



Council of the District of Columbia

The Honorable Jack Evans, Chairman

Committee on Finance and Revenue

FY2015 BUDGET HEARING QUESTIONS

April 29, 2014

Presented by:

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Chairman

Destination DC

Committee Members

Councilmember Marion Barry, Ward 8

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QUESTION #1

What are your membership rates for 2015?

(See our rate card attached)

QUESTION #2

What are your scheduled board/executive committee meeting dates for 2015?

Unfortunately, Destination DC's board of directors and executive committee meeting dates are not set until after our Annual Board of Directors Meeting (May) takes place. This year's annual Board of Directors Meeting is currently scheduled on May 29, 2014.

(See the attached FY 2013-14 meeting dates)

QUESTION #3

What are Destination DC's plans for marketing and providing public relations support for 2015? In your response please provide a narrative description of involvement on signature events for DC, and please provide a Destination DC activities calendar for 2015. What is new for 2015?

Destination DC created a new DC Cool marketing theme in FY 2014 that has captured the essence of the city's spectacular offerings and been embraced by its membership, stakeholders and visitors. We expect the DC Cool marketing to continue as a way to showcase the full experiences that visitors can have in Washington, DC from dining, romance and nightlife to family fun, sports and beyond.

Marketing campaigns in FY2015 will include promotions for the holidays, Date Nights DC, springtime and summer. For holidays, spring and summer, the campaigns will target out-of-market visitation with a primary focus on the northeast corridor, southern Virginia, Philadelphia, New York metro area and Boston, where the bulk of domestic visitors to DC are from. For Date Nights DC in February 2015, the campaign will focus on the Washington, DC metropolitan area and regional markets to influence overnight visitation during a traditionally slow time of year.

Convention trade advertising will continue to promote the strong product development that's available for meetings and events throughout the District including the Marriott Marquis Washington, DC, Cambria Suites Hotel and CityCenterDC, as well as the new Smithsonian Museum of African American History and Culture opening in 2015.

Destination DC's public relations efforts will continue to focus on engaging with journalists locally, domestically and internationally to increase positive media coverage. Public relations is heavily relied upon as a means to expand the messaging beyond advertising. To do so, the communications team works both individual and groups of journalists to create inspiring itineraries and match writers with the experiences and story angles in which they are interested in covering. In 2015, the communications efforts will promote the city through the DC Cool campaign as well as leverage new developments and trends throughout the District.

QUESTION #4

Please provide a copy of the ROI study on the additional FY13 funding that was conducted by Destination Analysts, and please highlight key results of the study.

(See a copy of the ROI study attached)

Destination DC's 2013 ROI Study was conducted to evaluate the Spring and Summer domestic advertising resulting from the additional \$3 million allocation from the City Council in FY13.

- The campaign earned DC \$80 million in \$5.3 million in tax revenue from visits to the District in the spring and summer of 2013, a tax ROI of 1.77 to 1, not including visitors who may have been influenced to travel to DC but who have not yet done so.
- The advertising recall rate for the campaign was 24%, up nearly a fifth over the last study in 2010, and 12 times the consumer average of 2%.
- The 2013 campaign was more successful than the 2010 campaign (the last to have an ROI study) in two respects: consumers said it was more effective in portraying DC as a place they would like to visit, and a higher share of consumers were more likely to visit in the next 12 months than in 2010.
- In New York City, one of the biggest markets for visitors to the National Cherry Blossom Festival, DDC hosted a popup event in the snow featuring Carla Hall and the chance to win a luxury package experience in DC. It was the highest social media engagement of any DDC campaign, and nearly 11% of consumers surveyed in the New York market remembered the event.

QUESTION #5

What work (coordination, projects, etc.) do you have planned with the Commission on Arts and Humanities for FY15? What plans do you have to work with CAH and/or other DC Government agencies/entities for FY15? How did the six-month ad campaign in the NY Times perform? Will it be continued? Please discuss any similar efforts being planned.

The ad campaign that DDC ran in the *New York Times* in the Sunday Arts and Culture section once a month from January – June, 2013 helped highlight noteworthy arts and culture events taking place in the District of Columbia.

The quarter page ads reached a total circulation of 6.1 million and created a campaign value of more than \$180,000. While this was a successful campaign in terms of circulation and media value, the infrequency of the reach was not enough to effectively influence travel to Washington, DC based on arts and culture activities. Destination DC has revised its plan to feature more frequent and impactful advertising measures to help promote DC's cultural scene.

Currently, the D.C. Commission on the Arts and Humanities and Destination DC are working together to identify media opportunities to promote the cultural offerings in the city this summer through print, outdoor and/or digital advertising programs.

