

TOURISM
VICTORIA



Marketing our favourite destination

2016 Annual Business Plan

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Leadership Message

As the tourism industry in Greater Victoria prepares to enter 2016, we are delivering on year two of Tourism Victoria's 2015-2017 Strategic Plan. It is timely to reflect on some of the accomplishments achieved in the past several years that have helped stimulate recovery and position Greater Victoria for growth, and then ensure we have a foundation for future growth and innovation.

The most important accomplishment in 2015, and positive moving into 2016, is that key partners are aligning around priority objectives. Tourism Victoria's membership is growing, increasing by almost 200 member listings in the past two years, and we will likely have close to 900 members by year's end. As the official Destination Marketing Organization (DMO) for Greater Victoria, we provide a voice for more than 880 business members, linking the entire region when promoting the destination worldwide.

Another critical choice was to stand out with our marketing communications style, which has garnered significant results. Tourism Victoria had its 2015 *Victoria Beyond Words* campaign independently evaluated; this campaign generated a handsome return on investment of 78:1, inspiring an estimated 12,800 Seattle visitors to book and travel to the region resulting in an economic impact of approximately \$5.9 million.

As we enter our 42nd year as DMO of Greater Victoria, we have deliberately chosen to work together and support one another to build the business. An example is our deepening partnership with the Victoria Conference Centre (VCC) and our convention hotel partners, who struck a working group called the Victoria Conference Optimization Network (VCON).

In 2014, we completely re-engineered our approach and priority markets in the Travel Trade area. In 2015, we found it necessary to completely rebuild and re-focus our approach to the meetings and events business. 2016 will focus on modern data platforms, optimized calls to action as well as scoping and ultimately transitioning to a lead generation, nurturing, and scoring system. This is where advanced marketing and sales organizations have moved, and we need to be excellent in this space as well.

In 2015, we rolled out the Balanced Scorecard measurement framework and transitioned from measuring outputs to outcomes. We will refine and deepen this effort in 2016 to be more accountable and drive more meaningful business opportunities to our valued members. Tourism Victoria has four simple strategic objectives:

- **Grow Rate and Volume:** Tourism Victoria will focus efforts to generate demand for our must-visit destination with an emphasis to drive revenue and rate.
- **Addressing Seasonality:** Promote Greater Victoria as a year-round destination, including building equity around shoulder and off-season opportunities.
- **Destination Management:** Work with industry on select but critical policy and supply side drivers of destination success.
- **Telling Tourism's Story:** Increase appreciation and support for Greater Victoria's vibrant visitor economy.

We look forward to working vigorously in 2016 to consolidate gains achieved in 2015 and to position Greater Victoria for improved results on our shared objectives.

Sincerely,

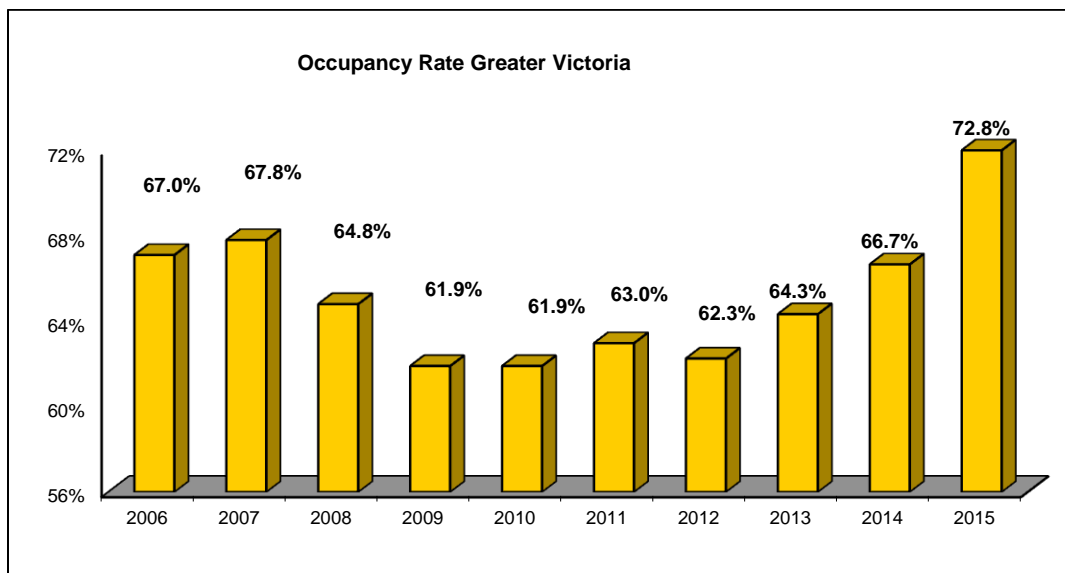


Paul Nursey

1. Introduction

A) Destination Performance

Greater Victoria's recent performance through 2015 demonstrated very significant growth and builds up two years of consistent recovery in 2013 and 2014. From 2008 to 2012 were very challenging years for the tourism industry in Greater Victoria; however, recovery appears to be on track and growth levels are on par with what has been seen globally for the past 10 years. The tourism industry in the region suffered a number of very lean years and because of this a period of sustained growth is required to inspire and attract new investment in product and attractions for the region. It is pleasing to see this recovery translate into significant renovation in accommodation product, active discussion around investment of new attractions and transportation related product. This plan is designed to support further recovery, growth and reinvestment as well as be aligned to community needs and public policy priorities.



Source: Chemistry Consulting (note: 2015 data up to August only)

B) Focus on Consolidating Growth and Improving Seasonal Performance

This recovery can be attributed to three key reasons: strong growth from a vibrant Pacific Northwest economy, broader global growth trends in Asian tourism and more Canadians travelling domestically due to a relatively weaker Canadian dollar. The Pacific Northwest region is a unique place with a vibrant economy based on technology, innovation and high value resources. These are combined with natural lifestyle attributes that make this region one of the fastest-growing economies in the world with leisure attributes.¹ One of Greater Victoria's key tourism source markets, Seattle, currently has an unemployment rate that has declined a full percentage point to 3.3 per cent in the past year² while other key source

¹ Economy 101: 5 Things to Know About US Growth, Seattle PI, October 2014

² Regional and State Employment and Unemployment, United States Department of Labor, August 2015

markets including Vancouver, San Francisco and Portland all have strong economies, great connections to Greater Victoria and a lifestyle that encourages travel and exploration.

Globally much of the world's rapid tourism growth, anticipated to be a sustained five per cent annually through 2030,³ can be attributed to increases in outbound travel from emerging middle and upper classes in Asia. Greater Victoria is positioned strategically as a one-connection short haul flight to three of North America's most important gateways to Asia: San Francisco, Seattle and Vancouver. If Tourism Victoria is focused and strategic, it can leverage the two benefits of strategic positioning in a vibrant Pacific Northwest economy and proximity to Asian gateways for ongoing growth.

