Watermen Heritage Tourism Program Market Analysis Final Report

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Waterman Heritage Tourism Program

Market Analysis Final Report, Completed Summer 2014

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Executive Summary

The watermen heritage tourism training programs in Virginia and Maryland have the shared goals of providing *supplemental* income to commercial watermen impacted by declining fishery populations while also providing the general public with expanded opportunities to experience a unique way of life earning a living on the water.

The waterman heritage tourism training program has an opportunity to position itself as a value-added service to both watermen who are launching tour business and to the tourism professionals who market the Chesapeake Bay as a tourist destination. The market analysis conducted in 2014 found a high level of interest in the program from commercial watermen as well as local and state tourism officials-- the watermen heritage tourism program aligns with local and state strategic plans for tourism development around the Bay, especially in the niche markets of geotourists, heritage and culinary travelers.

The potential for the program is intrinsically linked to the tourism potential for Bayside communities. In the short-term, the program's potential is best realized through positioning that is aligned with current tourism strategic plans and promotions. Partnerships with destination management organizations and local attractions are the key to success.

The niche markets for waterman heritage tourism are attractive segments that are forecast to grow and can be profitable. As small niches, they match up well with the limited capacity of the program—most tour operators are limited to a maximum of six passengers. The analysis concludes that the target niche markets are willing to pay a premium for the kind of *authentic* experience that the watermen heritage tourism program provides. With limited capacity, maximizing revenue per ticket is crucial to ensuring profitability.

Despite enthusiasm for the program and a viable niche market, it faces some major hurdles. Currently, the part-time business model for a heritage tour provider operates with limited capacity on thin profit margins. Added uncertainty with weather and regulations jeopardize profitability. Declining fishery populations, globalization and a complicated regulatory environment continue to threaten the economic viability of commercial fishing, and the World Bank forecasts that aquaculture will surpass commercial fishing in volume in 2015.

This report recommends working in partnership with the governments and non-governmental agencies shaping tourism development for the region to ensure that the shape of future tourism development is complimentary to preserving a working way of life on the water. It recommends expanding the program to include aquaculture, to carefully craft the eligibility requirements for the program, and to be strategic in how it defines authenticity and quality to the visitor.

Specifically, the program can help watermen by lowering the barriers of entry into the market through cost sharing, co-op marketing opportunities and lobbying for clear and friendly regulations.

This analysis provides seven key marketing mix recommendations to guide the continued development of the umbrella watermen's heritage tourism program's positioning :

1. (PRODUCT) Clearly define the umbrella program for watermen and visitors and consider expanding it to include aquaculture tours.
2. (PRODUCT) Set criteria for all tours that provide authenticity and experience of place for visitors.
3. (PRICE) The watermen's heritage tourism program operators should position themselves as low-volume, high-cost niche businesses.
4. (PLACE) Partner tour operators with local attractions (such as hotels, inns, B&B's, restaurants, marinas, museums and other cultural destinations).
5. (PROMOTION) Engage with tourism representatives on partnership marketing opportunities.
6. (PROMOTION) Engage with local community leaders, journalists and festivals.
7. (PROMOTION) Expand content on the umbrella websites; create umbrella social media accounts; target niche culinary and eco-focused publications and blogs. Track tour information from participating watermen and collect Google analytics from the website to provide additional information to guide and refine the overall marketing strategy in the future.

Program Background

The Watermen Heritage Tourism Training Program was conceived in 2008 by then president of the Maryland Waterman's Association Larry Sims and members of the Captain John Smith Trail advisory panel. The group was on a workboat in the Chesapeake Bay discussing the impact of the blue crab population's decline and brainstorming ways to get visitors onto the newly created Captain John Smith water trail.

Blue crab populations had been declining for over a decade, and recently Congress had declared the fishery a disaster—opening up funding streams to provide relief for waterman affected by the decline. The Chesapeake Conservancy (CC) partnered with the Coastal Heritage Alliance (CHA), the Maryland Watermen's Association and The Chesapeake Bay Maritime Museum to create the watermen heritage tourism training program. Funds were provided from the National Oceanic and Atmospheric Association (NOAA)'s blue crab disaster relief and administered through the Maryland Department of National Resources (DNR).

From 2011 – 2012, heritage tourism training classes were offered in five Maryland locations: Neavitt, Talbot County; Dames Quarter, Somerset County; Galesville, Anne Arundel County; Solomons Island, Calvert County; and Rock Hall, Kent County. The five-day training consisted of three days of classroom instruction, one day on the Captain John Smith water trail and a practicum where a tour was evaluated by the instructors. The curriculum covered Chesapeake Bay history, tour development and cultural interpretation. It also covered business planning, possible funding sources as well as Coast Guard, insurance and DNR requirements. Each county had destination management organization (DMO) representatives there to connect the watermen to county-level tourism marketing plans. There were also state tourism representatives who led training modules on hospitality.

Exhibit 1 illustrates the class participation from Maryland's five classes, and Exhibit 2 shows the number of tours completed by region. Of the 100 participants who enrolled in the class, 80 graduated and 14 are providing tours. As of January 2014, 10 operators in Maryland have provided 157 waterman tours to 1,874 people.

In 2013, two new training classes modeled on the Maryland curriculum were offered in Virginia's Northern Neck and Middle Peninsula. Exhibit 3 shows the Virginia class participation. These classes had 19 participants, 19 graduates and nine tour operators. The program's funding partners were the Northern Neck Chesapeake Bay Partnership, Rappahannock Community College, Chesapeake Environmental Communications and the Virginia Waterman's Association. The Virginia program did not receive federal funding support.

The Virginia and Maryland programs both shared the goal of providing a *supplemental* income stream to working waterman impacted by declining fish populations. The Virginia program had less emphasis on the Captain John Smith water trail, and added two new goals: 1) positioning the watermen as stewards of the Chesapeake Bay and 2) emphasizing the benefits of buying local seafood. See Exhibit 4.

Both the Maryland and Virginia program launched websites in 2013, and reported a high-level of interest from journalists, community leaders and watermen. Maryland reports coverage in the *Washington Post* Sunday travel section, *Baltimore* Sun editorial section, The *Guardian's* website featuring a video, and Bay Journal. Virginia reports coverage by local radio stations and The Local Scope.

The Maryland program has participated in co-operative advertising opportunities with Maryland's Office of Tourism Development and also produced 1,000 rack cards to display in five visitor centers. Virginia's website is virginiaecotours.com and Maryland's website is watermanheritagetours.org. Virginia's website is not tracking visitors. Exhibit 5 provides website traffic information for watermanheritagetours.org.

Future Plans

The Maryland program states the following next steps for the Waterman Heritage Tourism Program:

- Creating the Watermen Heritage Tour Network
- Piloting a central booking agent
- Enlisting more certified watermen in developing tours
- Carrying out a marketing campaign to potentially include paid advertisements, radio tours, social media, FAM tours and promotional materials

The Watermen Heritage Tour Network is designed to bring experienced and new tour operators together to share experiences and provide informal mentoring relationships. Ultimately, this is a strategy aimed at improving the quality of tours that are offered under the waterman heritage tourism umbrella.

Feedback from both tourism officials and tour operators led to the central booking agent pilot program. Both recognize the importance of timely response to customer inquiries, and working waterman identified this as a challenge. The pilot central booking agent will serve to match interested customers with the best tour option, and ensure that customer requests are fielded in a timely fashion.

The Maryland partnership believes that there are many trained watermen who would benefit from offering tours, and so they will continue their efforts to both grow program participants as well as the market for the tours.

Ultimately, the Maryland partnership hopes to achieve the following goals in the year ahead:

- The addition of 8-10 watermen heritage tour guides to the Watermen Heritage Tours website, www.watermenheritagetours.org
- The inclusion of watermen heritage tours in 8-10 publications
- The introduction of new markets to Watermen Heritage Tours
- An increase in the number of tours booked by 40%.

The Virginia partnership has taken a pause to try to understand the market for the program prior to offering the next round of training classes. Their upcoming goals are to:

- Conduct a market analysis to help guide the program toward self-sufficiency and profitability
- Engage a program coordinator to promote the tours through public relations and marketing
- Assemble an advisory board to guide the program's development

To conduct the market analysis, a nine-week summer MBA internship was funded through Virginia SeaGrant and administered by Chesapeake Environmental Communications. Michelle Lechman, a College of William Mary MBA student, conducted the research and provided this report.

Market Analysis Goals

The deliverables for the projects are defined as follows:

1. Define the potential for a waterman heritage tourism program on the Chesapeake Bay

2. Identify the most attractive market segments

3. Quantify the program's current capacity and forecast growth

4. Outline a preliminary strategy for sustainable growth in the Chesapeake Bay region

This report provides guidance to the advisory board, and makes important strides in defining the market potential for watermen heritage tours. Additional recommendations about how to position the watermen heritage tourism umbrella brand are included at the end of this report.

Market Research

To address the stated marketing analysis goals, I conducted market research in several different areas. First, I examined several different types of tourism development frameworks that are being used today by tourism and destination management professionals. Then, I conducted secondary research on tourism trends at a national, statewide and local level. I looked at the market research and strategic plans for both Virginia and Maryland, and I interviewed tourism representations from both states. I used these same sources to profile the target market for the watermen heritage tours, and made a preliminary attempt to forecast the size of that market.

This research led me to understand key characteristics of the target market for the tours as well as the possible value-add position of the heritage tourism program to destination management and tourism professionals. **The potential for the program is intrinsically linked to the tourism potential for the communities facing the Chesapeake Bay. In the long-term, the watermen heritage tourism program could have an opportunity to shape local tourism development, but in the short-term, the program's potential is best realized through positioning that is aligned with current tourism strategic plans and promotions.**

In order to define the program's capacity, I looked at the number of commercial waterman's licenses that were issued through Maryland's Department of Natural Resources (DNR) and through Virginia's Marine Resources Commission (VMRC). I also interviewed watermen who were giving tours. The majority, but not all of the interviews, came from watermen who completed one of the training classes. Exhibit 6 lists the interviews that I conducted for the project.

Frameworks for Tourism Development

There are many frameworks that tourism professionals use to guide destination management decisions and to describe visitor attitudes and behavior. The principles of heritage, community-based and geotourism are frameworks that are referenced in the heritage tourism training program curriculum and are briefly described below.

Heritage Tourism

The National Trust for Historic Preservation defines cultural heritage tourism as "traveling to experience the places and activities that authentically represent the stories and people of the past and present. It includes historic, cultural and natural resources." In the early 1990s, the National Trust outlined five principles to successfully develop a cultural heritage tourism program:

> **<u>Principle 1:</u> Collaborate**. This principle emphasizes the value of community partnerships, and suggests that many organizations working together is more advantageous than working alone.
>
> **<u>Principle 2:</u> Find the Fit.** This principle highlights the need to match the values of residents and visitors, and to match the capacity of a place with the number of tourists.

<u>Principle 3:</u> Make Sites and Programs Come Alive. This principle is about making sure that your offering remains competitive and is perceived as worth the time and money to visit.

<u>Principle 4:</u> Focus of Quality and Authenticity. This is seen as the competitive advantage that the cultural heritage attraction has over other leisure travel options. It is important to clearly define what quality and authenticity mean to your attraction and to your visitors.

<u>Principle 5:</u> Preserve and Protect. Care must be given to ensure that tourism development does not erode the quality of place or the authenticity of culture that is the main attraction to visitors. Too many visitors can tax a locality's infrastructure or pose a threat to natural habitats (National Trust for Historic Preservation).

Community-based Tourism

Community-based tourism is a grassroots model where local communities manage their destinations, sometimes under an umbrella non-governmental organization (NGO) or non-profit funding in the early stages of development. Locals often host visitors in their homes. Community-based tourism is defined by the following four features.

- Socially sustainable
- Initiated and operated by local people
- Emphasizes community well-being over individual profit
- Seeks to protect the natural environment and culture [1]

Geotourism

Geotourism is a term coined by National Geographic and is defined as "tourism that sustains or enhances the geographic character of a place – including its environment, heritage, aesthetics, culture, and well-being of its residents (Stokes, 2003)." It is an evolution from ecotourism, but with geotourism, the definition expands to include "the working landscape where humans and nature interact (Nickerson, 2012)." Geotourism is a framework that has been used in destination management in the United States, Australia and Europe, and is a trending topic in academic research.

I recommend using the geotourism framework as a basis for thinking about the watermen heritage tourism program because it aligns with the all of the program's stated goals, and "it is a strategy for destinations to reach the dual goals of sustainability and competitiveness (Nickerson, 2012)."

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[1] As presented in the Watermen Heritage Tourism Training Program training curriculum.

[2] The survey was conducted in two phases by the NFO Research, a consumer panel research company. The initial survey was sent to 8,000 with a 54% response rate. Cluster and factor analysis techniques were used to determine the eight segments, and the statistical error rate is +/- 2 percentage points.

"Geotourism operationalizes sustainability into a strategy that empowers local people to promote the resources that they believe resemble the 'character of place' to a market of tourists (geotravelers) that desire to experience all that is unique to a destination while sustaining its geographical character through their travel behavior and purchases (Nickerson, 2012)."

