

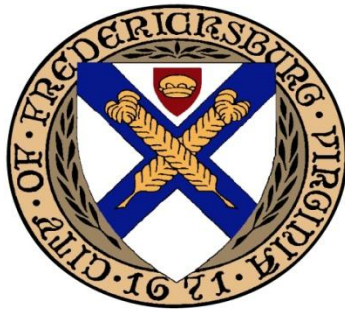
CITY OF FREDERICKSBURG

DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

Tourism Development Plan

Who we are, situation analysis, target markets, objectives, strategies and tactics.

March, 2012



Prepared in application and adopted provisionally by Fredericksburg City Council March 13, 2012 for the Commonwealth of Virginia Tourism Development Financing Program for matching state tourism incentive funding for the Eagle Village Hotel project and future hospitality and tourism projects in the City of Fredericksburg.

City of Fredericksburg Tourism Marketing Plan

Summary and Introduction.

Note: This is a tourism marketing plan specifically for the City of Fredericksburg. The City of Fredericksburg participates in a regional tourism marketing program with its neighbors, Stafford and Spotsylvania Counties, which in addition to sharing jurisdictional borders, have shared or complementary resources and attractions, such as colonial settlement, the Civil War, ties to George Washington, the Rappahannock River, I-95, and more. The regional tourism partnership pools funds for shared advertising to markets along the I-95 corridor, an annual visitor guide and its distribution, advertising response, a website, and group and meetings sales. Each locality in the regional tourism partnership also has separate budget for tourism promotion within its own jurisdiction.

The City sets its values in its Comprehensive Plan and City Council annually revisits its Goals and Initiatives to make clear its priorities and values, which are reflected in this plan. Additionally, the Fredericksburg Economic Development Authority's Strategic Plan defines many tourism-related priorities also included the plan.

Who are we?

Fredericksburg is a small city, population 24,500, located in the Virginia piedmont at the falls of the Rappahannock River. Its neighbor to the west and south is Spotsylvania County; Stafford County lies to the north and east across the Rappahannock River. Its location on the Rappahannock River has played a significant role in its history and economic vitality. Its early settlement, importance in colonial times, pivotal role in the Civil War and situation on U.S. 1 and later, I-95 have all contributed to its renown and stability. The city's early prosperity left an appreciable inventory of 18th and early 19th century buildings in or near the original town and that core of significant architecture is the heart of the city's modern day appeal.

With heritage tourism an essential component in Fredericksburg's tourism mix, the city also claims strong arts and culture, epicurean/cuisine, events, entertainment and outdoor recreation visitation.

The Fredericksburg area is located in central Virginia on Interstate 95. Traditionally, the primary tourism marketing focus, especially that of the regional tourism partnership, has been on heritage tourism. The city and neighboring counties have a colorful colonial, Revolutionary and Civil War history. There are historic attractions plus four major Civil War battlefields in the region. George Washington grew up in the Fredericksburg area, and many of the historic sites have a tie to his presence here, including Washington's boyhood home, a colonial living history tavern, a plantation home, Washington's mother's home, and a colonial apothecary shop. In addition, the attractions include the Fredericksburg Area Museum, an area history museum; the James Monroe Museum and Library; and Gari Melchers's Belmont, a historic home and art gallery.

However, the tourism offerings have broadened in the city beyond the heritage tourism category, and these assets hold the greatest opportunity for growth. The city chooses to emphasize arts, dining, events and shopping in its modest stand-alone marketing efforts. Fredericksburg's 40-block National Historic District is a unique and successful attractor, with strong repeat visitation. In 2010 an Arts and Cultural District was created that can further

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encourage arts development. Art galleries and studios dot the district. Cultural events ranging from performing arts to gallery and show openings and a street art festival mark a busy calendar of events. In addition to arts venues, more than 30 individually-owned restaurants, unique shops and boutiques line the streets of the downtown commercial district. An Amtrak station anchors the commercial district's south end. The scenic Rappahannock River is a continuous source of recreation and sport.

A large tourism campus, Celebrate Virginia is developing at the city's western edge. The Fredericksburg Expo and Conference Center, a privately owned and operated 110,000 square foot facility hosts trade and consumer shows, meetings and conferences as well as reunions and social events. Fredericksburg EDT staff actively promotes the expo center as well as other meeting venues at hospitality industry trade shows and in direct sales. Near the expo center are three national brand hotels: Hampton Inn and Suites, Homewood Suites, and Hilton Garden Inn. A Wegmans store, considered a rock star in the grocery business, opened in Celebrate Virginia in 2009 and regularly attracts shoppers from a 75-mile radius.

