

## Appendix 1.2 Five-Year Strategic Business Plan

A municipality, regional district or eligible entity interested in applying for the Municipal and Regional District Tax or a renewal of the Municipal and Regional District Tax must submit an application as set out in the MRDT Program Requirements. A Five-Year Strategic Business Plan is required **at time of application**. This Five-Year Strategic Business Plan must include a detailed One-Year Tactical Plan for the first year of program implementation. Each year (years two through five of the program), the One-Year Tactical Plan must be updated and resubmitted (by November 30<sup>th</sup>) to reflect current marketing activities for the year as part of the annual reporting obligations. A separate template has been provided to guide the development of these year two through five plans (refer to Appendix 2.3).

The Five-Year Strategic Business Plan must encompass the five-year period covered by the application and it **must** include the following elements:

Section 1: Five-year strategic overview with identified targets and actions for the five year period  
Section 2: One-Year Tactical Plan with performance measures, and  
Section 3: Detailed Budget for Year One

Your Five-Year Strategic Business Plan must adhere to the MRDT program principles.

Please ensure there is alignment between provincial tourism strategies and community tourism efforts. The applicant and designated recipients not subject to renewal applications are required to make their Five-year Strategic Business Plan available to tourism industry stakeholders and accommodation providers as part of the industry consultation and accommodation support requirements.

Your Five-Year Strategic Business Plan must identify marketing strategies, key markets and targets that the community will focus on to build its tourism business and the steps it needs to take to achieve desired results.

Your Five-year Strategic Business Plan should answer the following key questions:

- What business objectives related to tourism does your community expect to achieve?
- What type of growth does your community want to achieve (in the short and long term)?
- How will your community achieve these objectives?
- What type of tourism products will you need?
- What type of visitor are you hoping to attract?

Please contact Destination British Columbia at [MRDT@destinationbc.ca](mailto:MRDT@destinationbc.ca) for any questions.

For more information on tourism business planning, please visit Destination British Columbia's website (refer to [www.destinationbc.ca/Resources/Developing-a-Tourism-Plan.aspx](http://www.destinationbc.ca/Resources/Developing-a-Tourism-Plan.aspx)).

### Quick Reference Guide

*(from the MRDT Program Requirements):*

- *The intention of the tax is to assist designated recipients to fund tourism marketing, programs and projects. Affordable housing was added as a permissible use of funds in Budget 2018.*
- *Funds from the MRDT program are intended to augment current funding and cannot be used to replace existing sources of tourism funding in a community.*
- *The MRDT program is intended to contribute to the increase of local tourism revenue, visitation, and economic benefits and should be supported by local government and tourism stakeholders.*

*The MRDT program principles are:*

- *Effective tourism marketing, programs and projects*
- *Effective local-level stakeholder support, and inter-community collaboration*
- *Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics*
- *Fiscal prudence and accountability.*

### Five-Year Strategic Business Plan Template

**Designated Recipient:** City of Kelowna  
**Community Name:** Kelowna  
**Date Prepared:** September 30, 2021  
**MRDT Term Expiry Date:** July 1, 2022  
**Five Year Period:** 2022-2027

A description/instructions pertaining to each section is provided in grey text as a guide only. **The format of your Five-Year Strategic Business Plan may be developed specific to your community needs and resources, but must include all required sections of the Five-Year Strategic Business Plan listed below.** If using this template, please delete the grey text and provide your response accordingly.

#### Section 1: Five-Year Strategic Overview

<b>Vision and Mission</b>	<p><b>Vision</b></p> <p>Tourism Kelowna is a leading destination management organization that supports Kelowna and the region as a sustainable, four-season destination that attracts visitors from around the world.</p> <p><b>Mission</b></p> <p>Tourism Kelowna collaborates with tourism businesses in Kelowna and area to create a tourism economy that is sustainable and welcoming for both visitors and local residents.</p>
<b>Strategic Context</b>	<p>Please see attached Appendix 1.2A for the “Internal &amp; External Assessment Report” conducted July 2021 by a third-party consulting firm.</p> <p>External assessment includes economic variables, access to funding, individual sector variables, political and government influences, competitive advantages, and BC and Kelowna specific tourism issues.</p> <p>Internal assessment specific to Tourism Kelowna includes Board governance, organization structure and culture, management, partnerships, marketing, finance, metrics and operations.</p>
<b>Overall Goals, Objectives and Targets</b>	<p>Please see attached Appendix 1.2B for details of Tourism Kelowna’s 5-year strategic plan, including goals, objectives and measures.</p> <p>The Tourism Kelowna Board of Directors is undertaking a strategic planning review to be completed in December 2021.</p> <p>Any resulting updates to the current 5-year Strategic Plan will be forwarded.</p> <p>Also, the DMO is working with the City of Kelowna and other partners to develop a co-created Tourism Destination Master Plan in 2022.</p>

