



INFORMATIONAL MEMORANDUM

TO: Planning and Economic Development Committee

FROM: Brandon Miles, Business Relations Manager

CC: Mayor Ekberg

DATE: December 1, 2020

SUBJECT: Seattle Southside Regional Tourism Authority, Return on Investment

ISSUE

Presentation on the return of investment reported by Seattle Southside Regional Tourism Authority (SSRTA).

BACKGROUND

At a previous City Council meeting there was interest in the return of investment reported by SSRTA, specifically as to how it would relate as the City develops key performance indicators for Experience Tukwila and how it was calculated. Staff requested that SSRTA provide a write up to the City Council with information on its return on investment (see attached). Staff has not conducted a detailed review or analysis of the information presented by SSRTA and is providing it to the Council as presented by SSRTA.

FINANCIAL IMPACT

N/A

RECOMMENDATION

Discussion only.

ATTACHMENTS

- Estimated 2019 RTA Return on Investment (document prepared by SSRTA).

Estimated 2019 RTA Return on Investment

Notes regarding ROI:

- The RTA influences much more return on investment than what is calculated below, however, some fundamental work of any marketing organization (public relations, social media, some advertising, brand awareness, etc.) cannot be tracked and tied directly to spend without conducting conversion studies. Issuing conversion studies for every activity would be cost prohibitive and therefore the RTA is strategic about which studies are conducted.
- The RTA adheres to the industry standards for calculating ROI established by the national association for DMOs, Destinations International. In addition, the RTA includes in its ROI calculation only spending as measured at the destination level, not a national average.
- The RTA invests in multiple research firms to conduct studies on evaluating spend in Seattle Southside. This data is compared and analyzed internally, and the most conservative results are used in the below calculations.

ROI CALCULATION	VISITOR SPEND
1) Website: 540,182 unique users' x 28% conversion = 151,251 travel party x \$1,039 trip average spend =	\$ 157,149,789
2) Group Sales: 10,774 room nights x \$438 average daily spend =	\$ 4,719,012
3) Ad Attributed Hotel Sales: 34,223 room nights x \$438 average daily spend =	\$ 14,989,674
4) Shuttle Services: 24,619 riders x \$172 average =	\$ 4,234,468
	\$ 181,092,943
Total Estimated Visitor Spend = \$181,092,943 / 2019 RTA Total Operating Expenditures* \$4,325,719 =	\$ 41.86

1. WEBSITE

(A) 540,182 unique users x (B) 28% conversion = (C) 151,251 travel party x (D) \$1,039 trip average spend = \$157,149,789 visitor spend

- A. The number of unique users is derived from Google Analytics tracking of our website. This means that 540,182 different people (differentiated by their IP Address) visited our website in 2019.
- B. The 28% website conversion rate was determined by an [H2R Market Research study](#) conducted in 2019 (see H2R Market Research, page 4). H2R surveyed people who visited our website to

determine the number that actually booked a stay in Seattle Southside which establishes this conversion rate.

- C. 28% of the unique users equals 151,251 overnight trips to Seattle Southside. From [Dean Runyan Research](#), the average overnight trip includes 2.1 people (aka. travel party) so we can determine that one person visiting the website (unique user) represents a travel party (see Seattle Southside Travel Impacts, page 5).
- D. From Dean Runyan Research, the average travel party that visits Seattle Southside spends \$1,039 per trip (see Seattle Southside Travel Impacts, page 5). Dean Runyan Research analyzes multiple data sources to determine these estimates, including WA State Dept of Revenue lodging tax data, sales tax receipts, etc. We use the 'trip average' instead of the 'daily rate' spend because the 28% conversion rate reports that the unique user booked an overnight trip, not simply one night in a hotel.

