



Council of the District of Columbia

The Honorable Jack Evans, Chairman

Committee on Finance and Revenue

## **FY2014 BUDGET HEARING QUESTIONS**

*April 19, 2013*

Presented by:

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### *Committee Members*

Councilmember Marion Barry, Ward 8

Councilmember Muriel Bowser, Ward 4

Councilmember David Catania, At-Large

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**QUESTION #1**

**What are your membership rates for 2014?**

**(See our rate card attached)**

## **QUESTION #2**

**What are your scheduled board/executive committee meeting dates for 2014?**

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.

**(See the attached FY 2013 meeting dates)**

### **QUESTION #3**

**What changes or adjustments are you making based on the economic climate?**

DDC's annual budget planning doesn't officially begin until late June each year. Per the District of Columbia's CFO's most recent economic projection for FY2014, DDC is planning to increase its hotel tax collection expectation by a 2.5% at this time. However, it remains to be seen as the CFO's June projection will directly impact our FY2014 budget building for hotel tax collection. Other revenue sources are expected to bring in similar levels of revenue as in FY2013. DDC is also including marketing plans for the \$3M based on the expectation that this special investment from DC government will continue in FY2014.

#### **QUESTION #4**

**What are plans for signature/key events in 2014? Please provide a Destination DC activities calendar for 2014.**

As the official marketing organization for Washington, DC, Destination DC does not produce events. Instead, we market signature events such as Passport DC, the National Cherry Blossom Festival, the Nation's Football Classic and many more to potential visitors from around the world. Please find attached events that Destination DC is assisting by providing marketing and public relations support.

## **QUESTION #5**

**What is the status of your contract with Events DC? What is the timeframe for a new contract to be executed? What changes from the current contract/structure are being contemplated?**

Destination DC's current contract with Events DC is valid through September 30, 2013. DDC is working with Events DC to put a new contract in place before the beginning of FY2014. As it is in the early stages of the renewing process, more updates will be coming in future months.

## **QUESTION #6**

**When is the ROI study on the additional FY13 funding expected to be completed? Who is conducting this study?**

The ROI study will be completed by the end of December 2013. Destination Analysts is conducting the study. The firm conducted previous ROI studies for Destination DC, from 2008-2010.



## **QUESTION #7**

### **What work does Destination DC do with the Commission on Arts and Humanities?**

Currently, the D.C. Commission on the Arts and Humanities and Destination DC are working together to identify arts programming for the six-month ad campaign that DDC is running in the NY Times. The ads highlight noteworthy arts and culture events taking place in the District of Columbia. The D.C. Commission on the Arts and Humanities values this collaboration because of the potential boost in patronage in the arts and culture industry from the District of Columbia's strongest feeder market - New York. Visitors to the city spend, on average, 2.5 times as much on arts and culture events in the District.

## **QUESTION #8**

**Are you involved in the Mayor's 5 year Economic Development Strategy? Please comment on any and all responsibilities, and/or efforts, partnerships, etc.**

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 agreement with the Chinese Government. Additionally, the Mayor's office is making the hospitality industry a priority by engaging the members of the Hospitality Alliance on a regular basis, assisting with efforts to increase the number of flights from China to DC and hiring a person who will be responsible for addressing the many needs of the hospitality community. The role of the hospitality representative will be to break down barriers that exist between the District/ Federal Government and Destination DC's customers and members.

## QUESTION #9

**What is the status of a visitors' center in the city? Is a visitors' center a worthwhile investment? Are efforts made to welcome/assist visitors at key points of entry (Union Station? Airports? Metro stations? Nationals Park? RFK?)?**

Events DC is responsible for the funding and oversight of the visitors' center. Destination DC plans to fully support their efforts. Please find below additional information pertaining to a visitors' center.

### VISITOR CENTER KEY FINDINGS:

- a. Visitors' Centers are not notoriously in place to raise additional dollars but to service the visitor. However, there are new ideas and opportunities out there that would assist with sustainability
- b. Where the VC is located is always our #2 or #3 questions asked from visitors through our phone call and email connection with consumers
- c. Another area that visitors have challenges with DC is that it is a very overwhelming city and they are not sure where to "start". A VC provides a great opportunity for visitors to find an easy way to navigate through the many opportunities and DRIVE business into our neighborhoods and off the National Mall
- d. Out of the 18 million visitors that travel to DC every year, over 11% of those are International. To ensure that our city is viewed as being a GLOBAL city, it is important to have Visitors Center where they get information in several different languages about DC.

## QUESTION #10

**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 the organizers of the Festival are estimating around 1.6 million visitors during the five-week celebration which took place March 20-April 14, 2013.

However, Destination DC does monitor hotel occupancy rates and other items that tell the story. Please see below.

For the 2013 National Cherry Blossom Festival DDC compared it to last year's festival which ended on April 27, 2012. The below data is a comparison to the entire festival in 2013 to the first 4 weeks in 2012.

