

PNWER Summit Tourism Session
Tuesday, July 22, 2014
9:15pm – 12:00pm

Co-Chairs: Hon. Naomi Yamamoto (Minister of Small Business & Tourism British Columbia) & Dave Cowen (General Manager, Butchart Gardens)

Welcome from Minister Yamamoto: Within tourism inspiring cooperation between jurisdictions will hopefully be one of the key action items to result from today's discussion. We haven't yet seized that opportunity but Canada and the USA are great neighbours. BC and Washington have more in common with each other than either Ontario or DC on the east coast. We already jointly collaborate on emergency response and forest fire reciprocity across borders. The region needs to capitalize on the potential of our assets and stop competing and pitting our cities against each other. Portland is a great example of tourism success with their "Visit Portland" advertising campaign. Destination BC's "Great Moments" promotion is similar. Tourism is an extremely valuable revenue generator and the region needs to do a better job of getting that message to community members. We need to simplify the border crossing process, learn from the example of the European Union and put the "Two Nation Vacation" slogan into action. Finally, consider the power of social media. The way we share travel stories has changed significantly and its influence is huge. Let's capitalize on these opportunities and encourage tourists to extend vacations across jurisdictions.

Welcome from Dave Cowen: There are five priority areas for the tourism working group to address in this session:

- 1) Industry working with government to optimize market share for the entire PNWER region.
- 2) Through bilateral collaboration aim for the goal of a new tourism super region. Can we be the next Mediterranean?
- 3) Measure the regional impact of tourism.
- 4) Collaborative amplification of marketing dollars. Think from the visitors point of view, and build the theme of "Two Nation Vacation" through collaborative PNWER destination marketing
- 5) Determine the opportunities and challenges to ease barriers to working with other sectors (e.g. transportation)

The initial presentations will cover a high-level sector view of collaboration. There is a highly competitive tourism cluster and Northwest North America has the opportunity to be viewed globally as world class. We want to stimulate travel for more local and international tourists. International tourism brings new tourism dollars to the region, but is cyclical and regional tourists sustain global fluctuations.

Topic 1: Two Nation Vacations –products, experiences and source markets that connect across the border.

How to grow tourism in PNWER: Challenges, opportunities, synergies and benefits relative to growth strategies for key sectors and market.

Kevan Ridgeway (President, Vancouver, Coast & Mountains Tourism Region) discussed the Gold Rush Trail Development opportunity. *(See PowerPoint presentation)*

Synopsis: The Gold Rush trail is not just about gold. It's about history, heritage, First Nations. The Fraser River is important to BC for forestry, fishing, and shipping. Some opinions believe

that the Coquihalla destroyed the valley when it was built and diverts tourists from travelling through the area. The Gold Rush Trail exists between San Francisco to the Yukon but Washington state is currently the top market with visitor ready activities and easily accessible routes. Some possible circle routes in BC include the Sea to Sky (Lillooet – Pemberton – Mt Currie – Skookumchuck). VCMTR is promoting the Gold Rush trail through Facebook, developing a mapping platform on its website and a 4-week Comcast campaign in Washington. An exhibit in the Royal BC museum will build visitation and has the opportunity to travel. There is a well thought out strategy for future partnerships and opportunities to further promote Gold Rush tourist activities.

Keith Henry (President & CEO, Aboriginal Tourism BC) presented the challenges and opportunities of aboriginal tourism in BC and the PNWERegion.

Synopsis: International marketing and branding of aboriginal tourism is important. First Nations tourism is growing in BC, Canada and the PNWER region but the opportunity has not yet been fully realized, particularly when compared to examples in Australia and New Zealand. First Nations tourism is a competitive edge. Chinese tourists want both nature and culture and a deeper experience. First Nations tourism is a way to provide something unique and different. ATBC is working together within the region, with Destination BC, the Canadian Tourism Commission to develop success in the niche Chinese market and other Pacific Rim countries. 70% of First Nations tourism currently is Canadian tourists. And ¼ of all tourists are looking for an aboriginal tourism experience. The ATBC recently launched a booking agency to provide awareness and because most indigenous organizations do not have individual systems in place. Other regions need to develop actual strategies. Not only market ready experience but also work with small organizations, raise capital and develop opportunities to be export ready. We've seen 22% growth in 2013 and so far in 2014 there has been 14-17% growth. We need to use new strategies to tactically intercept visitors and have been working to incubate ideas, build brand alignment and collaborate. There isn't yet the market for a purely aboriginal vacation but we want to be in the itinerary. We want to share the true history of the people and be a part of the BC experience.

Greg Wirtz (Northwest & Canada President, Cruise Lines International Association) addressed the cruise industry in the Pacific Northwest.

