

# 2018-20 Executive Progress Report

Commonwealth of Virginia  
Secretary of Commerce and Trade  
Virginia Tourism Authority

## At A Glance

Expand domestic and international in-bound travel and motion picture production to generate revenue and employment in Virginia.

Staffing 85 Salaried Employees, 0 Contracted Employees, 0 Authorized, and 61 Wage Employees.

Financials Budget FY 2019, \$21.04 million, 100.00% from the General Fund.

Trends ↑ Economic Impact

↑ Jobs

↑ State and Local Tax Revenues

Legend ↑ Increase, ↓ Decrease, → Steady

Key Perf Areas

➔ Industry Partner Referrals

↓ Annual Website Users

➔ Grant Program Leveraging Ratio

↑ Motion Picture Industry Economic Impact

Productivity

➔ Media Impression Cost

Legend

↑ Improving, ↓ Worsening, → Maintaining

For more information on administrative key, and productivity measures, go to [www.vaperforms.virginia.gov](http://www.vaperforms.virginia.gov)

## Background and History

### Agency Background Statement

The Virginia Tourism Authority (VTA) is a political subdivision of the Commonwealth of Virginia authorized to do business as the Virginia Tourism Corporation (VTC). The agency was established effective July 1, 1999 (§ 2.2-2315 et seq., Code of Virginia). Prior to that date, the state's tourism marketing program was administered by the Division of Tourism within the Virginia Economic Development Partnership. Under the Code of Virginia, the Virginia Tourism Authority was given broad powers to "...stimulate the tourism segment of the economy by promoting, advertising, and marketing the Commonwealth's many tourist attractions and by coordinating other private and public efforts to do the same..." The General Assembly also recognized that the "...film industry is a legitimate and important part of economic development in the Commonwealth."

The VTC has an advisory Board of Directors comprised of 17 members, including the Lieutenant Governor, the Secretary of Commerce and Trade, the Secretary of Finance, the Secretary of Natural Resources, the Secretary of Agriculture and Forestry, and 12 members appointed by the Governor, subject to confirmation by the General Assembly. The Governor designates the Chairman of the Board and the Board may elect one member to serve as the Vice-Chairman. The President/CEO of the VTA is appointed by the Governor and reports to the Secretary of Commerce and Trade. The Board of Directors serves in an advisory capacity to the President/CEO, who serves as the Board's ex-officio Secretary and Treasurer.

The VTA is headquartered in Richmond. In addition, the Authority operates 13 state Welcome Centers located strategically around the state to provide information to people traveling in Virginia.

### Major Products and Services

The Virginia Tourism Authority provides the following services:

**Brand Management:** The advertising program develops and promotes the Virginia brand through social media, broadcast, and digital media. The media plan targets frequent travelers within markets that provide the highest potential number of visitors to Virginia. The media plan includes buy-downs and cooperative support for Virginia's tourism industry.

**Digital Marketing:** The digital marketing program manages VTA's three primary websites: virginia.org, blog.virginia.org, and vatc.org. Virginia.org and blog.virginia.org are trip planning and travel inspiration websites for consumers, while vatc.org is a business-to-business website for Virginia's tourism industry. Digital marketing manages VTA's Internet communications technologies and develops web-based business initiatives and partnerships. Digital marketing also regularly educates the industry on the use of online technologies, marketing strategies, and the benefits of full participation in VTA's consumer website. In addition, digital marketing manages VTC's robust social media program.

**Grants:** The grants program provides supplemental financial assistance to Virginia destination marketing organizations and tourism businesses. The competitive grants application process is designed to leverage scarce resources, promote the Virginia is for Lovers brand, encourage the creation of partnerships, and enhance the development and marketing of Virginia's tourism product. In addition, VTA works to identify and publicize other grant opportunities available to the state's tourism industry from federal, state, and private sources.

