

NEW INITIATIVE (R)

Project title: Online distribution of Wellington tourism product

Background: Positively Wellington Tourism (PWT) seeks funding to deliver a fully integrated e-marketing distribution channel for the retailing of Wellington tourism product. The initiative has been refined over the past few weeks. The total costs have been reduced, as has the net cost to Council.

This has been achieved by reassessing how the initiative will be staffed and by identifying potential savings to apply to this priority following a thorough review by PWT of its services. The review resulted in \$189,000 being available to off-set the total cost of \$708,000.

\$100,000 of this has been drawn from the 'long-haul attraction' project (subject to consultation with partners). Given the current delay in long-haul aircraft delivery and the synergies between the marketing aspects of that project it has been proposed that this sum be applied to the e-marketing initiative in 2008/09.

PWT have looked at all other services. Other than undertaking a major internal restructure (which is not an option if there are expectations that PWT is to deliver its existing programme) or taking out an activity such as Downtown Marketing and Weekend Parking (which the PWT board is not in favour of) PWT is of the view that it has no more room to move.

It is recommended that the initiative be included in the draft annual plan. Funding for this initiative would be sourced from the Downtown Levy.

1. The Proposal

A not-so-quiet revolution has occurred over the last five years as New Zealand has embraced the online purchasing of goods and services. This has been reflected in many ways, from the doubling of the percentage of online advertising spend in the last year, to the growing quantum of spend on the local internet and the massive investment in online platforms by Wellington's competitors (both local and overseas).

Consider the last time you ever used a travel agent to book a flight, called a stockbroker to buy shares, or ordered a new cheque book.

In November 2007 alone, 1.3 million New Zealand internet users spent NZ\$585 million on new and used goods and services - and average of about \$450 each (Source - Nielsen Online Analyst, Tony Boyte).

Against this background it is absolutely vital that Wellington not only has a powerful and engaging presence on the internet, but also that it excels at lead generation and sales conversion. This project is not about simple online advertising, it is about ensuring that Positively Wellington Tourism (PWT) has a fully integrated online distribution channel for the retailing of Wellington tourism product.

The requirement to significantly increase PWT's online activity was noted in the 2007/08 Statement of Trustee Intent. This new initiative flows out of the clear identification that this part of our business and industry is continuing to rapidly grow in importance.

*The New Zealand Digital Strategy is intended to address the digital needs of all New Zealanders, including access to broadband internet service. Many tourism destinations and businesses are located outside urban centres, where broadband access is an issue. Our visitors expect access to broadband internet services, as well as good cell phone reception. Without them the sector cannot offer visitors a world-class experience. **Tourism businesses need to provide quality websites, online brochures and online booking services to remain competitive in the rapidly changing online environment.**¹*

Project Objectives

The objectives of the PWT Online Strategy are categorised as follows:

WellingtonNZ.com

- To increase innovative access to information on Wellington, particularly via digital technology
- Maintain and develop a leading-edge regional tourism website in New Zealand
- Grow visitors to WellingtonNZ.com by 40% per annum
- Implement a new online booking system on WellingtonNZ.com
- Achieve online sales of at least NZ\$2 million by 2010/11
- Develop much clearer links between WellingtonNZ.com and all other PWT and relevant tourism sites

Consumer Engagement, Search Engine Optimisation & Paid Search Returns

- To utilise innovative and interactive online advertising formats to share the experiences and stories of Wellington with users
- To ensure that WellingtonNZ.com is maximised as the call-to-action on all PWT promotions and collateral

¹ http://www.digitalstrategy.govt.nz/upload/Documents/MED11706_Digital%20Strategy.pdf

- To continually optimise PWT's online media schedule to ensure maximum impact of the advertising

Social Media Applications

- Develop the technical platform for PWT to integrate social media applications on WellingtonNZ.com
- Develop applications that encourage and foster User Generated Content (UGC)
- Develop content and application concepts for use in the wider social media space

Funding Assumptions/issues

PWT has undertaken a Cost Centre Review (CCR) and identified NZ\$189,000 per annum that will be funded from existing budgets to support the overall project. \$89,000 of this comes directly from the CCR and an additional \$100,000 from the Long Haul Cost Centre where there are synergies between current long haul activity and the need to build online presence to enable more effective marketing to long haul markets in the future.

