STAFF REPORT

Meeting Date: June 6, 2016

To: Honorable Mayor & City Council

From: Megan Roach, Marketing and Economic Sustainability Manager

Subject: Recommendation from the Beverly Hills Conference and Visitors Bureau/Marketing Committee Regarding the Fiscal Year 2016-2017 Tourism and Marketing Budget and Scope of Work and Funding Request from the BHCVB

Attachments:
1. FY 2016-17 Tourism and Marketing Budget and Programs
2. BHCVB Fiscal Year 2016-17 Budget Presentation

INTRODUCTION

This item provides a recommendation from the Beverly Hills Conference and Visitors Bureau/Marketing Committee (Mayor Mirisch and Councilmember Bosse) for the Fiscal Year 2016-17 Tourism and Marketing Budget and programs funded through the Transient Occupancy Tax (TOT). The Committee also provided a recommendation for the Fiscal Year 2016-2017 scope of work and funding request from the Beverly Hills Conference and Visitors Bureau.

DISCUSSION

Each year, the City Council allocates funding to the Beverly Hills Conference and Visitors Bureau ("BHCVB") and a variety of tourism and marketing programs that promote Beverly Hills. Funding for these programs is derived from the City's Transient Occupancy Tax (TOT) which is collected by local hoteliers. Of this overall amount, 2% of gross hotel revenues (or 1/7 of actual TOT collected) is allocated for the above-mentioned programs. BHCVB is the primary recipient of the marketing budget and for the past few years they have received approximately 60% of the overall budget.

For Fiscal Year 2016-2017, the base Tourism and Marketing budget is projected to be $5,591,429, which is a flat budget from the prior fiscal year. In addition to the base budget, it includes $360,000 in budgetary "carryover" from unused prior year funds for a total budget of $5,951,429. The Fiscal Year 2016-2017 Tourism and Marketing budget and programs is included as Attachment No. 1 to this report.

The Beverly Hills Conference and Visitors Bureau 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.

On May 4, 2016, the Beverly Hills Conference and Visitors Bureau/Marketing Committee (Mayor Mirisch and Councilmember Bosse) met with BHCVB representatives to review the proposed Fiscal Year 2016-17 scope of work and corresponding funding request of $3,829,202. Of this amount, $233,754 (6%) is for new programming, $1,244,063 (33%) is for operational costs and $2,351,385 (61%) is for recurring programming that has proven successful in prior years.

The Council Committee has recommended approval of the BHCVB's work plan and corresponding funding request of $3,829,202. BHCVB's work plan is included as Attachment No. 2 to the report and includes the following portfolio of services:

1) **Local** – holiday marketing and activities including Santa at the Paley Center.
2) **Events** – Chinese New Year Celebration and support of partner and City events including the Rodeo Drive Concours d'Elegance, Greystone Concours d'Elegance, and Concerts on Canon.
3) **Domestic** – representation in the US by domestic public relations agency to increase awareness and coverage for Beverly Hills as a destination.
4) **International** – expand international programs with greater emphasis in the Middle East region to drive expatriate traffic during Ramadan and to increase year-round business in the region.
5) **Interactive** – dynamic email content targeted to recipients in accordance with their interests and where they live.
6) **Research** – updated visitor profile and economic impact study report providing information on where people travel from and how much they spend while in market.
7) **Visitor Center** – work with a retail expert to maximize current Visitor Center space and display areas for new and unique products at a reasonable price point.

FISCAL IMPACT

The City's Finance Department projects $39,140,000 in TOT revenue for the 2016-2017 Fiscal Year, which results in a Tourism and Marketing budget of $5,951,429 and is budgeted in program account 0101311. BHCVB is requesting $3,829,202 for tourism and marketing programs and operational expenses.

RECOMMENDATION

Staff recommends that the City Council review the recommendation from the Beverly Hills Conference and Visitors Bureau/Marketing Committee for the Fiscal Year 2016-2017 scope of work and funding request from the Beverly Hills Conference and Visitors Bureau.

