



Report to: Development Services Committee

Meeting Date: March 7th, 2022

SUBJECT:	Destination Markham Corporation Update / Annual General Meeting Matters
PREPARED BY:	Christina Kakaflikas, Manager, Economic Development Eric Lariviere, City Lead, Destination Markham Corporation

RECOMMENDATION:

1. THAT the report “Destination Markham Corporation Update / Annual General Meeting Matters” be received;
2. THAT Council approve the “Destination Markham Corporation 2022 Business Plan;”
3. THAT Council approve funding in the amount of \$100,000 as part of the Destination Markham Corporation 2022 Budget to support the delivery of the World Hakka Conference;
4. THAT Council approve the Destination Markham Corporation 2022 Budget to a maximum of \$1,444,200; and,
5. THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to provide an update on the Destination Markham Corporation (DMC) 2021 achievements, and to seek Council’s approval for the 2022 Destination Markham Corporation business plan and budget.

BACKGROUND:

Governance

The Destination Markham Corporation (DMC) is a non-profit, municipal services corporation established as the destination management organization (DMO) for the City of Markham. DMC’s mission is to promote Markham as a remarkable destination for visitors, including tourists, sport and festival attendees, meeting and conference delegates, and business travellers.

In accordance with governing legislation and the Agreement between the City of Markham and DMC, the City (through Council) is required to provide approval of certain matters relating to DMC, including the approval of business plans and budgets.

Operations

In 2020, in response to the COVID-19 pandemic, the FedDev Regional Economic Recovery and Relief Fund (RRRF) was established to assist the tourism and hospitality sector. DMC successfully applied for RRRF funding and received approximately

\$470,000 in addition to DMC's base budget of approximately \$2.1M (DMC's share of the 2019 and 2020 Municipal Accommodations Tax revenue).

DMC started up its operation in the spring of 2020, and, as part of Markham's economic recovery plan, DMC led a business support and marketing strategy focused on promoting a 'buy, shop and stay local' campaign.

In 2021, with the persistent pandemic, DMC sustained a wide scope of economic recovery and marketing initiatives to support businesses of the visitor economy and improve consumer confidence.

OPTIONS/ DISCUSSION:

The DMC 2021 business plan laid out the following priorities:

1. Governance, Strategic Leadership, Operation and Capacity Building
Goal: To create an inspiring vision and strategic plan and sustain business levels.
2. COVID-19 Business Support
Goal: To prioritize support for hotels, restaurants, and the tourism industry including small businesses, and sustain efforts to address the impacts of the pandemic.
3. Product and Experience Development
Goal: To encourage the development of destination products and experiences through direct support and partnerships with key stakeholders.
4. Marketing and Communications
Goal: To continue building a highly effective destination marketing program.
5. Industry and Stakeholder Relations/Outreach, and Sustainability
Goal: To build DMC's industry profile as Markham's leading destination organization and primary resource.

In 2021, with constant lockdowns and health and safety restrictions due to the pandemic, and the halt of the collection of the Municipal Accommodation Tax (April 2021), DMC adapted its business focus, pivoting to a hyper-local strategy, developed and implemented business support programs and marketing campaigns, targeting the local and regional market.

DMC completed the economic recovery plan initiative supported through the RRRF remaining funding of \$160,724, and took a conservative budgetary approach, optimizing the impact of many key initiatives.

