

PARTNER PROGRESS PROSPER

"THE WHOLE IS GREATER THAN
THE SUM OF ITS PARTS" - Aristotle



2015 Annual Report

SEATTLE
SOUTHSIDE 



WELCOME

Dear Seattle Southside Supporters,

Travel is a primary driver of our economy and adds jobs faster than other industries. According to U.S. Travel Association's travel industry research, projections point to continued good news and better trends ahead.

Following a landmark year in nearly every sector of the local travel and tourism industry, Seattle Southside advanced notable momentum for the local economy in 2014. Last year we experienced nearly 80 percent hotel occupancy.

Hotel development is accelerating in Seattle Southside. With more than 500 additional hotel rooms being added to the local market, it will add an estimated \$15.5 million in hotel revenue, produce nearly half a million dollars in local hotel tax revenue and assessments and generate an additional \$57 million in economic impact.

In Seattle Southside, 2014 marked the creation of our Tourism Promotion Area. Unanimously ratified by all three city councils late last year, this long-awaited tourism marketing fund will, finally, allow the region to readily compete for increased visitation with an emphasis on the weekend shoulder season.

Our appreciation and gratitude go to the 39 Seattle Southside hotels that stepped forward and agreed to impose a \$2 per occupied room night assessment and pool these resources to aggressively market our destination.

With funding and partnership support, Seattle Southside Regional Tourism Authority will continue to build on the success of 2014 as we head into a year teeming with opportunities for everyone to prosper.

Sincerely,

Katherine Kertzman

Executive Director
Seattle Southside Regional Tourism Authority

“The City of Des Moines is an enormous supporter of Seattle Southside’s mission to promote tourism to our region. We believe it is a great economic development supporter that enhances the lives of our residents.”

- Mayor Dave Kaplan
City of Des Moines



“Tukwila strives to create a balance in addressing the needs of its residential community and the environment with the challenges of maintaining and enhancing a vibrant development climate. Working with Seattle Southside makes this balance more attainable.”

- Mayor Jim Haggerton
City of Tukwila



“Tourism is vital to our City’s economic well-being. It provides jobs, tax revenues and supports many of our small businesses. As a partner of Seattle Southside, we understand the importance and strength of a coordinated and professional regional effort.”

- Mayor Mia Gregerson
City of SeaTac





PARTNER

SEATTLE SOUTHSIDE MISSION STATEMENT

To position Seattle Southside as a destination of choice for leisure, group and business travelers while enhancing the image, confidence and economic strength of the community.

As the official destination marketing organization of the cities of SeaTac, Tukwila and Des Moines, Seattle Southside provides leadership and services to competitively market the destination. This function helps create jobs, grow tax revenue and improve quality of life for residents and businesses.

The Value of Partnership

Statewide Partnerships

In 2011, Washington State lost the state tourism office. However, the statewide industry coalesced to create the Washington Tourism Alliance (WTA), which now assumes the critical role of destination marketer.

WTA procured the state marketing assets, deployed a statewide marketing team and is now working to develop a long-term funding solution. Continued support of WTA will be critical in 2015 and 2016.

Regional Partnerships

In June 2015, more than 235,000 people will visit the Pacific Northwest for the U.S. Open Championship. This is the USGA's largest of the 13 championship series events. The estimated economic impact to the region is \$150 million. In addition, 4,500 volunteers will work tirelessly to help make this event truly impeccable.



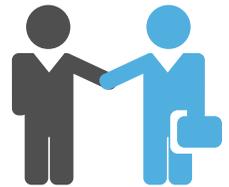
Associate Partnerships

Recognizing that overnight visitors in paid accommodations stay longer and spend more than day trippers, Seattle Southside works in partnership with hoteliers and other businesses to target key markets with no costly membership dues.

Working closely with travel and tourism related businesses and the media, Seattle Southside continues to grow new business from the dynamic growth in the meetings and conventions segment as a result of the improving economy.