The geotourism definition and strategic framework incorporates heritage and community-based tourism frameworks. It allows the decision-making to rest with local residents—in this case, with individuals making a living working on the Chesapeake Bay. It is these individuals who decide on the key elements that are worth preserving and marketing to visitors. Appendix A provides the geotourism charter created by National Geographic for destinations to use in positioning themselves as geotourist attractions.

In addition, a landmark segmentation study completed by the Travel Industry Association of America and National Geographic in 2003 provides key insights into the attitudes, behaviors and preferences of geotourists. I use this segmentation study to define the target market for watermen heritage tourism operators on the Bay.

Profiles of Target Market Segments

The landmark geotourism segmentation study completed by the Travel Industry Association of America and National Geographic identifies eight segments of geotourists[2]. Three of the eight segments were determined to be the most desirable, and at the time of the study (2003), they represented an estimated 54 million Americans. Interestingly, Outdoor Sportsmen were considered an undesirable segment, suggesting that the watermen heritage tourism program should not align itself with watersport or kayak tours.

The top three segments from this study are identified as Geo-Savvy's, Urban Sophisticates and Good Citizens. Exhibit 7 presents a summary table of segment characteristics for all three segments. Appendix B provides the Geotourism Executive Summary's description of these three segments in more detail, including demographic information and preferences.

Baby-boomers and Generation X account for the majority of the Geo-Savvy and Urban Sophisticate segments, while Good Citizens are more typically civically engaged senior citizens who spend less per trip than the other segments.

The average household income for these segments is well above average at $68,200 for Geo-Savvys, $76,600 for Urban Sophisticates and $70,600 for Good Citizens. They are also frequent travelers. The

[2] The survey was conducted in two phases by the NFO Research, a consumer panel research company. The initial survey was sent to 8,000 with a 54% response rate. Cluster and factor analysis techniques were used to determine the eight segments, and the statistical error rate is +/- 2 percentage points.

average number of total trips per year for all survey respondents was 5.2 trips, and for the three target segments, the total number of trips per year averaged 7.6, 6.4 and 5.8 trips respectively. These three segments had the highest level of agreement on the following survey questions:

- My travel experience is better when my destination preserves its natural, historic and cultural sites and attractions.
- My travel experience is better when I'm seeing or doing something authentic
- My travel experience is better when I have learned as much as possible about my destination's customs, geography, and culture.[3]
- I think sprawling developing is a major problem.

Another research study published by Mandala Research in 2013 titled The Cultural and Heritage Traveler reported on cultural and heritage travel. This study found that 76% of all leisure travelers engaged in a cultural or heritage activity while traveling within the last three years. The study identified five segments based on the degree to which cultural and heritage activities influenced their decision-making about travel. The two segments where the influence is highest are labeled Passionate and Well-Rounded. The Passionate segment participates in cultural and heritage activities most often, and cultural and heritage options are most likely to drive their destination decisions. The Well-roundeds are open to experiencing a range of activities while traveling, including cultural or heritage activities.

The Passionate segment is 23 million people, or 13% of the overall cultural/heritage travel market, and the Well-rounded segment is 24 million people, or 14% of the overall cultural/heritage market. A smaller subset of these segments is projected to take a cultural or heritage trip: 9.9 and 10.6 million respectively for Passionates and Well-roundeds. Both segments take an average of three trips per year with Passionates spending an average of $1385 per trip and Well-Roundeds spending $1876 per trip. Psychographic data on all cultural/heritage tour segments can be found in Exhibit 8. Awareness of the term "cultural or heritage traveler" is projected to grow. The detailed projections are presented in Exhibit 9.

A broad market research study of the travel industry finds that **"Tours that offer participation in cultural activities, environmental projects and educational opportunities will also enjoy soaring growth. Many travelers want to do much more than relax or shop while on tours- they want to get to know and understand the local people, help solve local problems and enrich their own lives in the process.** (Plunkett, 2013)**"** The Plunkett Research report also notes that sustainable tourism and ecotourism are growth markets and that more third-party certification standards are emerging for hotels, marinas and other attractions.

While intentional geotourists, heritage and cultural tourists are small niche market segments that likely overlap, the market research suggests that these segments may be early adopters of a mass-market trend in travel, and this is promising for the watermen heritage tourism market outlook.

[3] Good citizens rate one point lower than traditionalists on this dimension.

National Trends in Tourism

I found three important national trends that should inform the strategy for growing the watermen heritage tourism program on the Chesapeake Bay. 1) International travel to the United State is projected to grow. 2) Baby-boomers spend more than any other group on leisure travel. 3) The number one reason why people travel is to visit family, and the number three reason why people travel is to visit friends.

1. **International travel to the United States is projected to grow.**

Currently, the United States is investing more heavily in positioning itself as an attractive destination for international tourists. The Travel Promotion Act allowed for a public-private partnership, Corporation for Travel Promotion, to form in 2010. It then launched the Brand USA campaign in 2011 with the goal of achieving 100 million annual visitors by 2021.

The Department of Commerce forecasts a 3.7% compounded annual increase in international visitors from 2014 – 2018. The largest growth countries are China, Colombia, India, Taiwan, Brazil and Argentina. The National Travel and Tourism Office (NTTO) press release on these forecasts is included in Appendix C.

2**. Baby-boomers spend more than any other age group on leisure travel.**

The AARP reports that baby-boomers spend over $157 billion annually on leisure travel. 70% of people age 45 - 64 have taken a domestic trip of some sort in the last 12 months; a little over 40% report that the trip was for vacation, and 50% travel by car.

Just over 50% of Boomers prefer to travel in the US. The preference for domestic travel is 24% above average for married ‘Empty Nest’ boomers, 21% above average for white non-Hispanic Boomers and boomers with a household income between $50 - 99K annually. Thirteen percent of Boomers spent more than $1000 on domestic travel, and 22% spent btw $500 - $900.

Boomers are increasingly using the internet to research travel options. They like to be able to pick and choose from a menu of option and customize their own itineraries (Plunkett, 2013).

"Authenticity in culture and experience is the new Boomer luxury. Whatever getaway they choose...Boomers are willing to spend significant dollars, but they want an experience tailored to their schedule and interests."

"Boomers are looking for experiences that can bring them closer to the culture, history and topography of once unfamiliar or even daunting territory."

"Authenticity is key, mind you-- just as long as there's hand sanitizer and maybe a nice travel-size bottle of Chardonnay on hand. But, don't try to control their travel experience too much. Not only do Boomers do plenty of research--especially online-- to find the experiences best suited to their tastes, but once they hit the road, they want to choose their activities."

3. **The number one reason for why people travel is to visit family.**

According to the U.S. Travel Association, the number one leisure activity for tourists, defined as traveling overnight or more than 50 miles from home, is to visit family; and the number three leisure activity is to visit friends. See Appendix D for a summary of the U.S. Travel Association's key findings.

This was a recurring theme in the market research. Both Virginia and Maryland reported that the number one reason for a trip was to visit family and friends. My tourism representative interviews emphasized this point as well.

The implication of this finding is that local awareness of the watermen heritage tourism program is important. Not only do friends and family hold more credibility than paid advertising, they are likely deeply involved with the trip planning for majority of leisure travelers.

Virginia and Maryland Strategic Plans and Visitor Data

To understand the potential market for watermen heritage tours, I looked more closely at data provided by Virginia Tourism Corporation (VTC) and Maryland Office of Tourism Development (OTD) about visitors to the state. Appendix E reports extensive VTC data on visitors to Virginia.[4]

Virginia's Drive Tourism Campaign

In Virginia, a new statewide tourism plan called Drive Tourism was recently completed. Its goal was to recommend product development opportunities to drive additional tourists to the state over the next five years. As part of this plan, Virginia commissioned PricewaterhouseCoopers (PwC) to complete a tourism study. Over 1,300 tourism stakeholders were interviewed for this report. A summary of findings for the coastal regions of Virginia are presented in Appendix F.

The three tenants of Drive Tourism as reported by VTC are:

1. **Authenticity: "**maintain character and personality and create new development in a sustainable way."

[4] The data for Coastal Virginia only reports cities in Hampton Roads. Since it does not include the Middle Peninsula or Northern Neck where the training classes were conducted, and does not deviate significantly from the statewide data, the statewide data is included here. Coastal Virginia data can be accessed at https://www.vatc.org/research/travel-data/

2. **Connectivity: "**develop clusters of new experiences (attractions) which complement and leverage current assets and enable 'hub and spoke' experiences." This regional approach is seen as a competitive advantage in attracting more visitors.
3. **Visitor Experience:** This tenant focuses on building a diversity of offerings in order to extend the traditional tourist season. (Virginia Tourism Corporation, 2014)

Virginia Tourism Corporation also surveyed residents' opinions about the impact of tourism on quality of life and economic development, and is committed to enhancing the quality of life through economic diversification and the principles of sustainable development.

At a statewide level, the Drive Tourism initiative informed by the Pricewaterhouse Cooper study states these five strategies for new product development:

• Refresh history to be relevant, maintain authenticity and connecting to current-day experiences

• Hub & spoke approach to focus on increased visitor stays, spending and experience

• Regional highlights have specific lures and challenges identified

• Regional sections have primary and secondary focuses for product development

• Build upon many of the Governor's recommendations such as wine, agri-tourism, aqua-tourism, sports, outdoor recreation, and space tourism (PricewaterhouseCoopers LLP, March 2013)

The watermen heritage tourism training program must be positioned in alignment with the tourism development plans at a local, regional and statewide level. At a statewide level, the watermen heritage tourism program aligns nicely with the Virginia Tourism Corporation Drive initiative. As the watermen heritage tourism program expands in Virginia, it should consciously connect to these strategies.

Virginia Oyster Trail

During the time of this report, a major tourism promotional campaign- Virginia is for Oyster Lovers- was in the early stages of launching. Interviews with VTC representatives and community stakeholders indicated that planning was starting in earnest for the development of a Virginia Oyster Trail. In became clear that Virginia would use the oyster to differentiate the state of Virginia from the state of Maryland which uses the blue crab in its culinary marketing. Virginia Tourism Corporation has been positioning Virginia as the "East Coast Oyster Capital" of the United States for some time, but it appears that more emphasis (and more tourism investment) will support this effort moving forward. A Virginia Oyster Trail meeting revealed seven talking points for media interviews:

1. Virginia has numerous festivals celebrating the VA Oyster
2. The Virginia Oyster Trail is being developed
3. The Chesapeake Bay is a unique destination in the world.

5. Travelers can experience the state with taste (wine, beer, cider, oysters)
6. New businesses are popping up along the Chesapeake Bay offering visitors a chance to experience the Chesapeake Bay in new ways
7. The deadrise workboat is the state boat of Virginia

These talking points provide insights on the best way for watermen heritage tourism operators to align themselves with this exciting initiative.

Maryland's Tourism Data

The majority of Maryland's visitors live in Maryland, and the major destination areas that they draw from consist of mostly mid-Atlantic states. As in Virginia, tourists travel to visit friends and family; and international visitors are an important growth segment.

Interviews with tourism representatives in Maryland and Virginia indicate that the strategy to differentiate the state by highlighting the Chesapeake Bay, and the blue crab in particular, has been and continues to be perceived as a successful marketing strategy.

There is clearly competition between Maryland and Virginia for tourism dollars along the Bay, and the blue crab vs oyster strategy in the culinary segment is one manifestation of this.

Forecasted Market Potential

It is difficult to project the potential market for any new product or service. It is especially difficult in this case because the product is broadly defined to include a wide-range of tour opportunities that take place across a wide geographic area.

The potential for the watermen heritage tourism program is intrinsically connected to tourism development in the coastal communities along the Bay. Many of these are rural, economically disadvantaged communities with aging populations. These communities have varying levels of existing tourism infrastructure, and varying levels of support for future tourism development. Appendix F provides a summary of the PricewaterhouseCoopers study's findings for the Eastern Shore, Hampton Roads and the Middle Peninsula/Northern Neck. More research is needed to better quantify regional differences that affect the program's potential.

The program would benefit from further segmenting this already niche market to better profile the ideal target tourist segment. It very well may be that there is a larger potential market than potential heritage tourism providers.

Insights from Waterman Interviews

I conducted 20 interviews with waterman. One was a Maryland participant and a successful tour operator. Twelve were participants in the Virginia training program. Five were offering tours and had not participated in any training program. Of these five, four were offering a heritage tour, and one was offering only charter tours. Two interviews were conducted with waterman association members who were supporters, but not providers of watermen heritage tours. Exhibit 6 details the full list of watermen interviews.

Each interview was an in-depth interview of approximately 30 – 45 minutes in length, and included a short questionnaire that consisted of five questions with answers on a Likert scale of 1 – 10. Most interviews were conducted by telephone. Three were in person interviews. Exhibit 10 provides the raw data from the questionnaire results.

The primary purpose of these interviews was to gain insight into the motivations and intentions of training program participants, and to determine what the perceived level of interest was from the watermen at large. It was also meant to help answer the question: how many watermen would be interested in pursuing this opportunity if the market were growing? And also to determine what the watermen perceived to be barriers to entry into the tourism market or barriers to success of their existing tourism businesses.