	<p style="text-align: center;"><b>Summary</b> <b>Strategic Planning Goals &amp; Objectives</b></p> <p><b>Strategic Pillars (goals)</b></p> <ul style="list-style-type: none"> <li>- Increase high value visitation.</li> <li>- Grow in-destination spending.</li> <li>- Manage sustainable growth of the destination.</li> <li>- Ensure the organizations' value proposition.</li> </ul> <p><b>Desired Outcomes (objectives)</b></p> <ul style="list-style-type: none"> <li>- In addition to summer, Kelowna and area is recognized as a desirable destination for late fall and winter travel.</li> <li>- Visitor spending is increased, benefiting a wide variety of businesses throughout the year.</li> <li>- A resilient visitor economy exists, aligned with community values and stakeholder needs.</li> <li>- Tourism Kelowna is recognized as a trusted Destination Marketing and Management Organization, collaborating with local businesses to grow the Central Okanagan visitor economy.</li> </ul>
<b>Strategies - Key Actions</b>	<p>Please see attached Appendix 1.2B for details of Tourism Kelowna's 5-year strategic plan, including key actions.</p> <p><b>Significant shifts for the next 5 years:</b></p> <ul style="list-style-type: none"> <li>- Focus on economic recovery, including air services, to 2024.</li> <li>- Increased marketing investment into four-season dispersal.</li> <li>- Shift from destination marketing to destination development/ management.</li> <li>- Changing service needs of tourism stakeholders due to pandemic.</li> <li>- Recognition of the vital role of residents in supporting the growth of the tourism sector.</li> <li>- Increasing inter-community collaboration and local activation.</li> <li>- Growing need for coordinated co-op marketing strategies specific to the Central Okanagan.</li> <li>- Closer, more formal working relationship between Tourism Kelowna and the City of Kelowna.</li> <li>- Need for ongoing educating and engagement on the Value of Tourism to strengthen the sector's value proposition for long-term sustainability.</li> </ul>

Section 1: Five-Year Strategic Overview									
<b>Brand Positioning</b>	<b>Brand Promise</b> In Kelowna, you will explore, sip, play and be fully centered when you find yourself surrounded by the best the Okanagan Valley has to offer, all within easy reach.								
<b>Target Markets</b>	<b>Key Markets</b> Primary: Western Canada Secondary: Ontario, Quebec Emerging: U.S. Pacific NW  <table> <tr> <td> <b>Target Profiles</b>  Wine and food lover  Urban adventurer  Golf enthusiast  Meeting and event planners  Local Residents (Visiting Friends &amp; Family) </td><td> <b>Verticals</b>  Culinary  LGBTQ+  Arts and culture  Agri-business  Indigenous </td></tr> </table>	<b>Target Profiles</b> Wine and food lover Urban adventurer Golf enthusiast Meeting and event planners Local Residents (Visiting Friends & Family)	<b>Verticals</b> Culinary LGBTQ+ Arts and culture Agri-business Indigenous						
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<b>Management, Governance, and Administration</b>	<p>As the applicant, the City of Kelowna is the designated recipient.</p> <p>The City has a formal agreement in place with Tourism Kelowna designating the DMO as the service provider responsible for carrying out MRDT long-term strategic and annual tactical plans.</p> <p>The Tourism Kelowna Board of Directors formally monitors strategy and annual operations plans, as well as progress and financial reports, culminating in an annual audit review by KPMG.</p>								
<b>Sources of Funding</b>	<p>MRDT funds are incremental to existing sources of funding. In a typical year (i.e. non COVID) MRDT makes up approximately 65% of Tourism Kelowna's total budget with other funding sources as follows:</p> <table> <tr> <td>Stakeholder advertising program</td><td>16%</td></tr> <tr> <td>Other municipal, provincial, federal funds</td><td>8%</td></tr> <tr> <td>Retail sales program</td><td>6%</td></tr> <tr> <td>Voluntary destination marketing fees</td><td>5%</td></tr> </table>	Stakeholder advertising program	16%	Other municipal, provincial, federal funds	8%	Retail sales program	6%	Voluntary destination marketing fees	5%
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<b><i>Affordable Housing (if applicable)</i></b>	<p>The City of Kelowna will direct 100% of OAP revenues to its Online Accommodation Platform (OAP) Reserve fund.</p> <p>Reserve funds are used to acquire land to be used in partnership with BC Housing and non-profit housing providers to support the delivery of affordable housing units.</p> <p>More details are provided in Appendix 1.8 Affordable Housing MRDT Plan.</p>
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**September 2021**  
**Tourism Kelowna**  
**STRATEGIC PLANNING**  
**Internal and External Assessment**



# Economic Variables

## Broad Economic Impact on Tourism

- The world is in a global debt super-cycle that started at the end of World War II and continues to date; further exacerbated by the steep government pandemic and post-pandemic spending. This has resulted in near-term stability for markets, but the threat of national and global inflation are real.
- Banks are healthier now than coming out of the 2008 recession, but there are a lot of unknown factors regarding potential defaults and payment delays moving into re-opening; any of which may reduce worker wages, increase unemployment, and ultimately reduce household disposable income.
- Stock markets are at near peak valuations increasing the likelihood of lower valuations (bear market) in the medium-term which, if it does occur, will impact consumer confidence and reduce levels of disposable income.
- If inflation or recession materialize for British Columbia or key target markets for Kelowna tourism, the impacts would be reduced disposable income, increased consumer fear and hesitancy, and overall reduction of travel dollars.

## Access to Funding

- Tourism Kelowna primary funding is the MRDT. This tax is collected by all legal short-term accommodations. However, while the tax collected by hotels and motels is used to fund Tourism Kelowna, the tax collected by other short-term rentals (e.g. VRBO, Airbnb) is retained by the City of Kelowna to fund affordable housing initiatives. Houses currently being built in Kelowna often include a suite for short-term stay rentals. This will increase the number of tourism accommodations without increasing funding for Tourism Kelowna.

