



AGENDA REPORT

Meeting Date: May 20, 2014
Item Number: F-2
To: Honorable Mayor & City Council
From: Megan Roach, Marketing & Economic Sustainability Manager 
Subject: RECOMMENDATION FROM THE CVB/MARKETING COMMITTEE REGARDING THE FISCAL YEAR 2014-2015 SCOPE OF WORK AND FUNDING REQUEST FROM THE BEVERLY HILLS CONFERENCE AND VISITORS BUREAU
Attachments:

1. FY 2014-15 Tourism and Marketing Budget and Programs
2. BHCVB Program Presentation

RECOMMENDATION

It is recommended that the City Council review the recommendation from the CVB/Marketing Committee regarding the Fiscal Year 2014-2015 scope of work and funding request from the Beverly Hills Conference and Visitors Bureau.

INTRODUCTION

The Beverly Hills Conference and Visitors Bureau ("BHCVB") is contracted by the City to conduct tourism and marketing programs promoting Beverly Hills. Its mission is to promote Beverly Hills worldwide as a stay/shop/dine destination through marketing programs that build awareness and drive consumer traffic and revenue to the city.

DISCUSSION

On April 28, 2014, the CVB/Marketing Committee (Mayor Bosse and Councilmember Mirisch) met with BHCVB representatives to review their proposed Fiscal Year 2014-15 scope of work and corresponding funding request of \$3,300,000. The \$3,300,000 reflects operating and program costs and represents less than a 1% increase to the BHCVB's budget from the prior fiscal year.

During the next fiscal year the BHCVB's objectives are to continue leveraging programs designed to bring worldwide recognition to the city and generate trips to Beverly Hills; drive consumer traffic and revenue to the city by capturing market share from competitors; strengthen the brand in all key target markets; and attract new businesses that contribute to the social and economic vitality of the city. The BHCVB has prioritized its scope of work and budget as follows:

- 1) **Events** – Chinese New Year and support of partner and City events including the Rodeo Drive Concours d'Elegance, Greystone Concours d'Elegance, and Concerts on Canon.
- 2) **Geographic Targeting** – specific initiatives designed to increase revenue for businesses and the city through international, domestic and local markets.
- 3) **Interactive Support and Expansion** – utilize electronic communication channels to build the brand and increase awareness domestically and abroad.
- 4) **Collateral and Way-finding** – offer a variety of collateral pieces as sales tools and additional resources for prospective customers and travel trade.
- 5) **Research and Metrics** – measure efforts and activity to ensure that tactics are effective and to provide insight for future strategies and initiatives.
- 6) **Enhance the Visitor Experience** – offer amenities and customized services at the Visitor Center which provide guests with all of the tools they need to enjoy their stay/visit and showcase the local businesses.
- 7) **Visitor Services** – advertising and incentives, display materials, marketing collateral, and Visitor Center staff.

FISCAL IMPACT

The City's Finance Department projects \$35,500,000 in TOT revenue for the 2014-2015 Fiscal Year, which results in a Tourism and Marketing budget of \$5,167,344. This amount includes \$95,915 in budgetary carryover from Fiscal Year 2013-2014. The funding is budgeted in the Tourism and Marketing Program account 0101311. The CVB is requesting \$3,300,000 for tourism and marketing programs and operational expenses.


Cheryl Friedling
Approved By

Attachment 1

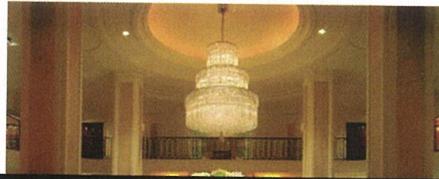
Tourism and Marketing Budget and Programs 2014-2015 Budget & Funding Requests

TOT Base Budget (1/7 of \$35,500,000 TOT estimate)	\$5,071,429
Carryover from FY 13/14	95,915
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Available to spend in FY14/15	\$5,167,344
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Funding Requests