The results showed that the watermen felt that the coast guard licensing, marine regulation and insurance costs were the most significant barriers to market entry and obstacles to success. Some felt that the time and cost of compliance was prohibitively high, and that a part-time tour operation couldn't be successful with such a high cost burden. Others expressed concern about a "gray area" that the tours fall under from marine regulations, and expressed a desire for clear direction from the Virginia Marine Resources Commission (VMRC) on what regulations would apply to tours on the water. Those who expressed uncertainty about the regulations felt that the risk of being in violation on a tour was too high to their primary commercial fishing operation. Certainly, for this set of individuals, clear guidance from the state regulatory agencies would lower the barriers of entry into the marketplace.

The second most frequently cited barrier of entry to the market was the perception that there was not a market for waterman heritage tours. Current tour providers who were interviewed offer a range of tours including charter fishing trips and sunset cruises. Three of my interviews were with individuals who had run charter fishing businesses, and felt that offering a heritage tour was a way to supplement a declining charter fishing business. All were enthusiastic about the chance to share the culture of watermen with the public. The two charter fishing boat captains in Virginia felt that there had not been many opportunities to provide heritage tours, and they weren't sure where or how to market the product. The third, Phil Langley in Maryland, saw the market potential and demand for this type of tour.

These findings are in keeping with another SeaGrant funded study that was conducted regarding South Carolina's charter boat industry. They saw a decline in interest, and expressed a desire to measure demand for on-the-water tours.

The survey results also brought to light inherent problems with the watermen heritage tour model as a part-time business. It takes a significant investment of time and money to meet the coast guard licensing and liability insurance requirements, and the potential revenue is uncertain and limited. Weather is unpredictable, and can lead to cancellations. It is difficult to field inquiries, confirm reservations and provide a high-level of customer service when you are commercial fishing during the day. Most vessels are limited to 6 passengers, which limits the maximum revenue per tour. Exhibit 11 provides a break-even analysis. This is also provided as an excel chart so that the assumptions on cost, volume and price can be adjusted on an individual basis. This analysis shows that the profit margin on a part-time tour business is very low.

Another issue that surfaced in several interviews was the issue of competition. Some watermen who had successful charter or tour businesses said that they wouldn't want to join or support an umbrella organization for heritage tourism. The reason: they didn't want to lower the barrier to entry into a market that they perceived as barely profitable now.

In summary, watermen are enthusiastic about the opportunity to share the experience of working on the water with tourists. Until they gain experience with multiple tours, the watermen remain skeptical that tourists are interested in the experience. Regulatory uncertainty is the biggest barrier to entry into the market, as commercial fishermen don't want to risk a violation on a tour that will then damage their primary commercial operation. Other barriers to entry to the market include the high cost of the coast guard license, liability insurance rates and uncertainty about the market potential.

Forecasted Program Capacity

One of the goals of this market analysis was to attempt to quantify the capacity of the program. Assuming a large and untapped potential market for tourists, how many watermen are both capable and interested in operating a tour business?

The Virginia Marine Resources Commission (VMRC) reports a total of 10,910 licenses sold in 2012. Maryland's Department of Natural Resources (DNR) reports that 6,981[5] new commercial licenses were issued in 2012. However, many licenses in Maryland are grandfathered, meaning that this number likely grossly underestimates the total number of valid licenses. A further complication is that licenses are issued by species, so a commercial waterman will normally hold multiple licenses.

For the purposes of this report, we are aiming for a preliminary maximum capacity number to help set goals for upcoming training classes. I use the (admittedly underestimated) number of licenses issued in 2012, and I assume a ratio of 4 licenses to every one licensee. Then I conservatively assume that only 1 in 10 commercial watermen will meet the criteria for the program and be interested in completing it. This leads me to an estimate of 448 maximum program participants.

I then estimated the number of tours that a waterman could provide on an annual basis at 244 total tours. I arrived at this number by using Virginia Tourism Corporation's visitor counts by month to

[5] http://dnr2.maryland.gov/fisheries/Pages/commercial-license.aspx (Maryland Department of Natural Resources)

forecast a reasonable number of tours that could be provided weekly. See Exhibit 11 for the projection of a maximum number of tours that could be provided by month.

There are a lot of assumptions in this calculation, and there will be a wide range of regional variation, but I conclude that a maximum capacity of 109,312 tours per year is a reasonable preliminary estimation.

SWOT Analysis

This is a basic SWOT Analysis to inform the recommendations for the program's positioning and marketing mix.

Strengths

- You can define the waterman heritage tour experience on the Bay
- You should benefit from economies of scale that no single business could achieve in branding and advertising, as well as lower the costs of liability insurance and credit card fees
- You have the ability to advocate for regulatory change, and to gain support from the regulatory agencies because you are active in fisheries regulations now
- You have established trust and credibility with the waterman, and the waterman are your target audience
- You have established trust and credibility with local and state tourism representatives who see you as a resource

Weaknesses

- Limited recognition/credibility with visitors
- Competing tour providers who do not operate under your umbrella brand
- Some established charters or tour businesses see you as helping the competition– they fear that you are diluting the market with more tour providers than the market can support
- Challenge in being a baywide collaboration when there is competition between Maryland and Virginia for tourism dollars

Opportunities

- Influence tourism initiatives so that they have a positive impact on coastal community development
- Preserve a sense of place and community of people working on the water
- Lower the regulatory hurdles that are barriers to entry into the tourism market
- Achieve cost savings through economies of scale with marketing, liability insurance and credit card fees

Threats

- Tourism development that does not nurture a sense of place or provide financial benefit to watermen (Outer Banks style tourism development)
- High regulatory hurdles and liability issues make the tourism business model unprofitable
- Not enough watermen who meet the program requirements as the economic incentives shift toward aquaculture business

Conclusions and Marketing Mix Recommendations

In the long-term, the watermen heritage tourism program can work to develop tourism infrastructure in a sustainable manner in many communities along the Chesapeake Bay. In the short-term, it needs to align with current tourism positioning and promotions.

Based on the analysis of national, state and local tourism trends, the primary targets for a Chesapeake Bay Waterman Heritage Tourism program are baby-boomers who live within a 500 mile radius from a Chesapeake Bay destination. This target market can be further qualified along the landmark 2003 segmentation report from the U.S. Travel Industry Association with the psychographic profiling of Geo Savvys and Urban Sophisticates as well as the Mandala profiling of Passionate and Well-Rounded Cultural and Heritage Tourists. This is a small, niche market, but could be an indicator of where the mass-market will move.

For the program to be successful with this niche, it needs to operationalize authenticity. Because of the economics of commercial fishing, the program should expand to include aquaculturists in order to meet the potential market demand for the program. Aquaculture facilities can be a match with culinary marketing in both Virginia and Maryland, and help to meet the Virginia program's goal of emphasizing the benefits of local seafood.

Marketing Mix Recommendations

The marketing mix defines Product, Price, Place and Promotion, marketing's famous 4 P's. William and Mary's Marketing Professor Todd Mooradian explains the marketing mix as answering these questions: Do we have what customers want (Product)? At the price they want to pay (Price)? Can they find our product (Place)? Do they know about and prefer our product (Promotion)? Based on the marketing analysis, there are seven marketing mix recommendations for the umbrella watermen heritage tourism program.

Product

1. Clearly define the umbrella program for waterman and visitors, and expand it to include aquaculture tours.

It's important to note that the tour operators and tours operating under the umbrella of the "Watermen Heritage Tourism Program" are not homogenous. Tour operators provide a wide range of tours—some emphasize culture and education and some emphasize leisure and entertainment—to a wide range of visitors. For example, some operators target couples and others target families or group travel.

The new advisory board for the program will need to think through the program's identity and goals moving forward. They need to clearly identify what a heritage tour is, and who qualifies as a provider. The market for eco/geo tours and culinary attractions is a desirable niche segment for the program to target. To better meet this target's needs, the program should expand to include aquaculture businesses. For this to be successful, aquaculture businesses will need to be persuaded to see tour operations as a value-added investment that will benefit their primary aquaculture business.

2. Set criteria for all tours that provide authenticity and experience of place for tourists.

The market research and interviews with tourism representatives consistently revealed that 1) tourists travel to any given destination to experience a sense of place, and that 2) the idea of authenticity is particularly important to the niche target segments for the heritage tour program. To have value to visitors, the umbrella program must be perceived by the target segments as being able to consistently deliver the desired high level of authenticity.

In addition to defining who qualifies as a waterman heritage tour provider, there should be a set list of criteria that qualifies a tour as a heritage tour. These criteria could include elements of the tour narrative, type of vessel used or activities included on the tour. It's important to clearly articulate the criteria for what meets the standard of "authenticity" in the context of the heritage tourism program. These criteria should be specific, but flexible enough that it encourages each tour to be as localized as possible based on its position along the Bay.

Price

3. The waterman heritage tourism program tour operators should position themselves as low-volume, high-cost niche businesses.

As currently conceived, the waterman heritage tourism program is designed to be a part-time supplemental income opportunity. This means no individual tour operator will achieve economies of scale in his or her operation. In addition to the limitation of being part-time, the majority of participants in both Maryland and Virginia are limited to a maximum of six passengers. For this business model to be profitable, a premium price needs to be charged for each seat on the tour.

Place

Tourists should be able to find a heritage tour in any destination that borders the Chesapeake Bay. These on the water experiences can vary in length, time of day and season offered. The Maryland partnership includes land-based tours in the definition as well.

4. Partner tour operators with local attractions

Since the target audience is a niche eco/geo or culinary tourist, and a heritage tour is only piece of a longer itinerary, then partnership marketing makes sense. The umbrella watermen heritage tourism program can help individual tour operators by finding partnerships with other tourist destinations.

Hotels, inns, bed & breakfasts, restaurants, marinas, museums and other cultural attractions are natural fits. My research included interviews with representatives from inns and museums in Virginia, and all expressed a high level of enthusiasm for increasing the availability of this type of visitor experience. They saw this as aligned with their marketing plans, and they were eager to partner. Exhibit 12 provides a preliminary potential partners list for the advisory board to consider.

Promotion

5. Engage with tourism representatives on partnership marketing opportunities.

There is a high level of support and involvement from local and state tourism representatives. The umbrella program should remain engaged, and increase engagement with new localities as the scope of the program grows to include more Bayside communities. Co-op advertising opportunities, familiarization tours and online marketing should all be joint efforts with the heritage tourism program and tourism representatives. **If possible, secure a seat on the Virginia Oyster Trail steering committee.**

6. Engage with local community leaders, journalists and festivals.

The number one reason that people travel in the United States is to visit friends and family. This is true at a national level, at a state level and, according to my local tourism representative interviews, at a local level. Therefore, word of mouth in local communities should be an inexpensive and highly effective means of advertising the program. Some strategies to get the word out locally include:

- Providing presentations or tours to local Rotary, Kiwanis and other civic groups
- Pitching local media or holding a media day for local reporters to take a tour
- Having a booth with opportunities for short "teaser" tours at local community and oyster festivals

7. Expand content on the umbrella websites; create umbrella social media accounts; target niche culinary and eco-focused publications and blogs.

More and more tourists are using online tools to plan their trips. While a recommendation or endorsement from a friend or family member holds the most meaning and is more likely to lead to a purchase intention, online and social media are increasingly important ways that tourists learn about what a destination has to offer.

In light of this trend, it is important that the website content for the watermen heritage tours stay current and interesting. It's important that the heritage tour program website URL is listed on the state tourism websites in Virginia and Maryland as well as on local tourism websites in localities where heritage tourism operators are working.

Once the website is current, begin soliciting cross-promotional links with these sites as well as culinary and eco/geo tourism blogs, and track where visitors are coming through with a free google analytics account.

Finally, social media use is also on the rise. Many watermen heritage tourism stakeholders--community groups, journalists, bloggers, partnering attractions, tourism representations and visitors-- actively monitor their facebook, twitter, pinterest and instagram accounts. The umbrella program could help raise awareness for the program through active posting on these accounts. Tools such as hootsuite allow scheduling of posts in advance and across multiple platforms. It's important that posts have a call to action that asks the viewer to like or click through to additional content. Free counters and analytics tools allow you to track how many people view these posts, click through or like them, and ultimately, how many visit the website and book a trip.