C) Canadian Tourism Policy Environment

Challenges

Counterbalancing this opportunity are some significant constraints on growth in tourism in Canada. Like much of the world, Canada enjoyed tourism growth in 2015. However over the past ten years, Canada is one of only four countries in the top 50 nations to experience an absolute decrease in global arrivals.⁴ Other countries experiencing the same include Poland, Libya and Iraq. Canada has also had a series of one-time events such as SARS in 2003 that slowed travel to Canada for several years after, as well as the requirement for United States (U.S.) travellers to carry passports when visiting Canada, through the Western Hemisphere Travel Initiative (WHTI) in 2006, that have significantly setback the tourism industry. These setbacks were quickly followed by economic collapse in Canada's key source market, the U.S.

Canada also has had, and continues to have, some very serious policy constraints affecting its tourism growth including a restrictive and slow visa regime and costly aviation policy that pushes the complete costs of air travel, including capital investments in airports and security, on to the consumer. Combined with these constraints has been Canada's traditional unwillingness to enter in to many open-skies agreements or to allow state-owned foreign carriers such as Singapore Airlines, Air Emirates and Etihad to schedule daily service into Canada due to a policy imperative to protect the country's legacy carrier from foreign competition. All of these constraints, combined with significant reductions in federal tourism marketing investment, have led to Canadian industry having to work much harder to capitalize on global tourism growth. This has meant tourism bodies at the provincial and municipal level have had to work much harder to sustain their industries over the past decade.

Improvements

In the past two years there have been some improvements in the Canadian tourism environment that have helped reposition the industry for long-term growth. Many of these changes have not taken place as fast as a recovering industry would like, but there is change for the better. Canada's visa regime is improving incrementally and largely at the operational and in-market level. However, a series of programs such as introducing a 10 year visa product, fast-tracking visa applicants that already have U.S. visas, and preferential visa handling of approved tour operators in long haul markets has helped customers and travel trade become more confident in Canada. In the U.S., passport ownership has increased from 33 per cent of the American population when WHTI was implemented to over 60 per cent in 2012⁵, essentially doubling the number of prospective customers from the country's most important source market. Significant work has been done between the U.S. and Canada on trusted traveller

³ Quarterly World Tourism Barometer, United Nations World Tourism Organization (UNWTO), December 2013

⁴ Quarterly World Tourism Barometer, UNWTO, December 2013

⁵ 2014 Business Plan, Canadian Tourism Commission, November 2013

programs such as Nexus and Global Entry. A new paperless borders initiative at key departure points such as Seattle is making the process of departing from and returning home very easy for the customers.

Canadian Tourism Policy - Looking Ahead to 2016

Prime Minister Justin Trudeau promised to remove the Visa requirement on Mexican travellers during the election campaign. When and how that is to be implemented is unsure at this time. The new federal government has also promised sustained funding for Destination Canada and improved infrastructure. Smooth intermodal connectivity is key to Greater Victoria's tourism success.

D) Implications for Greater Victoria

The tourism business has traditionally been cyclical in Greater Victoria; however, globally the tourism industry has been on a sustained growth path for the last 10 years and is projected to continue to grow into the future. Tourism Victoria is focused on building the off-peak season for Greater Victoria because it is clear that underlying demand is in place. In spite of many risks in the environment that need to be managed, and constraints to tourism in Canada, the region could be heading into a period of sustained growth, with some inevitable disruptions and short term challenges to be managed. After a decade of struggle, an internal rallying cry at Tourism Victoria is that it is time for the industry to "make hay while the sun shines". Tourism Victoria staff are very focused on delivering results during this period of recovery and growth, to set the destination up for long term success. This will ultimately drive rate and volume in the industry.

The organization's goal over the next two years is to make Greater Victoria a destination that inspires visitation, grows diversification of source markets and attracts investment in tourism product.

E) Role of a Clear Strategy and Operational Plan

Strategies and business plans are most effective when they are clear and easily understood. Staff, partners and stakeholders need to have a common understanding of objectives, priorities and initiatives, and how these drive performance metrics. There can be no misunderstanding as to what staff are focused on and stakeholders need to clearly understand the strategic, budgetary and operational priorities of the organization.

The critical role of an annual operational business plan is to translate strategic goals into day-to-day operations. This document delivers on that role. Translating year two of Tourism Victoria's 2015-2017 Strategic Plan into a working plan ensures it will be a roadmap for staff, a touch point for advisory committees and the Board of Directors and a reference tool for key partners and valued members.

F) Strategy Framework and Performance Management System

There are five key principles in how to be a successful, strategy-focused organization that delivers on superior results:⁶

⁶ The Execution Premium, Kaplan and Norton, Harvard Business Press, 2008

Principle 1: Translate the strategy into operational terms

This principle comprises two sub-components: Strategy Maps and Balanced Scorecards. Together these sub-components describe the organization's strategy and its implementation. It is by translating strategy into the logical architecture of a Strategy Map and a Balanced Scorecard that organizations create a common, understandable point of reference for everyone. This is achieved through this plan.

Principle 2: Align the organization to the strategy

Synergy is the overarching goal of organization design. Organizations consist of numerous sectors, business departments and specialized departments, each with its own strategy. For organizational performance to become more than the sum of its parts, individual strategies must be linked and integrated. The corporation defines the links expected to create synergy and ensures those links actually occur. This will be achieved through department and personal Balanced Scorecards.

Principle 3: Make strategy everyone's everyday job

To move strategy from the boardroom to the office, and make it everyone's everyday job, is the pre-eminent challenge for organizations. This principle considers personal Balanced Scorecards and links to compensation. Tourism Victoria introduced department and personal Balanced Scorecards in 2015 and then linked discretionary compensation to results against those Balanced Scorecards.

Principle 4: Make strategy a continual process

Putting the Balanced Scorecard at the heart of the organization's management system involves creating links from strategy to budgets, and also calls for a robust learning process. Tourism Victoria has already started to deliver on a robust change management process that has been well received by staff.

Principle 5: Mobilize change through executive leadership

Kaplan and Norton emphasize the make-or-break influence of top management by stating, "if those at the top are not energetic leaders of the process, change will not take place."⁷ Simply put, if the executive leadership does not want the Balanced Scorecard and does not put effort into doing it, the Balanced Scorecard effort will fail. Tourism Victoria's leadership team is committed to the process.

More than half of Fortune 500 organizations use a version of this system. The principles of a strategy-focused organization and Balanced Scorecard are particularly popular in organizations that have a return on objective as opposed to sole concentration on shareholder value. Significant research has demonstrated organizations that successfully implement this system and execute well typically outperform those who do not.⁸

Outcomes versus Outputs

As Tourism Victoria culturalizes the Balanced Scorecard and the principles of being a strategy-focused organization, it is important to understand the difference between outcome and output performance measures or Key Performance Indicators (KPIs).

Outcome measures answer the "so what" question and should answer the question of what the tourism industry gained from this initiative. A primary example is measuring return on investment (ROI) of marketing campaigns. This empirically demonstrates whether a campaign has been successful or not, and provides helpful diagnostics.