Synopsis: North America is the largest cruise market, but most future growth will be from international passengers. In the cruise industry, borders are inherent to the vacation and passengers may cross 4+ borders within one holiday. There is a huge volume of people to process within a few hours and technological opportunities that have been piloted in Vancouver have helped to address long waits and security measures. There are still significant issues however. Despite communication, people still get turned away at borders for not having Canadian visas on cruises that start in Seattle or Vancouver and end in Alaska. It is going to require joint government collaboration to address these border and visa issues and make cruises and two nation vacations more attractive.

Dave Cowen (President, Gardens BC & General Manager, Butchart Gardens) presented on garden tourism and how it has the highest revenue of any tourism activity. *(Refer to PowerPoint presentation)*

Synopsis: Gardens are animated, exciting and entertaining spaces that often combine fine dining, retail, relaxation and education. Garden tourism involves public and private gardens,

parks & green spaces inside urban environs. Canada and North America is slower than Europe and Australia in embracing garden tourism. Most people experience garden tourism for the first time at 24, and visit repeatedly after then. Additionally, there is a strong crossover with other important parts of tourism, particularly food, heritage and culture and the demographic tends to be good spenders, contributing to the highest revenue of any tourism activity. Garden tourism is a globally growing sector, particularly in France, Australia and Asia. Gardens BC has gone through the sector development process and is now a recognised tourism sector with Destination BC. We are working to get garden experiences market ready and have Vancouver Island and Canada garden routes but there is opportunity to collaborate and develop similar routes cross-border in the PNWER region.

Albert Tseng (Past president Asia Pacific, Canadian Inbound Tourism Association) finished with an overview of the Chinese market. *(See PowerPoint Presentation)*

Synopsis: Chinese tourists are an important segment of the international tourist demographic in the PNWER region. There are potential opportunities and barriers to successfully leveraging this sector. It's important to understand the tourism structure in China, particularly that tourism is a restricted business requiring licenses to operate, 70% of which are government owned. While historically Chinese tourists want tour guides, independent travellers are a new trend but they still require support from local Receptive Tour Operators (RTO). Additionally, in the past people cared less about the itinerary and just wanted to travel outside in large busses. Now tourists are demanding more sophistication, smaller groups and specific activities. The level of trust between RTOS and Asian tourists needs to increase to maximize the potential. It is important that local RTO's and tourism bodies approach regions separately as there are different needs and wants. The pros to attracting Asian tourists to the PNWER region include: beautiful scenery, a wide variety of terrain, good travel products and a diverse culture. However con's include: a lack of awareness, less airport capacity, seasonal operations and fewer RTOs. To leverage the potential of tourists, PNWER needs to focus on a joint strategy, long term marketing and teamwork in sales.

Topic II: Developing tourism and collaborative destination marketing within the PNWER Region –Panel discussion addressing:

- *Tourism Dashboard development to illustrate the value of tourism in the PNWER Region in terms of revenue, jobs, businesses and GDP*
- *Developing a marketing strategy/brand for PNWER and creating demand for 'Two Nation Vacations'*
- *Funding disparity for marketing among PNWER partners and within PNWER regions; how could this be best addressed so that regions can develop and market together?*
- *Beyond The Border (BTB) 1.0 to 2.0: What does tourism need?*
- *The challenger of DUI and misdemeanor turnbacks*

Moderator: Dave Cowen (General Manager, Butchart Gardens)

Panelists: Paul Nursery (CEO, Tourism Victoria), Greg Klassen (CEO, Canadia Tourism Commission), Joe Sprague (Senior VP, Communications & External Relations, Alaska Air), Barrett Fisher (President & CEO, Tourism Whistler), Darrell Bryan (CEO, Clipper Vacations), Marsha Walden (CEO, Destination BC), David Blandford (VP Communications, Visit Seattle)

Q: Dave –In collaboration for the tourism dashboard, what help is needed from PNWER?

A: *(Refer to data from Paul Nursery's PowerPoint presentation.)* The dashboard is an initial attempt at quantifying tourism impact across the PNWER region. Visitors and data are gross numbers and results are skewed based on size of jurisdictions. Each PNWER member can see opportunity but the scope of opportunity can be refined. The group is already working together on visa policy, but PNWER can help getting more detailed and robust information. It would also be helpful to determine the scope of tourism, specifically leisure travel, trade, business travel etc. Additionally, encouraging travel to region and then investment in business because tourists see opportunities within the region would be helpful.

Q: Dave –What other examples of collaboration exist?