2. GROUP SALES

(A) 10,774 room nights x (B) \$438 average daily spend = \$4,719,012 visitor spend

- A. Based on reports from host hotels and meeting planners, 10,774 projected rooms occurred in 2019 for events the RTA supported through lead generation or event assistance.
- B. Dean Runyan Research reports that \$438 is spent per day by a travel party staying overnight (the average overnight room includes 2.1 people, aka. "travel party", also according to Dean Runyan Research (see Seattle Southside Travel Impacts, page 5).

3. AD ATTRIBUTED HOTEL SALES

(A) 34,223 room nights x (B) \$438 average daily spend = \$14,989,674 visitor spend

- A. A marketing campaign conducted with digital advertising media partners in 2019 resulted in 34,223 room nights booked as a direct and trackable result of the campaign.
- B. Dean Runyan Research reports that \$438 is spent per day by a travel party staying overnight (the average overnight room includes 2.1 people, aka. "travel party", also according to Dean Runyan Research (see Seattle Southside Travel Impacts, page 5).

4. SHUTTLE SERVICES

(A) 24,619 riders x (B) \$172 average = \$4,234,468 visitor spend

- A. The Westfield Shuttle service provider tracks ridership and reported 24,619 riders in 2019.
- B. According to the [Shuttle Bus Economic Impact Study](#) conducted through shuttle rider surveys by H2R Research, the average rider spends \$172 per trip to Westfield Southcenter (see Shuttle Bus Impact Study, page 4).

**Actual expenses shown on Audited Statement of Activities, which includes depreciation and other reported expenses such as compensated absences. In addition, it excludes capital expenditures but reported on Statement of Net Position*

H2R Market Research

Reveal Your Customer's Full Experience

Seattle Southside RTA 2018-2019 Digital Media Conversion Study

Delivered August 2019

Overview

Executive Summary

Purpose. The purpose of the Seattle Southside RTA 2018/2019 Digital Media Conversion Study was to measure the conversion rate of website visitors who booked an overnight trip to the area, as well as identify motives for website visitation and what Seattle Southside visitors do while visiting the area.

Target Audience. The Seattle Southside RTA Digital Media Conversion Study survey was conducted among website visitors who visited www.seattlesouthside.com over the past 12 months.

Sample. A total of 235 respondents both visited the website and were subsequently interviewed for this study which provides for a maximum margin of error of +/-6.4% at a 95% confidence interval.

2018-2019 Digital Media Conversion Study

Executive Summary

Website Generates Positive Results

- A majority (72%) of the Seattle Southside website visitors had already decided to make a trip to the area when they visited the website—a 4-point increase over 2015/2016. Most of these website visitors were looking for activities to do in the area (80%, +24 pts), dining options (55%) and/or events and festivals (52%).
- More than 8 in 10 website visitors feel the Seattle Southside website is a good/great website that is somewhat/very easy to navigate—on par with the 86% who said the same in 2015/2016.
- The Seattle Southside website earned a conversion rate of 28%. That is, 28% of website visitors who visited the Seattle Southside website ultimately ended up booking an overnight trip to the area afterwards. In 2015/2016 the conversion rate was 34%, or 6 points higher than this year.
- Website visitors indicated their experience online impacted them in several ways. Nearly half (47%) indicated their visit to the website persuaded them to visit attractions or restaurants they had not planned to visit, 20% said they visited Seattle Southside instead of another destination and 15% said their experience on the website persuaded them to stay longer in the area than they planned.



Visitor Composition Changes

- More than 9 in 10 Seattle Southside visitors* spent the night in the area on their most recent trip (+2 pts). And, the average length of stay among Seattle Southside visitors* was 3.8 nights—an increase over 2015/2016's length of stay at 3.7 nights.
- Most Seattle Southside visitors indicated they were visiting the area for vacation/leisure purposes (58%), and the majority reported staying in hotels (69%). The average converted visitor participates in a variety of area activities including the Space Needle (12%) and Pike Place Market (10%).
- In a shift from 2015/2016, most converted visitors this year were under the age of 55 and were significantly more likely to be families with children (+26 pts).
- Nearly three-quarters of non-visitors** indicated they are Seattle Southside prospects, or “considerers,” who are somewhat/very likely to visit the area in the next six months. These respondents, however, have not yet booked a trip and fewer than half (43%) said they had considered it in the past.



