

TOURISM PROCUREMENT EXEMPTION

Annual Report

Pursuant to:

Economic Development Article §4-107

Submitted by:

Maryland Department of Commerce

December 2024

DIVISION OF MARKETING, TOURISM & THE ARTS PROCUREMENT EXEMPTION REPORT

Executive Summary

The Division entered into two cooperative marketing agreements in Fiscal Year 2024 under the Maryland Department of Commerce's (Commerce) 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 chart at the end of this report describes each project in terms of actual dollar amounts committed. Below is a summary of the projects 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

Capital Region USA (CRUSA) is a non-profit tourism coalition comprised of and funded primarily by the Maryland Office of Tourism Development, 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 forming public/private sector partnerships.

Formed in 1997, CRUSA has created a strong, unified marketing effort to attract lucrative overseas visitors from our primary markets the United Kingdom, Germany, and France by combining limited marketing funds from each partner. Investments from each partner fund a fully integrated, professionally managed international marketing campaign with a budget of \$1.7 million, representing a leverage factor of 2 to 1. CRUSA generated \$131,804 million in cash and in-kind contributions in FY23 to support its marketing programs from corporate sponsors, grants, tour operator partners and suppliers across the region.

Increasing Awareness:

- As international consumers began to travel more to the United States again after Covid-19 travel restrictions loosened, CRUSA continued to work with overseas tour operators to educate in all three CRUSA markets. 227 sales calls and 339 training sessions were held for travel agents.

- CRUSA's overseas representatives in the United Kingdom, Germany, and France distributed approximately 43,000 print holiday guides to travel and trade companies, media, and consumers. In addition, there were 231 downloads of the e-Guide across all languages.
- After a thorough audit, several updates were made to the website in FY24, including enhancing the homepage map to be more interactive, boosting UX and SEO with content updates, and adding keyword rich alt text to images. These enhancements are part of CRUSA's continued focus on a customized content marketing approach (a balance of paid and organic traffic) to complement the traditional search engine marketing (paid traffic) campaigns. The effectiveness of this strategy can be seen in the following metrics:

Site Performance

- 511,000 Sessions
- 415,000 Unique Users
- 681,000 Pageviews
- 00:01:05 Engagement Time
- 39.76% Engagement Rate
- 1.34 Pageviews per session

Advertising Outlets/Programs

1. BRAND USA PROGRAMS:

UK: multi-media (digital and print) - \$66,400

Germany: multi-media (digital and print) - \$41,000

France: multi-media (digital and print) - \$41,400

2. AMADEUS HOSPITALITY (Consumer Marketing - UK, Germany, and France)

UK: \$40,000

Germany: \$40,000

France: \$20,000

3. TOUR OPERATORS MARKETING CO-OPS (in progress and to be fully funded by CRUSA)

UK: \$40,000

Germany: \$40,000

France: \$20,000 (approximately)

Advertising Key Performance Indicators:

- 4.99 million impressions
- 185,162 clicks
- 3.71% CTR
- \$0.20 CPC
- 53,000+ conversions
- \$75,000 invested in SEM
- In FY 2024, 67,503 consumer e-newsletters were delivered to subscribers, 921 social posts with 37,606 followers across our channels were uploaded and we hosted 26 travel media specialists. These media specialists generated positive coverage about the region with an Advertising Value Equivalency of \$9.8 million.

Maryland Association of Destination Marketing Organization

The Maryland Office of Tourism entered into a cooperative marketing agreement with the Maryland Association of Destination Marketing Organizations (MADMO) to jointly produce an economic impact study to measure the effect of tourism spending at the county and State level. This study is vitally important for the state and the counties to demonstrate the impact of visitor spending and activity on Maryland and its jurisdictions. The cooperative agreement is with the Maryland Association of Destination Marketing Organizations, the Maryland Office of Tourism and the research provider Tourism Economics. The 2023 Tourism Economic Impact Report reported the following:

Visitation increased by nearly 4 percent from 43.5 million in 2022 to 45.1 million in 2023.

- Business travel took 22 percent of the share, 10 million visitors, an increase of 3.7 percent
- Leisure travel took 78 percent of the share, 35.1 million visitors, an increase of 3.6 percent

Maryland's visitor spending increased by 5.7 percent to \$20.5 billion from 19.4 billion in 2022. It surpassed the 2019 level, exceeding it by 7.1 percent.

- Leisure visitor spending increased by 4.9 percent
- Lodging (overnight) spending increased by 6 percent
- Food and beverage spending increased by 5.3 percent

Tourism is the 11th largest private sector employer. 126, 990 people were employed in tourism (an increase of 2.7 percent compared to 123,600 jobs in 2022) with \$6.4 billion in direct labor income.

\$2.4 billion in state and local taxes were generated by visitors – essentially saving each Maryland household \$1,027.

Tourism Promotion Exemption Report - Fiscal Year 2024

<u>Contractor</u>	<u>Term</u>	<u>Private Sector Investment</u>	<u>State Investment</u>	<u>Description</u>
Capital Region USA	7/2/2024-6/30/2025	\$1,700,000	\$440,000	Promote awareness of Maryland and the Capital Region USA (Maryland, Virginia and Washington, D.C.) as an international visitor destination. (Includes IPW Booth)
Maryland Association of Destination Marketing Organization	5/28/2024-6/30/2027	\$35,500	\$35,500	Work to produce the Economic Impact of Tourism in Maryland (3-Year Contract) Year 1 of 3 funding
Total		\$1,734,450	\$434,450	