

SS #3



City Council Study Session

January 27, 2009

Newport Beach Tourism Economic Impact

⇒ Total direct visitor spending of \$1.04 billion
(2007 Visitor Profile Study)

→ \$404.7 million or 39% spent by hotel guests

→ \$343.4 million or 33% spent by day visitors

→ \$295.1 million or 28% spent by private residence guests

National Industry Outlook

PKF Revised Forecast to Reflect Acceleration of the Economic Downturn

Forecast Change from 2008 to 2009

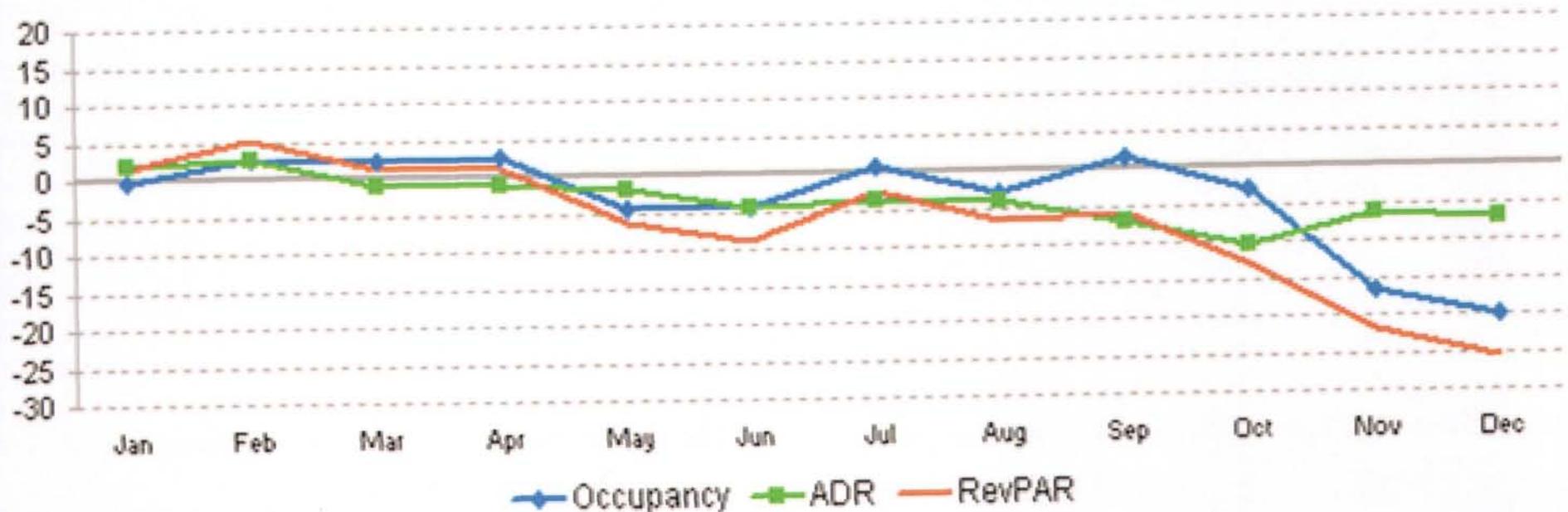
Measure	Forecast Change
Supply	+3.0%
Demand	-1.5%
Occupancy	-4.4%
ADR	+0.1%
RevPAR	-4.3%
Total Revenue	-4.6%
Net Operating Income	-7.9%

National Industry Outlook Cont.

- ⇒ PKF is forecasting the U.S. hotels will average a 58.3% occupancy level in 2009, or 4.4% less than the 61% mark forecasted for year end 2008.
- ⇒ The 58.3% occupancy rate being forecasted is the lowest level of occupancy in the past 20 years
- ⇒ Forecasts for major cities:
 - New York -6.9%
 - Atlanta -3.6%
 - Chicago -6.8%
 - Dallas -5.5%
 - Orlando -3.0%
 - Washington DC -4.2%
 - Seattle -2.7%
 - San Francisco -3.2%

Newport Beach Hotel Business Overview

2008



Current Conditions

- ⇒ First Quarter of 2009 expected to be down 7–10%
- ⇒ Rate Wars have begun with a few exceptions
- ⇒ AIG Effect having some impact
- ⇒ All large hotels have begun reducing staff (managerial and front line)
- ⇒ The TOT effect of Pelican Hill still to be determined

NBCVB Organizational Overview

- ⇒ Founded in 1989
- ⇒ 501c6 Nonprofit
- ⇒ Governed by seven person executive committee and 24 person board of directors
- ⇒ 15 person staff with offices in Los Angeles and San Francisco. Contract sales office in London.