It is worth noting that while market housing in a number of areas of the City is a popular option for visitor accommodation, the City is pursuing a number of strategies to diversify and increase the housing supply for residents and workers. Some options, such as carriage houses and secondary suites, are not allowed to be used as short-term rental accommodation. <sup>2</sup>



## Sector Health, Social, Cultural, Demographic, and Environmental Variables

- There is pent up demand for travel as the nation and globe begin post-pandemic recovery and reopening. This will be potentially off-set by travel hesitancy, lagging government response, and opening of borders, as well as potential confusion regarding national and regional specific travel requirements and proof of vaccination.
- Kelowna Airport recently increased direct flights to more Canadian destinations (16 Canadian cities up from 9 pre-pandemic). Uncertainty remains (as of late June) regarding international destinations.
- There are increased sector costs due to increased health protocols, re-opening expenses, and increased marketing and innovation efforts leading up to and during re-opening.
- It is unknown but anticipated that Covid-influenced travel preferences (more likely to stay in-Province, more interested in outdoor and uncrowded travel activities) will remain through 2021 travel season or even possibly early 2022.
- There is increasing pressure between locals and tourists. Locals have often moved to the area because they enjoy the lifestyle including golfing and lake activities. As locals stay closer to home, either because of Covid related decisions or because of an intentional local marketing campaign, pressures on activities like golf tee-times and lake access will become more important.
- Road and parking infrastructure (as well as other infrastructure such as public lake access points) is not keeping pace with building in the downtown area of Kelowna. Potentially this will lead to more congestion in the busy tourism months. Although the City addresses the provision of sufficient parking for properties through the development process, at times there is a perception of traffic congestion being increased due to development concessions intended to attract developers to some otherwise less attractive development areas. Additionally, the City is committed to actively encouraging alternate transportation modes; however, currently there is still a lack of cohesive transit services to provide access to various tourism opportunities.
- Many of the for-profit arts sector organizations (theatres, arts and culture, music and event services, etc.) did not qualify for support during Covid and are struggling. These are often smaller organizations that lack a voice to lobby for them but are critical infrastructure to deliver visitor experience (e.g. conferences, weddings).

- • There is increasing recognition by public, municipalities, and tourism operators of specific factors that need to be integrated into all tourism planning and marketing including Indigenous inclusion / impact and environmental sustainability.
- • There is increased impact of homelessness and crime (or the perception of crime) on the Kelowna tourism experience. Although other community organizations are mandated to address these issues (and the MRDT collected from online accommodation providers is earmarked for affordable housing initiatives), it still remains a factor in marketing the destination to visitors and to managing the visitor experience.

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## Political, Governmental, and Legal Variables

- Federal and Provincial responses to Covid although initially lagging provided significant financial support for citizens, workforce, and businesses. Canada is now one of the leaders in vaccination rates. This is off-set slightly by lagging government responses to reopening in some areas (e.g. Canada – US border).
- Numerous Federal and Provincial government agencies support the on-going health of the tourism sector and provide historic and on-going related data and reporting (e.g. market profiles from Destination BC <https://www.destinationbc.ca/research-insights/type/market-research/>).
- Tourism labour markets (and other related markets) are suffering from paid and volunteer hesitancy to return to work causing further challenges for businesses, employers, and ultimately visitor experience.
- Municipal Election October 2022, BC Provincial election latest October 2024; Alberta Provincial election latest May 2023; Federal latest fall 2023 (could be as soon as fall 2021).

## Technology Variables

- Post-Covid innovations: rigorous, improved safety and hygiene standards and measures; contact-free receptions; proximity and availability of world-class medical facilities; making domestic travel exciting and exotic; flexibility and continued innovation.
- Expanding partnerships e.g. coaching, mentoring, and partnerships in marketing campaigns with regional and individual businesses.
- Broadening tourist draw pool through focused campaigns based on desired tourist outcomes and traveler type.
- Expanding social reach. Influencer programs. Location-based challenges. Gathering and promoting user-generated content.
- Focussing social networking efforts on the truly unique regional experiences. Leveraging mobile and highlighting the new.

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# Competitive Forces

**British Columbia's tourism-based competitive advantage:**

- • Diverse landscapes and wide range of tourist experiences.

- • Mild climate allowing for year-round tourism industry.

- - Good accessibility from Asia, North America, Europe.

- - Excellent infrastructure.

- - World-class skiing, touring, golf, hiking, city visits, and convention hosting as well as niche interests (wine touring, heli-skiing, wildlife-viewing, heritage locations, and opportunities for First Nations related tourism).

- - Strong federal and provincial government support.

- • Super, Natural British Columbia® globally recognised brand.

**Kelowna's tourism-based competitive advantage:**

- • British Columbia's largest interior community.
- • 10th largest Canadian international airport.
- • 400km from Vancouver and 600km from Calgary.
- • World-class skiing, touring, golf, and hiking.
- • Exceptional sightseeing, winery touring, lake access, and family vacation destination.

**Tourism Kelowna's competitive advantage:**

- • A significant contributor to the success of Kelowna's tourism industry and thereby a significant contributor to the resulting local and provincial economy, local employment, and tax revenue to all levels of government.
- • An excellent, experienced, and recognized DMO.
- • Has broad partnerships that allow for marketing Kelowna as a preferred vacation destination (i.e. not just a place to sleep or attend a stand-alone activity).
- • Long track record of successes and relationships with key stakeholders.
- • Staff are specifically trained in tourism marketing and that is their primary focus.

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**British Columbia and Kelowna tourism-based challenges:**

- • Increasing worldwide tourism competition.
- • Improving air access.
- • Maintaining market impact through cost-effective and innovative tools.
- • Border security, visa procedures, vaccination passports.
- • Labour supply management.