**Film:** The Virginia Film Office is committed to attracting film and video production to Virginia and supporting the indigenous production industry, with the ultimate goal of bringing economic and employment benefits to the Commonwealth. Film, video, and multi-media production is a growth industry worldwide, and the potential economic benefits to the state have increased significantly. The Virginia Film Office pursues its goals through the creation and implementation of innovative marketing and development programs, and by delivering exceptional customer service to inspire repeat business.

**Communications:** The communications program is responsible for generating editorial coverage in targeted national, regional, and in-state publications for promotion of Virginia as a premier travel destination. Communications also provides VTA with visibility in niche publications to promote special and unique attractions in Virginia. The program also is responsible for developing talking points for press conferences and interviews with the Governor and First Lady. In addition, it disseminates tourism-related news to the Virginia tourism industry and works with the industry on generating media coverage.

**Global Marketing:** The global marketing program develops and implements integrated direct sales, marketing, promotions, and public relations strategies that are innovative in order to bring more foreign visitors and vendors to Virginia. The geographic targets are coordinated with air service to gateway airports and are supported by research.

**Domestic Sales:** VTA markets the Commonwealth as a premier travel destination to tour operators, select travel agents, meeting planners, and sports events rights holders. VTA represents the Commonwealth and provides the Virginia tourism industry with partnership opportunities to collaborate at professional trade shows, sales missions, site inspection tours, and marketing initiatives strategically targeting national, regional, and in-state domestic trade markets.

**Research:** The research program utilizes a wide range of tourism industry data, metrics, and insights in order to quantify Virginia's tourism industry and measure organizational goals that are aligned with VTA's overall strategy. The aims of VTA's research program are to measure tourism industry performance, conduct consumer studies, and perform competitive industry analysis. The research program works with internal and external partners in primary survey data and segmentation analysis, developing domestic and international visitor profiles, calculating domestic and international market shares, and determining the economic and fiscal impact of tourism on the state and localities. The program also provides detailed and timely information for VTA to measure the benefit-cost ratio of its integrated marketing, digital media, and incentive programs.

**Creative Services:** The creative services program provides in-house graphic development and production services for VTA. VTA's library of photography, film, videography, and digital graphics files is managed by creative services.

**Fulfillment:** The fulfillment program provides information to, and responds to inquiries from, consumers seeking information on travel and tourism in Virginia. Telephone and Internet inquiries are answered by a consumer services center and VTA publication requests are processed by a fulfillment house that provides storage, processing, delivery, and freight services. In addition, VTA operates a full-service distribution center to process customized and bulk orders and to manage the mailing needs of VTA and the Virginia Economic Development Partnership.

**Welcome Centers:** Virginia's welcome centers are designed to be first-stop destinations for the traveling public, strategically and conveniently located throughout Virginia on major arterial highways. VTA provides a broad array of services to the visitor, including personal travel counseling, informational materials, transportation maps, and lodging reservation assistance. In addition, the welcome center program serves Virginia's tourism industry by promoting a variety of destinations and attractions through advertising opportunities, product demonstrations and exhibits, and the distribution of travel publications.

**Tourism Planning:** VTA provides communities and tourism entrepreneurs with tourism planning expertise and support. It assists with strategic planning, product planning, and identifying funding resources (including grant opportunities and other options for stretching limited resources) to develop and market the Commonwealth's tourism product.

**State Tourism Plan:** VTA has developed a comprehensive state tourism plan, which provides a thorough assessment of the tourism needs in each of Virginia's tourism regions. This plan provides a competitive analysis of the state, including recommendations on increasing visitation through focused product development, promotions, improvements to infrastructure, and policies at the state and local level to support tourism economic development. VTA will be updating the plan this biennium.

**Tourism Development Financing:** VTA helps to administer and promote a financing program for qualified tourism-related development projects (the Tourism Development Financing Program). This program provides gap financing to compensate for a shortfall in project funding in partnership with developers, localities, and financial institutions.