Thank You!



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SEATTLE SOUTHSIDE
Travel Impacts, 2003-2019p

May 2020



**SEATTLE SOUTHSIDE
TRAVEL IMPACTS, 2003-2019P
TUKWILA, SEATAC, & DES MOINES**

Prepared for the

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May 2020

SEATTLE SOUTHSIDE TRAVEL IMPACTS, 2003-2019P

TUKWILA, SEATAC & DES MOINES

This study, prepared for Seattle Southside Regional Tourism Authority, documents the economic significance of the travel industry in the Seattle Southside area of King County from 2003 through 2019. The estimates for 2019 are preliminary. The separate estimates for Tukwila, SeaTac and Des Moines are reported at a summary level for 2019 only. Overnight visitor volume estimates and average spending estimates for the larger Seattle Southside are also provided in this report.

REPORT CONTENTS

The main body of this report contains five sections:

- *Seattle Southside Travel Trends* (annual estimates of economic impacts and lodging sales for the larger Seattle Southside)
- *Travel Impacts in Des Moines, SeaTac and Tukwila* (summary estimates for 2019p, only)
- *Visitor Volume* (major trends and characteristics)
- *Detailed Spending and Visitor Volume Tables*
- *Detailed Impact Tables*

The report also contains appendices that provide an overview of methodology and definitions of terms and concepts.

INTERPRETATION OF IMPACT ESTIMATES

Users of this report should be aware of the following with respect to the interpretation of these estimates:

- All monetary estimates in this report are expressed in *current* dollars. There is no adjustment for inflation.
- Sub-county estimates such as contained in this report are necessarily less reliable than county and state level estimates because of data limitations. Nonetheless, these estimates were generally prepared with the same methodology used to estimate county and state level travel impacts and visitor volume.

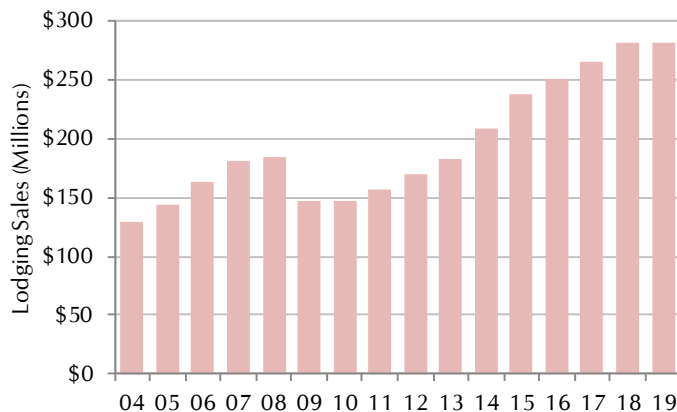
SEATTLE SOUTHSIDE TRAVEL TRENDS

Travel spending in the Seattle Southside increased by 2.3 percent from 2018 to 2019p. Travel-generated earnings and tax receipts also increased. This was the tenth consecutive year of growth in the Seattle Southside travel industry.

