

BTA Quarterly Report October 2014

Q3

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Research & Business Intelligence Division

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During Q3 of 2014, the Research & Business Intelligence Division has accomplished the following:

1. Revised the Hospitality & Tourism forecast for 2014-2024 based on analysis of Bermuda's current position, overall market trends and known future hotel developments.
2. Collaborated with the America's Cup committee to assess the economic benefit for Tourism in hosting the America's Cup in 2017.
3. Assisted the Investment Division by approximating the losses associated with the decline in tourism over the last 23 years, specifically: visitor spending, taxes, hotel inventory and employment.
4. Further refined the metrics and KPIs for monthly and quarterly measurement for Bermuda Tourism.
5. Trained staff on new intelligence tools being used and created strategic plan for analyzing and distributing data to stakeholders.

6. Continued to conduct quarterly local opinion polls, refining the questions asked as issues arise, in order to optimize communications strategy.
7. Completed Website and screening questionnaire for recruiting online research panel. Soft launch will take place in Q4 and eventually all consumers and travel agents in BTA's database will be invited to participate in ongoing research initiatives.
8. Undertook a competitive analysis study, based on consumer demand from certain geographic regions and demographics/personas in order to assess Bermuda's current competitive set as well as its desired competitive set.



9. Assisted other divisions looking to gain feedback from visitors, stakeholders and industry partners by programming and managing online surveys for:
 - a) Sponsored events
 - b) Lunch n' Learns
 - c) Product & Experience Workshops
 - d) Take Bermuda With You Cards
10. Began work on standardized ROI reporting for sales and marketing initiatives
11. Attended STR Hotel Data Conference where over 350 Hotel and Tourism professionals gather to learn about the latest trends in travel and hospitality from leading Economists, Researchers and international hotel brands.



Product & Experiences Division submission

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Highlights and Results – Key Activities for the quarter:

1. BTA Growth Plan

a) The following product and experience enhancements were identified, confirmed and development work initiated, for pilot and/or launch by Q2 2015:

- **Bermuda Water Trails (new)** – themed water trail experiences promoting nature, culture.
- **Bermuda Arts Month (new)** – clustering new and existing local art experiences to create new calendar event.
- **Spring Break Sports (new)** – targeting collegiate/prep school teams for spring training in Bermuda with new accommodation/transport/activities packages.

- **Forts Tour (new)** – testing a model for guided and interactive tour, featuring costumed guides and storytelling, at Fort St. Catherine.
- **Restaurant Weeks update** – to introduce Bermuda-inspired menus within the experience (promoting Bermuda's food culture) and new Peoples' Choice award for restaurants with online component for extended exposure/diner engagement.
- **Railway Trail experience updates** - to implement physical and infrastructure upgrades, as well as excursion and service opportunities, along the Railway Trail; working group established to address specific actions required, with representatives from relevant government departments.
- New support for the **Bermuda Festival for Performing Arts** also confirmed – to leverage event for cultural tourism strategy.

b) Identifying/developing culture and sports events that provide greatest ROI in terms of tourism's goals; for this period:

- **Bermuda Marathon Weekend** - Confirmed first multi-year agreement (two years) for investment, based on proven delivery of ROI and economic impact, i.e. 1,000 visitors and approximately \$1m economic impact. This now provides the model for such agreements moving forward under the new investment process.
- **Bermuda Triple Crown fishing tournaments** – 450 visitors and in excess of \$4m economic impact; began exploring possible expansion of partnership with this experience provider.



c) Experience Investments – round two: Implemented system upgrades and completed pre-application outreach for the next round of experience investments. The process is 100% electronic and has been updated to be more user-friendly. Conducted additional lunch and learn sessions, as well as specific workshops for the public, to educate and prepare potential applicants. Fewer applications, but of a much higher standard, are anticipated. Applications period opened successfully and closed on 24th October.

d) Completed product inventory during the period, and continued on-site customer satisfaction surveys for BTA-supported experiences. The survey results will assist with assessment of re-applications for existing experiences (under point c) above), as well as tracking visitor satisfaction. This research will be conducted through Q1 2015, together with monitoring hotel performance from online consumer ratings with Review Pro application.