Cheryl Friedling
Approved By

Attachment 1

Tourism and Marketing Budget and Programs
2016-2017 Projected Budget & Funding Requests

Base Budget (1/7 of $39,140,000 TOT estimate)	$5,591,429
FY 15/16 anticipated carryover funding*	$360,000
Available to spend in FY16/17	**$5,951,429**

Funding Requests

Annual Buffer/Reserve to Cover TOT Revenue Reductions	200,000
Contingency Programs	120,000
Concerts on Canon	50,000
Intellectual Property Legal Services	100,000
Holiday Décor *(excluding Rodeo Drive)*	650,000
Conference & Visitors Bureau *(amount requested)*	3,829,202
Rodeo Drive Committee *(amount requested)*	1,000,000
Funds remaining to be allocated	**2,227**
Total Funding Requests	**$5,951,429**

**Carryover funding includes unused Walk of Style and contingency programs funding*

Attachment 2

2016/17 City Liaisons Budget Proposal
May 4, 2016

BEVERLY HILLS

CONFERENCE & VISITORS BUREAU

Love Beverly Hills

New Programs in Fiscal Year 2015/16

BEVERLY HILLS

CONFERENCE &
VISITORS BUREAU

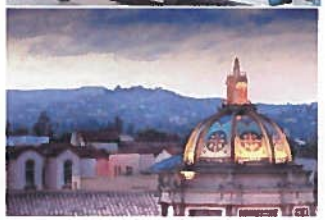
Love Beverly Hills

New for 2015/16

Future Trends of Luxury Report

- A report conducted on behalf of Beverly Hills CVB to give insight into the future of luxury to keep the destination relevant in the current marketplace
- Examines the current balance of the luxury market
  - Where does the Ultra High Net Worth demographic live and what are their behavior patterns
- Defines Luxury 2.0 or the current luxury environment
- Calculates the characteristics of Luxury 3.0 or the future of luxury

Results to date



This project will have an 18-month shelf life as we continue to pitch it and receive coverage and commitments globally. To date:

- Distributed to more than 6,900 media
- Total number of global stories: 36
- Total global impressions: 13,580,958
- Total interviews: 129
- Events to come in China, India and Australia
- Committed coverage to date: US, UK, China, Australia, Brazil

BEVERLY HILLS
CONFERENCE & VISITORS BUREAU
Love Beverly Hills

New for Fiscal Year 2015/2016

Destination Marketing Association International (DMAI) Accreditation

- In July 2015 BHCVB received *DMAP* Accreditation from DMAI, an honor which demonstrates Beverly Hills' commitment to best marketing, operations and sales practices in the destination marketing organization industry.

Spring Campaign

- BHCVB is developing and producing a book entitled "The Definition of Luxury" which will feature content created by tastemakers and influencers discussing how Beverly Hills sets the benchmark for luxury and how the city inspires them in their craft. Featured tastemakers include:
  - Rachel Zoe – Fashion
  - Curtis Stone – Culinary
  - Kelly Wearstler – Design
  - Gunnar Peterson – Health and Wellness
  - Ma Yansong – Architecture
  - Vanessa Prager – Art
  - Hotel culinary stars

New for Fiscal Year 2015/2016

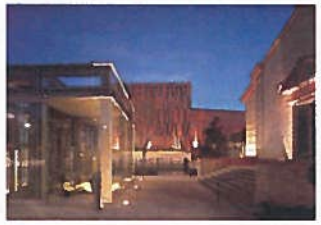
Spring Campaign (cont'd)

- The tagline of the campaign is, "We wrote the book on luxury."
- The campaign will also include video vignettes and content that will be shared across social media – both on our sites and on those of the tastemakers.
- Video and html content will also be featured in ad spots via the Exponential ad network and select Time Inc. sites (ex: Travel and Leisure).
- Advertising will run May, June, September and October.
- Campaign launches May 12, 2016.