Partnership with Seattle Southside provides a connection to the lucrative business, group and leisure travel markets.

Opportunities are readily available to network with other businesses, make contact with and advertise directly to visitors and groups to help build awareness for your business.





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TOURISM DEVELOPMENT

Seattle Southside provides key leadership and helps build integrated marketing initiatives and resources critical in connecting and motivating key visitor segments.

Planning & Funding

Due to the efforts of many individuals, the Seattle Southside Tourism Promotion Area (TPA) was created in 2014.

SeaTac City Council members voted on October 14, 2014, to establish the Seattle Southside TPA and charter the newly created Seattle Southside Regional Tourism Authority (RTA), a public corporation and separate legal entity, which will manage increased funding and tourism promotion activities for the cities of Des Moines, SeaTac and Tukwila.

With \$2 collected per occupied room night, this assessment will increase Seattle Southside's budget by an estimated 3 million additional dollars.

With these additional funds, as well as lodging tax dollars, Seattle Southside will be able to increase tourism promotion, expand product development, increase its focus on advocacy and support for statewide tourism marketing, enhance destination development and awareness and expand a heightened level of sales and visitor services.

The Seattle Southside RTA is governed by a board of directors appointed by the City of SeaTac.



Seattle Southside Regional Tourism Authority

Board Chair:

Maureen Huffman
General Manager
*Embassy Suites Seattle-
Tacoma International
Airport*

Vice Chair:

Sanjay Mahajan
General Manager
*Radisson Hotel Seattle
Airport*

Secretary:

David Sullivan
General Manager
Cedarbrook Lodge

Treasurer:

Barbara Brunetti
General Manager
Ramada Tukwila

Members:

Barry Baxter
General Manager
Home2 Suites by Hilton

Ken Stockdale
General Manager
*Crowne Plaza Seattle
Airport*

Frank Welton
Area General Manager
Seattle/Northwest
Hilton Worldwide

Sales & Marketing

Committee Co-Chairs:

Ken Stockdale *Crowne
Plaza Seattle Airport*

David Sullivan
Cedarbrook Lodge

Research & Reporting Economic Impact

Seattle Southside Conversion Study

In partnership with H2R Market Research, Seattle Southside completed a conversion study to determine the overall reach of Seattle Southside in its ability to attract leisure visitors to the region.



Key takeaways: Over the past three years, 60 percent of those who inquired to Seattle Southside ultimately visited. The H2R Industry Norm is 33 percent for destinations across the U.S.

These visitors who inquired stay longer when they visit and spend more than the average visitor to Seattle Southside.



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Research Continued

Smith Travel Research

In 2014, additional reports were purchased from STR and cross-referenced with other data to provide objective, trend-based analysis and empirical data about the local lodging industry.

Key takeaways: Shoulder season weekends offer the best opportunity to increase visitation and economic impact.

Sundays generate the lowest occupancy and average daily rate with revenue per available room averaging only \$60.30 by year end.

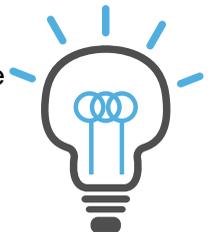
Based on this evidence, the Seattle Southside Regional Tourism Authority is dedicated to creating new campaigns to stimulate growth and encourage leisure travelers to stay one more day and business travelers to arrive one day earlier.

Staff Development

Today's destination leaders are charged with collaboratively defining a community vision for tourism in a high-stakes, hyper-competitive, constantly changing global marketplace. To better prepare Seattle Southside's leaders for the evolving marketplace and emerging business trends, staff set a strategic goal of enhancing knowledge and leadership skills to add value to the organization.

In 2014, Katherine Kertzman earned a Certification in Destination Management Executive (CDME) from Destination Marketing Association International (DMAI).

Ashley Comar, Meagan McGuire and Kristina Thorne earned certifications as Professionals in Destination Management (PDM) from DMAI.