Bibliography

Exhibits

Exhibit 1: 2011 – 2012 Participation in Maryland's Five Trainings

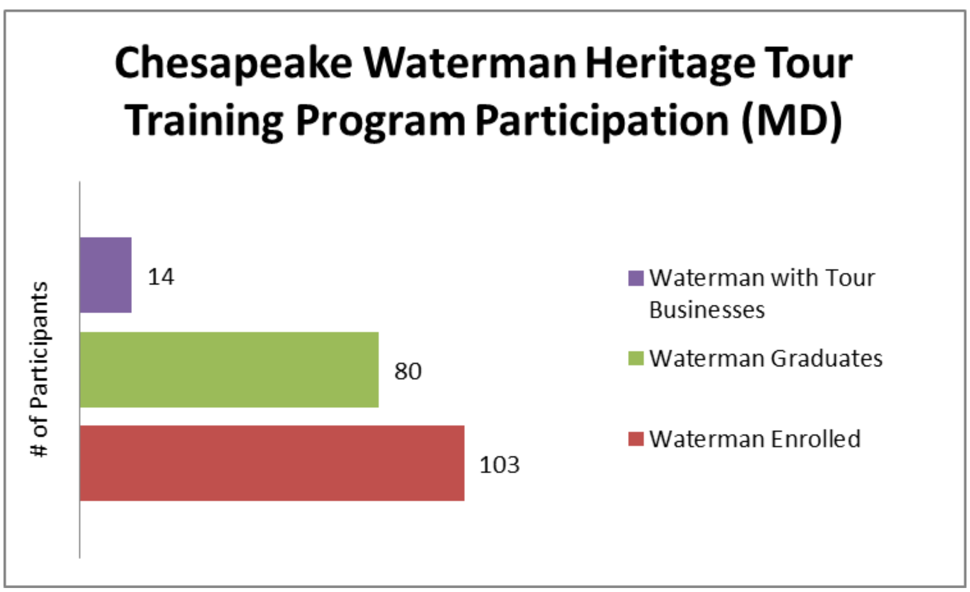


Exhibit 2: Number of Tours Provided by Participants from the first five Maryland trainings (as of January 2014)

Location	# of Tour Operators	# of Tours Completed	# of participants	# of workboat tours completed*	# of skipjack tours completed	# of land based tours completed
Upper Western Shore	1	12	36	12	0	0
Southern Maryland	3	44	1231	35	0	9
Upper Eastern Shore	1	3	11	3	0	0
Middle Eastern Shore	3	92	564	12	75	5
Lower Eastern Shore	2	6	32	1	5	0
Totals	10	157	1874	63	80	14

**Several of the workboat tours included elements on land, but were primarily based on the water.*
Numbers for individual tour operators and tour pricing can be found in Appendix A.

Exhibit 3: 2013 Participation in Virginia's Two Trainings

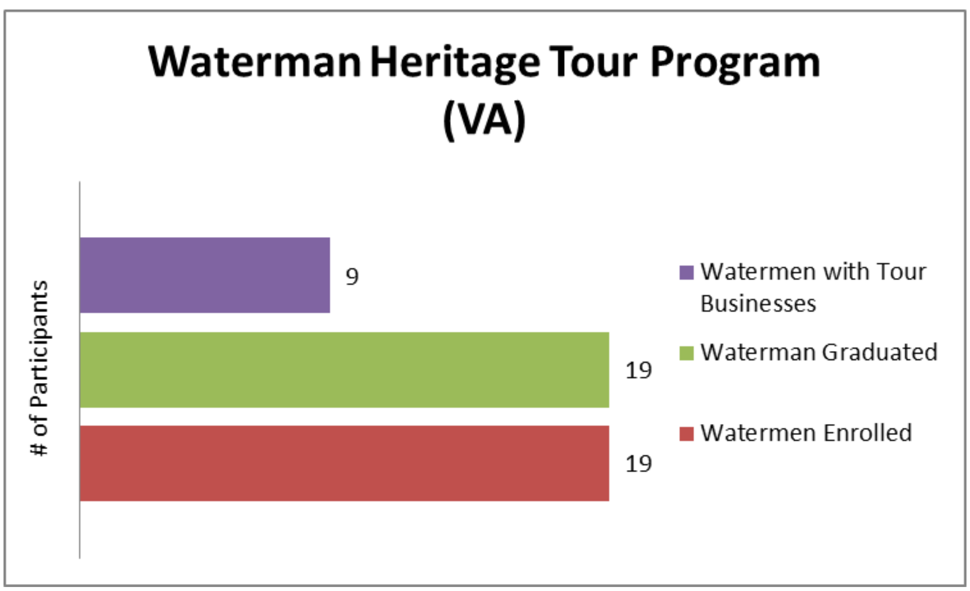


Exhibit 4: Goals for the Program (as of July 2014)

MD Original Goals

1) provide visitors with an authentic on the water experience on the Capt. John Smith Trail
2) sustain the waterman culture through supplemental income

VA Original Goals

1) sustain the waterman culture through supplemental income
2) spurs economic development throughout coastal Virginia
3) connect the public directly with working watermen as Bay stewards
4) emphasize the benefits of buying local seafood.

MD Current Goals

- Add 8 – 10 new tour guides to watermenheritagetours.org
- Include waterman heritage tours in 8 – 10 publications
- Increase the # of tours by 40% to 220 tours and 2,623 tourists

VA Current Goals

- Complete strategic market analysis
- Program coordinator to actively market the program
- Create an advisory board to guide program development

Exhibit 5: Website statistics for watermenheritagetours.org from January 1 – July 2, 2014

Language	Sessions	% New Sessions	New Users	Bounce Rate	Pages / Session	Avg. Session Duration
en-us	3411	77.40%	2640	38.82%	3.58	185.48
pt-br	67	97.01%	65	95.52%	1.18	23.87
en	28	78.57%	22	39.29%	3.18	192.82
en-gb	20	90.00%	18	70.00%	1.55	26.55
fr-fr	12	100.00%	12	100.00%	1.00	0.00
es-es	11	100.00%	11	100.00%	1.00	0.00
it-it	9	100.00%	9	88.89%	2.00	68.33
en-ca	6	83.33%	5	50.00%	3.17	79.83
ru	6	100.00%	6	83.33%	1.17	6.00
es-pe	4	100.00%	4	100.00%	1.00	0.00
	3623	78.39%	2840	41.32%	3.47	177.43

Exhibit 6: Interviews conducted for the summer 2014 market analysis

List of Interviews Conducted by Michelle Lechman in summer 2014 for the Watermen Heritage Tour Training Program Market Analysis

Watermen Interviewed:

Maryland Tour Operator, Graduate of the Waterman Heritage Tourism Training Program
Phil Langley

Virginia Tour Operators, Graduates of the Waterman Heritage Tourism Training Program
Danny Crabbe
Bill Bryant
JC Hudgins
David Rowe
William Saunders

Non-Tour Operators, Graduates of the Waterman Heritage Tourism Training Program
Ben Knotts
Danny Parks*
Forrester Dameron
Ida Hull
Lee Diehl
Mal Luebkert
James Dean Chase

Virginia Tour Operators, Non-graduates of the training program
Chris Ludford, Pleasure House Oysters, Virginia Beach
Gene Edmonds, Tides Inn, Irvington
Trey Sowers, Chapel Creek Oysters, Inn at Tabb's Creek, Matthews County
Danny Crockett, Chesapeake Bed and Breakfast, Tangier
Keith Thomas, Tangier

Virginia Watermen, Non-Tour Operators, Non-Graduates of the training program
Lionel Jenkins*
Ken Smith

*incomplete interviews

Tourism and Support Organization Representatives Interviewed:

Program Partners
Joanna Ogburn, Chesapeake Conservancy
Mike Vlahovich, Chesapeake Heritage Alliance
Paula Jasinski, Chesapeake Environmental Communications
Jason Perry, Rappahonnock Community College, Workforce and Community Development

Other Stakeholders

Mike Osterling, Virginia Shellfish Growers Association

Tourism Representatives
Esra Calvert, Virginia Tourism Corporation, Research
Steve Galyean, Virginia Tourism Corporation, Partnership Marketing
Liz Fitzsimmons, Maryland Tourism Development
Allison Kerry, Tourism Development, Eastern Shore, Virginia
Chris Ingram, Tourism and Economic Development, Middlesex County, Virginia
Susan Cockrell, Deputy Town Manager, Kilmarnock, Virginia
Hilton Snowden, Tourism Development, Gloucester, Virginia
Lisa Hull, Tourism Development, Northern Neck, Virginia
Joni Carter, Visions, Northern Neck, Virginia

Potential Partners
Tides Inn Activities Desk
Jim Dion, National Geographic Maps
Ann Marie Millar, The Mariners' Museum
Anna Holloway, The Mariners' Museum
Ann Phillips, Phillips Destination Management Organization, Norfolk, Virginia
Jim Anderson, BioRide, Richmond, Virginia
Peggy Dudley, Hope & Glory Inn

Exhibit 7: Table of Geotourist Segment Information prepared by the Travel Industry Association of America

GEOTOURISM SEGMENT CHARACTERISTICS
Table 2

GEOTOURISM SEGMENT CHARACTERISTICS Base = millions of U.S. adults	Total Travelers 154.0	Geo-Savvys 16.3	Urban Sophisti-cates 21.2	Good Citizens 17.6
Travel Frequency-Past 3 Years				
1-4 trips	36%	22%	30%	32%
5+ trips	64%	78%	70%	68%
Avg. no. of trips (excl. 0)	11.7	16.8	13.6	12.2
1+ trips outside the U.S.	29%	43%	47%	36%
Travel Frequency Past Year				
No trips in past year	6%	4%	6%	4%
1-4 trips	60%	51%	55%	59%
5+ trips	34%	44%	39%	37%
Avg. no. of trips (excl. 0)	5.7	7.9	6.7	6.0
Pleasure Travel Frequency Past Year				
No pleasure trips in past year	10%	4%	8%	6%
1-4 pleasure trips	67%	65%	65%	66%
5+ pleasure trips	23%	29%	25%	27%
Avg. no. of pleasure trips (excl. 0)	4.3	5.5	4.6	4.6
Business Travel Frequency Past Year				
No business trips in past year	68%	58%	59%	66%
1-4 business trips	25%	32%	30%	28%
5+ business trips	7%	10%	11%	6%
Avg. no. of business trips (excl. 0)	4.5	5.6	5.2	4.6
Air Travel Frequency Past Year				
No trips by air in the past year	47%	35%	27%	37%
1-4 air trips	46%	55%	56%	53%
5+ air trips	7%	10%	17%	10%
Avg. no. of air trips (excl. 0)	3.1	3.6	3.8	3.5
Paid Lodging Use in Past Year				
No paid lodging trips in the past year	16%	11%	11%	23%
1-4 paid lodging trips	66%	68%	67%	62%
5+ paid lodging trips	18%	20%	23%	14%
Avg. no. of paid lodging trips (excl. 0)	3.8	4.7	4.9	4.2
Type of Paid Lodging Used in Past Three Years On Pleasure Trips*				
Luxury hotel on pleasure trip	14%	17%	20%	13%
Expensive hotel on pleasure trip	41%	51%	53%	44%
Moderate hotel on pleasure trip	66%	78%	61%	75%
Budget hotel on pleasure trip	48%	58%	48%	47%
Rental condo/home on pleasure trip	21%	27%	22%	19%
Bed & breakfast on pleasure trip	12%	20%	16%	11%
Owned condo/home on pleasure trip	11%	9%	9%	9%
Cruise	13%	13%	18%	16%
Transportation Used in Past Year On Pleasure Trips*				
Personal Car/Truck	63%	70%	56%	63%
Coach Class Air	32%	40%	47%	39%
Rental Car	17%	25%	22%	18%
Motorcoach/Bus	6%	9%	8%	9%
Business Class Air	2%	6%	3%	3%
First Class Air	3%	7%	6%	2%
Inter-City Train	3	6	5	4
RV	3	9	1	3

Multiple responses allowed.
Source: Travel Industry Association of America

GEOTOURISM SEGMENT CHARACTERISTICS
Table 2, continued

GEOTOURISM SEGMENT DEMOGRAPHICS	Total Travelers	Geo-Savvys	Urban Sophisti-cates	Good Citizens
Base = millions of U.S. adults	154.0	16.3	21.2	17.6
Gender				
Male	48%	46%	40%	46%
Female	52%	54%	60%	54%
Age				
18-24	11%	11%	7%	5%
25-34	19%	17%	19%	8%
35-44	24%	28%	25%	16%
45-54	19%	22%	25%	20%
55+	27%	22%	24%	51%
Average (mean)	44.7	43.5	45.0	54.7
Marital Status				
Married	73%	70%	63%	76%
Never married	13%	14%	21%	8%
Divorced, Widowed, Separated	14%	16%	16%	16%
Children in Household	41%	37%	29%	26%
Education				
High School or less	22%	8%	10%	12%
Some college	32%	32%	29%	25%
Completed College	24%	27%	27%	26%
Post-graduate	21%	33%	34%	37%
Employment				
Full-time	57%	59%	64%	45%
Part-time	12%	16%	9%	9%
Unemployed/Homemaker/Other	15%	13%	15%	12%
Retired	16%	12%	12%	34%
Annual Household Income				
Less than $25,000	16%	13%	9%	11%
$25,000 - $49,999	27%	23%	21%	22%
$50,000 - $74,999	24%	26%	24%	25%
$75,000 - $99,999	18%	21%	23%	24%
$100,000 +	15%	17%	23%	17%
Average (mean)	$63.2	$67.9	$76.1	$70.3
Region of Residence				
New England	5%	5%	5%	7%
Mid-Atlantic	14%	11%	14%	19%
East North Central	17%	15%	13%	15%
West North Central	7%	6%	6%	8%
South Atlantic	18%	13%	20%	16%
East South Central	6%	4%	2%	3%
West South Central	11%	9%	7%	10%
Mountain	7%	10%	8%	5%
Pacific	16%	26%	24%	17%
Market Size (population)				
Under 100,000	19%	16%	13%	18%
100,000 – 499,999	16%	11%	13%	14%
500,000 – 1,999,999	21%	22%	19%	18%
2,000,000 +	44%	51%	56%	50%

***Multiple responses allowed.*
Source: Travel Industry Association of America

Geo –Savvys: psychographic profile

- 81% believe their experience is better when their destination preserves its natural, historic, and cultural sites and attractions, the highest share of all segments.
- 73% say that the educational experience provided by travel is very important to them.
- 83% visit destinations with authentic historic and archeological sites
- 81% prefer small-scale accommodations run by local people
- 81% travel to experience people, lifestyles, and cultures very different from their own
- 80% visit small towns and rural areas
- 73% feel it is important to learn about their destination's people, history, and culture
- 84% say that it is important that they not damage the environment when they travel
- They are nearly three times above average in enjoying primitive travel to wilderness areas (59%)
- They are twice as likely than average to like outdoor adventure travel, offering challenge, risk and excitement (57%) or to travel to remote locales (66%)

You'll find that Geo Savvy's

- read or watch shows about nature and the environment (61%)
- donate money to nature/environmental organizations (37%)
- subscribe to nature/environmental publications (35%)
- or to be a member of an environmental, development or human rights group (30%) or a nature
- club (18%)

Exhibit 8: Psychographic Data on Cultural/Heritage Travelers from Mandala Research, LLC

Psychographics of Cultural/Heritage Travelers

Passionates seek travel experiences that combine a wide variety of activities such as culture, shopping, nature, exercise and dining (92%). A large majority of Well-Rounded/Actives prefer taking trips that allow them to bring back local and regional memorabilia to share with family and friends. They also view tasting regional wines as an important part of the cultural and heritage experience.