**Tourism Kelowna's challenges:**

- • Marketing area for the DMO has been defined as Kelowna Metropolitan Area, but MRDT is only collected in City of Kelowna boundaries.
- • Short-term accommodations are on the rise. While all short-term accommodations benefit from DMO marketing, tax from the online accommodation platforms (VRBO, AirBnb, etc.) is allocated by the City of Kelowna to affordable housing initiatives. There is a mutually beneficial opportunity presented by this function. The tourism industry and associated marketing attracts visitors that results in the collection of this funding for affordable housing. In turn, the tourism industry benefits from the increased community quality of life as well as assistance in meeting the affordable housing needs of tourism sector workers.
- • Tourism Kelowna is in a tough position and to some degree required to have a “stuck in the middle” or “all things to all people” strategy.
- • Better alignment with some hoteliers and destination resorts would be beneficial if achievable.
- • Working with partners and stakeholders to address impacts of tourism on the local population.





## Culture

- Tourism Kelowna has historically been a “Destination Marketing” organization. There is strategic discussion about refocussing on “Destination Development” or “Destination Management”. Tourism Kelowna is in the process of signing an agreement with the City of Kelowna for delivery of tourism services. This includes tourism marketing and destination development. The agreement states that “Tourism Kelowna and the City of Kelowna recognize that unmanaged tourism growth presents significant risks. They will collaborate to develop proactive strategies which reflect a transition from a traditional tourism promotion model to a long-term, holistic destination management model.<sup>1</sup>” While senior leadership of both Tourism Kelowna and the City of Kelowna are committed to this shift, there is still some confusion and apprehension within the board of directors regarding what this would look like and the implications of this additional focus. There is also some concern about how this approach would interface with the municipal and regional mandate of “Economic Development”.
- Tourism in the area has been traditionally concentrated in the summer and spring break seasons. This creates a strain on the community residents and infrastructure and results in problematic cashflow management and sustainability for service providers. There has been initial discussion about creating more of a four seasons destination; however, this will take strategic intention and creativity to redefine activities because of the natural attraction of geography and weather. As well, there is lack of strategic clarity regarding whether the intention is to add more tourists to fill the 4 seasons or to spread the current numbers over 4 seasons. This approach will also require development with the tourism operators as many have a business model that increases capacity during Summer and closes during Winter.
- The current Vision of Tourism Kelowna is “Kelowna and the region will be internationally recognized as **THE** four-season outdoor destination of choice in North America by 2024”<sup>2</sup> While this provides a vision for the organization, it is rooted in comparison with other jurisdictions and so consistently works from a metric of external competition instead of internal improvement.
- The “stakeholder model” outlined on the website and within the bylaws is confusing in terms of membership benefits and responsibilities. It is unclear what membership means, what benefits it carries, and what responsibilities it requires.

<sup>1</sup> Agreement City of Kelowna and Tourism Kelowna Society (Schedule B)

<sup>2</sup> <https://www.tourismkelowna.com/about-us/> 9

- • There have been some positions on the board that were historically reserved for specific sectors, a recent change in the bylaws is intended to clarify this; however, further discussion and clarification with both members and external stakeholders may be necessary to effectively implement this change.
- • An historic metric for success has been “room nights” for the hotel providers. Other jurisdictions have started gauging success by multiple metrics including local resident engagement, visitor satisfaction, etc. With the disbursement of “room nights” between hotels and other short-stay accommodations (e.g. VRBO, Airbnb), the development of additional metrics may provide further information for destination marketing success.
- • Traditionally “marketing” has been seen as paid advertising; however, increasingly Tourism Kelowna is recognizing that along with this kind of marketing, other activities (e.g. relationship building, information sharing in Visitor’s Information Centre, helping book a trip, etc.) also need to be recognized and measured as marketing initiatives.

# Management

- The impacts of Covid were significant for Tourism Kelowna. Input from board members indicates that senior leadership demonstrated significant strength and resiliency. Decisions were made to implement the necessary changes to survive as an organization. Shutting down the office and moving to a virtual delivery framework except for the Visitors Information Centre were significant decisions that were handled well by the leadership team.
- Tourism Kelowna has a good staff team and has historically had a good volunteer pool. This volunteer pool will need to be managed strategically as programs and services open up post-Covid. The 2020 Employee Survey showed strong ratings across all three feedback areas (work, organization, and leadership) including 100% of staff reporting that they feel treated with respect and that their opinions counts, are confident and enthusiastic about Tourism Kelowna's successful future, and would recommend working at Tourism Kelowna.<sup>3</sup> Volunteers rated overall satisfaction with Tourism Kelowna's volunteer program (0-100 scale) at 92% and indicated that they would recommend volunteering at Tourism Kelowna to a friend<sup>4</sup>.
- Board governance is strong and there are clear boundaries between governance and operations activities. However, there may be additional opportunities for board members to strengthen relationships with key stakeholder groups (e.g. locals, municipalities) to both strengthen the organizational profile and reputation AND more intentionally govern the organization in response to stakeholder input and priorities.
- Tourism Kelowna has been intentional about partnerships and collaboration with other organizations (e.g. Chambers of Commerce, Downtown Kelowna, Accelerate Okanagan). These non-tourism partnerships continued to be a priority in 2020 with multiple support and collaborative agreements established with local organizations.<sup>5</sup>
- Annual membership (stakeholder) survey and resident survey indicate consistently high level of satisfaction with delivery of core services and continued recognition of tourism as a critical priority for the area. (2020 annual stakeholder satisfaction rate was 82%<sup>6</sup>, 95% of resident respondents rated tourism as a vitally important industry in Kelowna, and 87% of respondents reporting that sustainable tourism is important to local residents.<sup>7</sup>)