New Supply

With market performance improving and debt financing more readily available, hotel development is accelerating in Seattle Southside.

The 260-room Crowne Plaza Seattle Airport, formerly Holiday Inn Seattle Airport, underwent a significant \$9 million renovation.

A \$16 million expansion at Cedarbrook Lodge increased capacity by 60 percent. Also included in the expansion is a new 3,350-square-foot spa, an outdoor heated whirlpool and additional parking spaces.

Ariel Development announced plans for a 150-room Hyatt Place in SeaTac. Located near Angle Lake, this



\$25 million development is expected to be completed in 2016.

Home2 Suites by Hilton is slated to open in Tukwila in June 2015 with 139 rooms.

A 140-room Residence Inn by Marriott will be developed on Angle Lake, likely in 2017.

The \$45 million, eight-story Artemis Hotel is wrapping up construction in Des Moines. The 238-room hotel complex, hospitality and entertainment facility is expected to be open in 2015 and carry a Sheraton flag.

A 19-story Washington Place hotel and residential tower will be constructed in Tukwila. The 418,000-square-foot, \$120 million tower will include 370 market-rate apartments, a 189-room business-class hotel and a 90-seat restaurant.



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MARKETING & COMMUNICATIONS

The marketing and communications department promotes Seattle Southside as the perfect destination for practical travelers through implementation of consistent, targeted, proactive, cost-effective marketing and media programs.

Key Focus

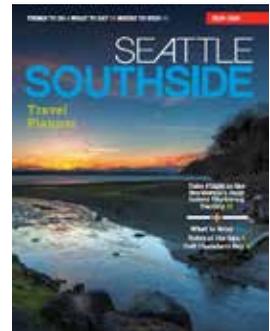
- 1. Demand Generation**—Increase hotel occupancy through compelling domestic marketing programs. Attract more groups, leisure travelers and business travelers.
- 2. Perception**—Continue heightening awareness about Seattle Southside as a destination and generate positive perceptions.
- 3. Interaction**—Enhance engagement on Seattle Southside website and social networks.

Compelling Marketing Collateral

Redesign of the Seattle Southside Travel Planner resulted in a visually stunning magazine promoting Seattle Southside as an ideal tourist destination.

With many lifestyle articles and vivacious photography showcasing the region, this updated marketing piece will be an even stronger call to action for potential visitors.

The Travel Planner is distributed through requests received online, over the phone, at trade shows, partner locations and Visitor Centers.



Creating Quality Perceptions

Seattle Southside conducted a scaled back branding campaign and focused heavily on introducing the Seattle Southside Visitor Center at Westfield Southcenter. This campaign significantly increased awareness about the Visitor Center and directed thousands of visitors to the new location.

Through outreach, interviews and media coordination, including a cover story in the Puget Sound Business

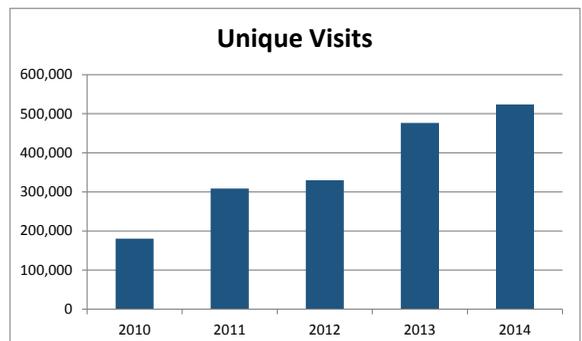
Journal, more than 90 million impressions were received, resulting in thousands of dollars' worth of positive press coverage.



Digital Interactions

SeattleSouthside.com received the most web visits ever in 2014. Unique visits to the website increased 8.5 percent. Currently a digital conversion study is underway to evaluate the effectiveness of the website.

Social media continues to be an important communication facet and, in 2014, Seattle Southside's engagement increased more than 5 percent.