## Customers

## Customer Summary

The Virginia Tourism Authority works with localities, destination marketing organizations, visitor centers, tourism and hospitality businesses, and numerous other tourism entities in the Commonwealth. In a sense, these are some of VTA's customers. However, the Authority also works in partnership with many of these organizations to market and promote the Commonwealth as a travel destination.

### Customer Table

Predefined Group	User Defined Group	Number Served Annually	Potential Number of Annual Customers	Projected Customer Trend
Local or Regional Government Authorities	Destination marketing organizations	113	113	Stable
Local or Regional Government Authorities	Certified Tourist Information Centers	75	75	Stable
Wholesale/Retail Trade	Tourism and hospitality businesses	13,000	30,000	Increase
Local or Regional Government Authorities	Localities	323	323	Stable
Tourist	Tourists	45,500,000	999,999,999	Increase
Employer/ Business Owner	Tour buyers and sports rights holders	400	2,500	Stable
Employer/ Business Owner	Producers, filmmakers, production companies, studios	1,350	1,350	Stable
Contract Employee	Virginia crew, actors, students, association businesses	1,200	1,200	Stable
General Assembly	General Assembly	140	140	Stable
Local or Regional Government Authorities	Grant recipients	548	950	Stable
Tourist	Annual website users	11,400,000	999,999,999	Stable
Tourist	Travelers visiting state Welcome Centers	3,500,000	999,999,999	Increase

## Finance and Performance Management

### Finance

#### Financial Summary

In FY 2020 the Virginia Tourism Authority will operate with a general fund budget of \$21.2 million. These funds support the marketing, visitor services, Virginia Film Office, partnership marketing, and minimal administrative support functions. The Authority aggressively leverages funding and forms partnerships with industry and government entities to extend the reach of its limited budget.

The Virginia Tourism Authority is not on the books of the State Comptroller, so the only funds reflected are general fund appropriations. However, the Authority does receive about \$1.3 million annually from the Virginia Department of Transportation (about \$1.2 million for operation of the state's 13 Welcome Centers and \$100,000 as a pass-through for the Danville Welcome Center, which is locally operated). These funds, however, are not sufficient to fully fund the Welcome Centers' operations, which total almost \$2.5 million annually.

In addition, the Authority collects almost \$1.9 million (projected FY 2020 collections) from a variety of other sources, including brochure rack fees at Welcome Centers and rest areas, reimbursement for the WW I & WW II Profiles of Honor Tour program by the Virginia World War I and World War II Commemoration Commission, royalties from the sale of "Virginia is for Lovers" merchandise, and other miscellaneous fees and collections.

#### Fund Sources

Fund Code	Fund Name	FY 2019	FY 2020
0100	General Fund	\$21,035,424	\$21,235,424

#### Revenue Summary

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## Performance

### Performance Highlights

The Virginia Tourism Authority added four new performance measures and modified one performance measure in the FY 2014-16 biennium. The new measures included the number of digital referrals to industry partners (2.0 million in FY 2018), the dollar amount of economic impact generated by the motion picture industry (\$696.8 million in CY 2016), the cost per one thousand media impressions (\$.22 in FY 2018), and the number of Welcome Center visitors (3.5 million in FY 2018).

In addition, the Authority slightly modified one measure related to the amount leveraged for every grant dollar invested. That amount was \$3.36 in FY 2018. The Authority also tracks the number of website user sessions. This information is critical because the Internet is becoming more and more important as a marketing tool. In FY 2018 there were more than 11.4 million website user sessions.

