



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6g

ACTION ITEM

Date of Meeting January 22, 2019

DATE: December 13, 2018

TO: Stephen P. Metruck, Executive Director

FROM: Dave McFadden, Managing Director, Economic Development Division
Ron Peck, Director, Tourism Development Department

SUBJECT: UK and Europe Tourism Cruise and Stay Marketing Agreement

Total contract request: \$555,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a contract for cruise and stay marketing to promote all Washington state 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

Cruise traffic from Seattle to Alaska is booming. In 20 years, the Port of Seattle has become the largest homeport destination in the North America Pacific Coast market. In 2018, passenger numbers exceeded 1.1 million. In 2019, that number will reach 1.2 million. The Port of Seattle and Alaska state travel research confirms that 10 percent of the Alaska cruise market originates from international travelers. The 2018 Cruise Industry News Annual Report states, "Britain and mainland Europe are important Alaska leisure travel and cruise markets." This contract will enable the Port to positively impact these important cruise markets by reaching cruise influencers (travel media, cruise retailers and cruise tour operators) through a variety of travel trade interactions and promotions. The contract will give Tourism Development the opportunity to:

- Increase the economic impact of cruise business for Washington state through the promotion of "Cruise and Stay" in key international cruise markets.
- Educate and inform the travel trade about pre- and post-tourism opportunities in Seattle and all of Washington state.
- Reach out to cruise lines' reservations, sales and marketing teams, direct travel sellers and CLIA offices and membership in the UK and Europe.
- Host cruise and stay tour influencers and travel media on familiarization tours for all of Washington state.

Tourism Development's three-to-five-year strategy is to:

- (1) Promote Seattle and the Pacific Northwest as a unique and exciting visitor destination with a world-class international airport and
- (2) Reinforce the Seattle/Washington state cruise-and-stay concept to cruise influencers as an important part of an Alaska cruise experience.

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In contrast to previous years whereby the Port of Seattle representation agreement was solely for the UK, this agreement is inclusive of Mainland Europe and targeted toward cruise development. The expansion to Mainland Europe leverages our resources more efficiently in addition to reaching a larger important international cruise travel audience.

This agreement will dovetail with the recent Commission approval of the Visit Seattle agreement. We will work in an aligned collaborative partnership with Visit Seattle to ensure that each organization's international marketing work is different and complimentary. Visit Seattle's objectives includes focusing on increasing room occupancy for the leisure and business traveler while our concentration is directed toward the cruise traveler which is a distinct, unique industry niche.

The Port's focus will be directed to the travel trade and travel media. A key partner will be Cruise Line International Association (CLIA). CLIA membership provides the Port access to over 4,000 travel influencers in the UK and Mainland Europe. Trade activities will include webinars, online training programs, newsletter publications and trade shows. Our intent is to promote Seattle as the gateway to Alaska to impact the length of stay by international visitors and increase cruise and stay visitation while promoting all of Washington state's unique travel experiences.

This refinement of our relationship with Visit Seattle further demonstrates cooperation. The collaborative activities afford both organizations to be engaged, productive and delivers a "one two punch" in the international travel marketplace.

Our strategy also dovetails with the Commission's directive to double the value of the cruise traffic in Washington state. Our international cruise and stay efforts have resulted in strong outcomes already, including:

- Via the Thomas Cook Airlines inaugural, we introduced cruise and stay opportunities to the airlines' in-house operator, Thomas Cook Cruise, the UK's largest independent cruise retailer. Working with Princess, we provided an immersive experience to enable top cruise specialists to sell Seattle and Alaska with first-hand knowledge on a familiarization (FAM) tour.
- Annually, Tourism conducts a Two Nation FAM tour, targeting UK cruise travel specialists. Familiarization sponsors have included British Airways, Icelandair, Delta, Clipper Vacations and Rocky Mountaineer. This FAM is complimented by a POS Tourism Workshop joined by statewide tourism partners who share their stories via tableside meetings to develop pre and post cruise itineraries.
- The Port conducted 34 FAMs (440 participants) to introduce travel trade and travel media to Washington state. Our statewide tourism partners supported these familiarization programs with \$550,000 in contribution.
- For 2018-19, the number of UK and Irish tour operators offering product increased by 6%.
- As a result of connecting with various travel media channels in the UK, earned media value reached \$7M in 2018 and included:
 - Dancing with the Stars Ireland TV
 - Virgin Atlantic Seattle/Washington state in-flight video entertainment guide (22 minutes).
 - Irish Getaways program featured Seattle as a cruise and stay destination on both RTE and BBC TV channels.