Seattle Southside Travel Trends

	Spending (\$Millions)	Earnings (\$Millions)	Employment	Tax Receipts (\$Millions)		
				Local	State	Total
2003	395.9	124.3	4,480	15.3	21.4	36.7
2004	422.5	130.2	4,540	16.2	22.7	38.9
2005	461.4	141.9	4,790	17.8	24.5	42.3
2006	486.9	146.8	4,720	22.7	25.6	48.3
2007	528.0	157.7	4,880	25.2	27.7	52.9
2008	532.3	158.0	4,810	25.7	27.6	53.3
2009	463.9	149.5	4,530	22.7	24.9	47.6
2010	473.5	147.6	4,350	22.7	25.1	47.9
2011	504.9	149.8	4,340	24.0	26.4	50.4
2012	537.5	157.2	4,460	25.7	28.2	53.9
2013	564.6	169.2	4,640	27.3	29.7	57.0
2014	620.5	184.5	4,840	30.3	32.5	62.8
2015	665.0	194.7	4,870	33.3	35.1	68.3
2016	690.5	203.2	4,910	34.9	36.9	71.8
2017	721.2	211.8	4,950	36.5	38.6	75.1
2018	770.3	230.0	5,120	38.5	40.8	79.2
2019p	787.9	240.3	5,110	39.1	41.8	80.9
Annual Percentage Change						
17-19p	2.3	4.5	-0.2	1.6	2.5	2.1
03-19p	4.4	4.2	0.8	6.0	4.3	5.1

Seattle Southside Lodging Sales



Lodging sales (in current dollars) were \$281.6 million in 2019 (preliminary), an increase of 0.2 percent over 2018.

Source: Washington State Department of Revenue. Lodging sales calculated from 1% Additional Hotel/Motel tax for Des Moines, SeaTac and Tukwila.

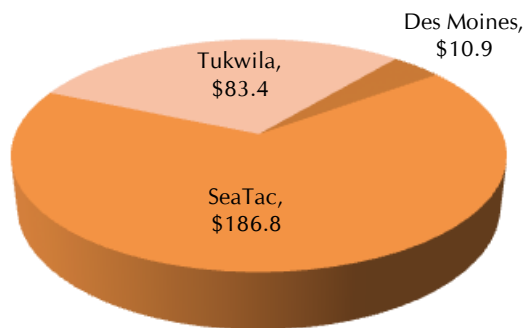
TRAVEL IMPACTS IN DES MOINES, SEATAC AND TUKWILA

The preliminary 2019 impact estimates for the three cities within the Seattle Southside are shown below. Lodging sales are shown in the pie chart. In general, these estimates are a function of lodging sales, the number of private homes for visiting friends and relatives, and the volume of sales in other types of establishments that serve visitors (e.g., restaurants, entertainment and retail). *(Note: These small area estimates are necessarily less reliable than the estimates for the larger Seattle Southside due to data limitations.)*

Travel Impacts within Seattle Southside, 2019p

	Travel		Employment (jobs)	Tax Receipts		Total (\$Million)
	Spending (\$Million)	Earnings (\$Million)		Local (\$Million)	State (\$Million)	
Des Moines	49.4	15.7	330	2.5	2.6	5.1
SeaTac	311.0	101.5	2,130	15.4	16.5	31.9
Tukwila	427.5	123.1	2,650	21.2	22.7	43.9
Seattle Southside	787.9	240.3	5,110	39.1	41.8	80.9

Lodging Sales within Seattle Southside 2019p

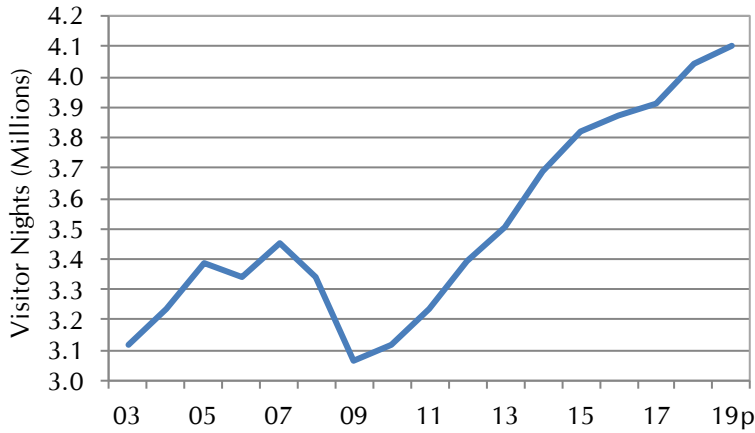


Although Tukwila has the greatest estimated visitor spending, SeaTac has 66 percent of all lodging sales. However, its share of visitor-related sales in food services, entertainment and retail is comparatively smaller.