Kalahari Resorts has announced plans to build a \$200 million 800-room hotel, conference center and six-acre indoor water park facility in Celebrate Virginia. The city negotiated a substantial incentive agreement to recruit Kalahari Resorts in which a portion of revenues will be returned to Kalahari. The agreement has not been exercised as the resort owner is currently seeking an acceptable financing package.

The University of Mary Washington's main campus is located in the center of Fredericksburg and is an active generator of popular music, drama, arts, lectures and sports events. In 2011, the university dedicated the 52,000 square foot William M. Anderson Center that can host athletic and special events. This facility lies just across U.S. 1 connected by a pedestrian bridge to Eagle Village the city's first mixed use development. Eagle Village has a mix of retail, commercial and residential space, and construction of a 93-room hotel will begin in 2012. The hotel is an essential addition to the city's lodging inventory and it will fill a need for the many visitors to the UMW campus and nearby Mary Washington Hospital.

The campus of Mary Washington Hospital, the region's Level II trauma center, adjoins the Eagle Village development. The hospital campus with an assortment of health care professional offices and services drives significant transient corporate business and visiting friends and family. Military and government facilities in the region are another source of transient corporate clientele, including Quantico Marine Corps Base, the Dahlgren Naval Surface Weapons Base, and Fort A.P. Hill.

A mobile children's museum, ExploreIt!, has been created and the board is actively seeking a permanent location. The museum board with professional guidance is aggressively developing a business plan for the further advancement of the museum.

Fredericksburg enjoys tourism year 'round, especially with the development of the Fredericksburg Expo and Conference Center and expansion of the arts and special events. The strongest visitation is experienced April through October. The city's location on I-95, the primary north/south interstate artery on the eastern seaboard, is a tremendous boon to visitation.

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Target Markets.

With the assets of the historic district serving as the primary attractor, the city's audience skews to well-educated, married couples, homeowners, 35 years and older, with a household income in excess of \$75,000 (adjusted for inflation), white collar or retired workers. The top DMA's for visitation (measured at the Fredericksburg Visitor Center) are Washington, D.C., Richmond, New York City, Philadelphia, Norfolk and Baltimore.

In addition to the regional tourism focus on the heritage tourism traveler, group and meetings sales, the City of Fredericksburg has additional focus on the arts and cultural visitor, dining enthusiasts, traditional downtown shopper and special events attendees.

See the 2003-04 Longwoods International Study on Tourism Impacts and Marketing Opportunity. http://www.fredericksburgva.gov/uploadedFiles/Tourism_and_Business_Development/GeneralContent/November_Public_Presentations_LB.pdf?n=6944]

See also the Virginia Tourism Corporation FY 2007-09 Demographic Profile of the Fredericksburg Visitor http://www.fredericksburgva.gov/uploadedFiles/Tourism_and_Business_Development/GeneralContent/10118_Fredericksburg_Profile.pdf

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Situation Analysis.

The City of Fredericksburg is a partner in a long-standing regional tourism cooperative with its county neighbors, Stafford and Spotsylvania. Each participating locality contributes an equal financial share to the partnership. The city takes leadership in the program, managing the budget and acting as the primary contact for the contracted advertising and marketing agency. City staff also assumes group and meetings and conventions marketing responsibility, which is funded by regional tourism partnership. The county representatives manage the advertising response program and the regional golf marketing program. The tourism partnership in 2010 sought and secured a private vendor, FredericksburgVAcations, to sell vacation packages for the region.

With an economic downturn in recent years, the marketing and promotional budget of the Department of Economic Development and Tourism has been greatly affected. Advertising, travel and other marketing efforts have been cut by more than 30 percent. Strategies and tactics have been adjusted to fiscal realities, with travel focused solely on straight sales opportunities. Staff and budget are imbalanced, with many sales and marketing functions funded largely by the regional tourism budgets. In comparison, tourism marketing budgets in the city's competitive set that have different funding sources, such as a dedicated tax or bed tax, have remained at high levels.

Fredericksburg is the home to numerous small, non-profit or National Park Service attractions that have minimal marketing and advertising budgets. There currently is not a large private sector hospitality industry business in the city with a marketing budget to aid in drawing visitors to the city. Kalahari's ambitious resort waterpark hotel and conference facility has not advanced; there is not a large, well-endowed foundation or a theme park to invest in marketing the city.