Traditionally Tourism Victoria has been very focused on output measures. 2016 will be the second year Tourism Victoria will formally use the principles of a strategy-focused organization, measure results through a Balanced Scorecard and be more focused on outcome measures. This is an exciting change

⁷ The Execution Premium, Kaplan and Norton, Harvard Business Press, 2008

⁸ The Execution Premium, Kaplan and Norton, Harvard Business Press, 2008

that will more clearly define what Tourism Victoria delivers to its members and the community as a whole. However, implementing such a system is an exercise in change management that typically takes two to three years.

In 2016, as Tourism Victoria adds research and data analytics capacity, the organization will start to apply economic outcomes to performance measures in the Balanced Scorecard framework. This is done by applying data of known average spends from respective source markets to the incremental new business driven by Tourism Victoria. For example, if Tourism Victoria delivers a new tour series from Japan, and since the average spend from Japan is well understood, it is logical to estimate the incremental impact of this new tour series.

Destination Marketing Gets Results

Tourism Victoria's marketing approach is differentiating and impactful, consistently disrupting the competition. In 2015, Tourism Victoria independently measured its marketing campaign *Victoria Beyond Words* in Seattle through an advertising tracking and conversion study. The results were a strong 78:1 ROI compared to industry average of 12:1 and a 39:1 ROI from Tourism Victoria's 2014 campaign, *Victoria Calling*. The 2014 *Victoria Calling* campaign converted 10,400 travellers with a budget of \$120,000 while this year's campaign converted 12,788 travellers with a budget of \$75,500.⁹

DMOs are one of typically funded by accommodation tax, which in British Columbia is called Municipal Regional District Tax (MRDT). DMOs are enabled by provincial legislation and municipal by-law. This foundation of legislated revenue is supported by partnered and voluntary contributions of industry through membership dues, participating in advertising or buy-in opportunities or voluntary destination marketing fees. In September 2015, new requirements for the MRDT program were released stressing the principles of:

1. Effective tourism marketing and projects
2. Effective local stakeholder support and intercommunity collaboration
3. Marketing efforts that are coordinated and complimentary to provincial marketing strategies and tactics, fiscal prudence and accountability

Tourism Victoria welcomes these principles as they provide more clarity going forward. If done well, Destination marketing is the truest form of public and private partnerships, and there are many models around the world.

The public policy and business problem DMOs are trying to solve is a fragmented industry that leads to market failure. Essentially tourism is made up of small businesses whose owners and management are typically very focused on their business operations. By uniting and marketing under a common and well-recognized destination brand, such as Greater Victoria, these businesses can gain a powerful advantage. Research has consistently proven customers choose to go to a place first and then select their chosen accommodation, attractions, adventure tours, cultural activities, restaurant and retail opportunities. Customers understand a destination brand, and if a strong emotional connection is made with the prospective customer, the results can be impressive.

What Tourism Victoria is Trying to Achieve

The strategy map is a visual description of Tourism Victoria's strategic priorities and how the organization is aligned to deliver against its mission and vision. The format is based on the methodology of Kaplan and

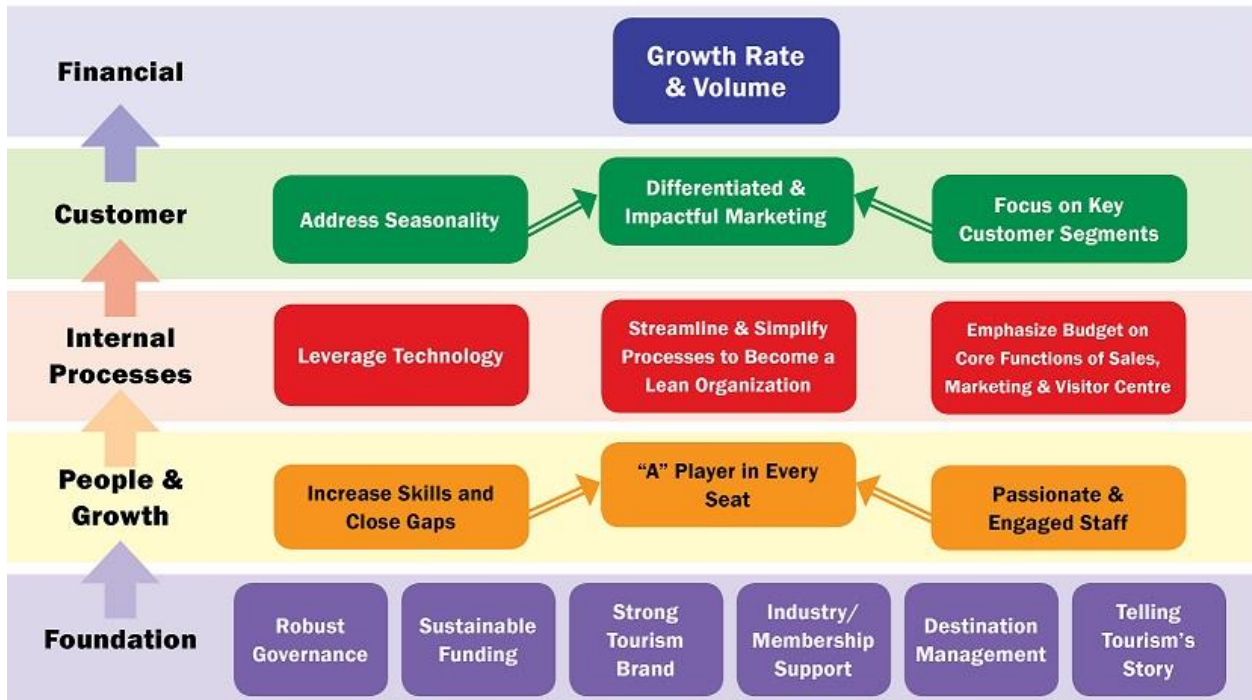
⁹ Tourism Victoria Destination Advertising Evaluation & ROI, Insignia Marketing Research Inc., October 2015

Norton using perspectives of learning, growth, internal processes, customer and financial. These perspectives are proven to deliver superior results if executed well.

Tourism Victoria Strategy Map

Our Mission: We inspire the world to experience our destination.

Our Vision: Tourism Victoria will be internationally recognized as a leader in sustainable tourism development, ensuring Greater Victoria remains one of the top destinations in the world.



2. Operating Context

Tourism Victoria presented a thorough environmental scan to the Board of Directors in June 2015 as an input into this planning process. That environmental scan demonstrated a robust underlying demand to travel worldwide, deepening aviation networks, strong U.S. economy and the oil shock affecting the Canadian economy. Between June 2015 and the time of writing this 2016 Business Plan there have been both increased opportunities and increased risk in the operating environment. Unemployment in key source markets such as Seattle continues to decline and short term consumer confidence is improving. There are significant macro opportunities for sustained growth punctuated with intense risks due to political change in Canada, war and terrorism along with sluggish growth in select key domestic source markets. The most acute risk may be domestic consumer and business confidence. The October release by the Bank of Canada showed business confidence to be “tepid” and warned of ongoing softness in the Canadian economy. These are risks faced by all of the competition. The key to success is to stay focused on the core business and outperform the competition through superior execution.