Top 2 Box (Strongly Agree/Somewhat Agree)	Total	Keeping it Light	Self-Guided/ Accidental	Aspirational	Well-Rounded/ Actives	Passionate
I prefer taking trips that are a combination of a wide variety of activities such as culture, shopping, nature, exercise, and dining	87%	89%	76%	89%	86%	92%
I like to bring back local regional memorabilia from the places I visit and share them with my friends and family	81%	77%	72%	80%	86%	87%
I believe tasting foods wines of the region I'm visiting is an important part of the cultural and/or heritage travel experience	80%	76%	71%	79%	88%	85%
I like to pursue a life of challenge novelty and change	73%	64%	65%	73%	82%	75%
I seek travel experiences where the destination, buildings and surroundings have retained their historic character	72%	62%	74%	68%	79%	81%
I want my travel to always be educational so I make an effort to explore and learn about the local arts, culture, environment	66%	52%	62%	66%	79%	70%
I am willing to pay more for travel experiences that do not harm the environment	55%	38%	39%	58%	72%	58%
I spend more money on cultural and/or heritage activities while I am on a trip	52%	40%	43%	48%	73%	56%
I often give back by donating money, volunteering etc. to the cultural and/or heritage destinations I have visited	49%	37%	30%	49%	71%	52%
I would pay more for lodging that reflects the cultural and/or heritage destination I am visiting	49%	31%	33%	48%	69%	55%

Q33. Please indicate how strongly you agree with each of the following as they apply to your leisure travel?

Mandala Research, LLC 8
Insights • Strategy • Results

Exhibit 9: Awareness of the term Cultural/Heritage Traveler as reported by Mandala Research, LLC

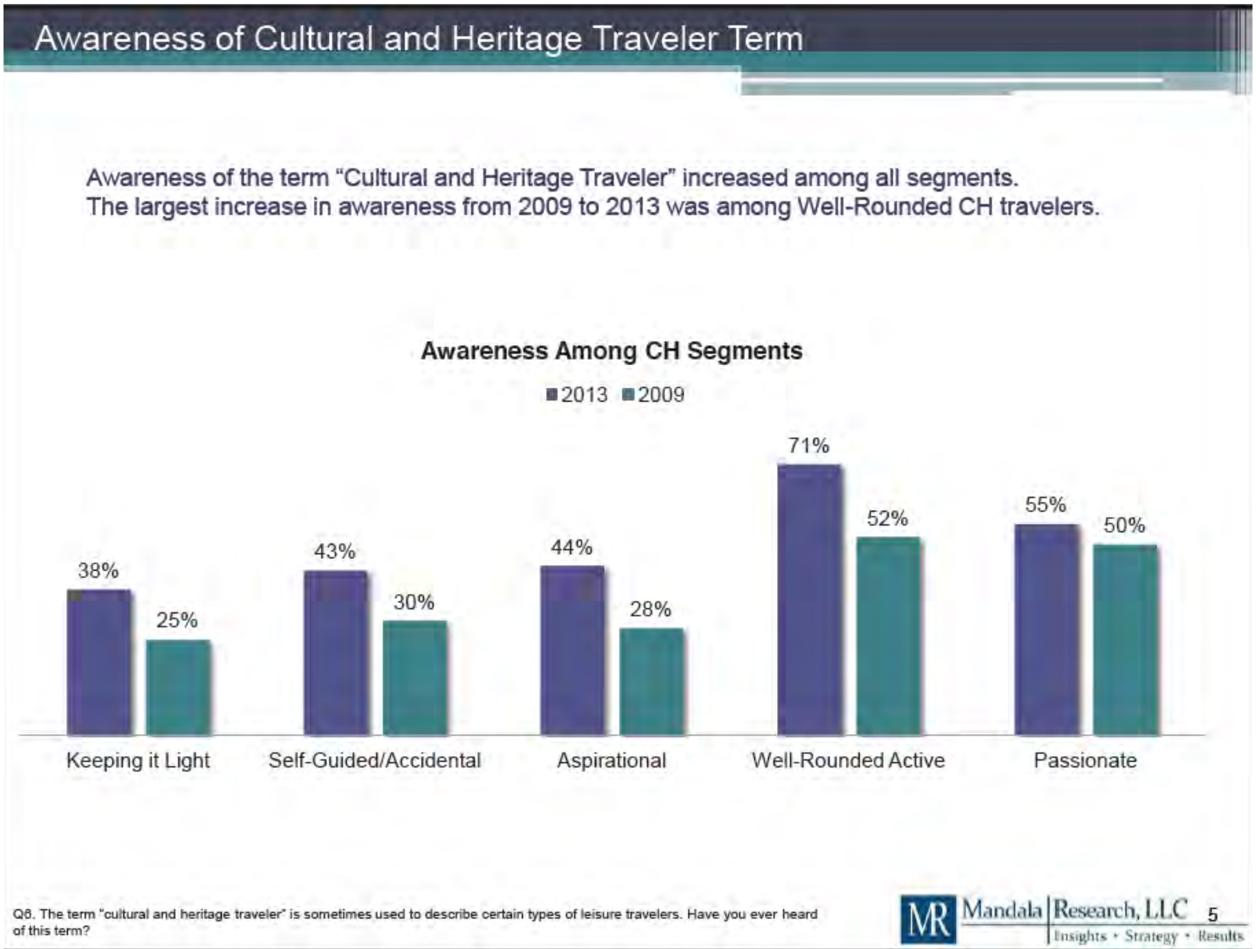


Exhibit 10: Questionnaire Results

Interview No	Q1	Q2	Q3	Q4	Q5	Notes
1	4	8	5	2	5	colleagues are oyster farmers/aquaculture
2	6	10	10	NA	NA	sole proprietorship/NA
3	8	2				
4	4	5	7	7	8	
5	10	7.5	8	5	8	
6	3	10	4	2	2	
7	8	9	9	9	9	
8	6	2	2	2	8	
9	10	10	5	10	5	
10	7	9	9	9	9	
11	8	7	7	2	8	*Q1: 10 for business, 8 for Quality of Life
12	1	8.5	I don't know	8.5	I don't know	
13	-1	5	5	1	1	
14	1	10	10	1	1	
Median Score	5.4	7.4	5.8	4.2	4.6	

Question 1: If more people visited my town, then on average the quality of life for my town's citizens would improve.

Question 2: I am interested in being a part-time or full-time tour guide

Question 3: I would be more interested in being a tour guide if other community groups and organizations were trying to build tourism infrastructure in my area.

Question 4: My colleagues are interested in being part-time or full-time tour guides.

Question 5: My colleagues would be more interested in being guides if other community groups and organizations were trying to build tourism infrastructure in my town.

Exhibit 11: Beak-Even or Cost-Volume-Price Analysis

Cost-Volume-Price Analysis		
# of possible tours per operator		
Jan - Mar	36	
Apr - May	48	
June - August	120	
Sept- Nov	36	
Dec	4	
# of tours annually	244	
# of ppl per tour	4	
average ticket price	$	50
Total Revenue	$	48,800
Operating Expenses		
captain's license	$	1,500
liability insurance	$	3,000
fuel	$	4,880
staffing	$	15,600
Selling, General & Administrative Expenses		
credit card fees*	$	1,171.20
sales/promotions**	$	3,600
EBIT	$	19,048.80
taxes***	$	4,057.39
Net Income	$	14,991.41

Assumptions

* set at 3% of 80% of total revenue

** set at 300/month

***federal self employment tax: 15.3% / VA state tax:6%

fuel costs are $20/trip

liability insurance is $250/month

staffing is set at $15/hour for 20 hours/week for 52 weeks

Exhibit 12: Potential Partners List

Virginia Waterman Heritage Tour Program
Partners and Potential Partners List

<u>Partners/Potential Partners</u>

SeaGrant
Chesapeake Environmental Communications
Virginia Waterman's Association
Virginis Tourism Corporation (VTC)
Coastal Heritage Alliance
Coastal Virginia Tourism Alliance
Visions (Northern Neck org)
Chesapeake Conservancy
National Park Service- Captain John Smith Trail
Chesapeake Bay Foundation
VIMS
Rappahannock Community College (and possibly other community colleges)
Chesapeake Marine Training Institute (CMTI)
Chesapeake Bay Gateways
Economic Development Offices
Tourism Offices (by city/county)
Virginia Seafood Council
Shellfish Growers of Virginia
Virginia Department of Housing and Community Development
Local B&Bs, Inns, campgrounds
Local tourism representatives by county, town, region
Deltaville Yachting Center and Chesapeake Boat Sales
Norton Yachts
National Maritime Museum Association

- The Mariners' Museum (Newport News)
- Deltaville/Reedville Maritime Museums + others in Maryland

Virginia Foundation for the Humanities, Folklife Center

- Director and official folklorist is Jon Lohman
- http://www.folkstreams.net/filmmaker,306
- http://query.nytimes.com/gst/fullpage.html?res=9901E7D6133FF930A35757C0A9639C8B63

<u>Festivals/Events</u>

- Bay Days (Hampton)
- Harbor Fest (Norfolk)
- Oysters Festivals throughout the region
- Taste of Tides (Tides Inn)
- Virginia Folklife Festival
- Daffodil Festival in Gloucester

Seafood Festival (Poquoson)

Tour Operators
BioRide in Richmond: Jeff Anderson

Phillips Destination Management Services (manages all of the cruise ship excursions our of Half Moone Cruise Terminal in Norfolk)

Public Relations Opportunities
Virginia Roots
http://www.varoots.net/
Jeben Marshall

Coastal Virginia Mag
http://www.coastalvirginiamag.com/Best-Of/
Patrick Evans-Hylton is the food writer

Hearsay with Cathy Lewis (radio 89.5)
http://www.hearsay.org/page/Our-Team.aspx
Morgan is producer

Daily Press
Tamara Dietrik and/or Tara Boswick (biz writer)

Virginia Gazette/Yorktown Crier
http://www.vagazette.com/

Appendices

Appendix A: National Geographic Geotourism Charter

NATIONAL GEOGRAPHIC

Mission Programs

Center for Sustainable Destinations

This global template is designed for nations but can also be adjusted for signature by provinces, states, or smaller jurisdictions, and for endorsement by international organizations.

Geotourism is defined as *tourism that sustains or enhances the geographical character of a place – its environment, culture, aesthetics, heritage, and the well-being of its residents.*

The Geotourism Charter
WHEREAS the geotourism approach is all-inclusive, focusing not only on the environment, but also on the diversity of the cultural, historic, and scenic assets of _______,
WHEREAS the geotourism approach encourages citizens and visitors to get involved rather than remain tourism spectators, and
WHEREAS the geotourism approach helps build a sense of national identity and pride, stressing what is authentic and unique to________,
THE UNDERSIGNED parties to this Agreement of Intent commit to support these geotourism principles, to sustain and enhance the geographical character of _________—its environment, culture, aesthetics, heritage, and the well-being of its residents:

Integrity of place: Enhance geographical character by developing and improving it in ways distinctive to the locale, reflective of its natural and cultural heritage, so as to encourage market differentiation and cultural pride.

International codes: Adhere to the principles embodied in the World Tourism Organization's Global Code of Ethics for Tourism and the Principles of the Cultural Tourism Charter established by the International Council on Monuments and Sites (ICOMOS).

Market selectivity: Encourage growth in tourism market segments most likely to appreciate, respect, and disseminate information about the distinctive assets of the locale.

Market diversity: Encourage a full range of appropriate food and lodging facilities, so as to appeal to the entire demographic spectrum of the geotourism market and so maximize economic resiliency over both the short and long term.