2021 Destination Markham Corporation Financial Results	
Accumulated surplus, beginning of year	\$2,163,515
REVENUES	\$ 185,355
EXPENSES	\$ 659,364
Programs and Services	\$73,115
Marketing & Business Support	\$277,929
Operation and Administration	\$308,320

Accumulated surplus, end of year	\$1,689,506
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DMC 2021 Key Accomplishments

1. Business Support: Programs and Consumer Confidence

- Boosted the number of businesses adopting the POST – “People Outside Safely Together” Promise from 55 in 2020 to a total of 615 by the end of 2021. The POST Promise program is focused on creating confidence with consumers by encouraging small businesses to voluntarily commit to public health actions that prevent the spread of COVID-19.
- Significantly increased the number of businesses completing the Safe Travels Stamp program - 390 new Businesses joined in 2021, for a total of 402 businesses (12 joined in 2020). The Safe Travels Stamp allows travelers and other travel and tourism stakeholders to recognize destination authorities and companies around the world that have implemented health and hygiene protocols that are aligned with World Travels and Tourism Council’s (WTTC) Global Safe Travels Protocols. Markham championed Ontario with the highest number of Safe Travels Stamps in the Province.
- Partnered with the City of Markham to endorse the Digital Main Street ShopHERE program, which was focused on building e-commerce sites for small businesses.
- Promoted partnerships between the City of Markham and Ritual/Doordash, and Skip the Dishes to stimulate orders from local restaurants and to encourage residents to shop local.
- Partnered with Central Counties Tourism to provide Markham businesses with a PPE reimbursement program.
- Partnered with Markham Small Business Centre and Markham Board of Trade to present a comprehensive business support workshop series.
- Partnered with General Assembly and The Social Place to provide Social Media and Digital Marketing training.
- Partnered with the Association of Chinese Canadian Entrepreneurs to co-promote social media and digital marketing workshops in Mandarin.
- Partnered with Tourism Vaughan, TIAO and the World Travel and Tourism Council to provide an informative session on the POST Promise and the Safe Travel Stamp.
- Partnered with Culinary Ontario to participate in the Great Taste of Ontario Roadtrip.
- Partnered with the BIA’s and Downtown Markham to deliver business support and marketing to their member businesses.
- Partnered with nine Markham hotels, The Concierge Club, and Markham Fairgrounds for the “Together Apart Cirque” destination event and the “Be Our Guest” summer campaign.
- DMC was a finalist for the TIAO Resiliency Award for Sustainability.
- DMC was awarded a My Main Street Grant Local Business Accelerator grant, a program in support of the revitalization of main street communities by

providing a dedicated My Main Street Ambassador, customized marketing research and data analysis, and non-repayable funding contributions for small businesses. DMC's project seeks to develop a successful business support model that can be replicated in different parts of the City, working with a business node including First Markham Centre, First Markham Place, and the surrounding business area. The My Main Street program is a partnership between the Economic Development Council of Ontario and the Canadian Urban Institute. It is funded by the Federal Economic Development Agency for Southern Ontario. The initiative will be implemented in 2022.

2. Economic Recovery Support: 2021 Industry Workshops

Destination Markham developed and delivered a series of 11 workshops to support business recovery, help small business to enhance their digital presence and pivot to digital marketing, and boost consumer confidence. Over 450 tourism and hospitality owners, operators, and professionals attended the various workshops.

- February 3, 2021: *Building Consumer Confidence with POST Promise and Safe Travels* in partnership with Tourism Vaughan, with Laura Hearn, President & Executive Director of POST Promise and Beth Potter, President and CEO of Tourism Industry Association of Ontario (TIAO).
- February 8, 2021: *How to Build an Instagram & Facebook Strategy That Converts: Strategy & Content Creation* with Lindsay Sganga, The Social Place.
- February 22, 2021: *How to Build an Instagram & Facebook Strategy That Converts: Grow and Maintain a Digital Community* with Lindsay Sganga, The Social Place.
- February 23, 2021: *Social Media Strategy Mapping / 社交媒体策略映射* presented in Mandarin, with Lexie Lou from General Assembly.
- March 8, 2021: *Building Brand Awareness with Google Part 1: SEO Training for Beginners* with General Assembly.
- March 22, 2021: *Building Brand Awareness with Google Part 2: Introduction to Google Ads* with General Assembly.
- April 6, 2021: *Introduction to Selling on Social Media* with Keith Tomasek.
- April 20, 2021: *Beyond the Boost: Part 1* with Keith Tomasek.
- April 27, 2021: *Beyond the Boost: Part 2* with Keith Tomasek.
- July 21, 2021: *Roadmap to Reopening* with Workplace Safety and Prevention Services.
- October 7, 2021: *Roadmap to Reopening* with Workplace Safety and Prevention Services, Ministry of Labour & WSIB.