2. Cruise Line Strategy

First round of meetings conducted with key decision-makers and counterparts at cruise lines in the US and UK/Europe. This included Royal Caribbean – together with representatives from Celebrity and Azamara cruises (small, high-end ships); Norwegian Cruise Lines; Fred Olsen Line (UK); and AIDA Cruise Line (Germany).

The primary objective is to confirm partner(s) for regular small ship service to St. George's, and also possibly Hamilton. Opportunities for themed sailings for the America's Cup during regular Bermuda itineraries were also discussed, as well as providing charters to facilitate additional visitor accommodation for the races. Presenting BTA as a new on-island partner was well-received, and good interest in the initial proposals re: small ship service and America's Cup opportunities. Dialogue has continued and planning for the next round of discussions (Q4), to also include Holland America, Princess Cruises and Seabourn, is underway.

3. Cultural tourism initiative Hub 1 (St. George's St. David's)

Concluded first segment of strategic planning process to facilitate collaboration and new ideas among Hub 1 stakeholders.

Engaged 27 representatives from the various stakeholder groups within Hub 1 in working group activity as well as individual feedback sessions. Consensus around vision for Hub 1 achieved; work to produce strategic plan and related actions is in progress and will conclude at end-October.



4. Visitor Information Centre (VIC) strategy

Completed the review of our VICs, in line with current best practice for visitor information services and evolving traveller needs. The proposal to bring control and operation of VICs in-house under BTA is currently under consideration based on this review. Key underlying goals are to ensure a high standard of customer service and greater efficiencies are consistently maintained, as well as to potentially generate revenue for the BTA.



Q3 Sales & Marketing Division Update



Q3 “Be” Campaign Performance:

Banner Performance:

- Over 15 Million impressions (Accumulated total 84 million Q2 + Q3)
- 38,429 clicks (Campaign total 150,808 for Q2 + Q3)
- CTR 0.25% (0.09%-0.10% Industry Avg.)
 - Top performing sites: Pandora, Exponential, Artinfo, TripAdvisor

Site Performance:

- 86% are new visitors to the site
- 1.5 Page views per visit

Be Campaign ended 7/27

Q3 So Much More Summer Offer Digital Campaign Performance:

Banner Performance:

- 13.3 million impressions (Accumulated campaign total = 84 million)
- 36,796 clicks (Campaign = 124,181 total clicks)
- CTR improved to 0.28% (Due to continued optimization)
 - Top performing sites: Pandora, iExplore, Exponential

Site Performance:

- 90% new visitors
- 1.3 Page views per visit

SMMS Campaign ended 7/27

Q3 Air Canada & Air Canada Vacations Co-op Campaign Performance*:

Banner Performance:

- 7.6 million impressions
- 14,364 clicks
- CTR 0.19%
 - Top performing sites: Weather Network, Tribal Fusion, Yahoo!, TripAdvisor

* July-August only, September data not yet available

Q3 WestJet & WestJet Vacations Co-op Campaign Performance*:

Banner Performance:

- 453K impressions
- 669 clicks
- CTR 0.15%
 - Top performing sites: Adara, Toronto Star, Luxury Link, Globe & Mail

Note: Majority of campaign activity links to WestJet's Bermuda page, preventing GA Tracking/Reporting

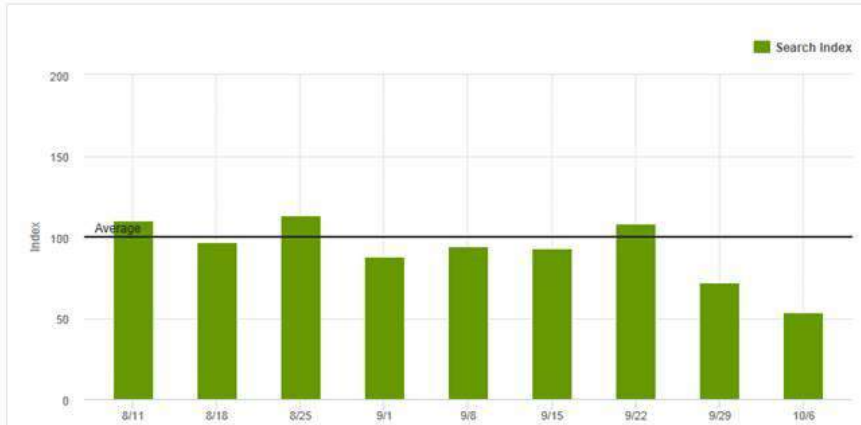
* July-August only, September data not yet available

