

In lieu of international client events and sales missions, Visit Seattle will engage with media and travel trade at several virtual and in-person travel trade shows. This is a fundamental way to connect with key travel decision-makers in a recovery-focused year.

International Sales and Marketing Representation

As international borders reopen and travel resumes to Seattle, marketing support will be present in a number of key countries abroad. For 2022, this includes contracted Seattle representation in the UK & Ireland to promote, market and sell Seattle to professional travel trade, media and consumer audiences. Visit Seattle will consider promotional opportunities for the city in other target markets and enlist agency support on an ad hoc basis to maximize the reach of these activities.

Special Events

In order to increase awareness of Seattle beyond traditional advertising, funds will be utilized to support current events coming to the city, as well to support new partnerships in the future. For example, funding will be used in out-of-market advertising to support events such as Seattle Museum Month, Rock 'n' Roll Marathon, Refract, potential bid draw sporting events, etc. Additionally, Visit Seattle will work to initiate new partnerships such as television programs and other media outlets to increase brand awareness of Seattle through mass media.

Photography

Downtown Seattle and beyond has changed, so has the way people interact. The photo and video library will be refreshed with timely imagery in order to paint a more accurate picture of Seattle in current times.

Market Research

Visit Seattle continues to evaluate demand growth, occupancy rate and ADR to measure success of initiatives, evaluating by month and by day of week using STR data from the 68 ratepayer hotels. Similarly, AllTheRooms provides analysis of the short-term rental market. Reports from Longwoods and Tourism Economics provide detailed reporting on the annual impact of visitors to the regional economy.

Public Relations

Our PR team will elevate Seattle's visibility as a national travel destination by leading national and local media efforts with purpose to gain meaningful destination coverage and enhance Seattle's national reputation. Build local affinity for tourism and increase regional travel to Seattle. Collaborate with Visit Seattle Marketing on annual campaigns and

initiatives and drive attention to BIPOC-owned businesses, LGBTQ+ businesses and Women-owned businesses.

Uncover new storylines to drive confidence and elevate Seattle’s position as a national tourism destination. Coordinate themed press visits and outreach to select regional markets. Execute national media tactics and arrange meaningful in-person opportunities for reporters to learn more about Seattle. Collaborate with a local PR agency to help drive media coverage around Visit Seattle-driven campaigns and need periods with local and national media on a per project basis throughout 2022.

Salaries & Wages

Visit Seattle will employ staff members to manage tasks listed within this workplan to support activities of the STIA. This includes a percentage of compensation of the senior vice president of marketing, vice president tourism, marketing director, public relations director, director content strategy, staff accountant, and marketing coordinator. Staff receive the same benefits as current Visit Seattle employees.

Operating Expenses

Operating expenses will be incurred to support these Visit Seattle staff with the same telephone, parking and computer assets as current Visit Seattle employees. Visit Seattle will also continue to pay D&O insurance for the Ratepayers Board and legal fees to support this entity. Additionally, Board Meeting and Annual Ratepayer Meeting expenses will be incurred.

STIA Estimated 2022 Revenue projections:

The estimated revenue projection for 2022 collections is \$6,815,132

STIA Estimated 2022 Budget Expense Summary:

	<i>Amount (in thousands)</i>	<i>Percentage (% of Revenues)</i>
Advertising	\$5,004	73%
In-bound, hosted International Media, Site and FAM trips	\$75	1%
International Client Events & Sales Missions	\$0	0%
Marketing Partnerships	\$350	5%
Special Events	\$105	2%
Photography & Videography	\$10	0%
Market Research	\$104	2%
Public Relations	\$250	4%
Salaries & Wages	\$877	13%
Operating Expenses	\$40	1%
Estimated Total	\$6,815	100%

1. Advertising - \$5,003,756

Creation of advertising media plan to promote Seattle as a leisure destination. To include a combination of traditional, non-traditional, demand generation and applicable agency fees to accomplish campaigns.

2. Inbound Hosting of International Media and Travel Trade - \$75,000

Inbound hosting of qualified travel trade and media from our top international markets with a focus on new and returning airline routes, SEA's International Arrivals Facility grand opening in early 2022 and other major events throughout the year.

3. International Client Events and Sales Missions - \$0

No trips for 2022.

4. International Marketing Partnerships - \$350,000

Contracted Seattle representation in the UK and Ireland to promote, market and sell Seattle to the professional travel trade, media and consumer audiences. Agency support in other key international markets will be contracted on a project-basis for qualified opportunities in trade & consumer marketing campaigns and in support of airline partnerships.

5. Special Events - \$105,000

Including out of market support of current events Taste Washington, Rock 'n' Roll Marathon, Refract, and potential sporting events. In addition, these funds will be used to pursue new events or programs to come to Seattle.

6. Photography & Videography - \$10,000

Creation of new b-roll and destination photos. The focus of these assets will be to develop differentiation positioning. Portions of these assets will be available for hotel partners.

7. Market Research - \$103,900

A minimum of four quarterly reports purchased to gauge and validate current activities. Including services from, but not limited to:

- a. Smith Travel Research, Inc
- b. AllTheRooms
- c. Longwoods International
- d. Tourism Economics

And creation of new reports as needed.

8. Public Relations - \$250,000

Including at minimum one media mission in a primary market, a media event and collaboration with national PR firm. Additionally, a minimum of 20 hosted press trips.

9. Salaries & Wages - \$877,476

Includes salaries and benefits for all staffing additions.

Benefits packages are identical to Visit Seattle standard offerings – full medical, dental, vision and 1% 401k match.

- a. 50% SVP, CMO
- b. Fulltime VP, Tourism
- c. Fulltime Director, Marketing
- d. Fulltime Director, PR
- e. Fulltime Director, Content Strategy
- f. 50% Staff Accountant
- g. Fulltime Marketing Coordinator

10. Operating Expenses - \$40,000

Including:

- a. Telephone, parking and computers for personnel
- b. D&O insurance for Ratepayers board
- c. Legal fees
- d. Board meetings

11. Marketing Opportunity Fund - \$0

The Marketing Opportunity Fund is at a level that the Board feels is appropriate for the year 2022.