3. Product and Experience Development: DMC Partnership Support Program and DMC Conference, Meetings, and Events Support Program

- DMC developed and launched its first partnership program to provide support to tourism and destination organizations who are working through the

pandemic to keep their business open and facilitating projects for the recovery and revitalization of the visitor economy in Markham. Two intakes took place in April and September 2021 for a total of 10 projects awarded. Some of the projects were not completed or postponed to 2022, due to the pandemic restrictions.

Organizations/Business Name	Project Type	Project Title
Astro Zodiac Enterprise Ltd	Family Event	Dino Holiday
Flato Markham Theatre	Experience Development	Pop-up Experience
Markham Jazz Festival	Experience Development	Rooftop Garden Concert
Kindred Spirit Orchestra	Cultural Series	2021-2022 Concert Series
Markham Arts council	Hospitality Concert Series	Artists in restaurants
Markham Village BIA	Marketing Initiative	Farmer's Market Contest
Markham Village BIA	Marketing Initiative	Festival of Lights& Holiday
Unionville BIA	Marketing Initiative	Unionville Market
The Concierge Club	Destination Event	Together Apart Cirque
The Duchess	Experience Development	Winter Heated Patio

- DMC developed its first Major Conferences, Meetings and Events (CME) Support Program to provide support to large scale events that have a positive impact on the economic tourism sector in Markham, including conferences, conventions, events, and trade shows. The program will provide support for facilities and organizers that are choosing Markham as their project destination. The main project must take place in the City of Markham and make a direct contribution to the Markham's hotel and hospitality businesses, bringing direct positive impact to the local visitor economy. The event must attract a minimum of 250 delegates and/or a minimum of 100 contracted room night bookings.

4. DMC Branding, Marketing and Key Initiatives

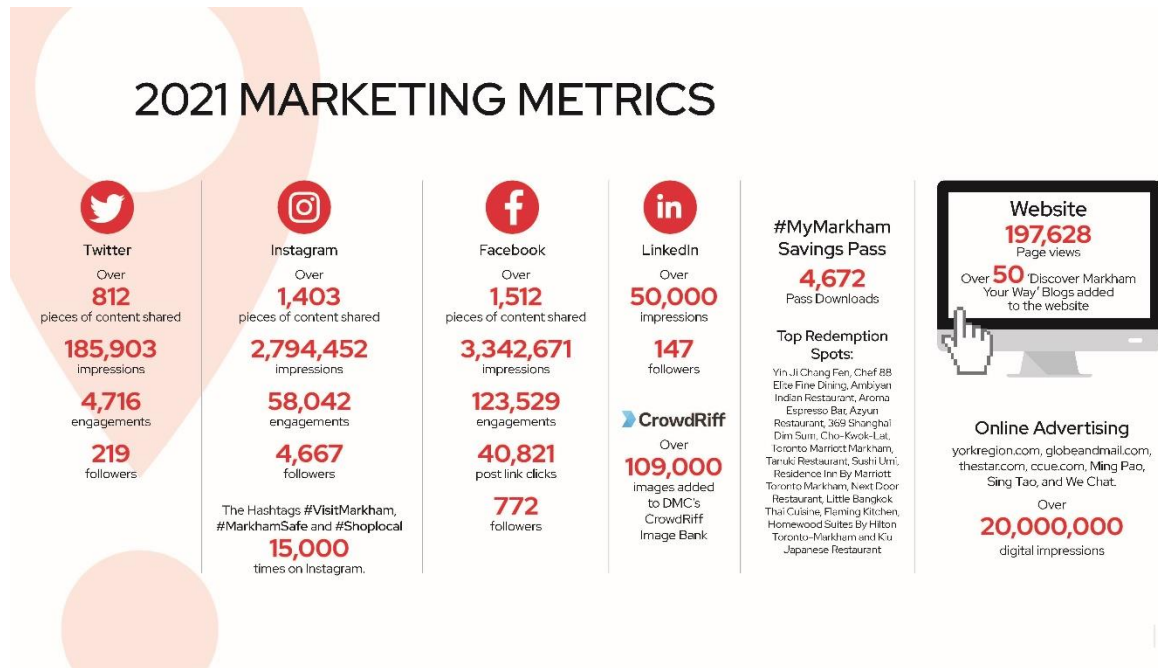
2021 marketing communications goals included: To engage tourism, hospitality, and attraction businesses in promoting safe recovery and re-opening; to re-establish consumer confidence in existing markets; to expand in new markets and increase the reach.