Annual Buffer/Reserve to Cover TOT Revenue Reductions	200,000
City Administrative Costs (Partial Costs of 2 City Staff)	0
Contingency Programs	150,000
Concerts on Canon Expansion	50,000
Intellectual Property Legal Services (trademark violations, etc)	100,000
Holiday Décor/Special Events	500,000
Conference & Visitors Bureau	3,300,000
Rodeo Drive Committee	867,000
Funds remaining to be allocated	344
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Total Funding Requests	\$5,167,344
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Attachment 2



Fiscal Year 2014/15 Budget Presentation

April 28, 2014



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New for Fiscal Year 2013/2014



Suite 100 – Hotel tribute to the city’s centennial with five participating hotels that redecorated a room and incorporated experiences to match an era from the past 100 years

- More than 1 billion PR impressions worldwide
- More than \$750,000 in Global Ad Value
- Inclusion in leading publications: Travel and Leisure, Conde Nast, New York Times, Departures Blog, New York Post, Angeleno, LA Times, NBC.com, Entertainment Tonight, China Vogue, Telegraph UK, Sydney Morning Herald, Brisbane Times



Chinese New Year Expansion – Deborah Butterfield sculpture, expanded public program and VIP party at Louis Vuitton

- 73,000,000 PR impressions worldwide
- More than 1,500 attendees at the public event
- Attendance by People’s Republic of China Consul General Jian Liu



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New for Fiscal Year 2013/2014

Local Marketing Initiative – Advertising campaign to build awareness of how much Beverly Hills has changed in the last several years and to get people to come to town to dine, shop and play

- Program is still underway. Results will be tallied by measuring spend increase from sales tax and American Express data when available

Diner en Blanc – West Coast launch of the elegant white picnic from Paris on Rodeo Dr.

- 1,300 attendees
- Broadcast coverage from NBC and ABC, print coverage from Angeleno and LA Times
- Letter of appreciation from RDC

Arts of Palm – City art celebration tribute to the centennial

- BHCVB participated with a Peter Shire sculpture in the Visitor Center

The image displays four promotional posters for Beverly Hills, each celebrating a different aspect of its 100-year history. Each poster features the headline "BEVERLY HILLS HAVE YOU SEEN US LATELY?" and the sub-headline "CELEBRATING 100 YEARS OF [TASTE/FASHION/CULTURE/DISCOVERY]".

- CELEBRATING 100 YEARS OF TASTE:** The poster features a photograph of a couple dining at a restaurant. The text describes the variety of restaurants in Beverly Hills, from intimate outdoor cafes to trendy hotspots, and mentions over 200 dining venues. It also highlights complimentary parking in one of 12 city lots before visitors savor the culture of Beverly Hills. The website www.lovebeverlyhills.com is listed.
- CELEBRATING 100 YEARS OF FASHION:** The poster shows a woman in a black dress walking down a tree-lined path. The text notes that the streets are overflowing with more than 400 shops, including one-of-a-kind boutiques, the brand Louisa, and internationally-renowned brands. It also mentions complimentary parking in one of 12 city lots and a ribbon in the village-like atmosphere. The website www.lovebeverlyhills.com is listed.
- CELEBRATING 100 YEARS OF CULTURE:** The poster depicts a modern building at night. The text highlights world-class performances at the new Wallis Annenberg Center for the Performing Arts, upcoming productions at the Saban Theatre, and internationally recognized sculptures in parks and gardens. It also mentions complimentary parking in one of 12 city lots and a ribbon in the village-like atmosphere. The website www.lovebeverlyhills.com is listed.
- CELEBRATING 100 YEARS OF DISCOVERY:** The poster shows a classic car. The text describes special events featuring classic cars, outdoor concerts and movies, and even a gourmet chocolate compass. It notes that there is always something to delight the youngest and the wisest at heart, and that complimentary parking is available in one of 12 city lots before visitors explore. The website www.lovebeverlyhills.com is listed.

Each poster includes the "Love Beverly Hills" logo and the text "EST. 1914".