In addition, as a result of the CCR, PWT has reallocated one staff member from within the business into the online activity to help ensure that the organisation can deliver on the programme as outlined in this paper (PWT already has one dedicated Online and IT Coordinator). The total staff commitment to this project will number three when the additional staff member discussed in this proposal is added to the team.

Please note that inflation is built in the 11/12 Year and again in the 14/15 Year. It is our view that building this in is realistic in an area of business that has been prone to reasonably high levels of inflation historically.

There is potential to further leverage PWT's investment in online activities with partners upon implementation of this Strategy.

2. Proposal Costs

<i>Outline project costs per year</i>										
Project Component	Operating expenses \$000									
	08/09	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18
<i>Human Resources</i>	90	90	90	99	99	99	109	109	109	120
<i>WellingtonNZ.com</i>	53	53	53	64	64	64	77	77	77	92
<i>Consumer Engagement</i>	230	230	230	276	276	276	331	331	331	397
<i>Social Media</i>	335	335	335	402	402	402	482	482	482	578
<i>Offset from CCR</i>	-189	-189	-189	-189	-189	-189	-189	-189	-189	-189
<i>Total</i>	519	519	519	652	652	652	810	810	810	998

Funding for this activity will come from the Downtown Levy.

3. Project Outline

Background

The PWT Online Strategy is focused on taking WellingtonNZ.com from a static website with a now outdated online booking engine to a fully interactive experience where users can actively research, plan and book their visit to Wellington and interact with potential and previous visitors via blogs/forums. Consumers will also be able to interact with Wellington in their own online community space via social media applications designed by PWT. This will result in significantly greater connectivity to PWT's consumer marketing programmes and the wider tourism community, as well as considerably more interaction with WellingtonNZ.com, therefore increasing total traffic.

This new online presence and platform will also provide PWT with the opportunity to offer international travel trade and media (both domestically and internationally) with interactive training tools, destination content and product information. This will be vital in the development of new markets where we cannot apply dedicated human resources, for example in Latin America, India and the Middle East etc.

Changing global media consumption habits have meant that organisations need to redefine their communication and distribution channels. In this environment PWT would be irresponsible to rely on traditional promotional and revenue tools. Newspaper and print readership is declining globally. So much so that Rupert Murdoch, head of News Corporation, is on record as stating that the last reader will recycle the last printed newspaper in 2040 – April, 2040, to be exact. The internet is also corroding the usefulness of traditional television advertising. Broadcasting is becoming increasingly outdated as narrowcasting, podcasting and user-customised content grow at a rapid rate. To ensure that PWT remains a tourism leader, this fully integrated Online Strategy must be implemented.

This initiative will advance PWT's capability to reach considerably more people by bringing increased numbers of potential visitors to WellingtonNZ.com and by promoting Wellington as a destination within potential visitors' online communities. Currently, PWT undertakes limited activity in the social media space. The introduction of social media has caused a 'mega shift' in the travel industry – this online technology is changing the way that consumers choose and plan their holidays, more rapidly than ever before. To ensure the long-term viability of WellingtonNZ.com, PWT needs to deliver on a fully integrated strategy to compete and lead in this dynamic environment.

PWT's current online investment is \$620,000. This incorporates WellingtonNZ.com, texture.co.nz, KNOW and online advertising as part of both the New Zealand and Australia marketing campaigns.

The Dynamic Online Environment

Usage Patterns

There were 3,200,000 internet users in New Zealand (representing 74.9% of the total population) in June 2007, according to Internet World Stats. This was up by 285.5% compared to 2000.²

E-Commerce³

New Zealand has a healthy retail e-commerce market, with 61% of adult New Zealanders making online purchases each month, according to Nielsen//NetRatings "Online Retail Monitor".

The relatively efficient nature of banking in New Zealand, along with the high take-up of online banking, have further contributed to Kiwi's willingness to buy online.

