

2016-18 Executive Progress Report

Commonwealth of Virginia Secretary of Commerce and Trade Virginia Tourism Authority

At A Glance

The Virginia Tourism Authority promotes and develops the tourism and motion picture industries to stimulate Virginia's economy and enhance the quality of life of all Virginians.

Staffing 79 Salaried Employees, 4 Contracted Employees, 0 Authorized, and 50 Wage Employees.

Financials Budget FY 2017, \$21.04 million, 100.00% from the General Fund.

Trends Legend ↑ Increase, ↓ Decrease, → Steady

Key Perf Areas

- ↑ Industry Partner Referrals
- ↑ Annual Website Users
- ↑ Grant Program Leveraging Ratio
- ↑ Motion Picture Industry Economic Impact

Productivity Legend

- ↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to www.vaperforms.virginia.gov

Background and History

Agency Background Statement

The Virginia Tourism Authority (VTA) is a political subdivision of the Commonwealth of Virginia authorized to do business as the Virginia Tourism Corporation (VTC). The agency was established effective July 1, 1999 (§ 2.2-2315 et seq., Code of Virginia). Prior to that date, the state's tourism marketing program was administered by the Division of Tourism within the Virginia Economic Development Partnership Authority. Under the Code of Virginia, the Virginia Tourism Authority was given broad powers to "...stimulate the tourism segment of the economy by promoting, advertising, and marketing the Commonwealth's many tourist attractions and by coordinating other private and public efforts to do the same..." The General Assembly also recognized that the "...film industry is a legitimate and important part of economic development in the Commonwealth."

The VTC has an advisory Board of Directors comprised of 17 members, including the Lieutenant Governor, the Secretary of Commerce and Trade, the Secretary of Finance, the Secretary of Natural Resources, the Secretary of Agriculture and Forestry, and 12 members appointed by the Governor, subject to confirmation by the General Assembly. The Governor designates the Chairman of the Board and the Board may elect one member to serve as the Vice-Chairman. The President/CEO of the VTA is appointed by the Governor and reports to the Secretary of Commerce and Trade. The Board of Directors serves in an advisory capacity to the President/CEO, who serves as the Board's ex-officio Secretary and Treasurer.

The VTA is headquartered in Richmond. In addition, the Authority operates 13 state Welcome Centers located strategically around the state to provide information to persons traveling in Virginia.

Major Products and Services

The Virginia Tourism Authority provides the following services:

Advertising: The advertising program develops and promotes the Virginia is for Lovers brand through print, broadcast, Internet and outdoor media in strategic markets that provide the highest potential number of visitors to Virginia. As part of this effort, VTA partners with, and subsidizes advertising costs for, Virginia destination marketing organizations and tourism businesses to leverage limited resources and achieve the highest rate of return on investment.

Grants: The grants program provides supplemental financial assistance to Virginia destination marketing organizations and tourism businesses. The

competitive grants application process is designed to leverage scarce resources, promote the Virginia is for Lovers brand, encourage the creation of partnerships and enhance the development and marketing of Virginia's tourism product. In addition, VTA works to identify and publicize other grant opportunities available to the state's tourism industry from federal, state and private sources.

Motion Picture Marketing: VTA works to attract motion picture production to the Commonwealth and to increase the quantity of such productions by Virginia's indigenous motion picture industry. As part of this effort, VTA helps recruit, train, promote and publicize employment opportunities for a professional workforce within the state capable of staffing motion picture productions. VTA catalogs and promotes a diverse array of film locations across Virginia and recruits and promotes vendors within the state to supply and equip motion picture productions.

Public Relations: The public relations program develops and disseminates newsworthy announcements, notices, and other communications on Virginia's tourism product to the media, the tourism industry, and the general public. VTA generates editorial coverage on the state's travel appeal, tourism assets, and agency accomplishments by targeting national, regional, in-state, and travel media.

Domestic Sales: VTA markets the Commonwealth as a premier travel destination to tour operators, select travel agents, meeting planners, and sports events rights holders. VTA represents the Commonwealth and provides the Virginia tourism industry with partnership opportunities to collaborate at professional trade shows, sales missions, site inspection tours, and marketing initiatives strategically targeting national, regional, and in-state domestic trade markets.

Research: The research program provides data gathering and analysis on the travel and tourism segments of the economy, including domestic and international market shares, visitor profiles, economic impact on the state and its localities and the effectiveness of VTA's marketing programs.