Source: Washington State Department of Revenue.
Lodging sales calculated from 1% Additional Hotel/Motel tax for Des Moines, SeaTac and Tukwila.

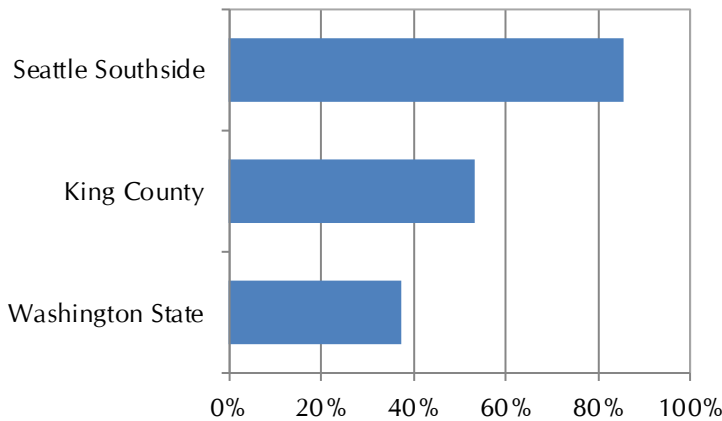
VISITOR VOLUME

All Overnight Person-Nights



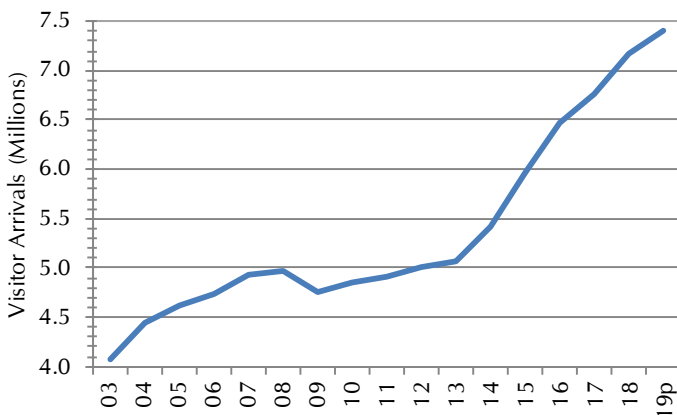
The estimate of all overnight visitor-nights (the number of nights that all individual visitors stayed in the Seattle Southside) is shown in the top line chart. The overall trend in visitor volume corresponds to the trends in travel spending and related impacts shown previously. In 2019p volume increased about 1.5 percent.

Hotel/Motel/STVR Visitor-Nights, 2019p



More than eighty percent of all visitor nights in the Seattle Southside are attributable to Hotel/Motel/Rented Home stays. This percentage is much greater than for King County and Washington State. (See bar chart to left. STVR are short term rental homes subject to lodging tax.)

Visitor Air Arrivals at SeaTac International Airport Domestic Flights



Visitor air arrivals (domestic only) to SeaTac airport have also increased for the tenth year in a row. (Note: Visitor air arrivals do not include return flights that were initiated at SeaTac, nor passengers making connecting flights.)

Source: U.S. Department of Transportation Airline Origin and Destination survey.

DETAILED SPENDING AND VISITOR VOLUME TABLES

The following three tables are inter-related. The first, Visitor Spending by Type of Traveler Accommodation, reports the total annual spending estimates for each type of visitor. The second, Average Expenditures for Overnight Visitors, reports the average daily and average trip expenditures for each type of visitor for 2019p. The third table, Overnight Visitor Volume, reports annual visitor volume for each type of visitor. Volume is broken out in terms of trips and nights and visitors (persons) and travel parties. In general, multiplication of an average spending numbers with the appropriate volume number will yield the annual total spending number for that type of visitor. (See appendix B.)