Social Media

"Social media is an umbrella term that defines the various activities that integrate technology, social interaction, and the construction of words and pictures. This interaction, and the manner in which information is presented, depends on the varied perspectives and "building" of shared meaning, as people share their stories and understandings"⁴. Example of Social Media application include MySpace (social networking), Facebook (social networking), YouTube (social networking and video sharing), Second Life (virtual reality), and Flickr (photo sharing). Two core concepts of social media are:

(1) User-Generated Content (UGC) – UGC means that visitors to your site create or submit their own content. This type of participation may take the form of blogs, forums, photos, videos or several other formats. UGC turns the microphone over to the critics, experts and fans you never knew your brand had. It gives a real voice to the consumer and is perhaps one of the most profound ways to demonstrate that your brand is truly customer-centric. Adding UGC to online marketing initiatives gives visitors another very compelling reason to stick around for a while, return and ultimately build a relationship with your brand.

(2) Social Networking – "A social network service focuses on the building and verifying of online social networks for communities of people who share interests and activities, or who are interested in exploring the interests and activities of others, and which necessitates the use of software"⁵.

Social media is increasingly complementing search engines in online travel and taking on some of the aspects of their role: helping people find information and sites that are specifically of interest to them.

² <http://www.internetworldstats.com/stats6.htm>

³ <http://www.etcnewmedia.com/review/default.asp?SectionID=11&CountryID=78>

⁴ http://en.wikipedia.org/wiki/Social_media

⁵ http://en.wikipedia.org/wiki/Social_networking

“Domestic visitors, like society in general have become less patient. They want instantaneousness. They want to find things out wherever and whenever they like, and then they want the ability to action that interest if they so desire it – that is the core benefit to consumers (and advertisers) of the online world.”⁶

WellingtonNZ.com

Nielson//Netratings Unique Browser Sessions

Month	Unique Browser Sessions
January	79,096
February	79,310
March	86,489
April	71,876
May	75,812
June	83,918
July	77,457
August	84,516
September	82,814
October	100,743
November	92,789
December (pre-launch)	36,141

In December 2007, WellingtonNZ.com was transferred to a new server and the web monitoring programme was changed from Nielsen NetRatings to Google Analytics, hence the reduction in traffic to the site as the measurement system is different. Nielsen NetRatings was reinstated in February 2008.

Google Analytics Absolute Unique Visitors

Month	Unique Visitors
December (post-launch)	23,744
January	51,432
February (as at 18 Feb)	32,284

Topline WellingtonNZ.com Statistics (as at 18 February 2008):

- Average Page Views: 4.91
- Time on Site: 4.04 minutes
- New Visitors to the Site: 68.91%

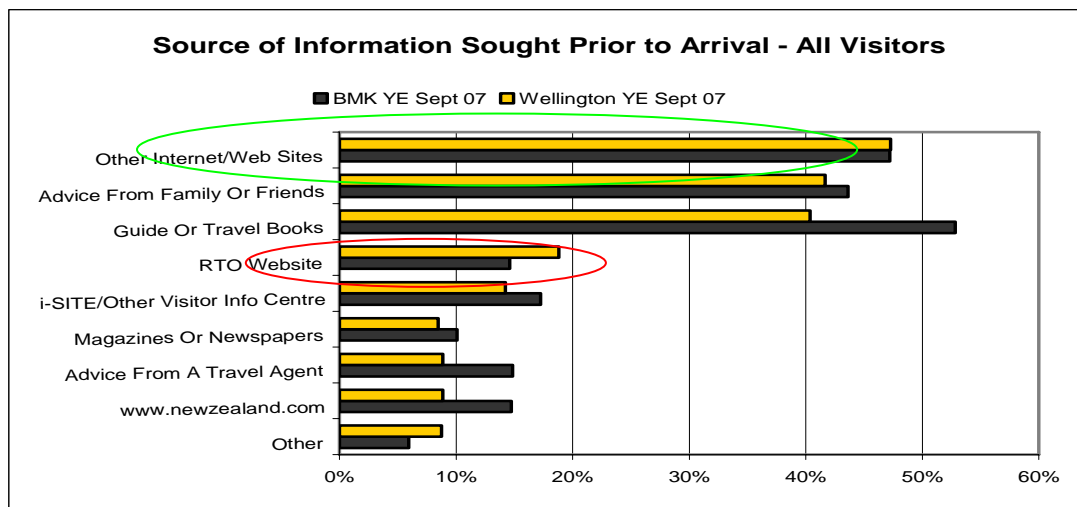
Every month the total number of unique visitors to New Zealand websites grows by around 2.5%. That means that unless a website's traffic is growing by more than 30% a month, then its real rate of growth is negative. PWT believe that the implementation of a fully integrated Online Strategy will see site traffic increase

⁶ Clemenger BBDO, PWT Domestic Campaign Contact Plan, April 2007

by 40% per year. Once site traffic is increased, the next step will be around increasing sales and reduce user friction.