QUESTION #6

Please comment on any and all involvement, responsibilities, and/or efforts, partnerships, etc., for the Mayor's 5 year Economic Development Strategy and Destination DC's coordination with the Deputy Mayor for Planning and Economic Development planned for FY 15.

Destination DC's work aligns with the Mayor's strategic goal of making DC the top North American destination for international tourists (China, Australia, Canada, UK, and Brazil). There is an initiative around marketing DC to tourists from abroad. In fact, Destination DC is working closely on several initiatives with regards to China, which came as a result of the Mayor's sister city agreement with the Chinese Government. These include:

Additional flights: Working with the travel industry's request for more direct/non-stop flights. DMPED has been able to secure new non-stop flights from Beijing to Washington, Dulles starting June 10. This will add an estimated 16,000 tourists and business travelers to the region and yield \$14 million in local spending annually.

Education: Another initiative, as part of the China agreement, is the increase in educational exchange between the two capital cities. DDC and DMPED are working together on connecting numerous Chinese education agencies, at a primary school level and collegiate degree, to the District's education institutions. The objective is to increase student enrollment which will ultimately result in increased room nights to the city through family visits and corporation employee training investments.

QUESTION #7

We are in the midst of the Cherry Blossom Festival. Do you have any initial numbers of the volume of tourists who came to DC for the festival? In terms of revenue, how much were you projecting this year's event would bring in? If available, please provide any early numbers you may have on those returns and how they compare with last year's.

Although Destination DC is not responsible for tracking the number of people that come into DC to attend the National Cherry Blossom Festival, it is DDC's understanding that visitors and economic estimates during the five-week celebration which took place March 20-April 14, 2014 will become available in coming months.

However, Destination DC does monitor hotel occupancy rates and other items that tell the story. For the 2014 National Cherry Blossom Festival DDC compared it to last year's festival which ended on April 14, 2013. The below data is a comparison to the entire festival in 2014 to 2013:

Hotel occupancy was up 1.1%

ADR was up 11.1%

RevPAR was up 12.3%

Smithsonian (on the Mall) visitation – this data will become available in early May

Smithsonian (off the Mall) visitation – this data will become available in early May

NPS (on the Mall) visitation – this data will become available in mid-May

NPS (off the Mall) visitation – this data will become available in late-May

Capital Bikeshare saw their highest ridership day ever on April 14, 2013 with 15,746 rides – up 39%

WMATA had its busiest Saturday and Sunday since 2010 on April 12 and 13, with 638,474 trips on Saturday (busiest Saturday since Rally to Restore Sanity and/or Fear in October 2010) and 405,154 trips on Sunday (busiest Sunday since July 4, 2010).

QUESTION #8

Related to the above question, please describe marketing efforts and costs for promoting the Festival internationally, nationally, regionally and locally. Do you expect a bigger effort for 2015? Please explain.

Destination DC promoted Washington, DC as the place to experience springtime through advertising for the third straight year. Although, DDC has always promoted the National Cherry Blossom Festival (NCBF) and springtime events like Passport DC for many years, FY2013 was the first time the springtime advertising was tracked as part of an ROI study.

As a direct result of the \$3 million allocation from the city in FY2014, Destination DC supported spring events in DC with nearly \$360,000 in advertising, which leveraged print and digital buys to extend the value of the advertising campaign. Additionally, the spring marketing campaign launched earlier, at the end of February, in order to influence travel and overall destination awareness throughout the months of March, April and May. The campaign creative featured a DC Cool-themed image promoting the National Cherry Blossom Festival, and directed consumers to Washington.org and a special springtime toll-free number to find information about all of Washington, DC's springtime events. Running through mid-April, the spring advertising plan targets individuals within the Northeast corridor of the US, specifically those who tend to be more engaged with travel or cultural editorial. The media plan is valued at \$495,734 and will bring in an estimated 22,291,000 impressions upon its completion.

On Washington.org/spring, consumers also found a calendar of festival events and several editorial features highlighting different ways to experience spring in DC. On DCcool.com, visitors learned about off-the-beaten path experiences like the CineMatsuri Film Festival, Grand Sake Tasting and taiko drumming performance at the Freer Gallery of Art. The Official Visitors Guide includes a special spring section featuring the best gardens and parks in the area.

Through social media efforts via the DC Cool and Visit Washington DC Facebook accounts, National Cherry Blossom Festival was supported by 20-plus posts and a live chat with the festival's communications manager that included more than 40 comments and was seen by almost 600,000 people. Destination DC increased the Facebook engagement by utilizing paid promotion to potential visitors to the city. The highly granular targeting by Facebook was aimed at people who had expressed both an interest in Washington, DC and travel.