<sup>3</sup> 2020 Operations Plan Delivery Report

<sup>4</sup> 2020 Volunteer Survey Executive Summary

<sup>5</sup> 2020 Operations Plan Delivery Report

<sup>6</sup> Stakeholder Survey 2020 Summary

<sup>7</sup> 2020 Operations Plan Delivery Report 11

# Marketing

- This report focusses on the Tourism Kelowna organizational planning context and therefore differentiates between the customers/clients of tourism organizations (i.e. tourists) and the clients of Tourism Kelowna (i.e. tourism organizations).
- Currently, Tourism Kelowna is primarily a marketing organization. There has been increased conversation about who the client is and who the target market is.
  - The target market has historically been tourists coming into Kelowna; however, Covid resulted in a much higher influx of local and regional tourism. This has resulted in locals having an increasing role as target market as well as the long-standing role of external stakeholder.
  - Tourism providers throughout the Kelowna Metropolitan Area benefit from the marketing by Tourism Kelowna; however, the portion of the MRDT allocated to fund Tourism Kelowna is only collected by hotels and motels located in the City of Kelowna. Only minimal DMO service fees and/or voluntary Destination Marketing Fees are paid to Tourism Kelowna from other areas (e.g. West Kelowna, Lake Country). Tourism Kelowna marketing initiatives (fee for services packages) often include tourism organizations from throughout the Kelowna Metropolitan area.
  - The MRDT is collected through hotels and motels. This often results in a sense of “ownership” or “preferred client” status assumption from hoteliers. This is further compounded within the bylaws by the “voting stakeholder” requirements that deems the collection of tax as financial contribution to the society in lieu of annual membership fees<sup>8</sup>. Also, the board composition does not require a majority of accommodation representatives<sup>9</sup>; however, adoption of the annual marketing plan and budget requires a majority of the elected directors who are accommodation representatives<sup>10</sup>. The current number of elected board members is 12 (the bylaws require a minimum of 6 and a maximum as determined by the board from time to time). Given that 50% of elected directors must be from the accommodation industry with a maximum of one representing a bed and breakfast<sup>11</sup>, this increases the number of accommodations votes at the board level. Finally, the MRDT must be renewed every 5 years and requires the support of a majority of hotel operators to be renewed.

<sup>8</sup> Tourism Kelowna Bylaws Clause 11

<sup>9</sup> Tourism Kelowna Bylaws Clause 42, 43, 47

<sup>10</sup> Tourism Kelowna Bylaws Clause 79

<sup>11</sup> Tourism Kelowna Bylaws Clause 47.a <sup>12</sup>

- ○ Currently one of the difficulties for tourism providers is staffing. Tourism Kelowna may consider a collaborative initiative (with other industry support organizations and governments) to include tourism staff as a target market.
- • The name of the organization, although established and well recognized, is somewhat problematic in terms of both geographical location (the organization actually serves more than the City of Kelowna – see above) and the focus on tourism (i.e. a focus on the number of visitors only instead of a combined focus on visitor experience and stewardship of the destination and the communities).
- • Tourism Kelowna is doing a good job of marketing to potential tourists; however, is not currently in a position to materially impact the guest experience once travellers arrive. Continued marketing and reputational success for the Kelowna Metropolitan Area and specifically for the City of Kelowna will depend on a collaborative approach between Tourism Kelowna, tourism organizations, municipalities, local residents, and other external stakeholders to manage the visitor experience.
- • Tourism Kelowna has been successful and proactive in identifying specific reasons to travel to the area for both leisure visitors (outdoors, wineries, golf etc.) and business and event travelers (major events, meetings and conferences) and has done a good job target marketing to attract the “right” type of visitor.
- • The Visitor’s Information Centre has great geographical positioning within the city and has an ability to deliver information quickly and efficiently as visitors arrive in Kelowna.
- • Destination THINK had been retained to help develop a Destination Master Plan. This has been paused due to funding but will possibly be continued after Covid recovery makes funding and focus available for this activity.

## Finance

- The current Director of Finance is skilled and both staff and board have a lot of confidence in how financial planning and implementation is working.
- 2020 proved to be an extremely challenging year, but Tourism Kelowna is to be commended for quick action, meeting operational demands, reducing operating expenses, and their innovation regarding relief and support for stakeholders, program users, and non-program users alike.
- 2020 response to Covid impacts (“The Way Forward”) was successful in sustaining the organization; however, it resulted in an approximately 50% decrease in budget, significant cuts to membership programs, closure to the public of the office with staff working remotely, sporadic opening of the Visitor Centre, and staff layoffs and restructuring. Year end resulted in a surplus for 2020 (due to arrival of summer MRDT funds and other government program subsidies). This amount was carried forward to support 2021 operations despite continued uncertainties due to Covid.<sup>12</sup>

<sup>12</sup> 2020 Operations Plan Delivery Report

<sup>13</sup> 2020 Operations Plan Delivery Report

- 2021 challenges will continue with projected reduction in revenues off-set slightly by 2020 operating revenue surplus carry-over.
- 2022 Municipal & Regional District Tax (MRDT) renewal process is underway and of significant importance to on-going operating revenues. Renewal application due to Destination BC Jan 1, 2022; official repeal date is July 1, 2022.
- Tourism Kelowna has a number of active campaigns to secure operations funding, including confirming details of partnership role with City of Kelowna as Destination Management Organization (DMO), diversification of DMO’s revenue base, and increasing member value and inclusion.
- Tourism Kelowna continues to have successive clean audit reports and MRDT reporting and planning requirements are well received by Destination BC and the City of Kelowna.<sup>13</sup>