WellingtonNZ.com plays an important role for all visitors seeking information prior to visiting Wellington, as indicated in the graph on the following page. Most important however are the results below for “Other Internet/Web Sites”. This includes airline booking sites and travel seller sites, as well as a considerable number of social networking sites such as Facebook, MySpace and Bebo etc.

Regional Visitor Monitor (Results to September 2007), Angus & Associates



Social networking sites provide a forum for users to develop their own community of interest. Consumers are now demanding more control of the content that they see. Users contribute their own thoughts and ideas online through blogs and forums. Never before has ‘word-of-mouth’ (or ‘type of the finger’) marketing been more important, as consumers’ trust in institutional information diminishes and trust in their peers increases. In terms of travel, the social media environment has forever changed the way customers research, plan and purchase travel services and products.

This means that PWT needs to take an even more active role in engaging directly with consumers. Consumers want the chance to interact with and contribute to Wellington content as part of their information seeking, planning and feedback process. PWT is the Wellington tourism ‘expert’ and as such should be publishing digital content wherever potential visitors are looking for information about their community of interest, whether it be travel, arts, culture, music, nightlife, food and wine or events.

The implementation of this strategy also presents numerous opportunities for PWT to work closely with a range of other Council-owned attractions, such as Wellington Zoo, Carter Observatory, the Cable Car and the Wellington Botanic Gardens. An increased online presence will result in PWT being able to leverage incremental marketing for them, currently limited with existing programmes.

Competitor Analysis

PWT has analysed a number of destination tourism marketing websites and online activity that targets similar markets to Wellington. Detailed below are case studies for two of these, Tourism Victoria (incorporating Melbourne) and Visit London:

Tourism Victoria

- Online communications and technology are seen as being key to marketing Victoria as a premium tourist destination to Australian and international travellers. A major point in their 10-year Tourism Strategy is to 'ensure Victoria's online marketing and booking capabilities are at a world-class standard, in line with the rapid growth in visitors' use of this medium
- VisitVictoria.com is the most popular Australian tourism organisation website. In the year to June 2007, it received 5.2 million visits (a year-on-year increase of 13%)
- Tourism Victoria has a dedicated e-Marketing division, responsible for all online marketing activities including managing Tourism Victoria's consumer websites
- The division manages more than 20 websites (including visitmelbourne.com), including nine English and seven foreign language variants (Korean, Japanese, Chinese (simplified), Chinese (traditional), German, French and Italian)
- All marketing campaigns have an integrated online component. The launch of the phase eight Melbourne marketing campaign in September 2007 was completely integrated with VisitVictoria.com including dedicated gateway pages, streaming video of the TVC, online advertising, search marketing and email promotions
- In June 2007 Tourism Victoria launched the first foray into user generated content by any Australasian tourism authority in an area on the website known as The Red Thread (directly linking in with the 'Lose Yourself in Melbourne' campaign). The Red Thread is a discussion forum through which visitors to the site can share their experiences and stories about the hidden secrets of Melbourne through the creative use of video, photos and text. The Red Thread went live with 90 threads and comments and all threads are moderated on a daily basis by a team of journalists and outstanding threads are highlighted as 'featured' threads on relevant pages throughout visitvictoria.com
- Tourism Victoria is the first tourism board in Australasia to trial Second Life.

Visit London

- VisitLondon.com is the world's most popular regional/city tourism website. Since re-launching in July 2007, unique visitors per month have grown from 750,000 to over one million.