Tourist satisfaction: Ensure that satisfied, excited geotourists bring new vacation stories home and send friends off to experience the same thing, thus providing continuing demand for the destination.

[more]

Community involvement: Base tourism on community resources to the extent possible, encouraging local small businesses and civic groups to build partnerships to promote and provide a distinctive, honest visitor experience and market their locales effectively. Help businesses develop approaches to tourism that build on the area's nature, history and culture, including food and drink, artisan, performance arts, etc.

Community benefit: Encourage micro- to medium-size enterprises and tourism business strategies that emphasize economic and social benefits to involved communities, especially poverty alleviation, with clear communication of the destination stewardship policies required to maintain those benefits.

Protection and enhancement of destination appeal: Encourage businesses to sustain natural habitats, heritage sites, aesthetic appeal, and local culture. Prevent degradation by keeping volumes of tourists within maximum acceptable limits. Seek business models that can operate profitably within those limits. Use persuasion, incentives, and legal enforcement as needed.

Land use: Anticipate development pressures and apply techniques to prevent undesired overdevelopment and degradation. Contain resort and vacation-home sprawl, especially on coasts and islands, so as to retain a diversity of natural and scenic environments and ensure continued resident access to waterfronts. Encourage major self-contained tourism attractions, such as large-scale theme parks and convention centers unrelated to character of place, to be sited in needier locations with no significant ecological, scenic, or cultural assets.

Conservation of resources: Encourage businesses to minimize water pollution, solid waste, energy consumption, water usage, landscaping chemicals, and overly bright nighttime lighting. Advertise these measures in a way that attracts the large, environmentally sympathetic tourist market.

Planning: Recognize and respect immediate economic needs without sacrificing long-term character and the geotourism potential of the destination. Where tourism attracts in-migration of workers, develop new communities that themselves constitute a destination enhancement. Strive to diversify the economy and limit population influx to sustainable levels. Adopt public strategies for mitigating practices that are incompatible with geotourism and damaging to the image of the destination.

Interactive interpretation: Engage both visitors and hosts in learning about the place. Encourage residents to show off the natural and cultural heritage of their communities, so that tourists gain a richer experience and residents develop pride in their locales.

Evaluation: Establish an evaluation process to be conducted on a regular basis by an independent panel representing all stakeholder interests, and publicize evaluation results

Appendix B: Executive Summary of Top Three Geotourism Segments as Written in Geotourism: The New Trend in Travel

The Geotourism Study: Phase I Executive Summary ©National Geographic Traveler/TIA

GEO-SAVVYS (16.3 MILLION TRAVELERS)

Geo-savvys travel the most frequently compared to all other segments. This group has the highest average number of annual trips (7.9), with 44 percent, or 7.1 million travelers, taking five or more trips in the past year. Geo-savvys, along with Urban Sophisticates, are the most likely to have traveled internationally. Four in ten (43%) Geo-savvys have taken at least one international trip in the past three years. They report the highest average number of annual pleasure trips (5.5) compared to all other segments. Geo-savvys have a high incidence of business travel (42%) and high past-year business travel frequency (5.6 trips on average.) Due to this high propensity for business travel, the majority (65%) of Geo-savvys has taken one or more trips by air in the past year. Along with Urban Sophisticates and Self-indulgents, Geo-savvys are among the most likely to have used expensive or luxury hotels in the past three years (68%). In fact, Geo-savvys have a high propensity to use all types of lodging including moderately priced (78%) and budget (58%) lodging. They also have the highest propensity to use first- and/or business-class air service (13%) compared to the other segments. Interestingly, Geo-savvys are the most likely of the segments to have used an RV in the past year.

Geotourism Profile

Geo-savvys show a distinct preference for culturally/socially-oriented travel. The majority (81%) believes their experience is better when their destination preserves its natural, historic, and cultural sites and attractions, the highest share of all segments. Three quarters (73%) say that the educational experience provided by travel is very important to them.

Attributes of Travel:

Geo-savvys are more likely than any other cluster group to do the following:

• 83% visit destinations with authentic historic and archeological sites

• 81% prefer small-scale accommodations run by local people

• 81% travel to experience people, lifestyles, and cultures very different from their own

• 80% visit small towns and rural areas

• 73% feel it is important to learn about their destination's people, history, and culture

Distinguishing Characteristics:

• What really distinguishes Geo-savvys from similar groups (e.g., Urban Sophisticates) is their well-above average interest in environmentally-oriented travel. It is more important to Geo-savvys than to any other cluster that they not damage the environment when they travel (84%). They are nearly three times above average in enjoying primitive travel to wilderness areas (59%). They are twice as likely than average to like outdoor adventure travel, offering challenge, risk and excitement (57%) or to travel to remote locales (66%). Geo-savvys' at-home behaviors also reflect these environment attitudes.

Geo-Savvys
Demographic Profile

- Geo-Savvys are slightly more likely to be women (54%) than men (46%).
- Over half of women in the segment are baby boomers (53%); 47 percent of men are baby boomers.
- One in four Geo-Savvys is a young adult under age 35.
- Along with Urban Sophisticates and Good Citizens, they are very well educated with 61 percent having at least a college degree. One in four (25%) has a graduate degree.
- One third of Geo-Savvys (32%) hold professional/specialty positions, similar to Urban Sophisticates and Good Citizens.
- While only 8 percent are students, Geo-Savvys are more likely than other clusters to still be in school.
- Geo-Savvys are also quite affluent. Over one third (38%) have annual household incomes over $75,000; 17 percent have household incomes above $100,000.
- Due to their middle-age status, many (38%) Geo-Savvys are in the older parent or working older couple lifestages. Over one quarter (29%) are in the young or middle parents lifestages.
- Over one quarter of Geo-Savvys (26%) live in the Pacific region. They are more likely than almost all other segments to do so. Although only 10 percent live in the Mountain region, this is a factor that distinguishes Geo-Savvys from all other clusters.
- Half (51%) live in large cities or urban areas. Like Urban Sophisticates, one in five (22%) lives in a slightly smaller city of 500,000 to 2 million in population.

Geo-Savvys

- 16.3 million adults
- 43 years average age; 50% Baby Boomers
- $68,220 average HH income; 38% $75K+
- 41% have kids in household
- 74% work full/part-time
- 12% are retired
- 24% Older Parents, 16% Young Parents,
- 14% Working Older Couples,
- 13% Middle Parents
- 7.6 average no. of past-year trips
- 5.3 average no. of past-year leisure trips
- 58% are past-year business travelers
- 65% are past-year air travelers
- 44% traveled internationally in past 3 years

Travel Profile

- Geo-Savvys also travel quite frequently, with 45 percent taking five or more trips in the past year.

- This group has the highest average number of annual trips (7.6) compared to all segments.
- Geo-Savvys are highly likely to have traveled internationally. Four in ten (44%) Geo-Savvys have taken at least one international trip in the past three years; 17 percent have taken at least three trips outside the U.S. in the past three years.
- Most (65%) Geo-Savvys are infrequent leisure travelers, taking one to four leisure trips in the past year. Nevertheless, they report the highest average number of annual leisure trips (5.3) compared to all other segments.
- Overall, the Geo-Savvys travel profile is most similar to that of Urban Sophisticates.

Attitudes and Behavior:

- Geo-Savvys are intellectually curious, with the highest level of reading or watching shows about history or culture (74%). They are second only to Good Citizens in watching public TV (71%); visiting historic sites in their local area (65%); taking educational classes and/or attending seminars or lectures (43%); participating in civic organizations (37%); donating money to (40%) and/or volunteering for (33%) historic, cultural, or educational organizations; or visiting local art galleries or museums (46%). Geo-Savvys believe it is important to learn about other cultures (85%) and to pass on our nation's history to the next generation (93%). They are also well above average on their support of controlled access to our National Parks and public lands (68%).
- Geo-Savvys have well-developed social consciences. Most Geo-Savvys say they recycle (89%) and try to save electricity and water at home (85%). Above-average shares buy energy-efficient appliances, even if they cost more (60%). They also buy environmentally safe household products (47%) and organic food products (27%), as well as buy from companies that donate to charities(44%).

Urban Sophisticates
Demographic Profile

- Urban Sophisticates are more likely to be women (60%) than men (40%).
- Over half of these women are baby boomers (53%); 29 percent are younger women under age 35.
- One third of men in the Urban Sophisticates segment are 55 years of age or older (33%).
- Urban Sophisticates, along with Good Citizens and Geo Savvys, are very well educated with 63 percent having at least a college degree, and one in four having a graduate degree.
- Given their higher education levels, it is not surprising that over one in five (23%) has an executive/managerial occupation and 32 percent have professional/specialty positions. In fact, Urban Sophisticates are the most likely of all segments to hold executive or managerial positions.
- Urban Sophisticates' higher education levels and occupations are driving higher annual household incomes for this group. Nearly half (46%) have annual incomes of $75,000 or more. One in four (24%) Urban Sophisticates has an annual income of at least $100,000, more than any other segment.
- Given that many Urban Sophisticates are baby boomers, it is not surprising that 39 percent are in the working older couple or older parent lifestages. Yet, a significant percentage of this cluster, one in four (25%), is in the young couple or young parent lifestage.

- One quarter of this segment (24%) lives in the Pacific region, and along with Geo-Savvys, they are the most likely of the other segments to reside in this region. One in five (20%) Urban Sophisticates lives in the South Atlantic region.
- Of course, over half (56%) of Urban Sophisticates live in large cities or urban areas. Only one in five lives in only slightly smaller cities of 500,000 to 2 million in population.

Travel Profile
Urban Sophisticates travel quite frequently, taking 6.4 trips per year on average. In fact, 40 percent of this segment traveled five or more times in the past year.

Urban Sophisticates
- 21.2 million adults
- 45 years average age; 50% Baby Boomers
- $76,630 average HH income; 46% $75K+
- 30% have kids in household
- 73% work full/part-time
- 12% are retired
- 21% Older Parents, 18% Working Older Couples
- 6.4 average no. of past-year trips
- 4.3 average no. of past-year leisure trips
- 58% are past-year business travelers
- 73% are past-year air travelers

- Urban Sophisticates are the most likely of all segments to travel internationally. Nearly half (48%) have taken at least one international trip in the past three years. One in five (20%) has taken three or more trips outside the U.S. in the past three years.
- Most (65%) Urban Sophisticates took one to four leisure trips in the past year. Along with Good Citizens, however, they have a relatively high average annual number of leisure trips (4.3) compared to the average American traveler.
- Given their occupations and income, it is not surprisingly that Urban Sophisticates have a high incidence of business travel. Most (58%) have taken at least one business trip in the past year.
- Due to a high propensity for leisure and business travel, the majority of Urban Sophisticates (73%) have taken one or more trips by air in the past year.

Geotourism Profile
Urban Sophisticates, like Geo-Savvys, prefer culturally and socially oriented travel and are interested in learning about the people, customs, and history of their destinations. They are more likely than any other group, except Geo-Savvys, to take trips to experience people, lifestyles, and cultures very different from their own (75%). They are also second only to Geo-Savvys in wanting to learn as much as possible about their destination's history, people, culture, and geography (67%), and the most likely of all segments to say that the opportunity to try local foods and cuisine (81%) is very important to them when they travel.

Attributes of Travel:

- 73% of Urban Sophisticates prefer trips to destinations offering authentic historic or archeological sites
- 86% take trips where they can spend time exploring historic and charming towns and locations
- 74% of Urban Sophisticates prefer destinations that offer a wide variety of cultural/arts events and attractions
- 63% of Urban Sophisticates also enjoy, however, visiting large cities, as well as high quality accommodations with excellent facilities and fine dining (67%), second only to Self-Indulgents. They are second only to Geo-Savvys in wanting to experience the outdoors, but with comfortable accommodations (74%).

Distinguishing Characteristics:

- While not overly environmentally-oriented in their travel preferences, Urban Sophisticates are the most concerned of all the groups about living in harmony with nature (88%); controlling access to the National Parks and public lands (76%), and to historic sites (67%) to preserve and protect them; and being willing to pay a premium to visit places that control access (28%).
- More than 34 percent of Urban Sophisticates report that tourism has a dominant role in the local economy of the area in which they reside. Above-average shares hold positive views about tourism, feeling it enhances the strength and vitality of their local economies (54%), while also improving the image of their local area (54%).

Attitudes and Behavior:

- At home, Urban Sophisticates also show their cultural orientation. Well-above average shares of these travelers dine in ethnic or specialty restaurants (74%), attend festivals and ethnic celebrations (55%), attend performing arts events (51%), and visit art museums and galleries (45%) in their local areas. They also tend to read and watch shows about history and culture (60%) and watch publicly supported TV (64%).
- The majority hold strong beliefs about the importance of learning about different cultures (84%), the importance of passing on our history to future generations (90%), and the need for more funding for the preservation of historic sites (73%) and the cultural, visual and performing arts (63%).