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# Operations

- • The tourism and hospitality industry has been one of the hardest hit sectors through Covid. It is important to recognize that significant time will be required for recovery and any plans for additional expansion or strategic development must be balanced with the need for stability within the industry. Covid-related impacts include:
  - Tourism Kelowna funding impacts created by lower MRDT collection (lower hotel occupancy rates) and fewer fee for service programs due to public health orders limiting ability for tourists to visit.
  - Difficulty maintaining sustainable staffing levels with the fluctuating requirements of the public health orders and unemployment funding support available to unemployed workers.
  - Restaurant and tourism operators unable to maintain operations during Covid resulting in either closing or significantly decreasing service times and offerings.
  - Significant slowdown in meeting, event, and conference bookings – conference venues are often booked 2+ years in advance and organizers have been unwilling to commit. There has also been an increase in virtual conferences and meetings which may continue and be a significant ongoing impact to the industry.
  - Transportation infrastructure has been impacted including:
    - ✦ Decreased air travel and associated route contraction into the Kelowna International Airport – this has also resulted in a suspension of the airport renovation and expansion due to significant drop in travellers (~80%) and the associated airport improvement fees.
    - ✦ Car rental companies sold their assets and are experiencing difficulty purchasing new vehicles with supply chain disruptions.
    - ✦ Shuttle operators that previously shuttled from the airport to the city or to the major resorts (e.g. Big White) have been impacted and may no longer be available to provide these services (or have reduced capacity).
- • The Tourism Kelowna bylaws currently use the term “Stakeholders” to describe those who are members of the organization. This is confusing when addressing strategic initiatives for interacting with external stakeholders (including municipalities, locals, other organizations, etc.).



- • Locals have become a much more critical stakeholder voice as tourism in Kelowna increases. While historically much of the tourist activities were centered around the downtown core, more attractions are located in other areas that require traffic flow through residential areas. As well, many activities that were previously enjoyed by locals (e.g. golfing, lake boating, trestle biking) have become very busy and there is increased frustration from locals. This is especially apparent during the busy summer and spring break tourism seasons. Pent-up tourism demand through Covid may also result in a more aggressive party atmosphere from visitors to the city and a negative backlash from the locals.
- • The concentration of travellers in the summer and spring break tourism seasons creates problems for tourism businesses. Hotels, restaurants, and attractions are busy to capacity during these months but often struggle to survive in between. These facilities are critical to the overall tourism experience and while this is somewhat a function of the “busy season” cycle of tourism in Kelowna, strategies from Tourism Kelowna may be able to positively impact this.
- • While Tourism Kelowna has historically been primarily a marketing organization, there is increasing pressure and requirement for the organization to also manage the overall guest experience, to be involved in stewardship of the destination, and to maintain relationship with the local community. Regardless of who the responsible organization is (e.g. municipal, tourism operator, etc.) Tourism Kelowna is both providing information/assistance for access AND receiving the tourist feedback about the quality of the facilities, access, and experience. The mandates of various organizations for setting and enforcing guidelines (e.g. RCMP, bylaws enforcement) are often not within the purview of Tourism Kelowna to impact; however, Tourism Kelowna staff and volunteers are often the “front line” interface and have information that is important to consider as public policy and enforcement strategies by other jurisdictions is developed. The role of “destination management/development” and information conduit (including possible advocacy based on this information) would need to be identified as specific strategic priorities that are resourced accordingly (it is not possible to add these priorities without adding resources or changing the delivery of some historical core services).

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Tourism Kelowna Strategic Plan 2022-2027

Vision: Tourism Kelowna is a leading destination management organization that supports Kelowna and the region as a sustainable, four-season destination that attracts visitors from around the world.

Strategic Pillars

Goals

Increase  
high quality  
year-round  
visitors

Desired Outcomes

Objectives

In addition to summer, Kelowna and area is also recognized as a desirable destination for fall and winter travel.

Key Initiatives

- Focus 80% of marketing investment on increasing visitation growth from September to May.
- Support direct air services to our priority markets with at least one major campaign annually.
- Continue emphasis on highly targeted digital marketing to reach “high quality” rather than “high value” customer year-round.
- Secure or develop 2-3 new, major meetings and conferences annually via “OKgo”, a 3-way partnership with the regional economic development office and technology sector to market collaboratively.
- Major Events Strategy partnership with the City focused on rescheduling major events cancelled due to COVID and new bids for 2023 onwards.

Key Measures

- Visitation numbers for September to May increase annually by 3%
- Visitation numbers return to pre-COVID levels by 2023
- One major event annually

Grow in-destination  
spending

Visitor spending is increased, economically benefitting a wider variety of local businesses throughout the year.

- Introduce 2-3 sector-specific digital savings passes annually as incentives to disperse visitor traffic and spending.
- Lead or partner local activation campaigns to keep resident’s spending in market: Shop Local; Visiting Friends & Family; Live Like a Local social content.
- Expand the Kelowna Visitor Centre (KVC) role as a community shared value, influencing greater spending from locals and visitors.
- Support new product development aligned to the community’s unique experiences and sense of place.

- Economic impact calculations
- Average party spend increases annually by 2% in each quarter
- Hotel occupancy levels return to pre-COVID levels by 2023
- KVC annual service numbers

Manage sustainable growth of the destination

A resilient visitor economy exists, aligned with community values and stakeholder needs.