New for 2013/14



EXPANDED GLOBAL SALES STRATEGY

International Luxury Travel Market Expanded Presence

- More than 1,000 new contacts made and five shows attended including Europe, Asia, Americas, UK and Brazil



China Sales Efforts

- First time the GMs will be traveling out of the country together to promote the city to take place June 1-5, 2014
- USC Chinese Student Scholar association events and activities



Tour Bus Drivers Incentive Program

- Working with local partners Clementine and Kelly's to provide drivers with free coffee and pastry, a place to rest, and access to complimentary WiFi launched April 9, 2014



SalesForce.com

- Incorporation of the leading sales internet platform used to manage contacts and prospecting

Around the World with the CVB

BHCVB flew around the world expanding awareness and developing more than **1,000 new relationships** by participating in Brand USA and Visit California sales missions and by expanded presence at Luxury Travel Trade Shows.

Relationships are strengthened and information is passed on to the hotels in effort to build additional group business into the city.

CVB visited:

India
China
South Korea
Japan
Mexico
Taiwan
Europe
UK
Brazil
Australia




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Domestic Market Growth

Total American Express Domestic Spend Growth 2013 over 2012 = 38%

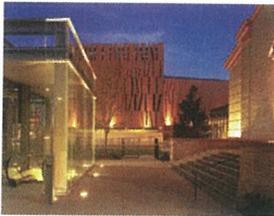
American Express Top Feeder Markets and Growth

Local/Los Angeles	=	67%
San Francisco	=	40%
New York	=	31%
Chicago	=	31%

Hotel-Provided Information:

2012/13 Year Over Year Market Growth As Provided by the Hotels for Room Nights

California	=	40%
New York	=	24%
Florida	=	16%
Texas	=	12%
Illinois	=	6%



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International Market Growth

International tourism represents 60% of visitors into Beverly Hills (a 50% shift from 2007 per the 2013/14 Visitor Profile Study commissioned by BHCVB, which is still underway).

Total American Express International Spend Growth 2013 over 2012 = 30%

2012/13 Year-Over-Year Market Growth As Provided by the Hotels

China	= 105%	Australia	= 39%
Germany	= 82%	Japan	= 32%
France	= 50%	Brazil	= 28%
Canada	= 45%	Middle East*	= 16%
UK	= 44%		

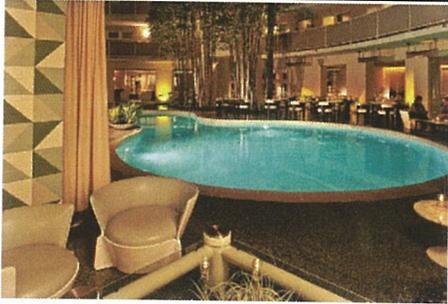
Top International Market by Spend Per Visa Credit Card Data

China+
Canada
Middle East
Russia
UK
Australia

*Most Middle Easterners do not use American Express – growth is considered high for this market using this payment type.
+ Most Chinese use Union Pay, yet Visa still lists China as the top spending market.



Fiscal Year 2014/15



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2014/15 Strategies

- 1) Events - Increase excitement in the city and contribute to perception that there is a lot to do in Beverly Hills
- 2) Geographic Targeting - Feeder market specific initiatives designed to increase revenue for the businesses and the city
 - International markets
 - Domestic markets
 - Local and drive markets
- 3) Interactive support and expansion - Utilize electronic communication channels to build the brand and increase awareness domestically and abroad
- 4) Collateral and way-finding - Offer a variety of collateral pieces as sales tools and additional resource for prospective customers and travel trade
- 5) Research and metrics - Measure efforts and activity to ensure that tactics are effective and to provide insight for future strategies and initiatives
- 6) Enhance the visitor experience - Offering amenities and customized services at the Visitor Center which provide guests with all of the tools they need to enjoy their stay/visit and showcase the local businesses



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2014/15 Tactics

Events

Chinese New Year

- Expanded programming including private reception at The Wallis, if available
- BHCVB is working with entertainment groups to bring program directly from China

International Marketing

- Incentive programs for Tour Operators, Meeting Planners and Receptives (ex: loyalty program for tour guides where they are rewarded for the business with exclusive amenities and services, special events for groups, etc.)
- Continued expansion into emerging markets (China, India, Brazil)
- Participation in Brand USA and Visit California sales missions in key feeder markets, including UK, Europe, Australia
- Participation in International Luxury Travel Market trade show portfolio – Cannes, Americas, Asia, UK, Brazil
- In-country representation in China, Australia and UK/Europe
- China Sales Mission
- Optimization of SalesForce.com with ongoing communications