Day travel represents less than four percent of all visitor spending in the Seattle Southside (\$2.5 million in 2019p). Due to data limitations, reliable estimates of visitor volume and average expenditures cannot be reported for day travel.

Visitor Spending by Type of Traveler Accommodation (\$Million), 2010-2019p

	2010	2012	2014	2015	2016	2017	2018	2019p
All Overnight	447.1	506.9	588.4	634.1	659.3	688.0	734.4	751.1
Hotel, Motel, STVR*	431.3	489.5	570.2	615.9	640.6	668.7	714.2	730.4
Other Overnight	15.8	17.4	18.2	18.2	18.7	19.2	20.2	20.7
Day Travel	18.9	21.5	23.7	24.4	25.0	25.9	27.5	28.4
Spending at Destination	466.0	528.4	612.1	658.5	684.3	713.9	761.9	779.5

Note: Destination spending does not include ground transportation expenditures for travel to other Washington destinations. STVR stands for short term vacation rentals or rented homes subject to lodging tax.

Average Expenditures for Overnight Visitors, 2019p

	Travel Party		Visitor (Person)		Party Size	Length of Stay (nights)
	Day	Trip	Day	Trip		
Hotel, Motel, STVR	\$438	\$1,039	\$208	\$487	2.1	2.4
Other Overnight	\$148	\$427	\$56	\$163	2.6	2.9
All Overnight	\$389	\$968	\$183	\$451	2.2	2.4

Overnight Visitor Volume, 2017-2019p

	Visitor-Nights (000)			Party-Nights (000)		
	2017	2018	2019p	2017	2018	2019p
Hotel, Motel, STVR	3,339	3,454	3,515	1,576	1,640	1,666
Other Overnight	575	588	590	256	262	263
All Overnight	3,914	4,043	4,105	1,832	1,902	1,929

	Visitor-Trips (000)			Party-Trips (000)		
	2017	2018	2019p	2017	2018	2019p
Hotel, Motel, STVR	1,425	1,474	1,500	665	691	703
Other Overnight	160	164	164	71	73	73
All Overnight	1,585	1,638	1,664	736	764	776

DETAILED IMPACT TABLES

The following table shows spending estimates for all categories of visitors, including day travel, earnings and employment estimates by industry sector, and travel-generated tax receipts.¹

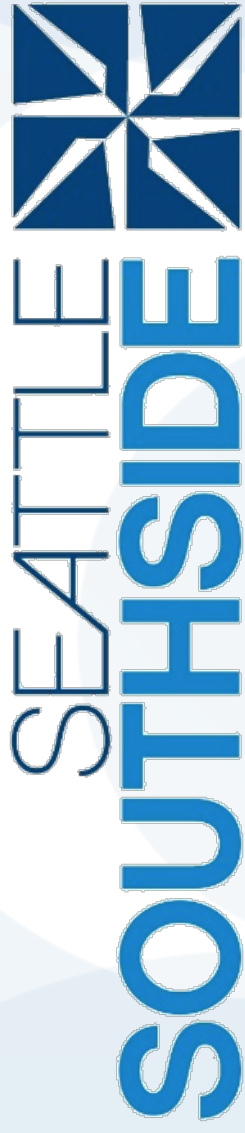
Seattle Southside Travel Impacts, 2010-2019p