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BUSINESS DEVELOPMENT

Seattle Southside provides key leadership and helps build integrated marketing initiatives and resources critical in connecting and motivating key visitor segments.

Key Focus

- 1. Prospecting Opportunities & Acquiring Business**—Establish Seattle Southside as a value-driven, quality destination for groups hosting events for 10 to 200 people, with an emphasis on increasing off-peak bookings.
- 2. Support Sales at Businesses and Hotels**—Support the marketing and sales needs of Seattle Southside tourism businesses and hotel sales teams to convert opportunities to booked business.
- 3. Build Community with Similar Organizations**—Build relationships with the regional tourism network to create awareness about Seattle Southside and take advantage of partnership opportunities.

Acquired Business

Business development efforts contributed to room nights and meetings booked for 2014 and beyond.

This was accomplished through sales efforts that included attending sales missions with 246 total appointments, including: Washington Society of Association Executives, National Tour Association, MPI Cascadia, Connect Marketplace, Collaborate Marketplace, Reunion Friendly Network, Go West Summit.



Other activities included coordinating four familiarization trips with 43 tour operators and meeting planners and participating in 17 client site inspections.

Business Support

In 2014, Seattle Southside implemented Simpleview, a new customer relationship management (CRM) tool to better serve associates and clients, which is also used by other destination marketing organizations.

This tool will allow better tracking for client leads, visitor requests, marketing and public relations activities and reports on ROI.



It will eventually enable hotels and associates to go online to an extranet to add promotions, photos, respond to leads, etc.

Community Partnerships

Go West Summit brought record-breaking numbers to the Seattle-Tacoma region with more than 600 attendees, 10,000 meetings and international exposure for the state. The triumph of regional partnership hosting Go West Summit put the Northwest on the international stage—preparing the region for the upcoming 2015 U.S. Open Championship.



Seattle Southside participated in a delegation of 30 travel partners from around the state at the National Tour Association tradeshow in New Orleans. Staff took appointments with top-producing travel professionals at the show, which attracted tour operators and suppliers from all over the world.



PROGRESS

VISITOR SERVICES

Seattle Southside strives to increase visitor spending through enhanced concierge services and engaging customer experience. Maintaining relationships with local community and stakeholders is important for increased cross-promotion opportunities.

Key Focus:

1. Visitor Centers—Operation of two Visitor Centers providing personalized concierge assistance to visitors requesting services of Seattle Southside in person, by phone or email.

2. Local Businesses and Residents—Work with local industry businesses to promote and increase tourism spending. Build awareness within the local community.

3. Interns and Volunteers—Continue to build and nurture relationships with local community through universities and community colleges.

4. Seattle Southside Shuttle—Manage service and partnership.

Visitor Centers

Funded by the Tukwila lodging tax, the new Westfield Southcenter Visitor Center continues to engage travelers and local residents alike. In 2014, point-of-purchase ticket sales increased by 33 percent.

Seattle Southside maintains its sustained focus on promoting the area as an ideal home base for travelers to explore the Pacific Northwest and being a tourist in your own backyard.



Seattle Southside Express

Funded by SeaTac lodging dollars, the Seattle Southside Express shuttle offers free transport for SeaTac hotel guests to Westfield Southcenter Mall. This service has proven critical to building brand awareness and showcasing Seattle Southside as a remarkable home to many dining and shopping options.

Dedicated to enhancing the guest experience and increasing visitor spending, a customer survey was implemented to capture customer expectations and spending. More than 27,000 hotel guests ride the shuttle annually.

Interns and Volunteers

Seattle Southside continues to work with local and state educational institutions to facilitate student learning opportunities outside the classroom.

Students interested in an exciting career in the field of travel and tourism, and looking to gain practical experience while developing relationships with leaders in the field, are offered paid internships that provide real-world work experience.



Seattle Southside values investing in industry leaders of the future.