A) Industry Priorities

Because recovery has started to set in, business becomes increasingly focused on yield management. Through extensive consultation it is clear there is a greater emphasis from industry on three key marketplace segments where Tourism Victoria has the ability to influence:

The Fully Independent Transient Traveller

This independent traveller does not travel as part of a tour group and typically are not bargain hunters looking for deals through online travel agencies. Rather these travellers are highly educated, professional, looking for value over cost savings and book direct or through a high value booking agent. These customers, because of their independent nature, are harder to reach, but highly prized as they spend much more in the community.¹⁰ These customers are best reached by marketing directly to them whether through marketing communications, media relations or content channels. As such, Tourism Victoria’s Destination Marketing, Content Marketing, and Media Relations plan is focused on reaching these customers.

The Meetings and Corporate Group Business

Meetings, conventions and group business is foundational and represents a growth opportunity for Greater Victoria. Booking meetings in advance provides predictable business that helps drive yield and compression throughout the marketplace. There is considerable opportunity in the growing corporate marketplace. Through a renewed collaboration with the VCC and the destination’s convention hotels, which started in March 2014, Tourism Victoria is already seeing significant alignment and new business opportunities. In 2015, Tourism Victoria brought significant new programs to the VCC including Canada’s West Marketplace 2017, the Tourism Industry Association of BC in 2016, Communities in Bloom 2019 and others. In spite of this improvement, more innovation is required.

Capture Fair Share of the Growing Asian Market

The Asian outbound travel market is growing rapidly. Western North America and Canada as a whole are seeing ongoing growth out of China, even with recent Chinese stock market volatility, and recovery out of Japan. Greater Victoria is poised with one-stop access to two of North America’s largest Asian hubs in Seattle-Tacoma and Vancouver and blessed with tourism product offerings that are in demand by Asian customers. Evidence of the growing importance of this source market is seen in Tourism Victoria’s annual mission to China that has now grown to 12 member businesses and the delegation conducting over 1,100

¹⁰ Trouble Beneath the Surface, Oxford Properties and Tourism Industry Association of Canada, 2012

sales calls over the two week period. This is industry voting with commitments of time, investment and energy to work with Tourism Victoria to grow the business substantially.

3. The Business Plan

The Plan contains five Operational Priorities on how Tourism Victoria delivers on its business. These priorities provide clear understanding as to how staff are expected to deliver on work and how valued members and stakeholders can best engage and partner with Tourism Victoria.

A) Operational Priorities

1. Continue with highly impactful, differentiated marketing and communications that stand out in the marketplace. Make an impact on the customer and disrupt the competition.
2. Operate as a lean, outcomes-driven organization with passionate, engaged staff.
3. Emphasize and prioritize budget on core functions of sales, marketing and visitor servicing.
4. Provide educational tools, training and knowledge sharing to support industry in reaching shared objectives.
5. Action destination management through leadership, research and coalescing industry partners around critical supply side issues.

B) Leveraging Assets

Brand

Victoria has an excellent reputation. *Condé Nast Traveler Readers' Choice Awards* rates Victoria as the number 24 destination in the world¹¹ and one of the friendliest cities in the world by *Travel + Leisure's World's Best Awards*.¹² Visitors agree; 91 per cent of visitors leave satisfied.¹³ The region also has very strong brand recognition. Greater Victoria enjoys status as the top of mind Pacific Northwest destination for residents in Seattle, Vancouver and Calgary.¹⁴ In 2016, should resources allow and with improved research capacity, Tourism Victoria will refresh its understanding of brand perceptions in the marketplace.



¹¹ Top 30 Cities in the World, Condé Nast Traveler Readers' Choice Awards, October 2015

¹² World's 30 Friendliest Cities, Travel + Leisure World's Best Awards, September 2015

¹³ 2014 Peak Season Exit Survey, Lux Insights, August 2014

¹⁴ 2013 Brand Tracking Study, Lux Insights, August 2013

Greater Victoria Brand Portfolio

Tourism Victoria continues to think regionally and uses the Greater Victoria Brand Portfolio as a framework for marketing and selling the destination. The Greater Victoria Brand Portfolio comes to life in the form of the Community Spotlight program. Community Spotlights are digital takeovers of Tourism Victoria’s channels to showcase one of the regions brand lines for a two week period. This allows Tourism Victoria to give concentrated regional information for a dedicated period to further educate consumers on the wide variety of tourism experience in the Greater Victoria region.

The Greater Victoria region is made up of a combination of brands that work together to make up all the destination has to offer. Each brand has its own unique identity and collection of experiences to entice the visitor. Promoting all brands in the destination’s portfolio is essential for extending length of stay and maximizing the economic impact of tourism to the Greater Victoria region. Tourism Victoria uses the primary brand, which enjoys high brand awareness in the organization’s primary markets, to endorse all other brands in the portfolio as outlined below.



Strengths

Greater Victoria’s sustainable competitive advantage continues to be its relaxing atmosphere. This attribute is important to travellers when choosing a vacation destination and this is a unique strength that only Victoria can claim – no other competitive destinations score highly on this factor. This experience appeals to all visitors regardless of gender, age, income, and country of origin. Regardless of seasonality,

visitors continue to cite walking around the city, dining out and relaxing as their most anticipated experiences.¹⁵

Other advantages for the region include the destination's great gardens and green spaces, heritage, marine/wildlife viewing opportunities, status as a romantic getaway and wide variety of attractions. Two-in-three travellers rate Victoria's attractions to be better than other Pacific Northwest destinations.¹⁶

Countering Weaknesses

The *2013 Destination Brand Study* showed culinary as a perceived weakness of the destination, but the most recent Exit Survey data shows that Victoria restaurants are one of the top three activities visitors look forward to, with 50 per cent of respondents saying the food and beverage experience in Victoria is better or much better than other Pacific Northwest destinations. Greater Victoria continues to receive accolades for its dining, wine, brewery and distillery scene, so this will continue to a strategic focus of promotional efforts.

Perceived affordability and accessibility continue to be competitive disadvantages of the region. Americans are more likely than other travellers to say the value for money of visiting Greater Victoria is worse than other Pacific Northwest destinations.¹⁷ Other weaknesses include a perceived lack of hiking trails, wineries and nightlife.¹⁸

Geographic Priorities

Tourism is a business full of many different competing opportunities; as such, strategic choices need to be made. One of the greatest risks of poor execution is not being focused. Simply put, Tourism Victoria does not have the resources to market and sell everywhere in the world, nor is it large enough to replicate the geographic market penetration of a national or provincial tourism marketing organization. The opportunity is to partner and leverage those investments. When making decisions, it is important to have clear decision making criteria and filters.