2021 Marketing Campaigns:

- January to March 2021: Show Some Markham Love Campaign; Take Out To Help Out Campaign.
- February 2021: Welcome to the Neighborhood Campaign - highlighting 12 Markham Neighborhoods in 2021.
- March 2021 to August 2021: Staycation In Markham Campaign - Contests with Markham Hotels.
- March 2021 to December 2021: #MyMarkham Pass Savings Pass Campaign.

- June to October 2021: Be Our Guest Campaign (Together Apart, DMC Cash Cards) - Stay, Play, Eat, Golf, Explore.
- September to October 2021: Fall in Love with Markham Fall Campaign.
- November to December 2021: Warm Up This Winter in Markham Campaign - Winter #MyMarkham Savings Pass, Shop Local.

An overview of the marketing results and key performance indicators are as follows:



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Marketing Highlights:

- Interviewed all 16 hotel operators in Markham and created Staycations giveaways in Markham promoted on social media and digital advertising.
- Curated and shared meaningful content from local businesses in Markham.
- Advertising placements in the Globe & Mail, Toronto Star, York Region Metroland Papers, Ethnic Media such as Sing Tao and Ming Pao.
- Radio campaigns with 105.9 The Region, Sing Tao Radio and Fairchild Radio.
- Digital advertising campaigns with Toronto Star, Globe & Mail, York Region.com, Sing Tao, Ming Pao, CCUE and the Google Advertising Network.
- Social media marketing campaigns targeted Markham residents on WeChat, Instagram, Facebook and LinkedIn.
- Created and grew the Markham Savings Pass to 107 businesses by the end of 2021 with 4088 pass downloads.
- Created and shared over 50 blogs featuring hundreds of Markham business.

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- Launched business features across social media to better promote hotels, restaurants and other small businesses, increase engagement with the local community and further increase consumer confidence.
 - Partnered with a variety of social media influences to highlight Markham hidden culinary gems.
 - Positioned #DiscoverMarkham stand alone business features on retail, restaurants for social media, highlighting business' unique characteristics and strengths.
 - Promoted Biweekly #shop local social media campaigns across specific weekly themes (i.e.: clothing, home décor, takeout) to promote multiple businesses in Markham.
 - Promoted #WorkfromHotel Feature published to highlighted alternative work from home arrangements, promoting Markham hotel partners.
 - Developed "Explore Markham" content to inspire Markham residents and visitors to get out and explore Markham.
 - Created #GolfinMarkham drone and interview videos featuring our world-class golf courses in Markham, done by a Golf in Ontario influencer.
 - Themed itineraries focusing on regional culinary cuisine to better promote Markham's diversity.
 - Digital Marketing: Expanding the reach of DMC through targeted digital marketing campaigns both in English, Cantonese and Mandarin through paid social media and digital ads on the Toronto Star, Globe and Mail, YorkRegion.com, Ming Pao, Sing Tao, WeChat and the Google Advertising network, to name just a few.
 - Several new tools were added to the DMC marketing tool box:
 - CrowdRiff: this innovative digital platform offers visual storytelling solutions for destination marketers. Over 109,000 images have been added to the DMC CrowdRiff account, all provided by visitors and residents of Markham.
 - DMC Website: Added an Events Calendar to showcase what's happening in Markham.