Digital Marketing: The digital marketing program manages the administration and content of VTA's consumer website, tourism industry website, and social media channels. VTA promotes Virginia's tourism product by developing and implementing digital marketing strategies that utilize technology, electronic communications, content marketing, and search engine marketing.

Creative Services: The creative services program provides graphic design and production services, as well as an in-house photography operation, to support VTA and the Virginia Economic Development Partnership Authority. As part of this effort, VTA maintains a library of photographs and videos that promote Virginia destinations, attractions, and other tourism assets.

Fulfillment: The fulfillment program provides information to, and responds to inquiries from, consumers seeking information on travel and tourism in Virginia. Telephone and Internet inquiries are answered by a consumer services center and VTA publication requests are processed by a fulfillment house that provides storage, processing, delivery, and freight services. In addition, VTA operates a full-service distribution center to process customized and bulk orders and to manage the mailing needs of VTA and the Virginia Economic Development Partnership Authority.

Welcome Centers: Virginia's welcome centers are designed to be first-stop destinations for the traveling public, strategically and conveniently located throughout Virginia on major arterial highways. VTA provides a broad array of services to the visitor, including personal travel counseling, informational publications, transportation maps, and lodging reservation assistance. In addition, the welcome center program serves Virginia's tourism industry by promoting a variety of destinations and attractions through advertising opportunities, multi-media informational kiosks, product demonstrations and exhibits and the distribution of travel publications.

State Tourism Plan: VTA has developed a comprehensive state tourism plan, which provides a thorough assessment of the tourism needs in each of Virginia's tourism regions. This plan provides a competitive analysis of the state, including recommendations on increasing visitation through focused product development, promotions, improvements to infrastructure, and policies at the state and local level to support tourism economic development.

Tourism Planning & Development Guidance: VTA provides strategic planning assistance to localities interested in tourism development. From planning seminars and workshops to assisting with development incentives and financing, VTA offers communities a resource in growing their tourism assets through product development.

International Marketing: The international marketing program develops and implements integrated direct sales, marketing, promotions, and public relations strategies that are innovative in order to bring more foreign visitors and vendors to Virginia. The geographic targets are synchronized with air service to gateway airport and are supported by research.

Tourism Development Financing: VTA helps to promote and administer a financing program for qualified tourism-related development projects in Virginia authorized under § 58.1-3851 of the Code of Virginia. This program provides a debt financing mechanism for capital projects to compensate for shortfalls in funding.

Customers

Customer Summary

The Virginia Tourism Authority works with localities, destination marketing organizations, visitor centers, tourism and hospitality businesses, and numerous other tourism entities in the Commonwealth. In a sense, these are some of VTA's customers. However, the Authority also works in partnership with many of these organizations to market and promote the Commonwealth as a travel destination.

Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Local or Regional Government Authorities	Destination marketing organizations	108	108	Stable
Local or Regional Government Authorities	Certified Tourist Information Centers	73	73	Stable
Wholesale/Retail Trade	Tourism and hospitality businesses	11,000	30,000	Increase
Local or Regional Government Authorities	Localities	323	323	Stable
Tourist	Tourists	45,500,000	999,999,999	Increase
Employer/ Business Owner	Meeting planners, tour buyers, sports rights holders	1,150	10,000	Stable
Employer/ Business Owner	Producers, filmmakers, production companies, studios	1,350	1,350	Increase
Contract Employee	Virginia crew, actors, students, association businesses	1,200	1,200	Increase
General Assembly	General Assembly	140	140	Stable
Local or Regional Government Authorities	Grant recipients	550	1,100	Increase
Tourist	Annual website users	12,300,000	999,999,999	Increase
Tourist	Travelers visiting state Welcome Centers	2,500,000	999,999,999	Increase

Finance and Performance Management

Finance

Financial Summary

In FY 2018 the Virginia Tourism Authority will operate with a general fund budget of \$19.8 million. These funds support the marketing, visitor services, Virginia Film Office, partnership marketing, and minimal administrative support functions. The Authority aggressively leverages funding and forms partnerships with industry and government entities to extend the reach of its limited budget.