Search & Conversion for Bermuda Hotels Increases in Canada

Canada

Close X

Demand Overview 8/11/14 - 10/9/14



Change in Index

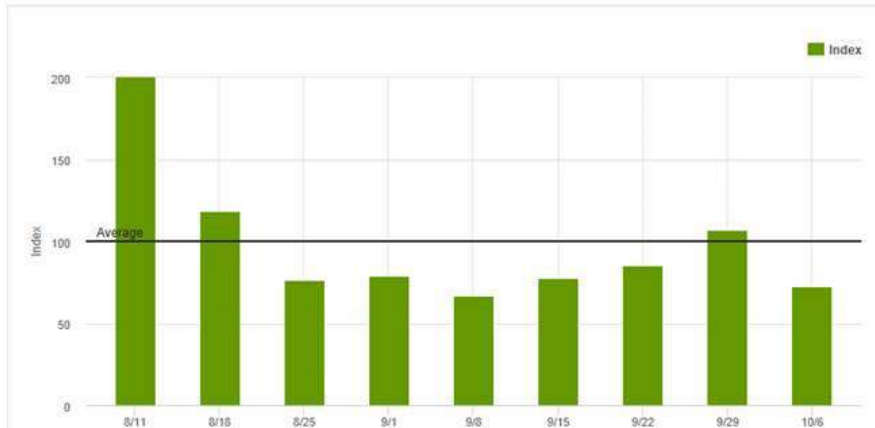
6/12 - 8/10 vs. 8/11 - 10/9

^45.26%

Canada

Close X

Conversion Overview 8/11/14 - 10/9/14



Change in Index

6/12 - 8/10 vs. 8/11 - 10/9

^171.62%

Length of Stay



Q3 eNewsletter Performance:

Digital direct marketing included distribution of 726,075 eNewsletters and emails, with an overall Open Rate of 17.6% and CTR of 10.4%

Name (date)	Total Sent	Open %	CTR %
August eNewsletter US/CAN (8/12)	222,283	19.3%	12.9%
August eNewsletter UK (8/12)	21,419	20.8%	9.6%
Endless Summer email US/CAN (8/29)	221,074	17.0%	10.7%
Endless Summer email UK (8/29)	21,296	18.7%	8.7%
September eNewsletter US/CAN (9/19)	218,876	15.9%	8.0%
September eNewsletter UK (9/29)	21,127	18.7%	6.2%

Launched New Trade Newsletter

- Launched new eNewsletter targeted towards travel trade (meetings, incentive and agents) to showcase new developments and experiences on-island
- **Distribution:** 5,325
- **Open Rate:** 17.5%
- **CTR:** 9.5%



Q3 SEM Performance:

US/CAN SEM represented over 9 million impressions, with a CTR ranging from 1.04% to 1.22%

Month	Impressions	CTR %	Clicks	CPC
July	2.89 Million	1.20%	348	\$1.51
August	3.56 Million	1.22%	435	\$2.50
September	2.59 Million	1.04%	269	\$1.65

Observations & Actions

- The “Be” campaign generated the greatest response from the Urban Adventurer persona segments. Multi-image web banners showing experiences appear to be effective – continue & test.
- Performance of So Much More Summer improved as the campaign continued into June/July – for media planning, ok to continue digital campaigns deep into July
- Response to emails/eNewsletters softens in Q3, as Q3 results in 2014 are similar to Q3 2013 data. – For September 2015, should develop and test a different creative unit and messaging to try and lift response rates

Expedia Test Targeting to Increase Results

Based on **nSight Travel Intelligence** provided by the BTA, Expedia created a series of test ads that align (as closely as possible) with Expedia audience targeting capabilities.

We referenced the Top Converting Personas for US Overall Travel Searches and we selected these audience/ad groups to test.

Go For It Families (+Couponing)
Experience Seekers
Dream Trippers

Based on these personas we selected Expedia targeting to reflect the demographics and behaviors as closely as possible.