Additional Marketing Business Support:

- Over 750 Markham businesses were profiled and promoted on DMC's social media channels (Twitter, Facebook, Instagram & LinkedIn) and in Visit Markham Itineraries and Blogs.
- 25 Markham social media influencers were engaged to profile local Markham spots to their over 200,000 followers.
- Over 50 blogs written and published on the Visit Markham website and shared through DMC's marketing efforts.
- All 16 Markham hotel properties reflected on the DMC website with their own profile and unique pages.
- Developed a Markham Business Toolkit to educate the business community on what grants and supports are available during the pandemic (now available in English, Cantonese, and Mandarin).

5. Capacity Building

- Selected and implemented a Customer Relationship Management platform (iDSS).
- Created databases for: B2B, B2C, Markham Business Information, Event Spaces, Hotels.
- Implemented DMC payroll system.

6. Market Research in support of Business Planning

In preparing the plan, and as the pandemic continues to be a factor for the industry restart and consumer confidence, DCM conducted primary and secondary research to inform the 2022 Business plan and start establishing some benchmarks for future KPIs. In summary:

Primary Research highlights:

- DMC geo-mapping research on Markham visitorship insights - for the first time, DMC worked with Central Counties Tourism to implement an additional research tool called geofencing, providing a deeper understanding of Markham's visitorship through mobility data. The purpose of the research was to find out what visitorship looks like and establish a benchmark with 2019 visitorship in Markham for 13 select destination points: The Markham Pan Am Centre, Flato Markham Theatre, Pacific Mall, the Residence Inn Toronto Markham, the Comfort Inn Toronto Northeast, the Courtyard & Town Place Suites Toronto Northeast Markham by Marriott, Liberty Suites, the Toronto Marriott Markham, the Hilton/Markham Suites Conference Centre & Spa, Markham Village BIA, Unionville Mainstreet BIA, Markham Fairgrounds, and Angus Glen Golf Course.
- Key insights and benchmarks:
 - Total visits FY 2019: 19,776,885 people local and tourists (40km+) visited the 13 destinations in 2019.
 - Weekend visits 30%; weekend visits by tourists: 10%.
 - Weekday visits: 70%; weekday visits by tourists 8%.
- Economic impact for the 13 destinations combined for domestic visitors in Markham for 2019 combined is \$262,957,240.
- The research also provided a wealth of information on the visitors' socio-demographic and psychographic profiles, consumer pattern, and place of residence within Canada.

Secondary research highlights:

- Hotel data: Hotel occupancy in 2021 – York Region: 51%; +34% vs. 2020.
- Industry data and trends:
 - In general, trends and intents to travel, to reserve accommodations, visit restaurants and other hospitality venues correlate with the level of restrictions.

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- Consumer confidence remains fluid:
 - Since last fall, according to Ipsos, consumer confidence in Canada decreased to 51.41 points in February losing 4 points since October
 - Consumer Confidence in Canada is expected to be 52.00 points by the end of this quarter, according to Trading Economics global macro models and analysts expectations. In the long-term, the Canada Consumer Confidence is projected to trend around 51.00 points in 2023 and 55.00 points in 2024.
 - Destination Canada surveys have demonstrated the same trend. For instance, for its recent surveys, (February 8th, 2022):
 - After a significant increase the previous week, feelings of safety have stabilized for the local and regional destination, slightly decreased for travel within Canada, and decreased significantly towards other international destinations, outside the US.
 - However, sentiment towards visitors from all destinations have generally been trending higher over the past 2 weeks tracked.
 - If public health and health system indicators continue to improve, and sustain, consumer confidence will improve, and the visitor economy is on track to recovery and growth

DMC will continue to work together with authorities, stakeholders, hotels, and hospitality businesses to develop partnerships and coordinate local efforts and strategies to restart the visitor economy, boost consumer confidence, and activate a growth strategy.