A: Greg Klassen –In North America Maine & New Brunswick have traditionally competed with Nova Scotia and Cape Cod & Boston so they combined efforts to create joint tourism opportunities. In Europe, the European Union has obviously made border crossings easier, and additionally capital and secondary cities combined to encourage people to visit areas beyond large tourist destinations. Unfortunately, extra effort to collaboration has not occurred in Canada and in the past we've lagged behind with 1% growth annually compared to a global average of 5%. Tourism is the world's fastest growing business and PNWER could be doing way better, not just on border issues, but also in responding to customer needs. Both the Canadian Tourism Commission and BrandUSA are good at a few things, but with collaboration could leverage more opportunities.

Q: Dave –How do we achieve increased collaboration? Will a PNWER brand cause additional confusion?

A: Paul –A brand is a loaded word, and a promise to the customer. It is important to understand that business is already happening. All jurisdictions have individual marketing efforts, but share lifestyle attributes that are considered competitive advantages. We should share these attributes and brands collaboratively and work together on aspirational experiences without creating a new, arbitrary logo or brand that would cause confusion.

A: David –Groups are already communicating but these efforts will take time. For example Washington doesn't have a state funded tourism office, everything is private sector. We are proposing new laws in the next legislative session that will help the tourism industry and segments inaugurate a funding model with support from the government (but not a state-funded tourism office). *(Refer to David's PowerPoint presentation).*

A: Marsha –The starting point is to figure out what are the most emotionally compelling experiences and focus on them as iconic representations of the region. Otherwise there are too many exciting opportunities. We each have very strong and likeable brands. Adding another layer of branding and/or logos will likely not make sense to visitors. In terms of collaboration I think PNWER can work with tourism trade to build infrastructure and best practices.

Group questions to panelists

Q: To David –Is current funding focused just on Washington Does the state not have the ability to collaborate with PNWER because of current economics?

A: David –It’s really just about keeping the lights on at the moment. There is very little marketing done. PNWER collaboration will need to be integrated into future plans and this is a good time to discuss that, but there is no budget right now.

Q: To Barrett –If there is collaborative PNWER marketing, is foreign or domestic travellers the priority?

A: Barrett –The main target is foreign markets, overseas and international visitors. Regional and national markets have a higher awareness of the region and have a greater propensity to make a single city visit. Our biggest opportunities for collaboration are where individual organizations can’t get in alone and to build greater long-term growth. Overseas visitors want to see multiple destinations, stay longer and participate in more activities, so there are more advantages to long-haul and emerging markets. Do overseas guests understand the close proximity of all the regional opportunities?

Q: Dave –So there is alignment and agreement, how do we move forward meaningfully? Is there money in individual budgets?

A: Suggestion from Robert Fernandez (Alberta Economic Development Authority) What if we took a more targeted approach to marketing? Could we divvy up the market, with BC going to Shanghai, Seattle to Beijing and not all going to the same trade shows and competing?

A: Paul –There already is a targeted marketing approach. We reinforce each other’s efforts, not replicate them. We don’t segment geographically but there is customer segmentation on demographics. We work together but with national and provincial brands and local itineraries.

A: Barrett –The marketing approach needs to be customer centric. To customers, borders are not a true line. This is an opportunity to pool and share resources and represent each other in a collective way.

A: Greg –We need to make it easier to follow customers. SEA-TAC gets different flights than YVR which produce different competitive advantages and access to different customers. We should leverage this.

Q: Jerrilyn Shembri (Peace River Regional District) –It seems the major tourism marketing groups focus on Vancouver, Whistler, Seattle and areas in close proximity. Inland and northern areas, where access is difficult, are often left out. International travel is focused on the urban, west and Pacific areas. What are your thoughts on regional travel and touring routes for local, non-international tourists?

A: Marsha –Touring is one of the 5 identified tourism sectors by Destination BC and one of the best opportunities for growth. Moving forward we need to pick some paths of least resistance. Europe, specifically the UK and German are touring travellers. We need to identify some areas and get on it.

Q: Curtis Grad (CEO, Greater Victoria Harbour Authority) –Do you ever see different airports, that are traditionally very vicious competitors, working together? The Pacific Gateway seems to compete for

flights but the Victoria airport sees both SeaTac and YVR as advantageous. Where is there opportunity for collaboration?

A: Joe –There is extreme competition between regional and major airports. It could be an opportunity for PNWER to demonstrate the benefits of the two groups working together.

In closing, what are the 5 best advantages as a region we can market to businesses and consumers? There are lots of strengths in the region but we need to prioritize.

Group discussion on Beyond the Border 2.0

It's important to not scare tourists about border crossings while still communicating effectively. Word of mouth and stories of difficult crossings or long waits will dissuade tourists faster than positive marketing.