- Visit London has an Online/Digital Media division comprising 23 staff (the same size as the entire PWT office). The website is managed by an in-house team of creative, technical and commercial professionals
- VisitLondon.com enables visitors to book their entire London experience all from the one location. You can book accommodation, buy tickets for theatre and London's many attractions, book a restaurant and purchase an Oyster Card (travel card). There are French, German, Spanish, Italian, Dutch, Japanese, Chinese and Russian versions of the site as well as the main English site
- VisitLondon.com has teamed up with TripAdvisor.com to be the first tourist board in the world to provide user-generated reviews on its website. Since January 2008, visitors have been able to read and post reviews based on 2,000 hotels and attractions via Trip Advisor on VisitLondon.com. Trip Advisor is a trusted brand which provides consumers with the most up-to-date and unbiased reviews based on personal experience. The collaboration allows for the development of features on the site such as 'top ten rated hotels' and 'top ten rated visitor attractions' based on user reviews
- In 2007 VisitLondon.com launched the London Explorer – an online concierge service that shows all the attractions, bars, restaurants, hotels in a defined area and allows users to search for what they're looking for quickly and easily, rather than the more traditional search, by category. Other special online applications to help visitors find their way around London include downloadable podcasts and vodcasts

Key Activities

The implementation of the PWT Online Strategy will result in a change in the delivery platform of some of PWT's activity, for example, the development of online versions of previously printed collateral. This will result in greater cost efficiencies, but will also add considerable value to WellingtonNZ.com.

ACTIVITY	DETAIL	COST BREAKDOWN
HUMAN RESOURCES		
Social Media & Interactive Applications Coordinator	<ul style="list-style-type: none"> ○ Manage all interactive advertising formats with agencies ○ Coordinate and manage all social media applications including blogs, forums, interactive capability on WellingtonNZ.com and develop specific applications for use on other social networking sites ○ Manage and develop all marketing content on WellingtonNZ.com 	NZ\$90,000
WELLINGTONNZ.COM		
Online Booking System	<ul style="list-style-type: none"> ○ Currently WellingtonNZ.com uses Bookrite to conduct the actual booking and transacting of online commerce. This provider uses old 	NZ\$53,000

	<p>technology that is neither reliable nor friendly to accommodation providers who find the uploading of content both labourious and confusing. Enhancements are required to ensure that this system continues to deliver functionality to users.</p>	
CONSUMER ENGAGEMENT, SEARCH ENGINE OPTIMISATION & PAID SEARCH RETURNS		
<p>Implement more interactive advertising formats, improve searchability and web footprint</p>	<ul style="list-style-type: none"> ○ Use of more interactive advertising formats as part of Wellington's domestic and Australia advertising programme. This activity is to include: <ul style="list-style-type: none"> - Interactive online video content (e.g. Google Gadgets) - Search optimisations - Increasing consumer interaction pathways with our offerings. Making it easy for consumer to action wherever they receive our message or are thinking about a short break. [Sky Red button on TV, SMS, online, RSS feeds etc] - WellingtonNZ.com: our website is the central expression of PWT and Wellington. It's a product showcase and a customer service centre. It's PWT's most profitable store and its best communications tool. Its an information hub, its a testing ground for new ideas, it the place where people from different places with different needs have an experience that's tailored for them, and they can share and discuss with other like minded people. - Distribution of PWT Content: as it becomes harder to get people to come to a content site, it becomes critical to distribute our content where they already go, building a destination site alone simply won't do it. In a fragmented nation content needs to be syndicated far and wide. The key functionality of PWT's website (hotel booking, maps, events etc) needs to be pushed out into other places. Its not about replication it's about distribution. 	<p>NZ\$230,000</p>
SOCIAL MEDIA APPLICATIONS		
<p>Interactive Digital Media Development</p>	<ul style="list-style-type: none"> ○ Enlist the assistance of a digital media agency to create new interactive advertisements / tools / games / viral etc 	<p>NZ\$75,000</p>

Development of social media applications	<ul style="list-style-type: none"> ○ Upgrade WellingtonNZ.com to host interactive social media applications, i.e. Flickr, YouTube, RSS Event Updates, Trip Advisor (Tripadvisor offers partner programmes for featuring their content and has two options: destination snapshots and hotel reviews) ○ Develop social media applications to be hosted within online communities e.g. Facebook, Bebo etc 	NZ\$260,000
--	--	-------------

4. Conclusion

With websites being the number one source for people seeking information about Wellington, there is no doubt of the requirement for PWT to have a fully integrated Online Strategy. To remain competitive, PWT must move into this space.

The development of this strategy is so critical to PWT that should additional funding not be available to support the initiatives outlined, the organisation will need to reprioritise other activity to support development in this area.