DMC 2022 Business Plan and Budget

In September 2021, the DMC Board of Directors engaged in a business planning exercise to determine key priorities, goals, and deliverables for DMC. The process began with an overview of market research findings and anticipated trends followed by focused priority-setting discussions. The plan and budget also take into consideration that the City will resume collection of the Municipal Accommodation Tax, starting in April 2022, with an estimated annual revenue of \$810,000. The estimated accumulated surplus as of December 31, 2021 is \$1,689,506.

A copy of DMC's audited financial statements for 2020 are attached. A copy of DMC's audited financial statements for 2021 will be presented to Council in April 2022, as part of the City of Markham's consolidated financial statements.

The following are the key priorities, goals, and deliverables for 2022.

Business priorities, Key Goals and Deliverables:

- 1. STRATEGIC LEADERSHIP & CAPACITY BUILDING**
Budget allocation: \$471,000
Strategic Priority #1

To continue building organizational capacity

Key Goal #1

To create an inspiring vision and strategic plan, and to improve capacity

Deliverables:

Destination Markham will be positioned to lead Markham's Tourism Destination Management & Development needs into the future.

- To develop DMC inaugural Tourism Master/Strategic Plan (TMSP).
- To enhance capacity and sustainability for business operation and administration and equip DMC to align with 2022 business priorities, and TMSP.
- To develop a comprehensive destination points and resources mapping industry tool, based on sound research, systemic data collection, and analytics.

2. RESTARTING AND STRENGTHENING MARKHAM'S VISITOR ECONOMY

Budget allocation: \$315,000

Strategic Priority #2

To restart Markham's visitor economy

Key Goal #2

To directly impact the restart of the visitor, and continue to build DMC's industry profile as the leading tourism authority in Markham

Deliverables:

DMC is recognized as Markham's leading destination organization and primary industry resource

- To actualize and sustain the Destination Markham Ambassadors Program and business outreach initiatives, and programs.
- To sustain support for the post-pandemic economic restart, including with increase impact of key initiatives such as the "Markham Saving Pass" program, and encourage destination experiences (with the support of the Partnership Support Program).
- To expand key destination points/business clusters through the My Main Street Local Business Accelerator program.

3. DRIVING GROWTH

Budget allocation: \$349,000

Strategic Priority #3

To drive growth

Key Goal #3:

To develop the market for conferences, meetings, events, and leisure, and to position Markham brand as a destination on the domestic and international market

Deliverables:

DMC leads towards attracting new business and stimulating a diversified visitor economy

- To create DMC's inaugural Conference, Meeting, and Event Office (CMEO) and attract major conferences, meetings and events/initiatives in Markham.
- To expand and stimulate the leisure market through targeted conferences, meetings, and events and marketing initiatives. This will include supporting the World Hakka Conference to be delivered in 2022.
- To expand DMC's digital and information system footprint in support to the growth strategy.

4. MARKETING AND COMMUNICATIONS

Budget Allocation: \$309,000

Strategic Priority #4

To position the "Markham Brand" and its value proposition in the tourism sector

Key Goal #4

To promote Markham as a diverse and leading destination in Canada.

Deliverables:

Residents and Visitors alike share the same sentiment: Markham is an incredible destination for people to visit and stay, to host conferences, meetings, events, for athletes of major sporting events to compete, and for friends and family to visit.

- To grow marketing capacity, in alignment with DMC's growth strategy and CMEO.
- To position Markham's brand as a destination for external domestic and international markets (groups and leisure).
- To expand high performance digital platforms and targeted marketing programs.