Average click through rate (CTR) increased significantly.

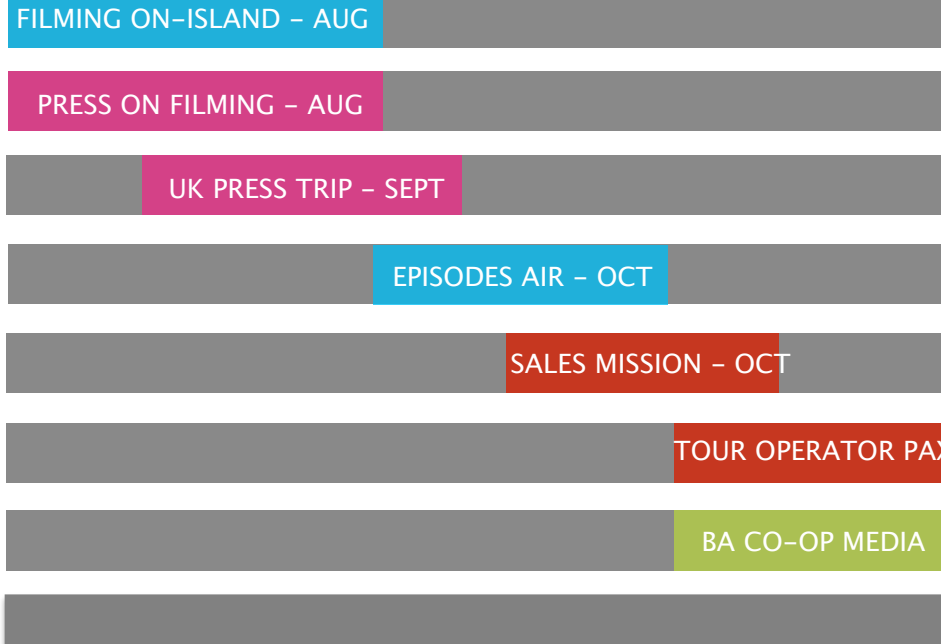
Pre Optimization (original targeting)

Results for 5/1/2014-8/4/2014	
Impressions Delivered	2,394,532
Impressions (Clickable)	2,394,532
Impression Goal	6,027,982
Clicks Delivered	13,124
Click Through Rate	0.55%
Order Pacing	95%

Post Optimization (with ad groups)

Results for 8/6/2014-10/1/2014	
Impressions Delivered	1,856,441
Impressions (Clickable)	1,856,441
Impression Goal	6,588,362
Clicks Delivered	16,966
Click Through Rate	0.91%
Order Pacing	103%

Integrated Marketing Strategy & Activation X Factor UK



Torchbearers Grand Finale - August

- Monaco, Switzerland, UK and Ireland DMOs hosted their final Torchbearers at Fairmont Southampton with more than 100 delegates
- BTA sponsored a destination experiences and activities, including an evening function at the Royal Naval Dockyard. Our partners demonstrated how flexible the destination can be when faced with challenges. A full sit down formal dinner was de-constructed into a fun interactive food experience at Commissioners House when power was lost at original venue the night before.
- **Results to date:** 2 incentive clients have signed contracts for 2015 post event. We continue to follow up with all delegates for future programs.



Newport Intl Boat Show - Sep 11-14

- Over 300 data capture cards collected
- Keen interest and love for Bermuda from this market segment
- Partnered with Donovan Travel to track future bookings
 - Some social group potential: graduation, anniversary celebrations an addition to reunions
- Fairmont Hamilton provided 2 comp stays to help drive traffic and promote their newly developed marina



MLT University – Sep 13-15

- Over 250 destination vendors
- BTA shared stand with Grotto Bay during tradeshow
- Quality Assurance Award to both Grotto Bay Beach Hotel and Fairmont Southampton
- 6 destination workshops were presented on Bermuda in addition to a number of educational seminars, and special events
- Agents were keen to learn and update themselves on Bermuda. Over 300+ agents visited our stand
- MLT continues to draw top quality agents from the US and Canada to their university