The filters to Tourism Victoria's areas of geographic selection are:

- **Member priority:** Is this source market a primary business priority for member businesses. Having surveyed members in 2014, Tourism Victoria has clear insight and direction. Combined with local priorities, Tourism Victoria continues to align with Destination BC and Destination Canada on priority source markets.
- **Incremental growth opportunity:** Is there real opportunity for growth above and beyond the activity that is already entrenched and taking place in the private sector? What will investments in time and resources do to grow the business? Tourism Victoria is being smart by capitalizing on broader forces of growth in geographic source markets and will not be tempted to invest where the market is facing headwinds, structural challenges or based on nostalgic views of past performance that may never be replicated again. This is where research capacity and insight will help the organization become more precise.
- **Brand leadership and brand equity:** Tourism Victoria will invest its marketing communications resources and effort where there is innate and active understanding of Greater Victoria and where there is already a brand position. Tourism Victoria does not have the resources to build a brand in far off-markets. The organization will leverage not duplicate efforts

¹⁵ 2014 Peak Season Exit Survey, Lux Insights, August 2014

¹⁶ 2014 Peak Season Exit Survey, Lux Insights, August 2014

¹⁷ 2014 Peak Season Exit Survey, Lux Insights, August 2014

¹⁸ 2013 Brand Tracking Study, Lux Insights, August 2013

where the British Columbia or Canada brand rightly leads in the marketplace. Tourism Victoria is pleased with its geographical alignment in terms of source markets with Destination BC.

- Opportunity to influence:** Tourism Victoria has the ability to influence, particularly through business-to-business channels in all parts of the globe. Material investment is required to be effective. Through Travel Trade, Business Events Victoria (BEV) and Media Relations, Tourism Victoria is able to influence others. However, with limited resources focus is required; hence market segmentations and priority source markets have been established in all of the organization’s business-to-business channels.
- Access:** An important decision filter around investment is ease of access from the particular source market. Is access easy, are source markets constrained? For example, Canada’s new layer of security and fee on non-visa affected overseas countries, the Electronic Travel Authorization (eTA) program, will certainly constrain business in the short-term in European, Australian and Japanese source markets; therefore, decisions need to keep access considerations in mind. Victoria International Airport will receive incremental capacity from Seattle in April 2016. This new access through Delta Airlines is very meaningful as it will connect Greater Victoria to Delta’s global network seamlessly. Tourism Victoria has committed to work with Victoria International Airport and the Greater Victoria Development Agency (GVDA) to ensure this new city pair connection is well supported.



Geographic priorities of Tourism Victoria’s member businesses as surveyed in May 2013. Green indicates highest priority source market. These align broadly with Destination Canada’s and Destination BC’s priorities. As Tourism Victoria increases its research capacity, it will be able to further size market potential.

4. How Functional Areas Drive the Business

A) Destination Marketing

Purpose

Promote Greater Victoria to consumers to generate demand for the destination while driving rate and occupancy.

Overview

Tourism Victoria will continue with its integrated approach to marketing and communications with the Destination Marketing, Content and Media Relations departments all working together to solidify the growing reputation for shoulder and off-season travel, activating a year-round plan to ensure consistent tourism revenues for the region. Tourism Victoria will also dive deeper into content-driven approaches that maximize conversions for both leisure travel and group meetings business. New for 2016 will be the addition of marketing the VCC.

Activities

Leisure Drivers

- Activate a year-round campaign calendar ensures Tourism Victoria is consistently giving consumers reasons to come to the region
- Collaborate with local stakeholders to ensure Greater Victoria delivers on marketing promises and delivers an outstanding travel experience that drives word of mouth
- Explore a content-driven, automation and personalization approach to consumer communications and advertising including the exploration of revitalizing the TourismVictoria.com platform
- Align with Destination BC on geographic markets and timing as well as on Net Promoter Score as a measurement

Group Drivers

- Build on the collaboration of VCON
- Deliver a full funnel content-driven marketing approach that effectively generates, nurtures and scores leads to deliver more converted business for the destination
- Continue to drive innovation on the tradeshow floor that gets meeting planners talking and disrupts our competition

Measurement

Performance Measure	2013 Result	2014 Result	2015 Result	2016 Target
Campaign ROI	N/A	39:1	78:1	30:1**
Converted travellers of Seattle Spring Campaign	N/A	10,400	12,788	11,600
Estimated economic impact of Seattle Spring Campaign	N/A	\$4,680,000	\$5,900,000	\$5,336,000
Sessions on TourismVictoria.com	1,198,942	1,481,593 desktop 128,159 mobile*	1,250,000 desktop & mobile	1,500,000 desktop & mobile

*Mobile site launched April 23, 2014

**Industry Standard is 12:1

B) Media Relations

Purpose

Promote Greater Victoria to media to achieve positive editorial coverage of the destination that helps build the brand and drive visitation.

Overview

The Media Relations department will continue its deep integration with all sales and marketing departments garnering editorial coverage in travel trade, meetings and lifestyle media as well as travel media. Media Relations will continue to focus on creative ways to garner more editorial coverage that aligns with the year-round marketing calendar to help solidify Tourism Victoria's reputation for shoulder and off season travel. In addition media relations

Activities

Proactive Coverage Drivers

- Owned Media Events: Hosting media events in key source markets including San Francisco, Seattle and Vancouver in alignment with Marketing campaigns
- Media Outreach: Working with Marketing and Content departments to leverage creative approaches to intercept journalists and invite them to the destination to experience off and shoulder seasons
- Pitch Quotas: Work with the Content department to proactively cultivate fresh media stories and ensure weekly quotas for proactive story pitching are met
- Destination BC-led Media Events: Continue to align with Destination BC on province-led initiatives where appropriate
- Media Marketplaces: Continue to attend valuable media marketplaces that offer a significant ROI including Go Media and Canada Media Marketplace

Geographic Markets of Focus



Measurement

Performance Measure	2013 Result	2014 Results	2015 Target	2016 Target
Editorial Placements	245 (60% up over 2012)	311	275	300
Journalist Visits	178	147	175	175

C) Content Marketing

Purpose

Create, curate, share and syndicate content to promote Greater Victoria to a growing and engaged audience.

Overview

Content Marketing will continue to be a central pillar of all marketing efforts and is deeply integrated with all sales and marketing departments. In 2016, the Content Marketing department will work with the Marketing department on developing and implementing a content-driven, data management approach to ensure Tourism Victoria is reaching the right consumer, at the right stage of the purchase funnel, with the right content to get them to convert further down the funnel.