The city is host to hundreds of events annually, from street festivals to outdoor concerts, First Fridays arts openings, lectures, cultural events and more at the University of Mary Washington, charity walks and runs, art shows, and much more. One special event with an economic impact exceeding \$2 million in sales revenues has been the Marine Corps Historic Half Marathon which registers 8,000 runners that come from all 50 states and numerous foreign countries. Some events are organized by for-profit entities that independently invest in advertising and marketing. Many events are organized by non-profit groups to create awareness and as fundraisers. Most events are not organized by the staff of the City of Fredericksburg but efforts are made to provide in-kind support and marketing assistance as feasible and appropriate.

Restaurants and lodging properties reap higher benefits to the city through meals and transient lodging taxes, totaling more than \$8.9 million in 2011. With the existing tourism zone incentives, these businesses can more readily attain tax thresholds and have acquired the majority of the 13 active business incentive agreements with the city.

The city has an active Economic Development Authority that, with the benefit of bond fee revenue, is capable of funding a variety of grants and programming. The EDA is a willing partner to the city's tourism and technology business incentive programs and has its own grant opportunities that support business development and retention, including many tourism-related businesses.

Fredericksburg's historic downtown is an authentic American downtown with a variety of retail, restaurants, lodging, art galleries and studios, special events, tour services, museums and historic attractions. It is a focal point for the community.

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Marketing Objectives.

The primary goal of the tourism section of the City of Fredericksburg Department of Economic Development and Tourism is to increase taxable sales related to travel; to encourage business retention, expansion and location in hospitality, retail and related sectors; and improve the visitor experience in product, surroundings and presentation.

Specific one-year objectives include:

- Annual visitation increase by two percent to more than 900,000.
- Annual meals and lodgings revenue increase by three percent to more than \$9,167,000.
- Combined private and public sector investment of \$15 million.
- Visitor satisfaction surpasses the state satisfaction levels.
- Total partnership participants in marketing plan will be at least five.

Taxable sales will increase with the success of attractions, galleries, stores, restaurants and tours. ***The goal is to generate more visitors for longer stays, spending more money in the City of Fredericksburg.***

Other defined objectives include:

- Utilize “Fredericksburg Timeless” branding to convey the city’s heritage and vitality;
- Strengthen a downtown organization to partner in advertising and marketing programs;
- Enhance the identification of the arts community through visual display, events, programs and education;
- Enlist stakeholders and citizens in visitor and business recruitment;
- Seek publicity to augment current advertising and marketing budgets;
- Increase use of electronic media for cost efficiencies; increase visitor use of tourism website;
- Partner with relevant organizations in tourism development projects;
- Inform stakeholders of tourism opportunities and advancement;
- Seek opportunities to develop new tourism-related products and programming to expand markets, increase visitation and enhance revenues;
- Use economic development tools, such as local and state incentives to recruit new private sector tourism-related businesses and investment;
- Support the “Buy Local, Shop 22401” message in city business interaction.

With the existing regional tourism marketing program focusing on the heritage tourism visitor, group tours and the meetings and conventions markets, the focus of the city tourism program is on strengthening and promoting four significant travel sectors with complementary characteristics:

- Arts and Culture
- Dining and Epicurean Experience
- Shopping/Downtown
- Special Events

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Strategies and Tactics

Arts and Culture. Seek opportunities to support and promote arts and cultural visitation.

Build recognition of Fredericksburg’s visual and performing arts culture.

- Support the work of the Arts Commission.
- Designate the downtown arts and culture district with signage.
- Continue to support the successful First Friday show openings through advertising.
- Encourage artists, galleries and performing arts groups to post their public events on VisitFred.com.
- Host media visits to performances, events and businesses to increase publicity.
- Encourage arts businesses and organizations to publicize their activities.
- Utilize the work of local artists in department promotional work.
- Encourage a public art program.
- Support new events that draw arts and culture visitors to the city and expose them to existing arts businesses.
- Produce and distribute collateral materials that support the art community.
- Build group visitation for arts and cultural events.
- Seek to integrate arts and cultural exposure into meetings and conventions activities.
- Create travel packages that blend with the “The Greatest Vacation...” theme.

Strengthen the business viability of existing and developing arts entities.

- Identify programming that can educate artists and arts-related non-profits in building a successful business plan.
- Refer arts business prospects to resources for business development planning.
- Create opportunities for arts businesses to network and share information.

Identify means of investing in arts and cultural tourism advertising and promotion.

- Seek arts marketing grants.
- Partner with arts groups in advertising and marketing opportunities.
- Request increased financial tourism marketing support in the city budget.
- Propose the Economic Development Authority designate a portion of its JumpstART budget to matching arts marketing grants.
- Maximize arts and cultural tourism marketing through electronic and social media.
- Cross market with other market segments, i.e. dining and epicurean, downtown retail and special events visitors.