We've enabled borders to work for business with NEXUS. Americans take more advantage of these programs than Canadians. Can we learn from other places that make border transits easier? The UK is not part of the European agreement and sees 1/5th of the tourists who go to other EU regions. Are there opportunities to expand the visa in transit program? Perhaps a trusted tour operator style program that assists with visas for low risk passengers, particularly ones who will spend money (property owners and students.) Are there opportunities for Mexican 10-year visa holders?

Maybe the right processes are not yet in place. Potential for hassle escalates with cross-border travel and we may not be dissuading these perceptions. Example: requiring passports for Canadian/US citizens on land-borders instead of eliminating hassles.

Can we use social media for border crossing communication?

Topic III: Opportunities and Challenges in Tourism: Easing barriers to encourage travel

Sichuan Visa Pilot Project presented by: Dave Cowen (General Manager, Butchart Gardens) *Refer to PowerPoint presentation*

The synopsis of the presentation is to establish a pilot project with the Sichuan flight into YVR where travellers visit the US Consulate for a joint Canada/US visa interview and parallel process for both visas on one timeline. Both nations retain admissibility decisions. Chinese travellers spend over 30 nights in America and 19 average nights in Canada. They are also top tourist spenders in BC. These travellers are the base of our tourism revenue.

Commentary:

-With cruises, Chinese prefer Caribbean cruise because it only requires one visa. Taiwan however has a visa waiver program with the USA and Canada and their first choice of cruises is Alaska because the flight is only 12 hours, as opposed to a Miami flight.

-The pilot cargo project where cargo was checked once and cleared twice could be a learning opportunity.

-If we segmented risky travellers not by geographic location but on demographics it could fit well into the BTB action plan (NEXUS travellers)

Growth of Alaska Airlines relative to the multimodal transportation needs of the PNWER Region: Future growth challenges related to borders, infrastructure and security. Presented by Joe Sprague (Senior Vice President, Communications and External Relations, Alaska Air) *Refer to PowerPoint presentation*

Synopsis: Alaska Airlines (AA) has significant ties to the PNWER region and is part of the tourism and transportation infrastructure. The airline industry is very dynamic and a lot has changed in the last 10-20 years with US deregulation. Alaska Airlines has not passed any other carriers in rankings but has moved from 24th to 6th because of consolidation and closing of other competitors. They are also the only airline with a presence prior to deregulation that has not filed for bankruptcy. There are three key reasons for their success: service, performance and employee relations. Route expansion is primarily east-west as there has always been significant north-south presence and the east coast and Hawaii now accounts for 40% of the route system, and Hawaii being 1/5th of the market.

Opportunities for growth include: crafting innovative technology solutions and better passenger processing; pre-clearance for transferring passengers; mobile boarding passes & automated entry solutions (45% usage up from 2%)

Challenges to address: Increasing passengers' throughput capacity in the primary clearance area of Customs in US airports; increasing the use of APC Kiosks; Better communication to customers about expedited clearance programs; Better communication to travelers about delays, gate changes, early departure etc.; New technologies, while helpful, do not prevent delays in Customs facilities that have structural limitations.

Transportation Challenges & Opportunities presented by Dr. Don Alper (Director, Border Policy Research Institute, Western Washington University) *Refer to PowerPoint presentation.*

Synopsis: A significant amount of time and money is spent on border security when less than 2% of all travel flow is risky. The security mindset hasn't yet caught up to the present-day world with massive access to information. It doesn't make sense to spend limited resources on no-risk segments of passenger flow. The border process needs to fully embrace the check once, cleared twice proposal. It is not difficult to get information in advance to respective countries authorities and eliminate redundancies in the system. Additionally, we should allow private sector funding into border infrastructure beyond just kiosk technology. Budget constraints federally mean limited ability to upgrade infrastructures and there is opportunity to be creative in partnerships. Instead of just developing new policies, it is important to create a new mindset for border security that then drives policy. It is not just physical infrastructure, but also intellectual infrastructure. If we upgrade our perceptions of neighbouring countries, borders, foreigners and how we think of cross-border flows it will facilitate opportunities for increased travellers. Additionally, invisible infrastructure (laws and regulations associated with borders) are not facilitative of moving passenger flows globally.

NORPASS Update –*Time ran out, this will be added to future action items.*

Closing: Hon. Naomi Yamamoto (Minister of Small Business & Tourism British Columbia)

Thank you. When it comes to collaboration on tourism, let's look to the craft beer industry in BC. Bridge Brewing Company was a new but established microbrewery in North Vancouver when Deep Cove Brewing opened directly across the street. Through collaboration, business for each brewery doubled when competition increased instead of decreasing revenues. Let's work together to demonstrate to government the value tourism has to the region.