ASTA Highlights Sep 13-21

- General session presentation, and tradeshow participation to 300 travel agents and partners during ASTA general session aboard NCL
- 130+ attendees for Hotel Site Tours to Elbow, Cambridge, Rosewood Tucker's Point, Grotto Bay, Southampton Fairmont, Hamilton Princess, Rosedon, The Reefs and Newstead. Royal Palms, Edgehill Manor, Rosemont, Oxford House and ClearView
- Produced Taste of Bermuda event on-island showcasing 40+ island partners including attractions, hotels, retail, and experiences
- 40+ plus vendors throughout the island offered reductions in their attractions example, 50% of Crystal caves, Free BUEI
- Transport companies offered on average 20% or more reduction in their rates
- Organized Golf and Tennis Tournaments (Port Royal and Elbow)
- Ashley's Lemonade was presented \$500 cheque towards her education, ASTA matched this



Canadian Mission – Sep 22-25

- Week-long sales mission in Toronto, Ontario included meetings with travel journalists, tour operators, travel agents and consumers
 - 12 media representatives in 1 day
 - 100+ travel trade representatives over 3 events
 - 300+ consumers at events with Maritime Travel
- Hotel partners: Elbow, Newstead, Reefs, and Grotto Bay



NYC Media Events – Sep 23-24

BTA was one of four partners in an NYC media event coordinated by The Bermuda Perfumery to launch the Bermuda-inspired Mary Celestia fragrance Sep. 23

Nearly three-dozen media organizations attended the launch. OK TV, an American entertainment channel on cable, covered the story showing video of Bermuda shipwrecks to its average nightly household audience of 400,000. Media included: *USA Today*, *Brides*, *Travel Channel*, *New York Post*, *Departures*, *Huffington Post*, *Destination Weddings & Honeymoons*, *Travel + Leisure*, *JustLuxe*, *Bridal Guide* and *Shermans Travel*. The event drew a total of 140 guests. BTA's investment: \$5,600.

The fragrance event was followed by a media breakfast briefing Sep. 24 with 7 high profile media outlets including: *The Wall Street Journal*, *Luxury Travel Advisor*, *The New York Times*, *Travel + Leisure*, *Travel Weekly* and *Condé Nast Traveler*.



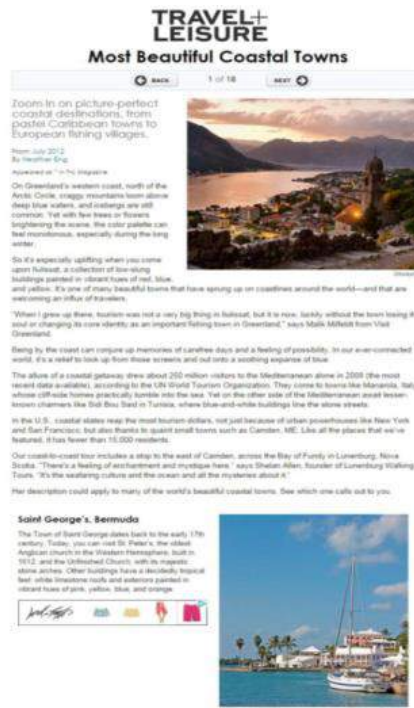
Coverage Highlights

Q3 PR Coverage Snapshot

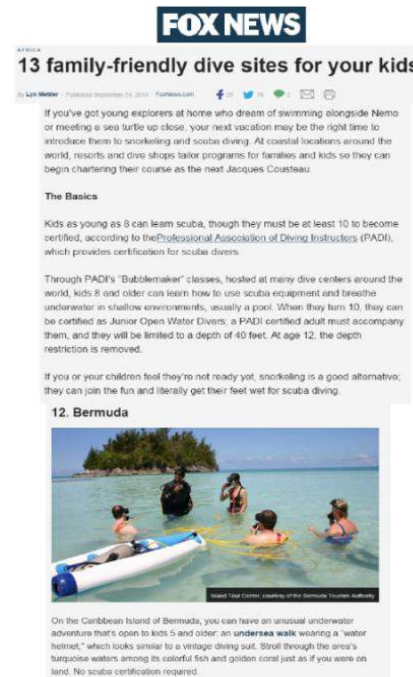
- Number of Articles: **18**
- Impressions: **52,509,479**
- Average Score: **72**

Upcoming Coverage

- Bridal Guide Jan/Feb 2015 issue
- BRIDES magazine for upcoming Most Romantic Beaches slideshow
- Delta SKY in-flight for October issue
- MORE Magazine regarding Kimberly Webb's Bermuda insight
- AFAR Hotels 1000 article
- Triathlete Magazine Shoot



TravelandLeisure.com – September 24, 2014
St. George's



FoxNews.com – September 24, 2014
Undersea walk

Social Media: Q3 Highlights

As a result of focusing on quality content, Bermuda has seen a strong growth in engagement across the board. Community growth has grown steadily since Q2, and as we shift into Q4, we'll begin exploring reaching a larger audience and growing community size.