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3.7 MILLION OVERNIGHT VISITORS



75,000 HOTEL NIGHTS DIRECTLY ATTRIBUTED TO SEATTLE SOUTHSIDE EFFORTS



\$620.3 MILLION IN TRAVEL SPENDING



4,840 HOSPITALITY EMPLOYEES



\$65.8 MILLION IN STATE & LOCAL TAXES



TOURISM SAVES THE AVERAGE HOUSEHOLD **\$1,093** IN TAXES ANNUALLY

SEATTLE SOUTHSIDE TRAVEL TRENDS

The preliminary 2014 impact estimates for Seattle Southside released from Dean Runyan and Associates documents the economic significance of the travel industry in the Seattle Southside.

The research reveals travel spending in Seattle Southside increased by 9.5 percent.

Earnings, employment and travel-generated tax receipts also increased significantly.

This was the fourth consecutive year of strong growth in the Seattle Southside travel industry.

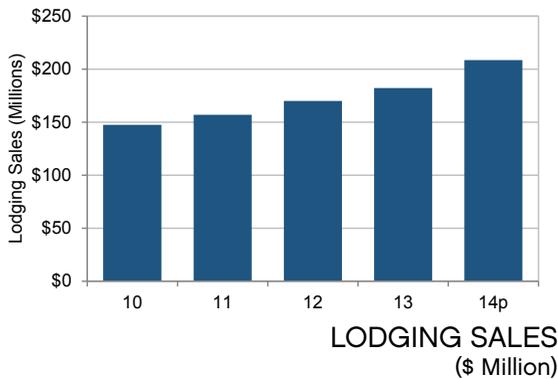
				Tax Receipts \$ Millions		
	Spending \$ Millions	Earnings \$ Millions	Employment	Local	State	Total
2013	566.6	169.8	4,650	27.3	32.5	59.8
2014	620.3	184.1	4,840	30.3	35.5	65.8
% Change	+9.5	+8.4	+4.1	+11.0	+9.3	+10.0



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Lodging Sales

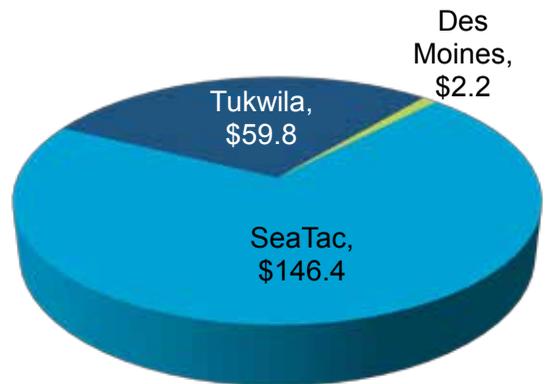
Lodging sales (in current dollars) exceeded \$200 million in 2014, the highest seen since Dean Runyan and Associates have been reporting for Seattle Southside.



Travel Spending

The charts below break out lodging sales and travel spending by city in Seattle Southside. Although Tukwila has the greatest estimated visitor spending, SeaTac has 70 percent of all lodging sales. However, its share of visitor-related sales in food services, entertainment and retail are comparatively smaller.

Therefore Seattle Southside survives and thrives because of the regional partnerships working in conjunction between each city's strengths.

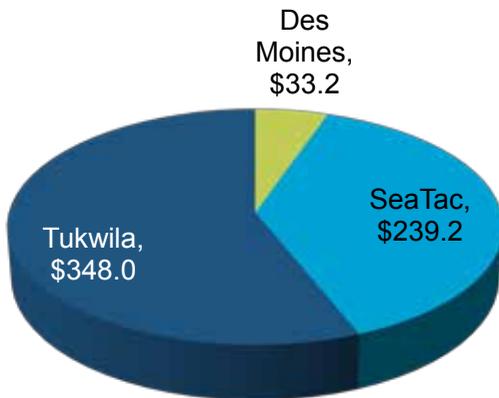


LODGING SALES BY CITY

Paid Accommodations

Travelers who come to Seattle Southside tend to stay overnight in paid accommodations. And travelers who stay in commercial lodging typically spend more and have the greatest economic impact.