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Tactics - continued



Domestic Marketing

- 902100 centennial promotion with “100-themed” offers in hotels, restaurants and retailers throughout the fall
- Expanded New York Sales Mission event to include meeting planners, travel trade and press – virtual Beverly Hills city experience
- Group Sales Manager to drive city-wide hotel business that results in compression throughout the business community
- Advertising of the destination in key feeder markets including New York, California, and Chicago
- PR missions and familiarization trips
- Expanded presence at largest MICE (Meeting Planners Incentives and Exhibitions) show in the US – IMEX
- Partnership marketing with local CVBs

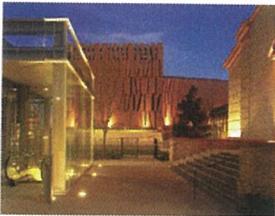


Holiday/Local Marketing

- Holiday “European Market” in Beverly Canon Gardens
- Holiday advertising of décor and shopping
- Holiday activities for families (ex: Santa at the Paley Center and the Jolly Trolley)
- Ongoing shopping and dining advertising



Tactics - continued



Interactive

- Expanded website content in Portuguese, Arabic, Russian, Spanish, German, French and Japanese
- Development of photo and video assets for all electronic channels
- Search engine marketing to drive traffic to websites
- Acquisition and retention programs to expand database and maintain and expand social media audiences
- Ongoing maintenance and content for English and Chinese sites and email distribution



Collateral

- Production of premiums for travel trade and press
- Reprint of brochures for consumers, travel trade and press



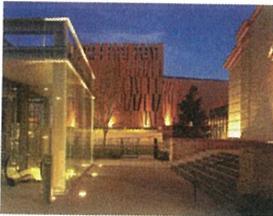
Tactics - continued

Research and Metrics

- Subscription to Smith Travel Research, American Express and Visa data to track domestic and international activity in the city at hotels, restaurants and retailers
- PR tracking including clippings service and Cision, the leading PR interactive tool
- 3-5 year strategic plan for the organization taking into account the competitive landscape and industry trends as well as opportunities to expand partnerships (carryover funds to be used from FY 2013/14 to facilitate)

Visitor Center

- Development of merchandise to sell to visitors
- Display to showcase partners and local services
- Exclusive offers program for visitors
- Collateral to enhance the experience
- Expanded language materials in line with interactive
- Increase of programs to build awareness including advertising, partnerships (ex: Where Magazine) and events