### Selected Measures

Measure ID	Measure	Alternative Name	Estimated Trend
320.0001	Number of digital referrals to industry partners	Industry Partner Referrals	Maintaining
32053607.007.001	Number of annual website user sessions	Annual Website Users	Worsening
320.0006	Amount leveraged for every grant dollar invested	Grant Program Leveraging Ratio	Maintaining
320.0003	Dollar amount of economic impact generated by the motion picture industry	Motion Picture Industry Economic Impact	Improving
320.0004	Cost per one thousand media impressions	Media Impression Cost	Maintaining
320.0005	Number of Welcome Center visitors	Welcome Center Visitation	Improving

## Key Risk Factors

Unpredictable funding levels and the lack of a dedicated, independent stream of funding continues to threaten the health of the Virginia Tourism Authority. An unpredictable budget presents great challenges in long-term planning and marketing and greatly impacts the Authority's ability to continue to grow visitor spending. In recent years, some competitor states have received millions of dollars in additional appropriations to promote tourism and film production. The Authority receives about \$1.2 million annually from the Virginia Department of Transportation to support the operations of Virginia's Welcome Centers. The funds, however, are not sufficient to fully fund the Welcome Centers' operations, which total almost \$2.5 million annually. Therefore, the Authority supplements this funding with revenues from brochure rack fees as well as general fund dollars.

A related issue concerns the growing expectations of incentives, especially for film production. Currently the majority of states, as well as the District of Columbia and Puerto Rico, offer film incentives. Compared to most other states, Virginia's incentive program is relatively small. Tax credits total \$6.5 million per year and an additional \$3.0 million annual appropriation is provided for the Governor's Motion Picture Opportunity Fund. Virginia faces tough competition from other states that provide much more incentive funding. For example, Georgia, Kentucky, and Massachusetts offer uncapped tax credits, while New York (\$420 million/year), Louisiana (\$180 million/year), Pennsylvania (\$60 million/year), and North Carolina (\$30 million/year) offer generous production incentives.

Other risks include general economic uncertainty as well as the perception that tourism is not "economic development."

## Agency Statistics

### Statistics Summary

The following is a summary of the Virginia Tourism Authority's key statistics:

Total Visits to the Virginia.org Website in FY 2018: Total daily visitor sessions recorded on the Virginia.org website.

Total Visits to the Virginia Travel Blog in FY 2018: Total daily visitor sessions recorded on the blog.Virginia.org website.

Total Number of New Page Likes on Facebook in FY 2018: The total number of new people who have liked the Virginia is for Lovers Facebook page.

Total Number of Facebook Page Likes at the End of FY 2018: The number of Facebook page likes as of June 30, 2018.

Total Number of Engaged Users on Facebook in FY 2018: The number of people (unique daily users) who engaged with the Virginia is for Lovers page posts. Engagement includes any like, comment, share, or click on a created story.

Total Post Impressions on Facebook in FY 2018: The number of impressions seen of any content associated with the Virginia is for Lovers

Facebook page.

Total Number of Twitter Impressions in FY 2018: The number of impressions seen of any content associated with the Virginia is for Lovers Twitter page.

Total Number of Twitter Engagements in FY 2018: The number of engagements (retweet, favorite, reply, mention, link click) on a tweet from the Virginia is for Lovers Twitter page.

Total Number of New Instagram Followers in FY 2018: The number of new people who have liked the Virginia is for Lovers Instagram page.

Total Number of Instagram Post Engagements in FY 2018: The number of engagements (like, comment) on a post from the Virginia is for Lovers Instagram page.

Total Number of YouTube Video Views in FY 2018: The number of times a video from the Virginia is for Lovers YouTube channel is viewed.

Total Number of Facebook Video Views in FY 2018: The number of times a video from the Virginia is for Lovers Facebook page is viewed for at least three seconds.

Total Number of Digital Referrals to Industry Partners in FY 2018: Links clicked on by visitors to agency websites that connected them to an external website.

Total Number of Projects Assisted by Virginia Film Office Staff in FY 2018: The total number of film, television, documentary, and commercial projects assisted by Virginia Film Office staff.