	2010	2012	2014	2015	2016	2017	2018	2019p
Total Direct Travel Spending (\$Million)								
Destination Spending	466.0	528.4	612.1	658.5	684.3	713.9	761.9	779.5
Other Travel*	7.5	9.1	8.4	6.5	6.2	7.3	8.4	8.4
Total Direct Spending	473.5	537.5	620.5	665.0	690.5	721.2	770.3	787.9
Visitor Spending by Commodity Purchased (\$Million)								
Accommodations	158.4	178.5	219.9	250.1	262.8	275.7	294.9	295.9
Food Service	130.0	149.2	171.1	183.8	192.7	201.7	216.6	228.0
Retail, Entertainment & Local Transport	177.6	200.7	221.1	224.6	228.8	236.5	250.4	255.7
Destination Spending	466.0	528.4	612.1	658.5	684.3	713.9	761.9	779.5
Industry Earnings Generated by Travel Spending (\$Million)								
Accom. & Food Serv.	111.1	118.5	138.6	147.1	154.3	161.6	175.9	184.9
Retail, Entertainment & Local Transport	36.5	38.7	45.9	47.7	48.9	50.2	54.1	55.4
Total Direct Earnings	147.6	157.2	184.5	194.7	203.2	211.8	230.0	240.3
Industry Employment Generated by Travel Spending (Jobs)								
Accom. & Food Serv.	3,190	3,270	3,580	3,620	3,670	3,720	3,870	3,870
Retail, Entertainment & Local Transport	1,160	1,190	1,260	1,250	1,240	1,230	1,250	1,250
Total Direct Employment	4,350	4,460	4,840	4,870	4,910	4,950	5,120	5,110
Government Revenue Generated by Travel Spending (\$Million)								
Local Tax Receipts	22.7	25.7	30.3	33.3	34.9	36.5	38.5	39.1
State Tax Receipts	25.1	28.2	32.5	35.1	36.9	38.6	40.8	41.8
Total Local & State	47.9	53.9	62.8	68.3	71.8	75.1	79.2	80.9

Details may not add to totals due to rounding.

*Other Travel reflects ground transportation expenditures for travel to other Washington destinations.

¹ The economic impacts for the Seattle Southside do not include travel to and from SeaTac International Airport. This passenger air travel accounted for 16,100 jobs with earnings of \$1.7 billion in 2019.



Shuttle Bus Economic Impact Study

Prepared by:



Project Overview

PURPOSE

The purpose of the Seattle Southside Shuttle Bus Economic Impact Study was to estimate shopping revenue generated from shuttle bus riders as well as provide a profile of those who used the shuttle to visit the Westfield Southcenter.

TARGET AUDIENCE

The Seattle Southside Shuttle Bus survey was conducted among those riding the Shuttle Bus for the past 9 months. The surveys were distributed by shuttle drivers and passengers were asked to fill out the surveys and return them upon departing the shuttles.

SAMPLE

A total of 1,865 respondents were interviewed for this study providing a maximum margin of error of +/-2.3% at a 95% confidence interval.

Executive Summary

Seattle Shuttlebus Offers Great Service

- Travelers to the Seattle Southside area only use a handful of hotels to catch the shuttle, and most hear about the service at the front desk of their hotel.
- Those who use the shuttle to travel to the Westfield Southcenter are primarily shopping and dining and spend around 3 hours at the shopping center.
- Shuttle riders spend around \$172/person* on their trip to the shopping center, with those visiting from outside the United States spending more (\$190 vs. \$158).
- Shuttle riders were very satisfied with their experience on the shuttle bus. More than nine in ten riders indicated they were somewhat/very satisfied with the friendliness of the driver, the cleanliness of the shuttle and the comfort of the ride. Additionally, 85% indicated they were satisfied with the timeliness of the shuttle.
- Finally, eight in ten shuttle riders would recommend the services to their friends. However, the word-of-mouth buzz is fairly low (5%). Giving visitors the tools they need to recommend the shuttle service will only help increase ridership and the amount of money spent in the area.

*An outlier is an observation in a data set that lies a substantial distance from other observations. These unusual observations can have a disproportionate effect on statistical analysis, such as the mean, which can lead to misleading results. Only those who spent more than \$25 and less than \$1,000 were included in the calculations.



Thank You!



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