San Diego Sales Mission

- First drive market sales mission to promote Beverly Hills as a group business destination conducted in March 2016.
- Presentations to corporate agencies, incentive houses and luxury travel agents to cohesively promote the destination.
- Eight hotels participated.
- BHCVB garnered 53 new trade contacts.

New for Fiscal Year 2015/2016



Partnership

- BHCVB brought together the city, Chamber, Rodeo Drive Committee and CVB for regular meetings to discuss opportunities to work more closely together.
- One of the resulting projects was the Branding Guidelines developed by BHCVB's creative agency which incorporated design elements of all organizations to be used by everyone in an effort to maintain creative consistency across all city-oriented marketing materials.

BEVERLY HILLS
CONFERENCE & VISITORS BUREAU
Love Beverly Hills

New for Fiscal Year 2015/2016

EXPANDED GLOBAL SALES STRATEGY

Emerging Markets

- Luxury travel trade and media dinner in Dubai in conjunction with Arabian Travel Market Trade Show on April 26, 2016.
- Independent India Sales Mission April 29 – May 2 featuring events and activities targeting luxury travel trade and media.

Expanded Global Strategy

- Global Summit brought together all of BHCVB international agencies: China, India, UK, Brazil, Australia and the local team to discuss how to globalize current domestic strategies and to brainstorm on future initiatives.

BEVERLY HILLS
CONFERENCE & VISITORS BUREAU
Love Beverly Hills

Global Promotional Activities

BEVERLY HILLS

CONFERENCE &
VISITORS BUREAU

Love Beverly Hills

Around the World with the CVB

BHCVB flew around the world expanding awareness and developing more than ***750 new relationships*** by participating in Brand USA, Visit California and independent Sales Missions and by expanded presence at Luxury Travel Trade Shows.

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

BHCVB visited:

USA	**INTERNATIONAL**
Las Vegas	India
New York	China
San Diego	UK
Chicago	Europe
San Francisco	Australia
	Dubai

Market Performance

BEVERLY HILLS

CONFERENCE &
VISITORS BUREAU

Love Beverly Hills

Domestic Market Growth

American Express data is no longer available. BHCVB began subscribing to VisaVue domestic reporting as of January 2015.

Domestic Spend Growth for 2015 over 2014 (later reports to compare fiscal year-over-year are not available yet) grew by 6%.

VisaVue Top Feeder Markets:

1. Los Angeles/Orange County = 9%
2. New York Tri-State Area = 8%
3. San Francisco = 11%
4. San Diego = 14%
5. Las Vegas = 11%
6. Chicago = 6%

BEVERLY HILLS
CONFERENCE & VISITORS BUREAU
Love Beverly Hills

International Market Growth

BHCVB also subscribes to VisaVue International Reports.

Total VisaVue International spend was down 15.5%. However several markets were up averaging an increase of 69.5%.

Market performance for 2014 over 2015 (later reports not available yet to do a fiscal year comparison) in order of spend volume:

1.	China+	=	-17%
2.	Saudi Arabia*	=	94%
3.	Canada	=	-24%
4.	UK	=	2%
5.	UAE	=	31%
6.	Australia	=	-23%
7.	Qatar	=	151%
8.	Japan	=	-22%
9.	Switzerland	=	-13%

+ Most Chinese use Union Pay yet Visa still lists China as the top spending market
*Most Saudi Arabians do not use Visa

BEVERLY HILLS CONFERENCE & VISITORS BUREAU
Love Beverly Hills

New Programs Fiscal Year 2016/17

BEVERLY HILLS

CONFERENCE &
VISITORS BUREAU

Love Beverly Hills

New for 2016/17

One of BHCVB's most important core values is to keep a fresh perspective on all programming. This allows for new flourishes on existing programs as well as the execution of completely new ideas.

