

TOURISM PROCUREMENT EXEMPTION Annual Report

Pursuant to:

Economic Development Article §4-107

Submitted by:

Maryland Department of Commerce

July 2020

DIVISION OF TOURISM AND FILM PROCUREMENT EXEMPTION REPORT

Executive Summary

The Division entered into one cooperative marketing agreement in Fiscal Year 2019 under Commerce's tourism procurement exemption authority. This authority exempts Commerce from some of the requirements of state procurement law regarding certain marketing activities related to the promotion of tourism.

Under this authority, Commerce contributes no more than 50 percent of total project costs. This has been a great opportunity for the State to pay less for more products/services and receive increased economic benefits. The attached chart describes each project in terms of actual dollar amounts committed, and below is a brief summary of the project covered under the tourism procurement exemption. All cooperative marketing projects under this exemption were reviewed by the Department's Assistant Attorney General and approved by the Secretary of Commerce or designee prior to implementation.

Capital Region USA

The Capital Region USA (CRUSA) is a non-profit tourism coalition comprised of and funded primarily by the Maryland Office of Tourism, the Virginia Tourism Corporation and Destination DC, with significant support from the Metropolitan Washington Airports Authority. CRUSA strives to increase awareness and visitation to generate positive economic impact to the region from selected international markets by implementing marketing programs and public/private sector partnerships.

Formed in 1991, CRUSA has created a strong, unified marketing effort to attract the lucrative overseas visitor from our primary markets of the United Kingdom and Germany, our secondary markets of France, Mexico and Brazil, and the emerging market of China, by combining limited marketing funds from each partner. Investments by each partner funded a fully integrated, professionally managed international marketing campaign in FY 19 with a budget of \$3.2 million representing a leverage factor of 8 to 1. CRUSA generated \$1.7 million in cash and in-kind contributions to support its marketing programs from corporate sponsors, grants, tour operator partners and suppliers across the region.

Capital Region USA's marketing efforts are designed to increase awareness of the destination as a leisure travel destination, and to increase visitor volumes and spending from selected overseas markets.

Increasing Awareness:

- CRUSA's overseas representatives in China, the United Kingdom, Germany, France & Brazil distributed approximately 90,000 print travel guides to travel trade, media and consumers. In addition, there were 1,661 downloads of the e-Guide across all languages.

- CRUSA reps conducted 399 sales calls and 61 training seminars for 773 travel agents and tour operator sales and reservations staff members across all five CRUSA markets. CRUSA organized and led three sales/media missions to German, France, and China generating 34 leads and 14 media appointments. CRUSA participated in six international trade shows, attended by more than 471,550 tour operators, travel agents, media representatives, and consumers. CRUSA and its partners hosted 11 trade fam tours for 87 clients. These fam tours were supported by \$175,164 of in-kind support from travel industry partners and international airlines who provided free or reduced rate flights, accommodations, meals, attraction admissions, flights, and ground transportation for our clients.
- CRUSA completed year eight of its integrated marketing partnership with Miles, providing opportunities for industry participation in CRUSA's print holiday guides, website advertising, email, search engine marketing, and Brand USA opportunities. The program generated \$301,744 in support from industry partners.
- CRUSA achieved editorial coverage in print and electronic media outlets with an earned media value of \$17.4 million. CRUSA and its partners hosted 46 journalists supported by \$113,502 of in-kind support from travel industry partners across the region and beyond who provided free or reduced rate flights, accommodations, meals, attraction admissions and transportation for our clients.

Increasing Visitation:

- In 2017 a record 2.62 million overseas travelers visited the Capital Region, stayed an average of 9.6 nights and spent nearly \$5.4 billion on hotels, meals, shopping, attractions and other goods and services across Washington DC, Maryland and Virginia. These overseas visitors helped to generate nearly 37,500 jobs throughout the Capital Region.
- CRUSA partnered with 14 overseas tour operators for joint consumer marketing initiatives in the United Kingdom, Germany, and France. CRUSA's investment of \$187,450 (including 20% matching Brand USA funds) was also matched by \$354,512 from the operators, resulting in campaigns valued at \$541,962. Three supplier partners participated in the UK and France campaigns and contributed an additional \$10,500 in support. The campaigns helped generate 36,441 room nights in CRUSA for the period of and generated an estimated economic impact of \$12.5 million.

Tourism Promotion Exemption Report - Fiscal Year 2019

<u>Contractor</u>	<u>Term</u>	<u>Private Sector Investment</u>	<u>State Investment</u>	<u>Description</u>
Capital Region USA	7/1/2018-6/30/2019	\$1,698,780	\$400,000	Promote awareness of Maryland and the Capital Region USA (Maryland, Virginia and Washington, D.C.) as an international visitor destination.