Budget

- ⇒ Currently under a five year contract with the City of Newport Beach expires June 30, 2009
- ⇒ 2008–2009 Budget is \$3.15 million (Projected \$2.7 million from TOT). CVB receives 18% of the 10% Transient Occupancy Tax
- ⇒ CVB is also a member based organization with approximately 300 dues paying members (partners)

Mission Statement

As the City of Newport Beach's official destination marketing organization, the mission of the Newport Beach CVB is to partner with the tourism and hospitality industry by protecting and nurturing the destination brand and to deliver additional spending by leisure and conference visitors leading to enhanced community economic vitality and quality of life.



Newport Beach Brand

Newport Beach is an opulent Orange County coastal fantasyland that represents a “taste of the perfect life,” a place where visitors can experience a friendly sophisticated, aspirational lifestyle that permits them to escape from daily reality. Comprised of a collection of unique islands and neighborhoods that form their own distinct character, the destination offers a combination of affluence, quaintness, casual glamour and attention to detail. Coupled with the manmade and natural beauty of the destination, this is the place that allows the visitor to relax and recreate and dream of what can be.

Newport
BEACH
Conference &
Visitors Bureau 

2006–2008 Achievement Highlights

- ⇒ Became the first and only West Coast CVB to receive international accreditation. One of only 68 CVBs (out of 1400 nationally) in the world to receive this designation
- ⇒ Reorganized organization and created the city's first ever Marketing Department
- ⇒ Reorganized sales staff and increased personnel by two. Opened offices in San Francisco and Los Angeles
- ⇒ Created a partnership approach to direct sales with hotels joining the CVB in sales missions
- ⇒ Developed a first ever Newport Beach Tourism Strategic Plan

2006–2008 Achievement Highlights

- ⇒ Developed strategic marketing partnerships with the Newport Beach Film Festival, Restaurant Assn., Toshiba Golf Classic, Chamber of Commerce, Irrelevant Week
- ⇒ Opened new London marketing office
- ⇒ Expanded destination PR efforts, including NYC
- ⇒ Developed extensive online marketing program to increase web traffic

Functional Overview

⇒ Three Departments

- **Marketing:** Research, Advertising, Media Relations, Publications, Electronic Marketing, International Marketing, Partnership Development, Brand Development
- **Conference Sales:** Direct Sales Solicitation to Meeting and Conference Planners Nationally
- **Administration:** Organizational Oversight, Community Relations, Industry Affairs, Financial Control and Planning

Conference Sales History

Year	Room Nights	Percentage Change
July 1, 2008–January 22, 2009	6,792	+56% Pace to last year
July 1, 2007–June 30, 2008	13,808	+32.8%
July 1, 2006–June 30, 2007	10,397	+7.4%
July 1, 2005–June 30, 2006	9,681	+46.0%
July 1, 2004–June 30, 2005	6,629	+12.8%
July 1, 2003–June 30, 2004	5,873	-38.6%

Revenue Sales

Year To Date Production To La	Room Nights	Percent Change
Period		
, 2008–January 22, 2009	6,792	+56%
1, 2007–January 31, 2008	4,358	NA

2009 Organization Initiatives

- ⇒ Renewal of CVB Contract with the City of Newport Beach
- ⇒ Creation of new Tourism Business Improvement District

CVB Contract

- ⇒ Renewal of existing contract for 5 year period. No change in contract terms.
- ⇒ Contract reviewed by city tourism consultant in August 2007
 - Reported that the CVB “has laid the foundation for an exceptional CVB model for the community, employing a number of industry best practices for destination marketing that were previously lacking at the bureau”
 - Endorsed the current contract format and five year term

Newport Beach TBID

- ⇒ Tourism Business Improvement Districts currently in existence in San Diego, Palm Springs Valley, San Francisco, West Hollywood, Sacramento, Huntington Beach, Laguna Beach. Also planning underway for Anaheim/Garden Grove and Torrance areas.
- ⇒ Preferred method of increasing tourism resources without demands on TOT
- ⇒ Greater Industry Control and Participation

Why A TBID?

- Increasingly competitive nature of Southern California tourism marketing
- A need to capitalize on the “new” Newport Beach hotel product with different and more affluent audiences
- The Newport Beach hospitality community has asked for increased and more aggressive marketing during the economic downturn
- TBID creates more TOT revenue without any additional negative financial impact on the city
- Will not hurt city’s competitiveness in terms of total room taxes

2009 Six Month Plan of Action

- ⇒ Continue to emphasize direct sales and marketing in key regional markets
- ⇒ Push online marketing initiatives in both leisure and group markets
- ⇒ Emphasize public relations online and in select markets
- ⇒ Continue to establish select long term marketing opportunities such as the UK market

Questions?

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