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- ITV Channel 4 featured Seattle, Tacoma, Mt. Rainier and Mt. Helens in one-hour travel documentary.
- UK’s World of Cruise, Cruise International and Cruise Advisor have all published destination features to promote statewide Cruise & Stay.

This agreement allows the Port to continue to market and increase visitation from two important international cruise markets.

Tourism Development works closely with Cruise Maritime in a very collaborative and cooperative fashion. We will continue to do so in both the international and domestic travel trade arenas. Tourism Development’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:

- (1) Florida SeaTrade Conference
- (2) Participation in Cruise 360, a domestic travel trade show
- (3) German Cruise and Stay Sales Mission
- (4) Participation in SeaTrade Europe
- (5) China Cruise and Stay Sales Mission
- (6) Collaboration on the recently developed WeChat platform with a cruise component
- (7) Joint development and implementation of cruise visitor research surveys
- (8) Cruise Connections participation by Tourism
- (9) NCL inaugural activities including hosting NCL staff, travel trade and travel media
- (10) Monthly meetings geared to share information, ensure collaboration and alignment

Research shared by the Cruise Lines International Association (CLIA) and Port in-house surveys reveals cruisers often use the services of cruise specialist travel retailers and tour operators to book their travels. Online travel organizations such as Expedia have established cruise sales specialists and “brick and mortar” stores because the consumer requires personal interaction. Expedia recognizes that of the various types of travel experiences, the consumer relies on and desires to complete a cruise booking with a cruise travel specialist. Tourism’s position is that it is important to educate, inform and train travel agents, tour operators and cruise line agents about Alaska cruises and Washington cruise-and-stay opportunities.

With the Port’s recent consideration decision to develop a fourth cruise terminal, this agreement further demonstrates our commitment to the economic importance and vitality of the international cruise visitor to Seattle and Washington state.

JUSTIFICATION

This request is in alignment with Century Agenda Strategy 2: Advance this region as a leading tourism destination and business gateway.

Objectives:

6. Make Seattle-Tacoma International Airport the west coast “Gateway of Choice” for international travel.
7. Double the number of international flights and destinations.
9. Double the economic value of cruise traffic to Washington state.

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The request is in alignment with the Port's Regional Initiative to:

- Make Washington a preferred destination for international travelers from countries from which we have direct flights.

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 monthly progress reporting to provide high-level market updates, media and trade familiarization tour information, promotion reviews and valued press clippings.
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 Media Awards, 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 Brand USA and Visit USA Association meetings as well as other pre-approved media/travel trade cruise related functions.
5. 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.
6. Conduct one trip per year to the region to participate in annual program review and industry meetings.
7. Investigate co-op multi-platform marketing strategies with cruise influencers with measurable return on investment.
8. Conduct a minimum of 20 familiarization tours annually for travel trade media and cruise and stay tour operators and sellers.
9. Establish goals for obtaining earned media value attained in promoting cruise and stay in Washington state and cruising from Seattle for the UK, Ireland and Mainland Europe
10. Identify a target for increasing the number of cruise and stay tour product offered from the UK, Ireland and Mainland Europe.

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

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

Cost Implications: \$555,000.00

Pros:

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

Cons:

- (1) The Pacific Northwest and cruising from Seattle to Alaska are recognized as popular travel destinations in the international tourism 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.

This is not the recommended alternative.

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

Cost Implications: \$555,000.00

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

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 Europe and the UK would be a negatively affected.

This is the recommended alternative.

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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 BRIEFING

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 14, 2015 – 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.