The Virginia Tourism Authority is not on the books of the State Comptroller, so the only funds reflected are general fund appropriations. However, the Authority does receive about \$1.3 million annually from the Virginia Department of Transportation (about \$1.2 million for operation of the state's 13 Welcome Centers and \$100,000 as a pass-through for the Danville Welcome Center, which is locally operated). These funds, however, are not sufficient to fully fund the Welcome Centers' operations, which total more than \$2.0 million annually.

In addition, the Authority collects more than \$750,000 annually from a variety of other sources, including brochure rack fees at Welcome Centers and rest areas, reimbursement for the WW I & WW II Profiles of Honor Tour program by the Virginia World War I and World War II Commemoration Commission, royalties from the sale of "Virginia is for Lovers" merchandise, and other miscellaneous fees and collections.

Fund Sources

Fund Code	Fund Name	FY 2017	FY 2018
0100	General Fund	\$21,035,296	\$19,784,112

Revenue Summary

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Commission, royalties from the sale of "Virginia is for Lovers" merchandise, and other miscellaneous fees and collections.

Performance

Performance Highlights

The Virginia Tourism Authority added four new performance measures and modified one performance measure in the last biennium. The new measures included the number of digital referrals to industry partners (1.6 million in FY 2016), the dollar amount of economic impact generated by the motion picture industry (\$615.6 million in CY 2015), the cost per one thousand media impressions (\$.19 in FY 2016), and the number of Welcome Center visitors (2.5 million in FY 2016).

In addition, the Authority slightly modified one measure related to the amount leveraged for every grant dollar invested. That amount increased from \$2.69 in FY 2015 to \$3.21 in FY 2016. The Authority also tracks the number of website user sessions. This information is critical because the Internet is becoming more and more important as a marketing tool. In FY 2016 there were more than 12.3 million website user sessions, which was an increase of almost 3.8 million in just two years.

Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
320.0001	Number of digital referrals to industry partners	Industry Partner Referrals	Improving
32053607.007.001	Number of annual website user sessions	Annual Website Users	Improving
320.0006	Amount leveraged for every grant dollar invested	Grant Program Leveraging Ratio	Improving
320.0003	Dollar amount of economic impact generated by the motion picture industry	Motion Picture Industry Economic Impact	Improving
320.0004	Cost per one thousand media impressions	Media Impression Cost	Improving
320.0005	Number of Welcome Center visitors	Welcome Center Visitation	Improving

Key Risk Factors

Unpredictable funding levels and the lack of a dedicated, independent stream of funding continues to threaten the health of the Virginia Tourism Authority. An unpredictable budget presents great challenges in long-term planning and marketing and greatly impacts the Authority's ability to continue to grow visitor spending. In recent years, some competitor states have received millions of dollars in additional appropriations to promote tourism and film production. The Authority receives about \$1.2 million annually from the Virginia Department of Transportation to support the operations of Virginia's Welcome Centers. The funds, however, are not sufficient to fully fund the Welcome Centers' operations, which total more than \$2.0 million annually. Therefore, the Authority supplements this funding with revenues from brochure rack fees as well as general fund dollars.

A related issue concerns the growing expectations of incentives, especially for film production. Currently the majority of states, as well as the District of Columbia and Puerto Rico, offer film incentives. Compared to most other states, Virginia's incentive program is relatively small. Tax credits total \$6.5 million per year and an additional \$3.0 million annual appropriation is provided for the Governor's Motion Picture Opportunity Fund. Virginia faces tough competition from other states that provide much more incentive funding. For example, Georgia, Kentucky, and Massachusetts have unlimited annual incentive funds, while Louisiana provides \$140 million, Pennsylvania \$60 million, and Ohio \$40 million per year.

Other risks include general economic uncertainty as well as the perception that tourism is not "economic development."

Agency Statistics

Statistics Summary

The following is a summary of the Virginia Tourism Authority's key statistics:

Total Visits to the Virginia.org Website in FY 2016: Total daily visitor sessions recorded on the Virginia.org website.

Total Visits to the Virginia Travel Blog in FY 2016: Total daily visitor sessions recorded on the blog.Virginia.org website.

Total Number of New Page Likes on Facebook in FY 2016: The total number of new people who have liked the Virginia is for Lovers Facebook page.

Total Number of Facebook Page Likes at the End of FY 2016: The number of Facebook page likes as of June 30, 2016.

Total Number of Engaged Users on Facebook in FY 2016: The number of people (unique daily users) who engaged with the Virginia is for Lovers

page posts. Engagement includes any like, comment, share, or click on a created story.