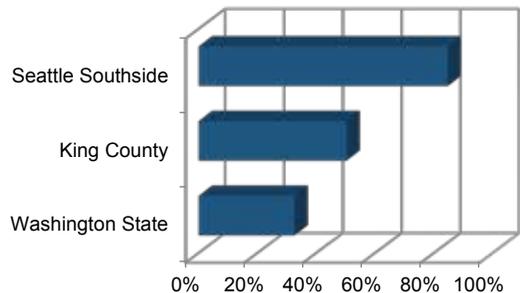
	Travel Party		Party Size	Length of Stay
	Day	Trip		
Hotel, Motel	\$390	\$922	2.1	2.4
Other Overnight	\$72	\$266	2.0	3.7
All Overnight	\$339	\$851	2.1	2.5



TRAVEL SPENDING BY CITY

Overnight Stays

Eighty percent of all visitor nights in Seattle Southside are attributable to hotel/motel stays. This percentage is much greater than for King County and Washington State.



HOTEL/MOTEL VISITOR NIGHTS 2014p
(Percentage of All Overnight)



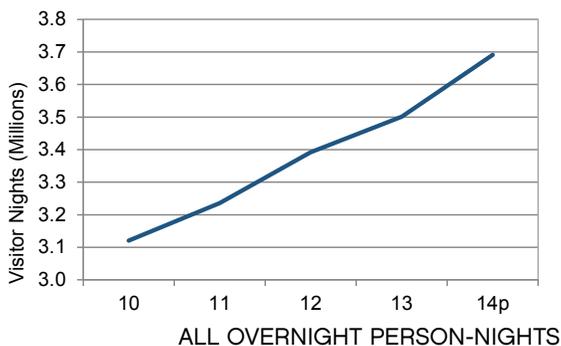
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Overnight Travelers

The estimate of all overnight visitor-nights (the number of nights that all individual visitors stayed in Seattle Southside) is shown below.

The overall trend in visitor volume corresponds to the trends in travel spending and related impacts.

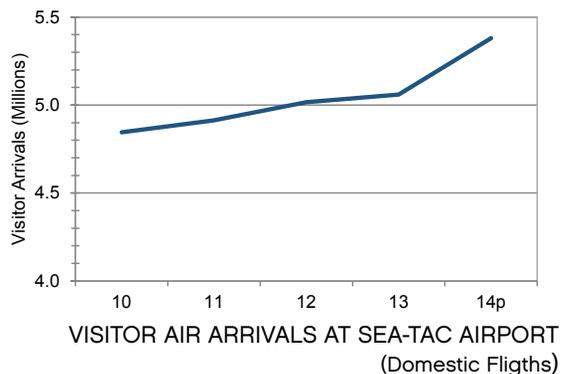
Visitor air arrivals (domestic only) to Seattle-Tacoma International Airport have also increased for the fifth year in a row.



Market Performance

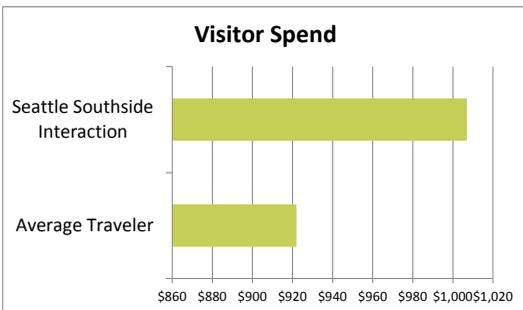
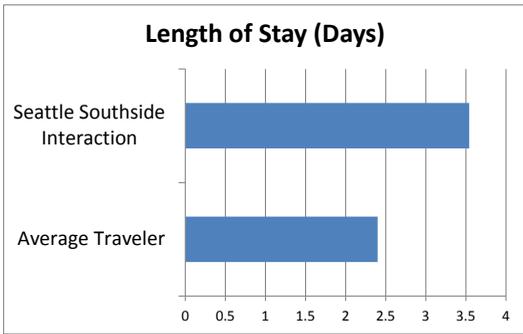
Just five years ago the Seattle Southside hotel market lay in the depths of recession, with low rates of occupancy and declining revenue. The contrast with current market performance could not be more striking, as room prices rise and occupancy rates approach 80 percent.