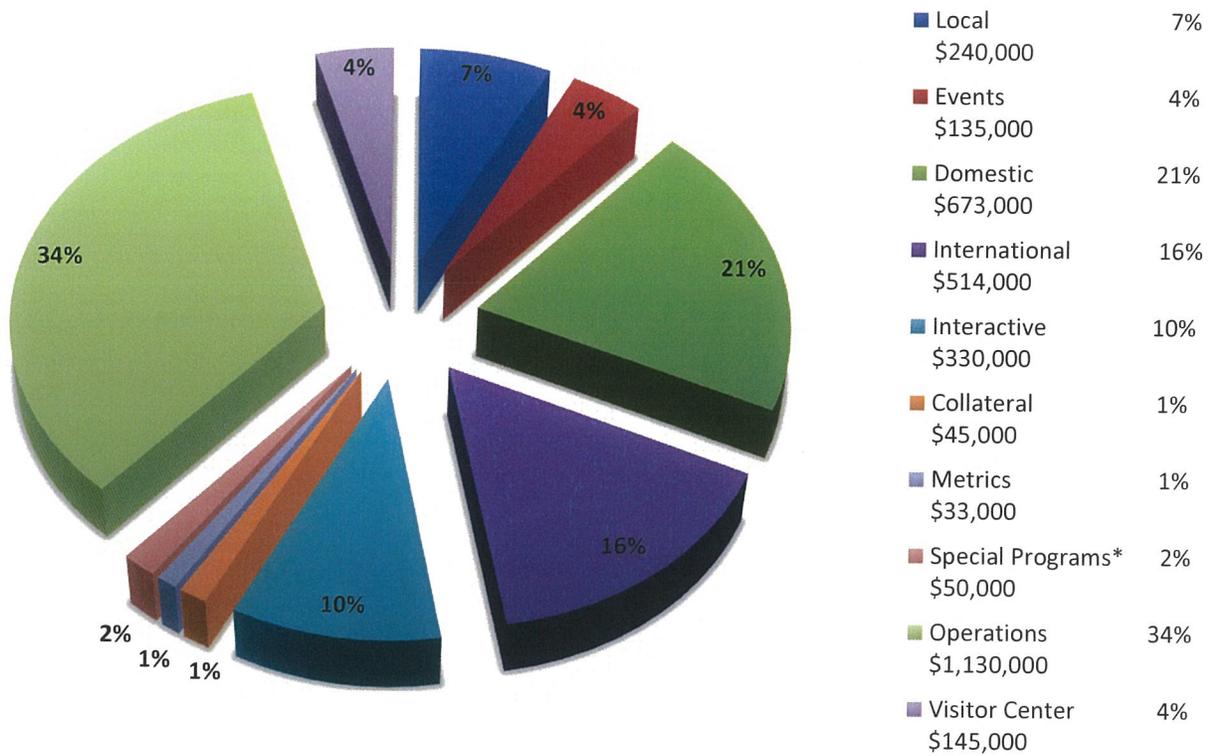
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TOT and Sales Tax Growth

Fiscal Year	City TOT (14% of	City Sales Tax	Combined Revenue	Combined Year-over-	CVB Contract	2% of Total
	Hotel Revenue)			Year Increase		Hotel Revenue
2009/10	\$23,447,458	\$19,671,000	\$43,118,458		\$2,158,160	\$3,383,065
2010/11	\$24,283,657	\$22,052,861	\$46,336,518	7.5%	\$2,050,000	\$3,469,094
2011/12	\$26,594,808	\$23,093,800	\$49,688,608	7.2%	\$2,120,000	\$3,799,258
2012/13	\$30,600,000	\$25,200,000	\$55,800,000	12.3%	\$2,665,000	\$4,371,429
2013/14	\$34,050,000	\$28,500,000	\$62,550,000	12.1%	\$3,283,204	\$4,864,285
2014/15*	\$35,500,000	\$29,526,000	\$64,826,000	4.3%	\$3,300,000	\$5,071,429

* Hotels are forecasting a 7-10% increase in revenue with the city forecasting only a 4.3 % increase. BHCVB 2014/15 total budget proposal is based on the recommendation from the City Manager's office. If TOT outperforms city forecasts, BHCVB would like to work with the City Liaisons to develop additional programs that would result in increased funding.

FY 2014/15 Total Budget \$3,300,000



*Special programs include, include contingency, marketing support, and reserve for Visitor Center refurbishment.

Budget Summary Chart

Description	2014/15 Proposed Budget April 2014	Carryover funds*
Marketing	\$2,025,000	
<i>Centennial</i>		
<i>Events</i>	\$135,000	
<i>Holiday/Local</i>	\$240,000	
<i>Domestic Marketing</i>	\$673,000	\$25,000
<i>International Marketing</i>	\$514,000	\$15,000
<i>Interactive</i>	\$330,000	\$15,000
<i>Collateral</i>	\$45,000	
<i>Special Programs/</i>	\$55,000	\$20,000
<i>Metrics/Research</i>	\$33,000	\$75,000
Operations including Salaries, Taxes & Benefits	\$1,130,000	
Visitor Center	\$145,000	
TOTAL	\$3,300,000	\$150,000

*Carryover funds are marketing funds that were allocated to projects that were delayed to shifting priorities. All carryover is only estimated at this time.