Total Earned Media Reach in FY 2018 (Domestic and Global): Earned media refers to publicity gained through promotional efforts other than paid media advertising or owned channels. VTA measures earned media impact by reach. Earned media reach is determined by the number of potential people exposed to the coverage secured by VTA. VTA utilizes the public relations and media monitoring software TrendKite to support reporting and analytics.

Total Number of Media Interactions in FY 2018 (Domestic and International): Media interactions include the following: a member of the media participated in an individual visit to the Commonwealth; participated in a group visit or familiarization tour to the Commonwealth; met with VTA staff or representatives for an out-of-market desk side appointment; attended an out-of-market media event; or attended an out-of-market media reception during a Governor's Trade Mission.

Total Number of Earned Media Placements in FY 2018 (Domestic and International): Earned media placements refers to the articles, editorial coverage, feature stories, blog posts, social media posts, round-up articles, etc. a member of the media writes and subsequently publishes after one or several media interactions with VTA Communications staff.

Total Number of Partners Participating in the Marketing Leverage Program in FY 2018: The number of tourism businesses, organizations, and localities participating in the Marketing Leverage Program, which provides grants to tourism partnerships for new tourism marketing programs.

Total Funding Provided by Partners Participating in the Marketing Leverage Program in FY 2018: The amount of matching funding provided by partners participating in the Marketing Leverage Program, which provides grants to tourism partnerships for new tourism marketing programs.

Total Number of Entities Assisted with Tourism Planning and Development in FY 2018: The number of businesses, entrepreneurs, destination marketing organizations, localities, regions, trails, and other tourism organizations assisted with tourism planning and development.

**Statistics Table**

Description	Value
Total Visits to the Virginia.org Website in FY 2018	8,849,506
Total Visits to the Virginia Travel Blog in FY 2018	4,087,202
Total Number of New Page Likes on Facebook in FY 2018	83,094
Total Number of Facebook Page Likes at the End of FY 2018	910,720
Total Number of Engaged Users on Facebook in FY 2018	4,002,042
Total Post Impressions on Facebook in FY 2018	181,216,547
Total Number of Twitter Impressions in FY 2018	2,876,000
Total Number of Twitter Engagements in FY 2018	31,627
Total Number of New Instagram Followers in FY 2018	17,800
Total Number of Instagram Post Engagements in FY 2018	1,562,312
Total Number of YouTube Video Views in FY 2018	6,292,004
Total Number of Facebook Video Views in FY 2018	4,835,567
Total Number of Digital Referrals to Industry Partners in FY 2018	2,030,051
Total Number of Projects Assisted by Virginia Film Office Staff in FY 2018	342
Total Earned Media Reach in FY 2018 (Domestic)	3,367,618,618
Total Earned Media Reach in FY 2018 (Global)	1,138,046,115
Total Number of Media Interactions in FY 2018 (Domestic)	193
Total Number of Media Interactions in FY 2018 (Global)	214
Total Number of Earned Media Placements in FY 2018 (Domestic)	1,131
Total Number of Earned Media Placements in FY 2018 (Global)	1,395
Total Number of Partners Participating in the Marketing Leverage Program in FY 2018	434
Total Funding Provided by Partners Participating in the Marketing Leverage Program in FY 2018	6,083,619
Total Number of Entities Assisted with Tourism Planning and Development in FY 2018	1,604

**Management Discussion****General Information About Ongoing Status of Agency**

The Virginia Tourism Authority will execute its overall tourism strategy with advice from the Board of Directors, in cooperation with the private sector tourism industry, and based on research, its Marketing Plan, and the State Tourism Plan. (The State Tourism Plan, which is currently in the process of being updated, is focused on product development, creative and innovative partnership marketing, and workforce training.) The Authority will continue to identify growth potential and inspire investment from both the public and private sectors in tourism development. It will reinforce its commitment to excellence in marketing, continue advocacy on all levels for public and private tourism investment, and prioritize growth areas to ensure continued visitor spending growth.