- Work with local government, industry, Indigenous and local communities to co-create a Tourism Destination Master Plan (TDMP) aligned with Kelowna’s 2040 vision; begin implementation of the TDMP by 2023.
- Aligned with the United Nation’s Sustainable Development goals (SDGs), connect local tourism businesses to available education and training on

2022 - completion of Tourism Destination Master Plan (TDMP)  
Including identifying “Place DNA”, Kelowna’s authentic brand distinguisher

		<p>subjects such as sustainability, accessibility, diversity, climate change and best business practices.</p> <ul style="list-style-type: none"> <li>• Develop a program to educate visitors and residents on Responsible Tourism principles and practices including safe and healthy travel.</li> <li>• Support local industry development by collaborating with provincial, regional, and municipal partners to access resources for tourism stakeholders at the community level.</li> </ul>	
<b>Ensure the DMO’s value proposition</b>	<p>A trusted Destination Management Organization, collaborating with regional businesses, partners, and residents to grow the Central Okanagan visitor economy.</p>	<ul style="list-style-type: none"> <li>• Develop new service agreements with other Central Okanagan communities to manage shared resources for expanded marketing and/or visitor services.</li> <li>• Revise the DMO’s membership model to increase stakeholder value and inclusivity, while offering increased advertising options for tourism businesses by 2023.</li> <li>• Secure 2 new distributors annually to expand Tourism Kelowna’s retail program and the DMO’s self-earned revenue base, reducing reliance on public funds.</li> <li>• Develop an ongoing Value of Tourism program, engaging and educating stakeholders and residents alike on the economic and social benefits of the Central Okanagan visitor economy.</li> </ul>	<p>Annual survey ratings:</p> <ul style="list-style-type: none"> <li>- Stakeholder satisfaction - Resident satisfaction</li> <li>- Visitor Net Promoter</li> <li>- Employee Experience</li> </ul> <p>Self-earned revenue grows by 3% annually</p>

# TOURISM KELOWNA OPERATIONS PLAN 2022

## VISION:

Tourism Kelowna is a leading destination management organization that supports Kelowna and the region as a sustainable, four-season destination that attracts visitors from around the world.

Strategic Pillars	2022 Objectives	2022 Targets & Measures	2022 Key Initiatives
Increase High Quality Year-round Visitors	Maintain strong summer visitation 80% of marketing investment in Jan-May, September-December Begin to rebuild Meetings, Conferences and Events travel	Total annual visitor numbers return to 2 million Visitation numbers for September to May increase by 3% Meetings & Conferences rebuild to \$3.5 million in economic impact Major Sports & Events rebuilds to \$500K economic impact Annual hotel average occupancy levels increase to 36%	Add three specific marketing campaigns for dispersal: spring, fall and winter Re-start recovery marketing when allowed in growth markets (ON, QC, U.S. Pacific NW) Support air services, focus on Kelowna-Montreal direct flight Focus on "Okgo" partnership, generate new business travel leads from Kelowna's industry sectors Develop new content showcasing People, Places and Purpose stories
Grow In-destination Spending	Leverage technology to disperse visitor traffic and spending Increase length of visitor stay Expand Kelowna Visitor Centre as a community hub	Visitor Centre locations total traffic rebounds to over 150,000 Retail sales program reaches \$309,000 Maintain return visitor ratio of over 64% of total visitation Strong participation, satisfaction & conversions in digital passport program	Introduce 2-3 sector specific digital savings passes as incentives to disperse visitor traffic and spending Major redesign of airport info kiosk to reflect sense of place, and better promote tourism businesses Expand retail merchandise sales program and local business consignment program
Manage Sustainable Growth of the Destination	Development of a long-term plan that will guide the responsible and sustainable growth of the visitor economy in a manner aligned with community values and stakeholder needs	Resident satisfaction scores continue to exceed 75% Visitor Net Promoter Score (NPS) continue to exceed 60% Completion of a co-created Tourism Destination Master Plan	Complete "Place DNA" process to identify Kelowna's brand distinguisher Develop a Responsible Tourism education program for visitors and residents Develop a network resource hub to connect local tourism businesses to education and training
Ensure the DMO's Value Proposition	Expand service reach to support other local communities Increase ROI to expand stakeholder membership benefits Diversify revenue sources for long-term sustainability	DMO's self earned revenue grows by 3% Stakeholder Net Promoter Score (NPS) maintained over 32 Staff and volunteer "recommend" rating remains over 90%	Explore tourism service needs of Lake Country, West Kelowna and Peachland Revise stakeholder membership model for opportunities to increase value and inclusivity Develop new Value of Tourism program, educating and engaging stakeholders and residents

## Key Principles 2022

Annual budget still recovering: 2020: \$4.4 M; 2021: \$2.7 M; and 2022: \$3.9 M  
Necessity to remain nimble in response to changing provincial health orders/ travel restrictions.  
Maintain core investment in domestic leisure travel markets.  
New: local activation campaigns, recognizing the role of local residents in revenue and visitor generation  
New: enhanced stakeholder relations program to more directly assist local tourism businesses  
New: closer relationship with the City of Kelowna, moving together towards Destination Management model  
New: airport information kiosk makeover in partnership with local aerospace sector partner  
New: focus on "Okgo" economic development partnership to increase Meetings and Conference business

## Market Conditions

Destination BC is estimating 2024 for leisure travel recovery, varying by location in province  
Estimates that 2022 average hotel room revenue in the province will be -22%  
Some modelling predicts a 20-30% permanent loss of business travel due to efficiencies of virtual meetings  
Kelowna International Airport predicting 75% return of passengers in 2022  
Changing consumer behavior: high visitation numbers for Kelowna do not equate to visitor spending  
2022 Kelowna MRDT revenue projection based on 85% of normal MRDT levels  
Tourism Kelowna staff continue to work remotely, with the exception of the Visitor Centre team

The 2022 Operations Plan is predicated on pandemic safety and travel restrictions not regressing.  
It is important to note that Tourism Kelowna's ability to market to other provinces in 2022 will expand contract based on provincial public health orders.