Activities

Digital Engagement Drivers

- Continue to activate owned media channels including: Facebook, Twitter, Instagram, Pinterest, Google+, Blog, eNewsletters and TourismVictoria.com
- Continually optimize www.TourismVictoria.com to increase page views, time on site and ultimately conversions
- Work with Marketing to develop and implement content-driven, automation and personalization approach to consumer communications and advertising including the exploration of revitalizing the TourismVictoria.com platform

Measurement

Performance Measure	2014 Results	Projected 2015 Results	2016 Target
Total Engagement on Social Channels	N/A	Facebook: 89,000 Twitter: 47,000 (victoriavisitor) Instagram: 72,300 Google+: 750 Pinterest: 550 LinkedIn: 1,100	Facebook: 111,000 (25%) Twitter: 58,750 (25%) Instagram: 144,600(100%) Google+: 940 (25%) Pinterest: 690 (25%) LinkedIn: 1,370 (25%)
Reach on Social Channels	N/A	Facebook: 6,100,000 (total) 1,800,000 (organic) Twitter: 2,100,000 (victoriavisitor) Instagram: N/A Google+: 4,800 Pinterest: 30,000 LinkedIn: 180,000	Facebook: 1,900,000 organically (5.5%) Twitter: 2,520,000 (20%) Instagram: N/A Google+: 7,200 (50%) Pinterest: 45,000 (50%) LinkedIn: 190,600 (5%)

Average Time on tourismvictoria.com	3:28 desktop 2:13 mobile	<u>Goal</u> 3:40 desktop 2:20 mobile	<u>Projected</u> 3:19 desktop 1:58 mobile	3:30 desktop 2:10 mobile
Bounce Rate on tourismvictoria.com	46% desktop 41% mobile	<u>Goal</u> 45% desktop 50% mobile	<u>Projected</u> 45% desktop 47% mobile	45% desktop 50% mobile

D) Travel Trade

Purpose

Build on the strategically refined, geographical approach to international markets by increasing shelf space, distribution and relationships with international operators and their Canadian receptive partners.

Overview

Building on 2015's successful segmentation model that defines the department's priority international markets, Tourism Victoria will drive increased growth and traffic from the organization's key markets of USA, China and Australia. Core and stable markets of Europe and South East Asia (Japan) will continue to be serviced in market through strategic, reciprocal relationships with Destination British Columbia and Destination Canada. In emerging markets of South America and India, Tourism Victoria will continue to rely on in market representation and intelligence from Destination Canada.



Activities

- Continue to place less emphasis on traditional sales calls in core and emerging source markets such as the UK, Germany, Japan and Mexico, but further work with industry partners at Destination BC and Destination Canada on strategies that will maintain market presence
- Increase work in the U.S. to grow market penetration, distribution and visible presence through a mix of traditional and emerging sales tactics
- Continue to aggressively promote Victoria and new tour series product options to Asian operators, promoting attractions and activities that encourage overnight visitation to the region
- Develop a more robust and defined partner program for sales missions into key markets of U.S., China and Australia
- Focus familiarization tour strategy on product managers who contract the business
- Lead and develop a committee to plan and execute the Canada's West Marketplace tradeshow that is scheduled to take place in Victoria in 2017

Measurement

Performance Measure	2014 Result	2015 Target	2016 Target
New Business Leads for Members	N/A	200	300
Qualified FAM Tours (Result in measurable new distribution within 12 months)	62*	20*	20
New Programs by Tour Operators	8	10	15
Economic Contribution of New Tour Programs	N/A	N/A	benchmark

**Filter of distribution not considered*

E) Business Events Victoria (BEV)

Purpose

Operationalize Tourism Victoria's Meetings and Incentive Travel (M&IT) department as Business Events Victoria (BEV) with a renewed focus on delivering business results of increased confirmed room nights and economic impact to the region.



Overview

BEV will resource against opportunities to shift strategy to focus on growth prospects in the corporate meetings market while maintaining association opportunities. This new strategy merges an increased emphasis on the growing corporate meetings segment with a strategic focus on vertical industry sectors that are aligned with Destination Canada's Business Events Canada (BEC) division and capitalize on the destination's regional competitive advantages. Tourism Victoria's priority sectors to pursue:

- Marine: Ocean sciences, shipbuilding, defense
- Aerospace: Manufacturing, maintenance, repair and overhaul
- Technology & Clean/Green Technology: Support VIATeC partners and initiatives
- Education: Use local universities as key assets
- Natural Resources: Forestry, mining, oil and gas
- Agriculture and Food: Animal and crop production, food/beverage processing
- Life & Health Sciences: Pharmaceutical, bio-pharmaceutical, medical devices and research

Activities

Meetings and Conventions

- Deploy a mix of in market sales calls, key tradeshow presence, member sales missions, FAM tours and select client events in order to uncover and close new business opportunities for the destination, focusing on the key markets of Vancouver, Alberta, Ottawa, Toronto and the Western USA
- Continue to operationalize its commitment to the VCON process and work closely with the VCC to develop a business events focused destination sales plan to maximize market presence while reducing duplication and inefficiencies
- Continue to confirm key, RFP-ready meeting planners and clients into the destination to experience Greater Victoria's unique competitive advantages first hand as well as conducting one association and one corporate FAM
- Work with VCON and the VCC to explore opportunities to conduct joint sales mission and in market pitches for large pieces of business
- Develop new partnerships and marketing platforms with third party meeting planners and Site Selection companies such as Helms Briscoe, Conference Direct, Strategic Site Selection and C-Vent

Local Host Program #LetsBringIt

- Develop an education and incentive based program that will tap into the community and encourage local experts in selected vertical sectors to deliver incremental meetings and conference leads to Tourism Victoria and the destination

Sport Tourism Strategy

- Continue working in conjunction with partner Sport Host Victoria to review, assess and pursue new sports tourism opportunities that have a proven ROI to the destination
- Focus remains on higher profile, highly attended events that will deliver increased room nights to the destination as well as opportunities that will build and improve shoulder season volume to the region

Measurement

Performance Measure	2014 Result	2015 Target	2016 Target
Number of RFPs	84	105	110
Potential Room Nights	41,700	43,000	45,000
Confirmed Room Nights	9,371	11,000	11,500
Economic Contribution of Confirmed Room Nights	\$4,216,950	\$4,950,000	\$5,175,000

F) Visitor Services

Purpose

Apply superior destination knowledge and outstanding customer service to provide visitor information and booking services that help create an unforgettable travel experience and extend length of stay.

Overview

Tourism Victoria's Visitor Services department will focus on providing an exceptional welcome to travellers in the region while promoting member businesses through one-on-one visitor counselling services. The department will also provide opportunities for member businesses to promote themselves and, where possible, confirm business for the destination that includes sales through Tourism Victoria's ticketing system. Increasingly the Visitor Services function is focused on converting latent interest into confirmed business for members through booking and ticketing. This confirmed business is greatly appreciated by member businesses.