- Facebook
 - Total Likes: +2.4%
 - Avg. Engagement Rate: +18.3%
- Twitter
 - Followers: +4.9%
 - Avg. Engagement Rate: +42.8%
- Instagram
 - Followers: +43.4%
 - Total Engagements: +11.5%
- Pinterest
 - Followers: +7.2%
- Google+
 - Followers: +27.9%
 - Total Engagements: +61.1%
- YouTube
 - Subscribers: +8.7%
- Blog
 - Time on Blog: +22.2%

Investment Division Key Activities



The investment division formally came into being on 17 June 2014 with the hiring of a Chief Investment Officer. The CIO's primary focus during Q3 was to develop and provide a comprehensive investment position report for review and approval of the Executives and the Board of Directors. Key to creating the report was the review of BTA commissioned documents principally Tourism, Leisure & Sports – 2012, and the Bermuda Hotel Development and Investment Summit 2013 reports. Additionally, investor and operators meetings were also held. The goal is to create a revised incentives act and a concierge service for investors by end of Q1, 2015.

Activities during the quarter included:

1. Developed and executed investor outreach process (including attendance at investor and tourism conferences).
2. Development of a new incentive model for Tourism and Industry investment.
3. Revised investment incentives completed. Probable legislative work to commence end October with Parliament consideration targeted for March 2015.

Operations Division submission



For the Operations Division, Q3 was focused on DMO accreditation, industry awareness, stakeholder relations, continued team building and laying the groundwork for a number of upcoming initiatives, including the roll-out of a national service standard program.



OPERATIONS, GENERAL

DMAP - Destination Marketing Accreditation Program

BTA completed the submission process to gain **DMO (Destination Marketing Organization) Accreditation**. DMO's include Convention and Visitor Bureaus (CVB's), Authority's, Tourism Boards & DMO's. Of the more than 2000 estimated DMO's operating worldwide, less than 200 are accredited.