- a. Hotel occupancy was up 1%
- b. ADR was up 2.3%
- c. RevPAR was up 3.2%
- d. Smithsonian (on the Mall) visitation was up 13.6%
- e. Smithsonian (off the Mall) visitation was up 6%
- f. NPS (on the Mall) visitation was up 5.4%
- g. NPS (off the Mall) visitation was up 22.8%
- h. Capital Bikeshare saw their highest ridership day ever on April 14, 2013 with 11,300 rides
- i. WMATA had its fourth busiest day in history on April 10, 2013 with 870,171 (busiest day since NCBF in 2010)

## QUESTION #11

**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 2014.**

Although Destination DC has been actively promoting the National Cherry Blossom Festival (NCBF) and springtime events like Passport DC for many years, the last two years we began advertising to specifically brand Washington, DC as THE destination to experience springtime. As a direct result of the \$3 million allocation from the city in FY2013, Destination DC supported spring events in DC with nearly \$400,000 in advertising, a YOY increase of \$250,000. The NCBF logo was included on all of the print advertising in 2013 with a call to action to book springtime hotel packages in DC on [Washington.org/spring](http://Washington.org/spring).

On [Washington.org/spring](http://Washington.org/spring), consumers also found a calendar of festival events and several editorial features highlighting different ways to experience spring in DC. The new Official Visitors Guide includes a special spring section featuring a guide to the NCBF and ideas about how to take the best photos of the cherry blossoms. Through social media, the festival was supported with nearly 20 Facebook postings and a live chat featuring the NCBF communications manager that drew about 60 comments and was seen by 45,000+ people.

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. A special marketing stunt called "DC is Blooming" to promote the city as a springtime destination was held on Friday, March 8 targeting consumers and encouraging them to log on to [Washington.org/blooming](http://Washington.org/blooming) to win a VIP prize package (compliments of our DDC members) to Washington, DC. This was Destination DC's most successful sweepstakes to date with nearly 9,000 entries.

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 several press releases promoting cherry blossom hotel packages and 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 2014 with a robust advertising effort comparable to FY2013 with a slight increase in funding.

## **QUESTION #12**

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

From October 1, 2012 to April 18, 2013, consumers booked 1477 orders through Washington.org, for a total of \$631,775.82. 488 of these orders (for a total of \$202,596.48) were booked through the Cherry Blossom promotion on Washington.org. This includes hotel and activity tickets.

From October 1, 2012 to April 18, 2013, consumers booked 374 orders through the National Cherry Blossom Festival website and phone number, for a total of \$148,714.64. The National Cherry Blossom Festival total for Washington.org: 862 orders for \$351,311.12.

### QUESTION #13

**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 (72%), Membership dues (15%), and Registration Services (4%), Special Funding (4%), and other income such as co-ops, sponsorships and advertising sales (5%).

DDC’s expenditures are mainly for payroll & benefits, marketing & advertising, convention tradeshows 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 (19%), convention tradeshows and events (8%), Tourism promotion (5%), other departmental costs (7%), and rent & office operation costs (16%).

## QUESTION #14

### **What returns are you seeing in your international marketing efforts?**

We were able to do over \$120,000 dollars in additional international marketing in FY 2013. Most of these coatings are currently running and are targeting summer stays, as it is a need period. We completed three promotions and each promotion resulted in a 7-12% increase in stays in Washington, DC. We anticipate this increase to be consistent with our summer programs.

Additionally, in FY2014 we will continue to work closely with top international tour operators, using direct marketing to promote travel to DC. This will be achieved through our cooperative marketing partnership with Maryland, Virginia, DC and the Metropolitan Washington Airports Authority called Capital Region, USA, or CRUSA. DC is the hub city and realizes the greatest return through this partnership.

### **Recent CRUSA Successes**

- Joint marketing partnerships with 27 overseas tour operators helped to generate 52,674 room night bookings across CRUSA and economic impact of approximately \$5.16 million. CRUSA's investment of \$349,429 was matched by \$653,944 from the operators, resulting in campaigns valued at \$1,003,373.
- Achieved editorial coverage in print and electronic media outlets with an earned media value of \$16.5 million across all target markets, an increase of 43% from 2011
- Hosted 22 media fam tours and nine trade fam tours for nearly 150 clients, supported by \$330,000 in in-kind support from travel industry partners across the region
- CRUSA's overseas sales representatives conducted 447 sales calls and hosted 68 training seminars for 1,580 travel agents and tour operator sales and reservations staff members across all CRUSA markets
- CRUSA organized and led seven sales missions and participated in 8 trade shows across all markets. Nearly 27,000 travel trade buyers and media contacts attended these events.
- CRUSA achieved an annual operating budget of \$3.1 million, including a record \$1.74 million in cash and in-kind investments from corporate sponsors, grants, tour operator partners and suppliers across the region, a 15 percent increase from 2011. CRUSA leveraged its primary funding partner's individual annual investments by 9 to 1.