Budget Detail

Strategy	Activity	Comments	Budget 14/15
EVENTS 2011 = \$180,000 2012 = \$630,000 2013 = \$100,000	Chinese New Year Centennial Celebration	Event execution and marketing theme. Amount matches actual spend from 2013.	\$135,000
LOCAL 2011 = \$120,000 2012 = \$35,000 2013 = \$250,000	Holiday Marketing	Advertising, event at Beverly Canon Gardens and holiday marketing activities like Santa at the Paley	\$150,000
	Advertising	Ongoing Shop/Dine Messaging	\$90,000
DOMESTIC 2011 = \$400,000 2012 = \$345,000 2013 = \$592,500	Destination Marketing	Advertising in domestic markets all Year Long for Stay, Shop and Dine	\$390,000
	MICE Marketing	Advertising, fams, memberships to stimulate meeting business	\$30,000
	Domestic PR	FAMs, Media Missions -- NY, SF, LA	\$18,000
	Partnership marketing	Other CVB's (LATCB Website; Westside Coalition) and partnership development	\$25,000
	Group Sales Manager	New position to focus on acquiring city-wide group business	\$85,000
	New York Sales Mission	Enhanced event to include MICE, Travel Trade and Media	\$125,000

Budget Detail

Strategy	Activity	Comments	Budget 14/15
INTERNATIONAL & TRADE 2011 = \$200,000 2012 = \$275,000 2013 = \$426,800	In-country representation	China, UK, Australia	\$100,000
	Int'l Trade: Sales Missions and FAMs -- independent, LATCB, Visit California	China, UK/Eur, Australia	\$50,000
	Tradeshows	PowWow, WTM, ILTM, MPI	\$134,000
	Media		\$15,000
	Emerging Market Development	China Local Market Manager, India Mission, Brazil Mission and possible Russia	\$75,000
	China Sales Mission	ILTM Gala Event and Media Salon with GMs promoting Beverly Hills	\$100,000
	Incentive programs	Tour operator and bus driver incentives, MICE bookings, conference sponsorship, training	\$40,000
	INTERACTIVE 2011 = \$100,000 2012 = \$216,000 2013 = \$282,345	Robust content strategy	Video and photo content to showcase the city in all interactive channels
Social and eMail Acquisition		Domestic and International Acquisition Initiatives and International Maintenance of Content	\$75,000
International*		In-language content; SEO; Social (China, Japan, UK, Mexico, Canada, Italy, France, Germany)	\$75,000
Pay Per Click/SEO		Drive domestic website activity, drive traffic to partners and generate business	\$85,000
Maintenance/eMail		Website hosting, email database and eNews distribution	\$20,000

Budget Detail

Strategy	Activity	Comments	Budget 14/15
COLLATERAL 2011 = \$50,000	Infox	Fulfillment	\$5,000
2012 = \$55,000	Revised Visitor Guide	Reprints to be used for fulfillment at all touch points	\$20,000
2013 = \$50,000	Premiums/giveaways	Tradeshows, VIPs, FAMs, Sales Missions, International Offices	\$20,000
METRICS/ RESEARCH	AmEx/Visa	Domestic and Intl Spend Information	\$17,000
2011 = \$0	STR	Smith Travel Research -- Competitive Hotel Tracking	\$5,000
2012 = \$45,000	Strategic plan research	3-5 Year Strategic Plan	
2013 = \$102,000	PR Clippings		\$5,000
	Cision/PR	Dom and Int'l PR Tracking	\$6,000
SPECIAL PROGRAMS 2011 = \$60,000 2012 = \$45,000 2013 = \$70,000	Special Programs	City requests, adhoc programs from stakeholders, Board requests	\$50,000
OPERATIONS 2011 = \$900,000 2012 = \$1,046,000 2013 = \$998,559		Rent, utilities, Maintenance and main staff (does not include VC staff)	\$1,130,000
VISITOR CENTER 2012 = \$310,000 2013 = \$191,000	Advertising/incentives	Merchandise to sell in VC and utilize for contest giveaway, etc. to incentivize people to visit.	\$25,000
	Display	Artwork, costumes, mural, display photos and one of a kind pieces, signage, banners, etc.	\$25,000
	Collateral	Maps, walking tours FAQs, Insider Tips, Universal Brochure offer coupons	\$25,000
	Staff	Salaries and Benefits for one FTE and one PTE	\$70,000
Total Request			\$3,300,000



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