Good Citizens

Demographic Profile

- Good Citizens are more likely to be women (54%) than men (46%).
- Over half of men in this segment are age 55 or over (56%). Nearly half of women are age 55 or over (46%).
- Along with Urban Sophisticates and Geo Savvys, Good Citizens are well educated with 63 percent having at least a college degree, and 23 percent with a graduate degree.
- Fifteen percent have executive/managerial occupations and 33 percent have professional/specialty occupations, also similar to Urban Sophisticates and Geo-Savvys. The Good Citizens cluster is more likely to include homemakers (16%).
- Given their education and occupations, it is not surprising that Good Citizens average annual household income ($70,650) is among the highest of all segments. Four in ten Good Citizens (42%) have annual household incomes above $75,000.
- Reflecting their age, many (37%) Good Citizens are in the two older couples lifestages.

- Nearly one fifth (19%) live in South Atlantic states; 17 percent live in the Pacific region.
- Half (50%) live in large cities or urban areas; in fact Good Citizens are more likely to do so than many of the other cluster groups. Nearly one in five lives in a rural area (18%).

Travel Profile

- On average, Good Citizens take 5.8 trips per year on average, but most (59%) are infrequent travelers taking only one to four trips per year.
- One in three (38%) has traveled internationally at least once in the past three years. Good Citizens are not as well-traveled as Urban Sophisticates and Geo-Savvys, as only 13 percent of Good Citizens have taken three or more international trips in the past three years.
- Most (65%) Good Citizens are infrequent leisure travelers (1-4 leisure trips per year). Yet along with Self-Indulgents, Urban Sophisticates, and Geo-Savvys, Good Citizens have a relatively high average annual number of leisure trips (4.3).
- Despite the fact that 18 percent are in the retired older couples lifestage, Good Citizens have a high tendency toward business travel, as do Urban Sophisticates and Geo-Savvys. A majority of Good Citizens (56%) travel for business at least once a year. On average, Good Citizens take two business trips per year.
- Given their propensity to travel for both leisure and business, it is not surprising that 63 percent of Good Citizens have taken at least one trip by air in the past year.

Geotourism Profile

What distinguishes Good Citizens from other groups is their strong involvement in a number of community activities, as well as their heightened level of cultural and environmental awareness and sensitivity, as manifested in behaviors in their local areas. These tendencies are less obvious in their travel behavior.

Attributes of Travel:
When they travel, Good Citizens are more likely than others to want to have the following:

- 88% want high levels of cleanliness
- 79% want high levels of safety and security
- 60% want high quality visitor services and personnel
- 43% want to meet travelers who share their interests

Distinguishing Characteristics:

- Good Citizens are more likely than any other group to participate in civic organizations (55%); to volunteer for (54%) or make donations to (55%) historic, cultural and educational organizations; to volunteer for nature-related or environmental organizations (29%); or to write to politicians or companies to express their opinions about their environmental or business practices (42%).
- They are also the most likely to read a daily newspaper (89%), to attend religious services (82%), or to vote in national (95%) and state/local elections (95%).
- Good Citizens also report the greatest propensity to buy environmentally safe household products, even if they cost more (55%). Similarly, this group is also most likely to buy from companies that donate to charities (52%) and from companies that make an effort to preserve and protect the environment (47%). And, they have the greatest tendency to recycle bottles, cans, and newspapers at home (90%).

Attitudes and Behavior:

- Good Citizens have a greater than average tendency to support controlling access to National Parks and other public lands (70%) in order to better preserve them. Most believe that there should be more careful regulation of National Parks and public lands (67%).
- And, they are more likely than average to agree that there should be more funding for cultural/visual/performing arts (58%).
- Good Citizens are also very involved in cultural activities in their home communities. Well over half (56%) take educational classes or attend seminars or lectures; attend performing arts events (60%); visit art museums or galleries (62%); or visit historic sites/museums in their local area (75%). These are the highest percentages of all the groups.
- Good Citizens are also avid readers with the greatest propensity of all groups to subscribe to general interest (57%) and news (46%) magazines. They are the most likely to belong to a political party (57%), a professional association (46%), or an alumni organization (48%).
- They are nearly three times more likely than travelers overall to subscribe to season tickets for performing arts (17%).

Good Citizens

- 17.6 million adults
- 55 years average age; 51% Matures
- $70,650 average HH income; 42% $75K+
- 28% have kids in household
- 54% work full/part-time
- 34% are retired
- 26% Older Parents, 19% Working Older Couples, 18% Retired Older Couples
- 5.8 average no. of past-year trips
- 4.3 average no. of past-year leisure trips
- 56% are past-year business travelers
- 63% are past-year air travelers
- 38% traveled internationally in past 3 years

Appendix C: National Travel and Tourism Office International Travel Projection

TI News: *An information service from the National Travel and Tourism Office (NTTO)*

April 7, 2014

U.S. COMMERCE DEPARTMENT FORECASTS CONTINUED STRONG GROWTH FOR INTERNATIONAL TRAVEL TO THE UNITED STATES — 2014-2018

The U.S. Department of Commerce (DOC) projects international travel to the United States will continue experiencing strong growth through 2018, based on the National Travel and Tourism Office's *2014 Spring Travel Forecast*.

Visitor volume in 2014 is expected to increase 3.5 percent and reach 72.2 million visitors who stay one or more nights in the United States. This growth would build on the 4.7 percent increase in arrivals in 2013, which resulted in a record 69.8 million visitors.

According to the current forecast, the United States would see 3.4 percent to 4.1 percent annual growth rates in visitor volume over the 2014-2018 timeframe. By 2018 this growth would produce 83.8 million visitors, a 20 percent increase, and more than 14 million additional visitors compared to 2013. The latest forecast produces a compound annual growth rate over the forecast period of 3.7%. This rate is slightly lower than the rate in the Fall 2013 Travel Forecast due to underperforming growth from some key markets—most notably Canada and Mexico.

All top-20 visitor origin countries are forecast to grow from 2013 through 2018. Countries with the largest total growth percentages are China (139%), Colombia (56%), India (54%), Taiwan (52%), Brazil (50%), and Argentina (48%).

Four countries are expected to account for 59 percent of the projected growth from 2013 through 2018. These volume growth leaders are Canada (23% of expected total growth), China (18%), Mexico (11%), and Brazil (7%). Although China and Brazil continue to get the bulk of media attention because of their consistent and very high growth rates, the traditional top origin countries will dictate actual volume growth and the ultimate accuracy of the forecast. For example, despite a small 3.0% growth rate, Canada produced a greater number of additional travelers in 2013 compared to the previous year than China and Brazil combined.

If the Spring 2014 Travel Forecast is realized through 2018, the current top-ten countries remain as such, but China will move from #7 in 2013 to #4 in 2018, while Japan, Brazil, and German all slip down one place in the ranking. Outside the top ten, Columbia, Argentina, and Venezuela would each move up in ranking by pushing Italy from #12 in 2013 to #15 in 2018. Taiwan, which re-entered the top 20 in 2013, would move up from #20 to #18.

The U.S. travel forecast was prepared by research staff in the Department of Commerce/National Travel and Tourism Office using economic/demographic/social factors, DOC historical visitation trends, input from the DOC Foreign Commercial Service staff abroad, and numerous other miscellaneous sources. The NTTO travel forecast is updated in the spring and fall each year.

Appendix D: US Travel Industry Fact Sheet

U.S. TRAVEL ANSWER SHEET

FACTS ABOUT A LEADING AMERICAN INDUSTRY THAT'S MORE THAN JUST FUN

TRAVEL EFFECT

LEISURE TRAVEL

- Direct spending on leisure travel by domestic and international travelers totaled **$597 billion** in 2012.
- Spending on leisure travel generated **$89 billion** in tax revenue.
- **3 out of 4** domestic trips taken are for leisure purposes (77%).
- U.S. residents logged **1.6 billion** person-trips* for leisure purposes in 2012.
- Top leisure travel activities for U.S. domestic travelers: (1) visiting relatives; (2) shopping; (3) visiting friends; (4) fine dining; and (5) beaches.

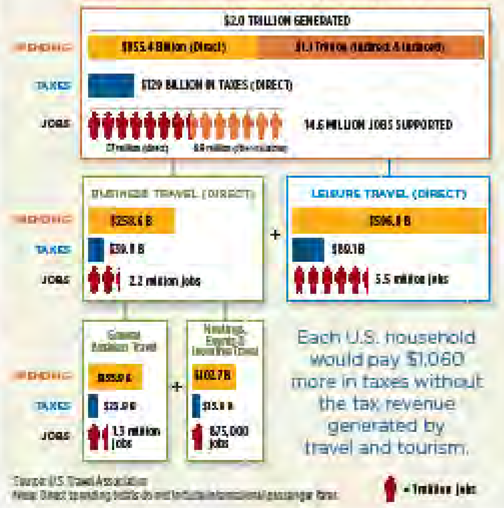
BUSINESS TRAVEL

(including Meetings, Events and Incentives)

- Direct spending on business travel by domestic and international travelers, including expenditures on meetings, events and incentive programs (ME&I), totaled **$259 billion** in 2012.
- ME&I travel accounted for **$103 billion** of all business travel spending.
- U.S. residents logged **460 million** person-trips* for business purposes in 2012, with 21% for meetings and events.
- For every dollar invested in business travel, businesses benefit from an average of **$12.50** in increased revenue and **$3.80** in new profits. *(Oxford Economics)*

* Person-trip defined as one person on a trip away from home overnight in paid accommodations or on a day or overnight trip to places 50 miles or more [one-way] away from home.

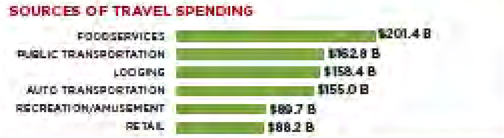
U.S. Travel Industry Impact



Each U.S. household would pay $1,060 more in taxes without the tax revenue generated by travel and tourism.

Source: U.S. Travel Association
Note: Direct spending totals do not include international passenger fares.

SOURCES OF TRAVEL SPENDING



TOTAL: $855.4 billion

Source: U.S. Travel Association

BY THE NUMBERS

(all data 2012)

$2.0 trillion: Economic output generated by domestic and international visitors (includes $855.4 billion in direct travel expenditures that spurred an additional $1.1 trillion in other industries)

14.6 million: Jobs supported by travel expenditures (includes 7.7 million directly in the travel industry and 6.9 million in other industries)

$200.9 billion: Wages shared by American workers directly employed by travel

$128.8 billion: Tax revenue generated by travel spending for federal, state and local governments

2.8%: Percentage of nation's gross domestic product (GDP) attributed to travel and tourism

No. 1: Where travel ranks among all U.S. industry exports

1 out of 8: U.S. jobs that depend on travel and tourism

No. 7: Where travel ranks in terms of employment compared to other major private industry sectors

84%: Percentage of travel companies that are considered small businesses

2 billion: Number of person-trips* that Americans took for business and leisure purposes

66.6 million: Number of international arrivals in the U.S. in 2012, including 29.6 million from overseas markets

Travel is among the **top 10 industries** in 48 states and D.C. in terms of employment

INTERNATIONAL TRAVEL

- In 2012, international traveler spending (export receipts) totaled **$128.6 billion** and travel spending abroad by Americans totaled **$83.7 billion** (travel import payments), creating a trade surplus of **$45 billion** in favor of the U.S.
- The U.S. received **66.6 million** international arrivals in 2012. Of those, approximately **29.6 million** were from overseas markets and **37 million** were from Canada and Mexico.
- The United States' share of total international arrivals is **6.4%** (down from **7.5%** in 2000).
- International travel spending directly supported about **1.1 million** U.S. jobs and wages of **$27.7 billion**.
- Each overseas traveler spends approximately **$4,455** when they visit the U.S. and stay on average more than **18 nights**.
- Overseas arrivals represent **44%** of all international arrivals, yet account for **78%** of total international travel receipts.
- Greatest challenges facing international visitors: burdensome visa process; unwelcoming entry experience.
- Top leisure travel activities for overseas visitors: (1) shopping; (2) dining; (3) city sightseeing; (4) visiting historical places; and (5) amusement/theme parks.

TOP 5 INTERNATIONAL MARKETS TO USA (ARRIVALS)

ORIGIN OF VISITOR	2012
Canada	22.5 million
Mexico	14.5 million
United Kingdom	3.8 million
Japan	3.7 million
Germany	1.9 million

TOP 5 HIGH-GROWTH MARKETS THRU 2017 *(forecasted)*

ORIGIN OF VISITOR	ARRIVALS % CHANGE '17/'12
China	154.7%
Saudi Arabia	87.4%
Brazil	55.1%
Argentina	42.9%
Taiwan	36.4%

Source: U.S. Travel estimates based on U.S. Department of Commerce – Office of Travel and Tourism Industries

Direct spending by resident and international travelers in the U.S. averaged $2.3 billion a day, $97.7 million an hour, $1.6 million a minute and $27,125 a second.

The U.S. Travel Association is the national, non-profit organization representing all components of the travel industry that generates $2.0 trillion in economic output. It is the voice for the collective interests of the U.S. travel industry and the association's 1,350 member organizations. U.S. Travel's mission is to promote and facilitate increased travel to and within the United States. U.S. Travel is proud to be a partner in travel with American Express®. For more information, visit www.USTravel.org or www.TravelEffect.com.