Activities

Providing a Welcoming Visitor Service Experience

- Build on Visitor Services' well-earned reputation for excellent customer service through one-on-one visitor counselling, telephone and e-mail counselling by continuing to improve member and regional product knowledge and focusing on the excellent customer service and tourism training it provides its staff
- Continue to provide key information such as finding available accommodation rooms and things to see and do in Greater Victoria and throughout the region

Scope

- Continue operations at flagship Visitor Centre at 812 Wharf Street and, during the peak summer seasons, roaming ambassador volunteer program and Visitor Services kiosk at Ogden Point Cruise Ship Terminal, in partnership with the Greater Victoria Harbour Authority
- Explore the possibility of deepening the relationship at Ogden Point and also providing Visitor Services at Tsawwassen Quay to influence many visitors prior to their arrival in Greater Victoria. These opportunities are being filtered through a business lens and may come back to the Board of Directors for review in 2016

Volunteer Program

- Continue to deepen and refine the Volunteer Program, which now has over 60 active volunteers and full-fledged volunteer training, rewards and recognition program
- In 2015, Tourism Victoria to produce Volunteer Referral cards; 1,500 were printed and to date over 700 have been returned, converting to sales

Member Promotional Opportunities

- In partnership with Corporate Services, lead a holistic review of a series of promotional opportunities for members within Visitor Services ranging from digital displays, posters, additional brochure racking opportunities, in-store activation and advertising opportunities such as the Official Vacation Guide, to assess their ongoing relevance, benchmark pricing and explore new possible opportunities

Confirming Business/Business Development

- Continue program of adding key strategic product to the inventory and developing innovative product knowledge to support the sales and services process
- Reach out to other influencers such as Clef's d'Or Society, English Language schools and tour guides to educate them on product offerings

- Scope and perhaps invest in more modern, flexible and efficient point of sales technology that will speed up reconciliation and business reporting

Measurement

Performance Measure	2014 Result	2015 Target	2016 Target
Visitor Parties Serviced (Downtown and Ogden Point)	46,312	50,000	56,000
Ticket Sales	\$1,033,631*	\$1,500,000	\$1,650,000
Volunteer Sales Referrals	N/A	726 referral cards returned back, converted to sales (YTD)	825
Foot Traffic Counter	N/A	300,000	325,000

**Includes sales tax. Starting in 2015 and beyond results will exclude sales tax*

G) Member Services

Purpose

Maximize membership opportunities and deliver consistent value for Tourism Victoria's valued members.

Overview

Member Services is the key functional link supporting Tourism Victoria's membership-related activities and the organization's valued member businesses. For 2016, Member Services will work to add increasing strategic value by better linking valued member businesses with Tourism Victoria's operations and focusing on integrating members into the organization's platforms and opportunities.

Activities

Communicating and Growing Membership

- Focus on communicating Tourism Victoria's benefits, activities, opportunities and platforms to members, ensuring they understand how to gain the greatest possible benefit from Tourism Victoria membership
- Emphasis on retaining the membership base and growing strategically with members that are a fit through constant communication, strong relationships and high touch customer service

Member Education

- Lead Tourism Victoria's member education workshop series, providing educational opportunities, training and knowledge sharing to support industry in reaching their shared objectives
- Examples from 2015 include sharing Tourism Victoria's Environmental Scan and Strategic Planning process

Membership Drive

- Lead an annual membership drive each fall, attracting new members to Tourism Victoria's membership base to facilitate fresh ideas and represent the broadest spectrum of tourism-related businesses in Greater Victoria

Measurement

Performance Measure	2014 Result	2015 Target	2016 Target
Member Retention Rate	77%	85%	85%
Member Satisfaction Rate	69%	70%	90%
Gross Membership Services Revenue		\$978,050	\$1,016,000

H) Corporate Communications and Public Affairs

Purpose

Ensure better communication of the tourism industry's position and articulate how the tourism industry supports community well-being and economic vitality, to grow local recognition of the value of tourism.

Overview

Tourism as an industry in Greater Victoria is a long standing pillar of the community. The tourism industry not only creates, jobs, employment, taxation and investment in the community, it is first and foremost a people business. The Corporate Communications and Public Affairs department will work to create a deeper, more meaningful understanding of the tourism business, how it affects people and builds communities. These will be communicated with sound data-driven proof points. Tourism Victoria is committed to engaging constructively and meaningfully in the communities it serves.

Activities

Telling Tourism's Story:

- Continue to build on opportunities to share key messages on the value of tourism such as the Tourism Industry Association of Canada's Tourism Week
- Promote these opportunities across all communications channels through Membership and Corporate Services, and to local media in the community
- Employ better uses of statistics to tell tourism's story and implement consistent methodology for evaluating festivals and events through research function

Aligning With Community Priorities:

- Continue to integrate and coordinate communications around tourism from community plans as well as economic action plans
- Engage and actively brief municipal, provincial and federal politicians on areas of focus for tourism in the Greater Victoria region

Communicating Contributions of Tourism Victoria:

- Continue and further develop opportunities to share corporate and destination successes and updates as well as relevant industry information and trends
- Build on integration across other departments in Tourism Victoria including Destination Marketing, Visitor Services, Member Services, Travel Trade, Media Relations and Business Events Victoria to share and educate the community on the impact of the work they do
- Actively share this information through local media, member communications and other channels, exploring new channels such as LinkedIn

Measurement

Performance Measure	2013 Result	2014 Result	2015 Target	2016 Target
Number of Local Media Placements	N/A	85	99 YTD	115
Number of Political Briefings/Opportunities per Year	Not tracked	44	30 YTD	35

I) Destination Management

Purpose

Work with industry and support initiatives that ultimately drive demand for the destination focusing on critical supply side issues.

Overview

Tourism Victoria will action destination management through leadership, research and coalescing industry partners around critical issues including the Inner Harbour, Passenger Gateway Strategy and animating the destination. Tourism Victoria will also collaborate with partners to advance critical policy issues such as securing pre-clearance for Victoria's Inner Harbour.

Activities

Inner Harbour

- Continue, through the Transportation Committee, to advance the critical Inner Harbour file under the leadership of the British Columbia Ministry of Transportation, that includes advancing the Belleville Terminal file through a three phased plan that all stakeholders have agreed to
- As Phase One has been announced and the repair of dock infrastructure is underway, shift the collective focus to advancing Phase Two and ultimately securing Phase Three, which is a consolidated terminal with preclearance

Animating the Destination

- Continue to scope and develop a more robust Festivals & Events strategy with the goal to build the business in the shoulder and off-seasons. In 2015, Tourism Victoria started to work more closely with the City of Victoria and other appropriate parties to secure experiential attraction investment in the downtown core. Tourism Victoria has scoped two potential off-season festivals and will continue this work in 2016.

Advancing Pre-Clearance in the Inner Harbour

- Canada and the U.S. have signed a historic "Beyond the Borders" agreement that is intended to facilitate travel within North America. While the treaty framework has been agreed to, there is much work to do ahead of ratification and implementation. Many stakeholders including Tourism Victoria want to ensure that Victoria's Inner Harbour is positioned for pre-clearance through the potential for pilot projects. This file could take several years to move forward, depending on political progress at the national level in Ottawa and Washington D.C., so annual targets are difficult to set. However, Tourism Victoria will be diligent in pursuing our interests

Measurement

Performance Measure	2016 Target
Working with partners Secure a plan for Phase Two of Belleville Terminal	Yes/No
Complete the off-season festival strategy in 2016	Yes/No

J) Corporate Services

Purpose

Ensure Tourism Victoria has proper internal structure and controls to support technology, human resources and financial management while also improving and simplifying reporting.