## Key Markets (as allowed)

Primary: Western Canada  
Secondary: ON, QC  
Emerging: U.S. Pacific Northwest

## Target Profiles

Wine & Food Lover  
Urban Adventurer  
Golf Enthusiast  
Meeting & Event Planners  
Local Residents

## Verticals

LBGTQ2  
Culinary  
Sustainability  
Agri-business  
Advance Manufacturing / Aerospace  
Digital Tech

Section 2: One-Year Tactical Plan - 2022 Measures

Appendix

DMO Output Measures	
Marketing - Owned	
Website Unique Sessions	1 million
Website Pageviews	2.2 million
Boosted Content Impressions	1.8 million
Marketing - Paid	
Impressions	80 million
Value of Leveraged Media	\$ 250,000
Marketing - Earned	
Journalists & Influencers Hosted	25
Destination Media Stories/ Articles	200
Circulation	100 million
Ad Value Equivalency	\$ 1.75 million
Corporate Media Stories/Articles	80
Social Media - Owned	
Audience Total	163,500
Facebook Audience	77,000
LinkedIn	4,500
Instagram audience	82,000
Engagement Total	407,500
Facebook Engagement	100,000
LinkedIn Engagement	7,500
Instagram Engagement	300,000
Meetings, Conferences & Events (MC&E)	
Major Events Economic Impact	500,000
Sports & Events Room Nights	4,500
Sports & Events Leads	15
Meetings & Conferences Ecn Impact	\$3.5 million
M&C Room Nights	10,000
M&C Leads	60

Industry Outcomes	
Visitation (CMA)	2 million
Hotel Occupancy Average	56%
Hotel ADR	\$155
Hotel RevPAR	\$130
Airport Passenger Numbers	1.7 million
MRDT Contributions	\$2.64 million
Total Economic Impact	\$ 2.1 billion
Total GDP	\$ 1 billion
Jobs Generated	13,000
Tax Revenue	\$ 204 million
Visitor Spending	\$ 443 million

Industry Programs & Communications	
Active/ Paid Stakeholders	425
Stakeholder Advertising Sales (\$)	\$325,000
Quarterly Newsletter	1,200
Industry Weekly Newsletter	1,000
Events Weekly Newsletter	6,000
Media Newsletter	400
Consumer Database	20,000

Kelowna Visitor Centre	
Downtown Visitor Centre Traffic	150,000
Retail Sales	\$309,000

## Section 3: Budget for One-Year Tactical Plan

Revenues	Budget \$
MRDT (net of admin fees)	\$ 2,638,461.99
MRDT from online accommodation platforms (AirBnB)	
Local government contribution	
Stakeholder contributions (i.e. membership dues)	\$ 493,250.00
Estimated Co-op funding (e.g. CTO; DMO-led projects)	\$ 19,000.00
Grants - Federal	\$ 10,000.00
Grants - Provincial	\$ 25,000.00
Grants/Fee for Service - Municipal	\$ 361,616.26
Retail Sales	\$ 340,600.00
Interest	\$ 3,600.00
Other (please describe): PST Commission	\$ 198.00
<b>Total Revenues</b>	<b>\$ 3,891,726.25</b>
Expenses	Budget \$
Marketing	
Marketing staff – wage and benefits	\$ 413,282.39
Media advertising and production	\$ 1,180,960.00
Website - hosting, development, maintenance	\$ 137,650.00
Social media	\$ 61,000.00
Consumer shows, events	\$ 25,500.00
Collateral production and distribution	\$ 167,500.00
Travel media relations	\$ 74,000.00
Travel trade	\$ -
Consumer focused asset development (written content, video, photography)	\$ 186,240.00
Other (please describe)	
<b>Subtotal</b>	<b>\$ 2,246,132.39</b>
Destination & Product Experience Management	
Destination and product experience management staff – wage and benefits	\$ 57,659.46
Industry development and training	\$ 34,000.00
Product experience enhancement and training	\$ 56,000.00
Research and evaluation	\$ 87,600.00
Other (please describe)	
<b>Subtotal</b>	<b>\$ 235,259.46</b>
Visitor Services	
Visitor Services Wages and Benefits	\$ 339,311.10
Visitor Services Operating Expenses	\$ 531,328.96
Other (please describe)	
<b>Subtotal</b>	<b>\$ 870,640.06</b>
Meetings, Conventions, Events & Sport	
Staff – wage and benefits (if stand alone)	\$ 183,791.78
Meetings, conventions, conferences, events, sport, etc.	\$ 375,200.00
<b>Subtotal</b>	<b>\$ 558,991.78</b>
Administration	
Management and staff unrelated to program implementation - wages and benefits	\$ 210,012.73
Finance staff – wages and benefits	\$ 58,693.51
Human Resources staff – wages and benefits	\$ -
Board of Directors costs	\$ 10,000.00
Information technology costs – workstation related costs (i.e. computers, telephone, support, networks)	\$ 95,911.78
Office lease/rent	\$ -
General office expenses	\$ 106,084.34
<b>Subtotal</b>	<b>\$ 480,702.36</b>
Affordable Housing	
Expenses from OAP revenue (if applicable)	
<b>Subtotal</b>	
Other	
All other wages and benefits not included above (please describe)	
Other activities not included above (please describe)	
<b>Subtotal</b>	
<b>Total Expenses</b>	<b>\$ 4,391,726.25</b>