Destination DC also promoted the NCBF and springtime in DC during its annual New York City media event targeting the top travel journalists in the nation's number one media market. More than 100 media total attended the two events showcasing the DC Cool theme. A special marketing stunt to promote the beginning of the National Cherry Blossom Festival and springtime in DC was held on Thursday, March 20 as the Destination DC communications team supported by a street team, promoted spring in DC with signage touting springtime in DC. The signs garnered significant visual promotion during outdoor segments on both the "Today" show and "Good Morning America."

Finally, springtime in DC and the National Cherry Blossom Festival were further supported by the communications team's efforts to garner editorial coverage in domestic and international media. The team worked with media to promote the peak blossom dates and sent press releases and pitched cherry blossom hotel packages, highlighting the uniquely DC experiences visitors can have when visiting the nation's capital. We expect the support for NCBF and springtime to continue in FY 2015 with a robust advertising effort comparable to FY2014.

QUESTION #9

How many hotel bookings and festival package requests came to and were handled by Destination DC?

Room Nights:					
Year	January	February	March	APRIL	TOTAL
2014	48	111	207	105	471
2013	88	122	402	150	762

ESTIMATED reasoning for drop in room night bookings.

* Hotel occupancy ran an average of 91% over the course of the 2014 festival.

This gave limited room inventory for hotel bookings due to city wide meetings and conventions.

* Easter fell at the end of the 2014 festival vs the middle of the 2013 festival which resulted in higher room inventory and additional leisure visitors to the city

BROCHURES/PHONE CALLS:			
	2012	2013	2014
PHONE	5744	3991	3691
BROCHURES	247,923	193,212	203,814

* Phone calls came direct on the 44 BLOOM

* Brochures were all brochures given out over the course of the 3.5 months.

* Numbers are Jan 1 thru April 15, 2014

QUESTION #10

Please provide a revenue profile for Destination DC – revenues have traditionally come from Hotel Tax Receipts, Membership, Registration Services, and “special funding” and “other income” sources. Please provide a budget breakout by revenue source and expenditures.

Destination DC revenues mainly come from Hotel Tax Receipts, Membership, Registration Services, special funding, and other income. Our typical breakdown for these revenue sources (without the \$3M) is as follows:

Hotel Tax Receipts (71%), Membership dues (13%), and Registration Services (3%), Special Funding (3%), and other income such as co-ops, sponsorships and advertising sales (10%).

DDC’s expenditures are mainly for payroll & benefits, marketing & advertising, convention tradeshow and events, tourism promotions, other departmental costs, and rent & office operating costs. Our typical breakdown for these expenditure sources (without the \$3M) is as follows:

Payroll & benefits (45%), marketing & advertising (21%), convention tradeshow and events (8%), Tourism promotion (5%), other departmental costs (7%), and rent & office operation costs (14%).

QUESTION #11

What returns are you seeing in your international marketing efforts?

We were able to leverage our marketing dollars in the international arena due to the continued support of the \$3 million dollars. The addition funding has allowed us to leverage \$250,000 of that allotment to a value of \$658,000 through our partnership with Brand USA, the official tourism marketing organization. 80% of those dollars are currently running and are targeting summer stays, as it is a need period. We completed six promotions to date and each promotion has resulted in an 8-15% increase in stays in Washington, DC.

We anticipate this increase to be consistent with our summer programs.

QUESTION #12

What can the city do to help prepare for any upcoming conferences or marketing efforts? Is there anything that would be needed for the IPW in 2017? Are our city gateways/ports of entry (Union Station, Airports, etc.) ready for the IPW conference in 2017?

Hosting US Travel Association's IPW in 2017 will be a significant game changer in the international tourism arena for the District of Columbia and create an incomparable economic impact for the city. IPW is the travel industry's premier international marketplace, bringing more than 6,000 travel buyers, media and suppliers from 70+ countries to participate in three days of intensive, pre-scheduled business appointments. The show creates tremendous value to stakeholders in the travel and tourism marketplace and to the host city's economy.

Chicago recently hosted IPW 2014 and spent nearly \$6 million. As a result, the city is expected to receive the following ROI as reported by Rockport Analytics:

1. Past cities that have hosted IPW reported a direct ROI to an average of \$14 million.
2. Estimated economic impact is tracked for the three-year period following the host year with an estimated increase in visitation of more than 1 million more international visitors and \$860 million new dollars to the city.

As Destination DC gears up to host IPW 2017 in the District, funding support from the city will be imperative in the planning and execution of a world-class convention.