Overview

The Corporate Services department will continue to focus on optimizing technology and working with internal departments to maximize functionality of the Simpleview CRM for reporting and lead generation. Human Resources (HR) will continue to focus on ensuring the organization has the right people in the right roles with the right skills to drive the business forward. The emphasis on financial and resource management will continue and efforts to streamline and simplify reporting will begin in 2016.

Activities

Technology

- Lead integration of the Simpleview platform across all internal departments; each department will ensure consistent data entry and reporting with lead generation and referrals going to members throughout the year
- Provide support to ensure the appropriate data structure, continue to enhance the existing robust IT security and increase internal IT knowledge and expertise

HR

- Ensure the organization has the appropriate tools to attract and retain the best talent
- Review employees benefit program with the goal of optimizing the plan and minimizing administration of it
- Continue to facilitate a strong corporate culture with open communication that is supportive of new ideas and approaches with more efforts made towards providing staff with appropriate training primarily focused towards usage of Simpleview and other technologies
- Building off the Span of Control and Compensation review completed in 2015, build better HR practices including implementing employment agreements, as well as continuing to identify skills gaps and where possible, training will be provided

Financial

- Continue to look for opportunities to reduce overhead costs through the review and scrutiny of expenses, contracts and other activities, as well as to streamline internal and external financial processes through creation of templates and checklists
- With input from the Finance & Membership Committee, continue to simplify the reporting of financial information making it easier to understand

Measurement

Performance Measure	2013 Result	2014 Result	2015 Result to date	2016 Target
Integration of Simpleview through Sales Channels	N/A	N/A	Partial – process begun in three departments identified as having greatest need	Complete integration in two sales departments
Develop Investment Policy / Strategy for Reserves	N/A	N/A	Partial – research and policy review has begun. Board has approved at high level	Complete policy and receive board approval

Annual Savings	Not prioritized	Not prioritized	Goal: \$25,000 To date: \$26,950	Goal: \$10,000
Streamline internal processes	Not prioritized	Not prioritized	Not prioritized	Yes / no
Improve Financial Reporting	Not prioritized	Not prioritized	Not prioritized	Yes / no
Put employment agreements in place	Not prioritized	Not prioritized	Not prioritized	Yes / no

5. References

The following list represents the research sources used for this plan:

- Economy 101: 5 Things to Know About US Growth, Seattle PI, October 2014
- Regional and State Employment and Unemployment, United States Department of Labor, August 2015
- Quarterly World Tourism Barometer, United Nations World Tourism Organization (UNWTO), December 2013
- 2014 Business Plan, Canadian Tourism Commission, November 2013
- The Execution Premium, Kaplan and Norton, Harvard Business Press, 2008
- Tourism Victoria Destination Advertising Evaluation & ROI, Insignia Marketing Research Inc., October 2015
- Trouble Beneath the Surface, Oxford Properties and Tourism Industry Association of Canada, 2012
- Top 30 Cities in the World, Condé Nast Traveler Readers' Choice Awards, October 2015
- World's 30 Friendliest Cities, Travel + Leisure World's Best Awards, September 2015
- 2014 Peak Season Exit Survey, Lux Insights, August 2014
- 2013 Brand Tracking Study, Lux Insights, August 2013

6. 2016 Greater Victoria Visitors & Convention Bureau Budget

	<u>BUDGET</u>	%	<u>FORECAST</u>	%	<u>BUDGET</u>	
	<u>2015</u>	2015 BD	<u>2015</u>	2015 FC	<u>2016</u>	<i>Ref #</i>
Income						
Revenue						
Total Commission Revenue	150,000		165,000		176,700	<i>1</i>
Total Destination Marketing Fee	933,900		1,066,470		1,073,100	<i>2</i>
Carry Over - DMF	132,570		0		37,100	
Total Fundraising (Travel Auction)	40,000		30,000		36,000	<i>3</i>
Total Grant Revenue	203,500		203,500		161,000	<i>4</i>
Total Municipal Regional District Tax	2,104,700		2,404,700		2,600,500	<i>5</i>
Total Membership Services	978,050		1,008,050		1,016,350	<i>6</i>
Total Miscellaneous Revenue	72,000		57,000		73,100	<i>7</i>
Total Retail Sales	59,000		76,000		77,500	<i>8</i>
Total Revenue	<u>4,673,720</u>		<u>5,010,720</u>		<u>5,251,350</u>	
Total Income	<u>4,673,720</u>		<u>5,010,720</u>		<u>5,251,350</u>	
Total Cost of Goods Sold	<u>50,100</u>		<u>60,100</u>		<u>63,900</u>	
Gross Surplus/ (Deficit)	4,623,620		4,950,620		5,187,450	
Expense						
Marketing Expenses						
Total Advertising	869,000		889,000		918,000	<i>9a</i>
Total General Marketing	292,850		297,850		459,950	<i>9b</i>
Total Meetings & Incentive Travel	186,000		186,000		261,300	<i>9c</i>
Total Publications	253,500		253,500		209,700	<i>9d</i>
Total Research	47,550		47,550		25,500	<i>9e</i>
Total Travel Media	58,450		58,450		70,600	<i>9f</i>
Total Travel Trade	165,650		165,650		136,000	<i>9g</i>
Total Website	82,950		122,950		118,720	<i>9h</i>
Total Marketing Expenses	<u>1,955,950</u>	42%	<u>2,020,950</u>	42%	<u>2,199,770</u>	42%
Operating Expenses						
Amortization	121,500		121,500		73,200	<i>10</i>
Total Communications	35,400		35,400		35,500	<i>11</i>
Total Facilities Rent & Taxes	375,700		390,700		413,010	<i>12</i>
Total General Travel & Conferences	27,700		57,700		60,500	<i>13</i>
Total Grants & Sponsorships	1,750		9,250		24,250	<i>14</i>
Total Interest & Bank Charges	52,300		59,800		72,000	<i>15</i>
Total Membership Events	37,200		37,200		42,325	<i>16</i>
Total Operating Supplies	95,000		90,000		98,300	<i>17</i>
Total Professional Services	98,600		116,100		118,050	<i>18</i>
Total Utilities & Premises	32,100		32,100		30,035	<i>19</i>
Total Operating Expenses	<u>877,250</u>	19%	<u>949,750</u>	20%	<u>967,170</u>	19%
Total Wages & Benefits	<u>1,785,950</u>	39%	<u>1,821,669</u>	38%	<u>2,009,750</u>	39%
Total Expense	<u>4,619,150</u>	100%	<u>4,792,369</u>	100%	<u>5,176,690</u>	100%
Net Ordinary Income	<u>4,470</u>		<u>158,251</u>		<u>10,760</u>	
Net Surplus/ (Deficit)	<u><u>4,470</u></u>		<u><u>158,251</u></u>		<u><u>10,760</u></u>	<i>21</i>