New Programs by Category:

- Domestic Marketing
  - Representation in the US by domestic PR agency to increase awareness and coverage for the destination (our in-house manager will be out a four-month maternity leave during the year).
  - Support of the Two Rodeo Salvador Dali exhibition.

- International Marketing
  - Global PR Strategy to manage pr activities outside of the US while communications manager is on maternity leave.
  - New promotional programs for the Middle East region with Gulf Reps.
    - The objective is to drive expatriate traffic during Ramadan and to increase year-round business from this region.
  - Europe PR representation similar to what we currently do in the UK and Australia which includes destination pitching, coverage by top publications for the destination and a familiarization trip by key media.

BEVERLY HILLS
CONFERENCE & VISITORS BUREAU
Love Beverly Hills

New for 2016/17 cont'd

New Programs by Category:

- Interactive
  - Dynamic email content targeted to recipients in accordance with what they have told us about their interests and where they live.

- Research
  - Updated visitor profile and economic impact study report giving us information on where people travel from and how much they spend while in market. This report will also gather information on what types of stores and products visitors would like to see in Beverly Hills.

- Visitor Center
  - BHCVB will work with a retail expert to maximize the current space, including building out display areas, adding appropriate signage, relocating existing furniture, etc. Final go-forward will be based on financial scope of proposal to be presented before end of 2015/16.
  - BHCVB will also look at developing unique products that reflect the brand but also are at a price point that is affordable.

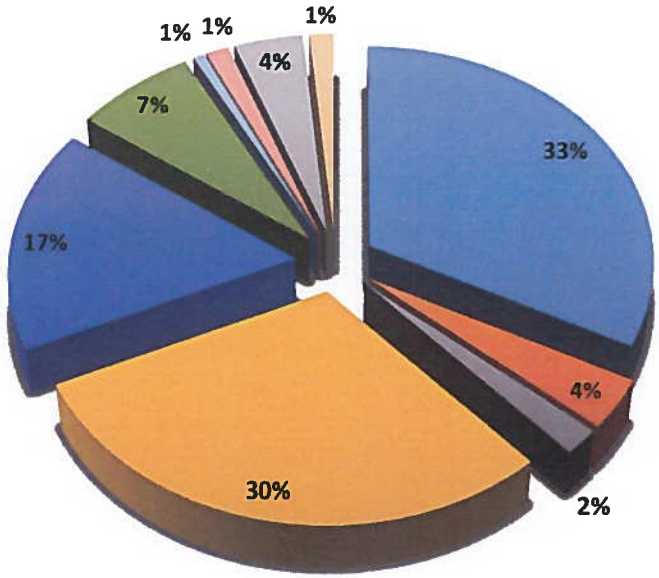
Budget Information

BEVERLY HILLS

CONFERENCE &
VISITORS BUREAU

Love Beverly Hills

CVB FY 2016/17
Budget Overview



Fixed	$1,244,063	33%
Events	$146,016	4%
Local	$75,000	2%
Domestic	$1,145,048	30%
International	$641,214	17%
Interactive	$282,460	7%
Collateral	$26,208	1%
Research	$53,420	1%
Visitor Center	$159,380	4%
Special Programs	$56,393	1%

2016/17 Budget Summary

Description		2015/16 Budget	Carryover Funds*
Marketing			
	Local/Holidays	$75,000	
	Events	$146,016	
	Domestic Marketing	$1,145,048	
	International Marketing	$641,214	$100,000
	Interactive	$282,460	$70,000
	Collateral	$26, 208	$45,000
	Special Programs	$56,393	$25,000
	Metrics/Research	$53,420	
Operations including Salaries, Taxes & Benefits		$1,244,063	
Visitor Center		$159,380	
TOTAL		$3,829,202	$240,000*

*Carryover funds are only estimated as of April 2015. Final numbers to be determined June 2015. An additional $15,000 will be placed in our Tenant Improvement account.

+All figures represent a 4% inflation increase where applicable.