Total Post Impressions on Facebook in FY 2016: The number of impressions seen of any content associated with the Virginia is for Lovers Facebook page.

Total Number of Twitter Impressions in FY 2016: The number of impressions seen of any content associated with the Virginia is for Lovers Twitter page.

Total Number of Twitter Engagements in FY 2016: The number of engagements (retweet, favorite, reply, mention, link click) on a tweet from the Virginia is for Lovers Twitter page.

Total Number of New Instagram Followers in FY 2016: The number of new people who have liked the Virginia is for Lovers Instagram page.

Total Number of Instagram Post Engagements in FY 2016: The number of engagements (like, comment) on a post from the Virginia is for Lovers Instagram page.

Total Number of YouTube Video Views in FY 2016: The number of times a video from the Virginia is for Lovers YouTube channel is viewed.

Total Number of Facebook Video Views in FY 2016: The number of times a video from the Virginia is for Lovers Facebook page is viewed for at least three seconds.

Total Number of Digital Referrals to Industry Partners in FY 2016: Links clicked on by visitors to agency websites that connected them to an external website.

Total Number of Projects Assisted by Virginia Film Office Staff in FY 2016: The total number of film, television, documentary, and commercial projects assisted by Virginia Film Office staff.

Total Earned Media Reach in FY 2016 (Domestic and International): Earned media refers to publicity gained through promotional efforts other than paid media advertising or owned channels. VTA measures earned media impact by reach. Earned media reach is determined by the number of potential people exposed to the coverage secured by VTA.

Total Number of Media Interactions in FY 2016 (Domestic and International): Media interactions include the following: a journalist participated in an individual media visit to the Commonwealth; a journalist participated in a group media visit or familiarization tour to the Commonwealth; a journalist or editor met with VTA staff or representatives for an out-of-market desk side appointment; a journalist attended an out-of-market media event; or a journalist attended an out-of-market media reception during a Governor's Trade Mission.

Total Number of Partners Participating in the Marketing Leverage Program in FY 2016: The number of tourism businesses, organizations, and localities participating in the Marketing Leverage Program, which provides grants to tourism partnerships for new tourism marketing programs.

Total Funding Provided by Partners Participating in the Marketing Leverage Program in FY 2016: The amount of matching funding provided by partners participating in the Marketing Leverage Program, which provides grants to tourism partnerships for new tourism marketing programs.

Total Number of Entities Assisted with Tourism Planning and Development in FY 2016: The number of businesses, entrepreneurs, destination marketing organizations, localities, regions, trails, and other tourism organizations assisted with tourism planning and development.

Statistics Table

Description	Value
Total Visits to the Virginia.org Website in FY 2016	9,023,561
Total Visits to the Virginia Travel Blog in FY 2016	5,112,293
Total Number of New Page Likes on Facebook in FY 2016	201,469
Total Number of Facebook Page Likes at the End of FY 2016	723,885
Total Number of Engaged Users on Facebook in FY 2016	6,509,839
Total Post Impressions on Facebook in FY 2016	204,728,016
Total Number of Twitter Impressions in FY 2016	3,833,046
Total Number of Twitter Engagements in FY 2016	63,314

Total Number of New Instagram Followers in FY 2016	40,476
Total Number of Instagram Post Engagements in FY 2016	994,838
Total Number of YouTube Video Views in FY 2016	1,024,310
Total Number of Facebook Video Views in FY 2016	1,471,914
Total Number of Digital Referrals to Industry Partners in FY 2016	1,968,628
Total Number of Projects Assisted by Virginia Film Office Staff in FY 2016	322
Total Earned Media Reach in FY 2016 (Domestic)	3,400,000,000
Total Earned Media Reach in FY 2016 (International)	4,600,000,000
Total Number of Media Interactions in FY 2016 (Domestic)	89
Total Number of Media Interactions in FY 2016 (International)	165
Total Number of Partners Participating in the Marketing Leverage Program in FY 2016	423
Total Funding Provided by Partners Participating in the Marketing Leverage Program in FY 2016	5,170,730
Total Number of Entities Assisted with Tourism Planning and Development in FY 2016	1,550

Management Discussion

General Information About Ongoing Status of Agency

The Virginia Tourism Authority will execute its overall tourism strategy with advice from the Board of Directors, in cooperation with the private sector tourism industry, and based on research, its Marketing Plan, and the State Tourism Plan. (The State Tourism Plan, or "Drive Tourism," is focused on product development, creative and innovative partnership marketing, and workforce training.) The Authority will continue to identify growth potential and inspire investment from both the public and private sectors in tourism development. It will reinforce its commitment to excellence in marketing, continue advocacy on all levels for public and private tourism investment, and prioritize growth areas to ensure continued visitor spending growth.