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(03/2013)

Appendix E: Virginia Tourism Corporation Leisure Travel Profile

Leisure Travel Profile to Virginia

Source: TNS TravelsAmerica, FY 2013
Household Trips 50+ miles, one-way, away from home including day trips or with one or more nights away from home to **Virginia** during **FY 2013** for **leisure purposes.**

	Leisure
Sample Size (N)	2,461
Weighted Percent of Total	100% (n=2,347.33)
Primary purpose of Trip	
Visit friends/relatives	58%
Outdoor recreation	6%
Entertainment/Sightseeing	15%
Other pleasure/personal	21%
All purposes of trip	
Q1A Visit friends/relatives - All purposes for trip	69%
Q1A Outdoor recreation - All purposes for trip	20%
Q1A Entertainment/Sightseeing - All purposes for trip	33%
Q1A Other pleasure/personal - All purposes for trip	35%
Q1A Personal business - All purposes for trip	4%
Q1A Business - General - All purposes for trip	1%
Month of Travel	
July	13%
August	10%
September	7%
October	7%
November	7%
December	10%
January	5%
February	4%

March	8%
April	8%
May	9%
June	11%
Total Travel Party Size	
1	23%
2	42%
3	14%
4	13%
5	4%
6+	5%
Mean:	2.6
Median:	2
Travel Party Members Under 18 Years Old	
Travel parties that include children under 18	22%
Modes of Travel Used on Entire Trip (all states visited)	
Q2A Own Auto/truck - All modes of transportation for trip	84%
Q2A Rental car- All modes of transportation for trip	8%
Q2A Camper/RV- All modes of transportation for trip	2%
Q2A Ship/Boat- All modes of transportation for trip	2%
Q2A Airplane- All modes of transportation for trip	13%
Q2A Bus - All modes of transportation for trip	2%
Q2A Train - All modes of transportation for trip	3%
Q2A Motorcoach/Group Tour - All modes of transportation for trip	1%
Q2A Other - All modes of transportation for trip	5%
Primary Mode of Travel Used on Entire Trip	
Own Auto/truck	80%
Rental car	4%
Camper/RV	1%
Ship/Boat	less than 0.5%
Airplane	10%
Bus	1%
Train	1%

Motorcoach/Group Tour	less than 0.5%
Motorcycle	1%
Other	2%

Total Nights Spent on Entire Trip

0	15%
1	12%
2	13%
3	10%
4	9%
5	6%
6	5%
7	8%
8 through 13	15%
14+	7%
Mean:	5
Median:	4

Total Number of Nights at Lodging Used Anywhere in Virginia

1	27%
2	22%
3	15%
4	11%
5+	25%
Mean:	3.7
Median:	3

Types of Lodging Used Anywhere in Virginia

Q4F Number of nights spent in Hotel/Motel	44%
Q4F Number of nights spent in B&B	2%
Q4F Number of nights spent in Private Home	44%
Q4F Number of nights spent in Rental Condo	2%
Q4F Number of nights spent in Time Share	3%
Q4F Number of nights spent in RV/Tent	2%
Q4F Number of nights spent in Other	3%

Travel Party Spending

$0	7%
$1 to less than $100	25%
$100 to less than $250	26%
$250 to less than $500	17%
$500 to less than $750	9%
$750 to less than $1,000	5%
$1000+	11%
Mean:	413.4
Median:	195
Traveler Spending in Virginia (Percentage of Total Spending By Category)	
Q4G Total $s spent on Transportation (excluding parking/tolls)	6%
Q4G Total $s spent on Parking/Tolls	8%
Q4G Total $s spent on Lodging	10%
Q4G Total $s spent on Food/Beverage/Dining (excluding groceries)	22%
Q4G Total $s spent on Groceries	9%
Q4G Total $s spent on Entertainment (excluding gaming)/Admissions	7%
Q4G Total $s spent on (Casino) Gaming	1%
Q4G Total $s spent on Shopping/Gifts/Souvenirs	10%
Q4G Total $s spent on Amenities (golf fees, spa, health club, ski passes, etc.)	1%
Q4G Total $s spent on Other	2%
Q4G Total $s spent on Gasoline	25%
General Activities / Attractions Visited in Virginia	
Arts & Culture	
Q4H Activities/Attractions Visited - Art galleries	4%
Q4H Activities/Attractions Visited - Historic sites/churches	14%
Q4H Activities/Attractions Visited - Museums	11%
Q4H Activities/Attractions Visited - Musical theater	2%
Q4H Activities/Attractions Visited - Old homes/mansions	5%
Q4H Activities/Attractions Visited - Symphony/opera/concert	1%
Q4H Activities/Attractions Visited - Theater/drama	2%
Adventure Sports	
Q4H Activities/Attractions Visited - Hanggliding/skydiving	less than

	0.5%
Q4H Activities/Attractions Visited - Hiking/backpacking	3%
Q4H Activities/Attractions Visited - Rock/mountain climbing	less than 0.5%
Q4H Activities/Attractions Visited - Scuba diving/snorkeling	less than 0.5%
Q4H Activities/Attractions Visited - Skiing/snowboarding (cross country or downhill)	less than 0.5%
Q4H Activities/Attractions Visited - Water skiing	less than 0.5%
Q4H Activities/Attractions Visited - Whitewater rafting/kayaking	less than 0.5%
Sports & Recreation	
Q4H Activities/Attractions Visited - Biking	1%
Q4H Activities/Attractions Visited - Fishing (Fresh/saltwater)	2%
Q4H Activities/Attractions Visited - Golf	1%
Q4H Activities/Attractions Visited - Horseback riding	1%
Q4H Activities/Attractions Visited - Hunting	less than 0.5%
Q4H Activities/Attractions Visited - Major sports event	1%
Q4H Activities/Attractions Visited - Motor boat/Jet Ski	1%
Q4H Activities/Attractions Visited - Motor sports - NASCAR/Indy	1%
Q4H Activities/Attractions Visited - Sailing	less than 0.5%
Q4H Activities/Attractions Visited - Snowmobiling	less than 0.5%
Q4H Activities/Attractions Visited - Snow sports other than skiing or snowmobiling	less than 0.5%
Q4H Activities/Attractions Visited - Tennis	less than 0.5%
Q4H Activities/Attractions Visited - Youth/amateur/collegiate sporting events	1%
Nature / Outdoor Activities	
Q4H Activities/Attractions Visited - Beach	10%
Q4H Activities/Attractions Visited - Bird watching	2%
Q4H Activities/Attractions Visited - Camping	2%
Q4H Activities/Attractions Visited - Caverns	1%
Q4H Activities/Attractions Visited - Gardens	4%

Q4H Activities/Attractions Visited - Nature travel/ecotouring	3%
Q4H Activities/Attractions Visited - State/National Park	9%
Q4H Activities/Attractions Visited - Wildlife viewing	5%
Entertainment / Amusement	
Q4H Activities/Attractions Visited - Casino/gaming	2%
Q4H Activities/Attractions Visited - Fine dining	12%
Q4H Activities/Attractions Visited - Nightclub/dancing	2%
Q4H Activities/Attractions Visited - Shopping	19%
Q4H Activities/Attractions Visited - Spa/health club	1%
Q4H Activities/Attractions Visited - Special events/Festivals (e.g., Mardi Gras, hot air balloon	3%
Q4H Activities/Attractions Visited - Theme park	4%
Q4H Activities/Attractions Visited - Wine tasting/winery tour	2%
Q4H Activities/Attractions Visited - Zoos	2%
Family Activities	
Q4H Activities/Attractions Visited - Family reunion	3%
Q4H Activities/Attractions Visited - High School/College reunion	1%
Q4H Activities/Attractions Visited - Visiting friends	16%
Q4H Activities/Attractions Visited - Visiting relatives	34%
Sightseeing	
Q4H Activities/Attractions Visited - Rural sightseeing	14%
Q4H Activities/Attractions Visited - Urban sightseeing	10%
Household Size	
1	25%
2	39%
3	15%
4	13%
5	6%
6	1%
7	1%
Age of Household Head	
18-24	7%
25-34	16%
35-44	15%
45-54	18%

55-64	18%
65+	25%
Mean:	50.1
Marital Status	
Now married	59%
Never married	19%
Divorced, Widowed, Separated	23%
Education of Male Household Head	
No answer	32%
Grade School	less than 0.5%
Some high school	1%
Graduated High school	9%
Some college - no degree	13%
Graduated college-Associate's degree (2 year)	5%
Graduated college-Bachelor's degree (4 year)	23%
Post Graduate degree-MS,MA,MBA,DVM,PhD,DDS,etc.	16%

Appendix F: PricewaterhouseCoopers Summary of Relevant Regional Markets from Volume 2: Virginia State Tourism Plan prepared by Pricewaterhouse Cooper, March, 2013

Chesapeake Bay Regional Summary:

Regional Facts:

- Region Population: 170,000
- Largest County: 37,000
- Bodies of Water: Potomac River, Chesapeake Bay, Rappahannock River and York River
- 2011 Tourism Expenditures: $428 million
- 2007-11 Expenditure Growth: 4.0%

Highlights of Regional Lures/Strengths:

- Scenic beauty and Outdoor Recreation opportunities
- Natural Assets: Browne State Forest, Chilton Woods State Forest, Dragon Run State Forest, Rappahannock River Valley National Wildlife Refuge, Sandy Point State Forest, Zoar State Forest
- Notable Cities & Towns: Colonial Beach, Irvington, Kilmarnock, Urbanna, Tappahannock
- State Parks: 3
- Presidential and Colonial history
- Proximity to Washington D.C.
- Aquaculture

Regional Challenges:

- Limited regional attraction anchors
- Limited recognition of assets and towns
- Lack of tourism industry maturity
- Differentiation from competition in nearby states - coastline and outdoors
- Limited outdoor and traditional accommodations

- Limited water access
- Limited accessibility - interstate and air
- Challenged economic base
- Limited regional cooperation
- Coastal seasonality

Eastern Shore Regional Summary:

Regional Facts:

- Region Population: 45,500
- Largest County: 33,000
- Bodies of Water: Chesapeake Bay, Atlantic Ocean
- 2011 Tourism Expenditures: $224 million
- 2007-11 Expenditure Growth: 13.4%

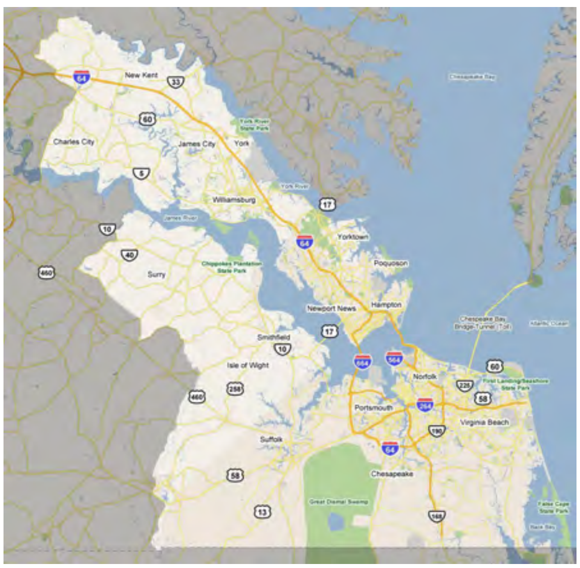
Highlights of Regional Lures/Strengths:

- Scenic Beauty and Outdoor Recreation Opportunities
- Natural Assets: Chesapeake Bay, Atlantic Ocean, Assateague Island National Seashore, Chincoteague National Wildlife Refuge, Eastern Shore of Virginia and Fisherman Island National Wildlife Refuge, Kiptopeke State Park
- Notable Cities & Towns: Onancock, Cape Charles, Chincoteague, Wachapreague, Tangier Island
- Potential for space-related tourism (Wallops Island)
- Aquaculture

Regional Challenges:

- Limited direct access to water experiences
- Limited recognition of assets and towns
- Lack of tourism industry maturity
- Differentiation from competition in nearby states - coastline and outdoors
- Limited accommodations
- Limited accessibility - toll bridge, entry points, air
- Limited regional collaboration
- Challenged economic base
- Coastal seasonality
- Image as pass-through destination - limited water visibility

Hampton Roads Regional Summary:



Regional Facts:

- Region Population: 1.6 million
- Largest Town/city: 438,000
- Border States: NC
- Interstates: I-64
- Commercial Airports: 2
- 2011 Tourism Expenditures: $3.9 billion
- 2007-11 Expenditure Growth: 6.3%

Highlights of Regional Lures/Strengths:

- Colonial, Civil War, Maritime, Military history
- Historic Triangle (Williamsburg, Jamestown, Yorktown)

- Notable Cities & Towns: Virginia Beach, Norfolk, Newport News, Portsmouth, Chesapeake, Hampton, Smithfield, Suffolk
- The Beach
- State Parks: 4
- Interstate connectivity and airports
- Convention Centers: Hampton Roads Convention Center, Virginia Beach Convention Center
- Military presence
- Viewed as a family-friendly, value destination

Regional Challenges:

- Traffic congestion
- Somewhat limited attraction connectivity and perceived distance of regional destinations
- Differentiation from competition in nearby, coastal destinations
- Attendance issues related to historical experiences
- Coastal seasonality
- Image/perception issue to overcome