DMC 2022 Budget Summary

Business Priorities	Budget Allocations
1. Strategic leadership and capacity building \$471,000	
○ Strategic Plan	\$ 75,000
○ Operations and administration	\$ 100,000
○ Capacity building and equipping	\$ 90,000
○ Staff Salaries	\$ 206,000*

2. Restarting the Visitor Economy	\$ 315,000
○ Programs and support	\$ 130,000
○ Resources, Ambassador program	\$ 185,000
3. Driving Growth	\$ 349,000
○ Business Development	\$ 230,000
○ Staff Salaries	\$ 119,000
4. Marketing and Communications	\$ 309,200
○ Agency Fee and staff salaries	\$ 143,000
○ Marketing & Web	\$166,200
TOTAL BUDGET	<u>\$1,444,200</u>

* Staff salaries are under review and opportunities for synergies are being explored.

DMC Budget Forecast

DMC 2022 Business Plan proposes that:

- DMC will complete its inaugural Tourism Strategic Master Plan and that this plan will likely influence future business planning;
- DMC's business focus will shift towards a business development and growth strategy;
- DMC will take a conservative approach in monitoring and controlling its costs;
- The Municipal Accommodation Tax collection will resume in April 2022 without any further interruption.

Therefore, DMC proposes the following three (3) year budget forecast, with gradual increase in revenues, reaching same pre-pandemic revenue levels by 2025. Supporting a conservative approach in forecasting DMC costs, DMC anticipates sustaining the reserve to current level, ending with a balance of near \$1.2 M in 2025.

Budget 2022-2025							
				Proposed	Forecast		
				2022	2023	2024	2025
REVENUES				\$ 917,500	\$ 1,220,000	\$ 1,695,000	\$ 2,080,000
EXPENSES				\$ 1,444,200	\$ 1,500,000	\$ 1,650,000	\$ 1,815,000
Programs and Services				\$ 130,000	\$ 140,000	\$ 154,000	\$ 169,400
Business Development				\$ 230,000	\$ 270,000	\$ 297,000	\$ 326,700
Marketing				\$ 266,000	\$ 270,000	\$ 297,000	\$ 326,700
Operation and Administration				\$ 818,200	\$ 820,000	\$ 902,000	\$ 992,200
Net Income				\$ (526,700)	\$ (280,000)	\$ 45,000	\$ 265,000
Balance Reserve				\$ 1,162,806	\$ 882,806	\$ 927,806	\$ 1,192,806

In 2022, DMC plans to complete a strategic plan for the organization that will provide a more detailed business plan and financial forecast for the next five years. This new strategic plan will be submitted to Council for approval.

FINANCIAL CONSIDERATIONS

The pandemic has had a significant impact on tourism, hospitality, and the visitor economy in 2021. The Destination Markham Board of Directors has built into the budget flexibility and agility to deliver on its goals, objectives and deliverables as defined above. This includes earmarking funds to support the restart of the visitor economy, to drive growth, and to improve Markham position as a destination for conferences, meetings, and events on the domestic and international markets.

The Destination Markham Corporation Board of Directors voted in favour of the aforementioned 2022 Business Plan and Budget of \$1,444,200 and is seeking Markham Council's approval of the plan and budget to ensure business continuity and to move forward with plan implementation.

The proposed budget will be funded through the current reserve, the upcoming 2022 MAT revenue – collecting will resume in April 2022, and grants. The Board and team will continue to actively pursue grant opportunities that align with DMC's business priorities. The estimated balance of the reserve at the end of 2022 will be \$1,162,806.

HUMAN RESOURCES CONSIDERATIONS

Human resource decisions will be made to fill critical positions and will investigate synergies with City staff.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Engaged, Diverse, and Thriving City
Stewardship of Money and Resources

BUSINESS UNITS CONSULTED AND AFFECTED:

Economic Growth, Culture & Entrepreneurship
Finance Department

RECOMMENDED BY:

Chris Rickett
Director, Economic Growth, Culture
and Entrepreneurship

Arvin Prasad
Commissioner, Development
Services

ATTACHMENTS:

- DMS 2020 Audited Financial Statements