From 1979 through 2015 the total economic impact of Virginia's film and television industry was over \$4 billion. Currently, financial incentives offered to productions in the form of tax credits or grants are essential to attract this work. Compared to most other states Virginia's incentive program is relatively small. For example, Georgia, Kentucky, and Massachusetts have unlimited annual incentive funds, while Louisiana provides \$140 million, Pennsylvania \$60 million, and Ohio \$40 million per year. In the 2014 General Assembly Session tax credits were increased from \$2.5 million to \$6.5 million per year. An additional \$3.0 million annual appropriation is provided for the Governor's Motion Picture Opportunity Fund. While the additional resources, along with aggressive marketing by the Virginia Film Office, have been cost-effective, Virginia still faces tough competition from other states that provide much more incentive funding. The Virginia Film Office's plan for strengthening Virginia's film and television industry includes targeting episodic television for the ongoing jobs and related Virginia tourism promotional partnership opportunities, independent films budgeted under \$10 million that call for more high-level local employment, and nurturing the in-state industry and academic programs. Global demand for content is growing exponentially. Content manufacturing is a 21st century industry that is perfectly supported by the diverse location palette offered by Virginia.

Information Technology

The Virginia Tourism Authority relies heavily on technology to market and promote the Commonwealth as a travel destination. The Internet is the primary tool to reach and engage consumers both nationally and internationally. With the technology changing rapidly, the Authority needs to ensure that it stays on the cutting edge to meet the needs of a technology-savvy user. In 2015, the Authority won numerous awards for digital marketing campaigns that utilized mobile technologies. In order to maintain the superior quality of the website, the Authority must continually upgrade the application software, content management systems, and underlying hardware to meet the Internet and user requirements. The Authority's internal information technology systems are provided and managed by the Virginia Economic Development Partnership Authority per a Memorandum of Understanding dated July 1, 1999 and amended June 16, 2011.

Workforce Development

The Virginia Tourism Authority has been able to retain employees long-term, which has resulted in a stable and high-quality workforce. In recent years, VTA payroll costs have been rising, which reflects the need to be competitive with the private sector in order to attract the best candidates and to retain well-qualified workers. VTA has been recognized as one of the best tourism offices in the United States and has won awards for its efforts. However, having a large number of long-tenured employees will impact the future of the Authority and succession planning is and will continue to be critical.

The Authority encourages continuing professional development, and in 2014 contracted with Virginia Commonwealth University's Performance Management Group to provide a customized leadership training program for all employees with management responsibilities. In 2016, the Authority conducted a focus group for its younger, nonmanagerial employees regarding the agency's workplace climate.

The Authority relies heavily on part-time staff to operate the state Welcome Centers. The funds for this come largely from the Virginia Department of

Transportation and the sale of brochure display space and advertising panels. The funding, however, has not kept pace with the cost of operations, which puts additional financial pressure on the Authority.

Physical Plant

The Virginia Tourism Authority's main office is located at 901 East Cary Street, Richmond, VA 23219. The facility is leased and managed by the Virginia Economic Development Partnership Authority per a Memorandum of Understanding dated July 1, 1999 and amended June 16, 2011. In addition, the Authority operates 13 state Welcome Centers located strategically around the state to provide information to people traveling in Virginia. Two welcome centers were acquired by the Authority – the Danville Welcome Center and the Potomac Gateway Visitor Center in King George County. The Danville Welcome Center continues to be operated by the City of Danville per a Memorandum of Agreement. The Potomac Gateway Visitor Center was closed in November 2008 due to budget reductions. In April 2012, the Authority entered into a Concession Agreement with the Dahlgren Heritage Foundation for the operation of the Potomac Gateway property. The agreement allows the Foundation to operate the property as the Dahlgren Heritage Museum. The Dahlgren Heritage Museum serves to not only tell the story of military history at Dahlgren, but also to promote tourism within the Commonwealth.