2016/17 Budget Detail

Description	2015/16 Budget	Discontinued Programs	Cost of Discontinued Programs	New Programs	Cost of New Programs 2016/17	Increased costs*	2016/17 Proposed Budget April 2016
Local/Holidays	$75,000		N/A				$75,000
Events	$140,400					$5,616	$146,016
Domestic Marketing							
New York	$156,000						$156,000
Destination Marketing	$390,000			Two Rodeo Dali Exhibit	$25,000	$15,600	$430,600
Domestic PR**	$75,560		$12,260	US pr representation	$78,000	$5,040	$146,340
MICE Marketing	$50,360	Meeting planner advertising	$9,353			$400	$70,400
Partnership Marketing	$51,000					$840	$51,840
Branding Guidelines & Creative	$45,000	Complete	$45,000				
Secondary Market Sales Missions	$197,600					$7,904	$205,504
Group Sales	$81,120					$3,245	$84,365

2016/17 Budget Detail

Description	2015/16 Budget	Discontinued Programs	Cost of Discontinued Programs	New Programs 2016/17	Cost of New Programs 2016/17	Increased costs*	2016/17 Proposed Budget April 2016
International Marketing							
Sales Missions	$63,410	Not as many missions scheduled this year	$25,410				$38,000
Trade Shows	$216,621	Costs for ILTM Europe will be used for Europe Representation this year	$50,000	Larger commitment at ILTM Americas and refurbishment of existing booth	$29,154		$196,624
PR**	$14,040					$3,710	$17,750
Representation	$125,000			Europe representation added in place of ILTM Europe	$50,000	$2,000	$177,000
Incentive Programs	$33,000			Combined with Domestic except for Tour Bus Incentive			$3,000
Emerging Markets	$254,620	Brazil Travel Week Show and placement of Brazil agency on hiatus; China Dinner now cocktail reception	$67,260	Mexico trade and pr representation activities		$1,480	$188,814
Global Strategy	$20,000			Global PR			$20,000

2016/17 Budget Detail

Description	2015/16 Budget	Discontinued Programs	Cost of Discontinued Programs	New Programs 2016/17	Cost of New Programs 2016/17	Increased costs*	2016/17 Proposed Budget April 2016
Interactive							
Database/eMail	$8,400			Dynamic, targeted content	$16,600		$25,000
SEM/SEO	$138,000					$3,840	$141,840
International	$80,496	Will carryover unused funds for China SEO in 2016/17	$26,496				$54,000
Acquisition	$39,728						$39,728
Domestic Site	$21,050					$842	$21,892
Collateral							
Fulfillment	$5,200					$208	$5,408
Visitor Guide	$47,800	Will carryover unused funds to complete in 2016/17	$47,800				
Premiums	$20,800						$20,800
Marketing Tool Kit	$3,138		$3,138		Complete		
Special Programs	$55,000						$56,363
Metrics/Research	$38,800	American Express report discontinued; better pricing on Visa reports	$22,000	Economic Impact Study	$35,000		$53,420

2016/17 Budget Detail

Description	2015/16 Budget	Discontinued Programs	Cost of Discontinued Programs	New Programs 2016/17	Cost of New Programs 2016/17	Increased costs*	2016/17 Proposed Budget April 2016
Operations including Salaries, Taxes, Benefits and Rent	$1,201,059					$46,898	$1,244,063
Visitor Center							
Staff	$78,000					$2,340	$80,340
Merchandise/Display	$26,000						$26,000
Communications	$26,000						$26,000
Events	$25,000		$25,000				
Collateral	$26,000						$27,040
TOTAL	$3,829,202		$333,717		$233,754	$99,963	$3,829,202

*2016/17 budget represents a 4% cost of doing business increase for repeated programs and operations where applicable. **Cost increases are based on 15/16 spend.

BEVERLY HILLS

CONFERENCE &
VISITORS BUREAU

Love Beverly Hills