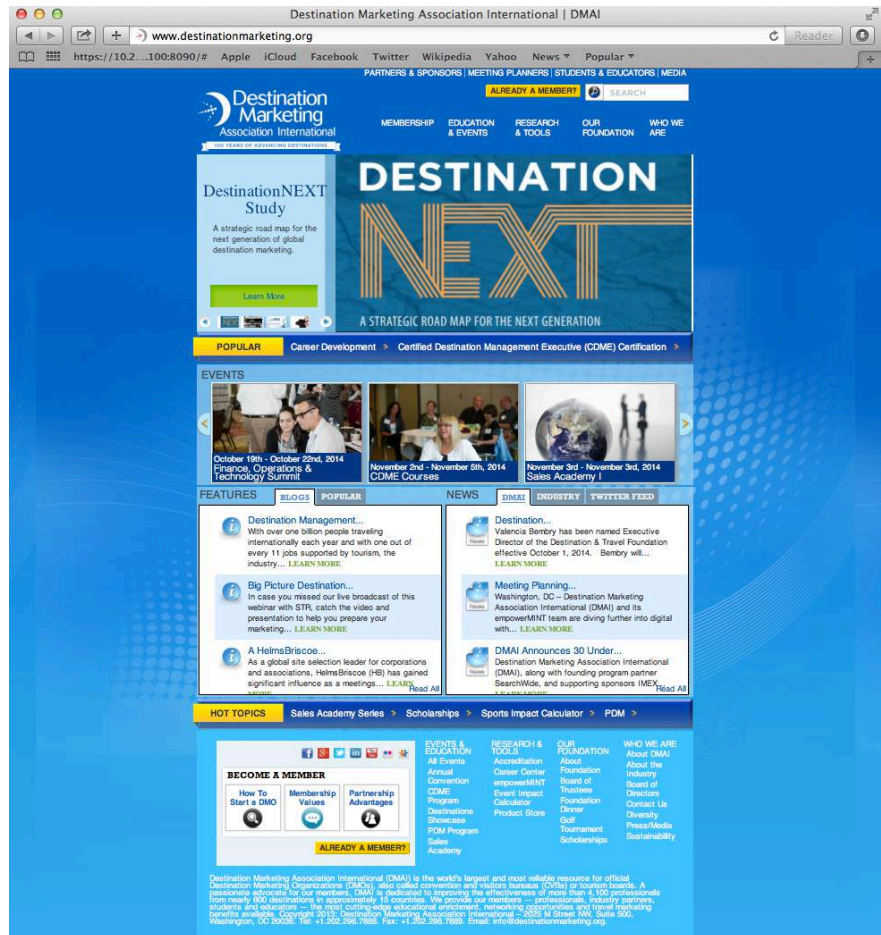
About **DMAP**

- Independent international accreditation program
- Established industry accreditation standards
- Evaluates compliance with the standards
- Recognizes programs which demonstrate compliance

To receive accreditation, BTA has to meet 57 mandatory standards across 16 domains including: Governance, Finance, Human Resources, Destination Development, Innovation, Sales, Marketing, Brand Management and Stakeholder Relationships. There are 27 additional voluntary standards throughout the same domains which, while not mandatory, provide significant support to an organization's application.

The following is a sample of the mandatory standards that have been met by the BTA. The full list is available for review on the DMAI website,

www.destinationmarketing.org



Governance and Finance

- The DMO has vision and mission statements
- The DMO has a strategic plan with long term strategies, goals and objectives
- The DMO has conflict of interest policy
- The DMO has written policies for the control of its financial operations
- The DMO has appropriate avenues to report and document the misuse of funds

Human Resources and Technology

- The DMO maintains a current Human Resources (Personnel) Manual that complies with all government labor and employment laws for the jurisdiction served
- Periodic performance appraisals are conducted for all regular staff
- The DMO has appropriate avenues for employees to report and document prohibited activities and has a policy that prohibits retaliation against any employee

Marketing

- The DMO maintains a comprehensive Web site
- The DMO generates reports on advertising and/or internet activity utilizing *DMAI Performance Reporting Marketing definitions

Destination Development and Research/Market Intelligence

- The DMO participates in periodic destination development assessment for infrastructure needs
- The DMO demonstrates a commitment to research and conducts research in visitor and inquiry tracking

Stakeholder Relationships

- The The DMO demonstrates stakeholder relationships with key community entities

Financial Update

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Income Statement

Income

This comprises of 2 key elements:

1. **Government Grant.** This is received in 4 equal quarterly amounts of \$5,774,250 and accounted for equally throughout the year.
2. **Hotel Fees** – these are currently in line with expectation.

Direct Costs

- **Sales and Marketing** – the key areas of spend in the quarter were on-line media/ Social media and Partnership funding. The Island hosted a number of key events including the ASTA Conference; X Factor; Torchbearers and the Partnership Summit.
- **Product Development & Experience** – to date the fund has paid over \$0.8m from the initial accepted applications of \$0.93m. The balance mainly represents final payments due on completion of the Grant conditions.



Structure, General & Administration

- **Communications** – the initial billing issues with regard to IT support and Licensing are now largely resolved which is reflected in the reduced costs for Q3.
- **General expenses** - this includes office supplies, general travel, insurance and shipping/duty costs.
- **Premises** – the rent free period for the in Bermuda ended on 31 July. A credit in respect of the annual service charge adjustment for the New York Office was received in September.

Structure, General & Administration

- **Premises** – the rent free period for the in Bermuda ended on 31 July. A credit in respect of the annual service charge adjustment for the New York Office was received in September.
- **Professional fees** – these consist mainly of Transitional costs in relation to the IT set up and Legal costs and Fees. The transitional costs are now mainly expended with the main issue to resolve being in relation to potential US tax issues.

Balance Sheet

Key points to note:

Bank - the balance includes \$5.8m received in relation to the Grant for the quarter commencing 1 October 2014 which was received into the bank at the end of September (see Deferred Income below).