From 1979 through 2017 the total economic impact of Virginia's film and television industry was over \$4.5 billion. Financial incentives offered to productions in the form of tax credits or grants are essential to attract this work. Compared to most other states Virginia's incentive program is relatively small. Tax credits total \$6.5 million per year and an additional \$3.0 million annual appropriation is provided for the Governor's Motion Picture Opportunity Fund. While these resources, along with aggressive marketing by the Virginia Film Office, have been cost-effective, Virginia still faces tough competition from other states that provide much more incentive funding. For example, Georgia, Kentucky, and Massachusetts offer uncapped tax credits, while New York (\$420 million/year), Louisiana (\$180 million/year), Pennsylvania (\$60 million/year), and North Carolina (\$30 million/year) offer generous production incentives. The Virginia Film Office's plan for strengthening Virginia's film and television industry includes targeting episodic television for the ongoing jobs and related Virginia tourism promotional partnership opportunities, independent films budgeted under \$10 million that call for more high-level local employment, and nurturing the in-state industry and academic programs. Global demand for content is growing exponentially. Content manufacturing is a 21st century industry that is perfectly supported by the diverse location palette offered by Virginia.

**Information Technology**

The Virginia Tourism Authority relies heavily on technology to market and promote the Commonwealth as a travel destination. The Internet is the primary tool to reach and engage consumers both nationally and internationally. With the technology changing rapidly, the Authority needs to ensure that it stays on the cutting edge to meet the needs of a technology-savvy user. In 2015, the Authority won numerous awards for digital

marketing campaigns that utilized mobile technologies. In order to maintain the superior quality of the website, the Authority must continually upgrade the application software, content management systems, and underlying hardware to meet the Internet and user requirements. The Authority's internal information technology systems are provided and managed by the Virginia Economic Development Partnership per a Memorandum of Understanding dated July 1, 1999 and amended June 16, 2011.

### **Workforce Development**

The Virginia Tourism Authority has been able to retain employees long-term, which has resulted in a stable and high-quality workforce. In recent years, VTA payroll costs have been rising, which reflects the need to be competitive with the private sector in order to attract the best candidates and to retain well-qualified workers. VTA has been recognized as one of the best tourism offices in the United States and has won awards for its efforts. However, having a large number of long-tenured employees will impact the future of the Authority and succession planning is and will continue to be critical.

The Authority encourages continuing professional development, and in recent years has contracted with Virginia Commonwealth University's Performance Management Group to provide a customized leadership training program for all employees with management responsibilities and to conduct a focus group for younger, nonmanagerial employees regarding the agency's workplace climate.

The Authority relies heavily on part-time staff to operate the state Welcome Centers. The funds for this come largely from the Virginia Department of Transportation and the sale of brochure display space and advertising panels. The funding, however, has not kept pace with the cost of operations, which puts additional financial pressure on the Authority.

### **Physical Plant**

The Virginia Tourism Authority's main office is located at 901 East Cary Street, Richmond, VA 23219. The facility is leased and managed by the Virginia Economic Development Partnership per a Memorandum of Understanding dated July 1, 1999 and amended June 16, 2011. In addition, the Authority operates 13 state Welcome Centers located strategically around the state to provide information to people traveling in Virginia. Two welcome centers were acquired by the Authority – the Danville Welcome Center and the Potomac Gateway Visitor Center in King George County. The Danville Welcome Center continues to be operated by the City of Danville per a Memorandum of Agreement. The Potomac Gateway Visitor Center was closed in November 2008 due to budget reductions. In April 2012, the Authority entered into a Concession Agreement with the Dahlgren Heritage Foundation for the operation of the Potomac Gateway property. The agreement allows the Foundation to operate the property as the Dahlgren Heritage Museum. The Dahlgren Heritage Museum serves to tell the story of military history at Dahlgren as well as to promote tourism within the Commonwealth.

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