Seattle Southside is at the peak of what is typically an eight-to-ten-year cycle characterized by steady growth in demand and occasional surges in supply. Depending on the pace of construction, occupancy rates could reach a trough in 2017 or 2018, with the next peak expected around 2022.



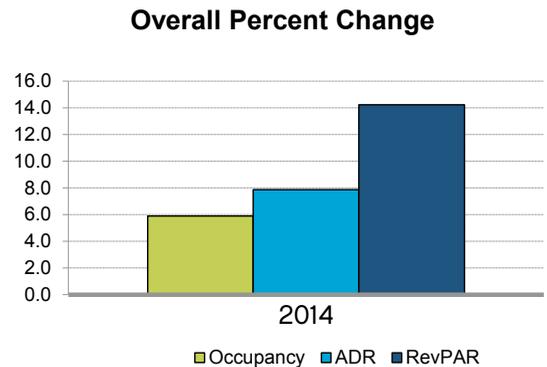
Conversion Study

As referenced earlier in the H2R Market Research Conversion Study, those travelers who receive information from Seattle Southside stay longer and spend more within the destination. They typically stay 3.54 nights and spend \$1,007.



Occupancy Rates

Occupancy rates also are influenced by room process. During the recession, many hotels offered significant discounts, drawing guests away from what had been more affordable alternatives. With occupancy now above pre-recession levels, property managers have become more aggressive, raising rack rates and limiting discounts.





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TOURISM RETURN ON INVESTMENT

2014 Year Performance	Direct Spend
Groups	\$1,997,486
Website Hotel/Packages Conversions	\$9,228,114
Visitor Center Fulfilment	\$12,662,018
Website Booking Engine	\$195,832
Visitor Center Reservations	\$153,235
Shuttle Riders Spend	\$4,074,300
TOTAL	\$28,310,985

*Note: Stats from Dean Runyan & Associates Travel Impact Report
February 2015, 2002 Shuttle Survey and H2R Conversion Study 2014

Seattle Southside's 2014 budget: \$1,524,154

Return on Investment: \$1 : \$18.57

LODGING TAX ADVISORY COMMITTEES

City of Des Moines

Shamsur Bhuiyan - Marina Inn
Tajinder Chahal - SeaTac Valu Inn
Jill Andrews - Destination Des Moines
To Be Appointed - Representing Des Moines City Council

City of Tukwila

Kate Kruller - City Council President & Committee Chair
Maureen Huffman - Embassy Suites Seattle Tacoma Intl. Airport
Jim Davis - DoubleTree Guest Suites
Miesa Berry - Homewood Suites by Hilton
Kelly McMeekin - Albert Lee Appliances
Ben Oliver - Starfire Sports Complex
Carol Kolson - Southwest King County Chamber of Commerce

City of SeaTac

Tony Anderson - City of SeaTac Deputy Mayor
Jeff Bauknecht - The Museum of Flight
Roger McCracken - McCracken & Associates
Cathy Heiberg - Boysen & Boysen, LLC
Frank Welton - DoubleTree & Hilton Hotels
Wendy Morgan - Highline SeaTac Botanical Garden
Tom Zett - Super 8
Caroline Curtis - Hotel Concepts BMI Hospitality Management

SEATTLE
SOUTHSIDE

The logo icon consists of a square divided into four quadrants by a white cross. Each quadrant contains a white arrow pointing towards the center of the square.

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