Accounts receivable – this represents the hotel fees for September (not payable until 15 October) and any amounts overdue from previous months.

Prepaid expenses – this includes payments in relation the PGA Grand Slam, rent payments and annual subscriptions in advance.

Deferred costs – these are payments made under the Products and Experience fund which are for future events. The key items within this are the Rugby Classic and the Women's Triathlon.

- **Non-current assets** – these relate to IT equipment and Office Furniture costs.
- **Vendor payables** – are all current bills.
- **Accruals** – this includes payroll costs and taxes, un-invoiced accounts and general accruals.
- **Deferred income** - this relates to the grant for the quarter commencing 1 October 2014 received in advance.

FINANCIAL YEAR END: DECEMBER 31, 2014

INCOME STATEMENT FOR THE PERIOD

	Qtr 3, 2014	Qtr 2, 2014	YTD Total	Y1 Budget
Income	6,948,163	6,967,365	13,915,528	26,493,234
Direct costs	2,808,688	3,882,196	6,690,884	13,937,776
Direct surplus (deficit)	4,139,475	3,085,169	7,224,644	12,555,458
Structure, general & administration costs	2,255,873	2,795,050	5,050,923	12,506,584
Operating surplus (deficit)	1,883,602	290,119	2,173,721	48,874
Net finance costs	73,296	57,494	130,790	43,500
Net surplus (deficit) for the period	1,810,306	232,625	2,042,931	5,374

FINANCIAL YEAR END: DECEMBER 31, 2014

INCOME STATEMENT FOR THE PERIOD

	Qtr 3, 2014	Qtr 2, 2014	YTD Total	Y1 Budget
1. Income				
Grants, subsidy & contribution income	5,774,250	5,774,250	11,548,500	23,097,000
Tourism authority fee	1,173,913	1,193,115	2,367,028	3,396,234
	<u>6,948,163</u>	<u>6,967,365</u>	<u>13,915,528</u>	<u>26,493,234</u>
2. Direct costs:				
Sales & marketing (local)	34,764	34,410	69,174	
Sales & marketing (overseas)	1,846,762	3,183,251	5,030,013	
Sales & marketing (on-island visitors)	318,526	174,383	492,909	
Product development & experience	494,832	476,960	971,792	
Research & business intelligence	113,804	13,192	126,996	
	<u>2,808,688</u>	<u>3,882,196</u>	<u>6,690,884</u>	<u>13,937,776</u>
3. Structure, general & administration costs, split:				
Staff costs	1,554,839	1,365,599	2,920,438	5,958,378
Communications & IT	116,001	154,897	270,898	404,477
General expenses	121,978	208,954	330,932	806,488
Marketing	2,490	7,411	9,901	-
Premises	163,703	150,988	314,691	629,202
Professional fees	293,532	679,206	972,738	388,039
Transport	3,097	1,035	4,132	-
Grants	87	225,000	225,087	4,320,000
Capital expenditure	146	1,960	2,106	-
	<u>2,255,873</u>	<u>2,795,050</u>	<u>5,050,923</u>	<u>12,506,584</u>
4. Finance costs:				
Bank charges	7,176	7,049	14,225	-
Foreign exchange	66,120	50,445	116,565	-
	<u>73,296</u>	<u>57,494</u>	<u>130,790</u>	<u>43,500</u>

FINANCIAL YEAR END: DECEMBER 31, 2014

BALANCE SHEET AS AT SEPTEMBER 30, 2014

	Ref.	Sep-14
ASSETS		
Current Assets		
Cash & Bank		9,532,023
Accounts receivable		591,458
Prepaid expenses		897,597
Deferred costs		106,000
		<u>11,127,078</u>
Non-current assets		426,916
Total Assets		<u><u>11,553,994</u></u>
EQUITY & LIABILITIES		
Equity		
Accumulated surplus (deficit)		4,661,992
		<u>4,661,992</u>
Liabilities		
Current Liabilities		
Vendor payables		98,845
Accruals		971,598
Deferred income		5,821,559
		<u>6,892,002</u>
Total Liabilities		<u>6,892,002</u>
Total Equity and Liabilities		<u><u>11,553,994</u></u>