Dining and Epicurean. Build visitation to Fredericksburg that is based in culinary interests.

Seek opportunities to build food and culinary-related visitation to the city.

- Continue to support the annual winter and summer Restaurant Week events. The January 2012 event had a 21 percent increase over 2011, selling 6,150 meals.

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- Continue the partnership with the Farmers Market on the Family table event.
- Support the development of more restaurant and culinary events throughout the year.
- Identify potential partners to enhance culinary tourism to the city.
- Seek to diversify the types of restaurants and food-related businesses in the downtown.
- Maintain a database of cooking-related businesses, including those without a public presence for business referrals.
- Host media visits to increase publicity for Fredericksburg’s culinary businesses and resources.
- Seek opportunities for experiential culinary tourism.
- Create culinary travel packages that build on the “The Greatest Vacation...” theme.
- Make restaurants a permanent offering from the travel package supplier, FredericksburgVAcations.
- Continually reinforce the “Buy Local, Shop 22401” message.

Assist existing or prospective culinary businesses in sound and strategic development..

- Provide referrals to business development centers for assistance with developing a business plan and sound financial support.
- Provide referrals for development support for new businesses.
- Seek resources for continuing education, sharing of best practices, and innovations in restaurant and food-related businesses.

Identify means of investing in culinary tourism advertising and promotion.

- Seek tourism marketing grants that encourage culinary tourism.
- Partner with restaurants and related businesses in advertising and marketing opportunities.
- Request increased financial tourism marketing support in the city budget.
- Develop restaurant week promotions that build a database for future culinary tourism marketing.
- Build on existing social media that supports culinary tourism.
- Encourage individual food-related businesses to increase their use of social media.
- Cross market with other market segments, i.e. arts and cultural, downtown retail and special events visitors.

Shopping/Downtown.

Strengthen recognition of the downtown shopping district to draw visitation.

- Continue the holiday “Window Wonderland” event.
- Sponsor the annual “Itty Bitty City Tour”
- Develop other promotions or help support other efforts to increase downtown foot traffic.
- Partner with media and the downtown marketing group in regional promotional projects.
- Create shopping travel packages that build on the “The Greatest Vacation...” theme.
- Seek a publicity boost through an extraordinary shopping travel package.

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- Use cross marketing with complementary segments, culinary, special events and the arts to build recognition of the district.
- Install banners in the downtown shopping district celebrating arts, dining and shopping.
- Help assure that the downtown presents itself well, facilitating façade and streetscape improvements and maintenance.

Continue to seek a well-sustained downtown organization that can partner in marketing, business recruitment and the downtown infrastructure.

- Continue involvement in the development of a Main Street or program with similar goals.
- Aid in the development of annual allocations from the city and EDA budgets.
- Aid in the development of a business plan for the organization as appropriate.

Build retail strength.

- Develop additional promotions that build traffic and increase awareness, such as “Window Wonderland.”
- Identify opportunities to partner with downtown organizations, i.e., travel packaging, First Friday, etcetera.
- Partner with an appropriate group to develop a shopping card for the downtown district.
- Develop use of the shopping cards as an element in travel packages.
- Always use the shopping cards for awards in city promotions.
- Partner on a holiday promotion of the cards, perhaps using a discount to increase sales
- Seek to leverage special events for the benefit of existing businesses.
- Cross market with other market segments, i.e. dining and epicurean, arts and culture and special events visitors.
- Continually reinforce the “Buy Local, Shop 22401” message.
- Actively encourage use of social media for downtown promotions, both from the downtown organization and individual businesses, such as awarding shopping cards for promotions.

Special Events. Support events to attract overnight visitation and day tripping visitors, especially those who have not visited Fredericksburg before.

Aid in marketing events in the city.

- Educate event planners to online sources for calendar entries.
- Inform event planners of travel package opportunities to market their event.
- Include upcoming events in media releases generated on behalf of the city or region.
- Offer education for use of social media to promote events.
- Include, as appropriate, event information in department sales and marketing efforts.
- Offer group sales support to appropriate events.

Support event development that builds and is complementary to existing resources.

- Identify events appealing to target markets and encourage development of such events.
- Channel events to appropriate or underutilized venues.

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- As feasible seek to avoid conflicting events that have similar target audiences.
- Utilize new resources, such as trails and parks for events.
- Seek to partner events that have complementary focuses.
- Ensure that events complement existing businesses and resources.
- Create special events travel packages that build on the “The Greatest Vacation...” theme.
- Seek better utilization of resources in the community for events venues, such as the Anderson Center at UMW.
- Encourage development of the Celebrate Virginia Live location as a permanent venue.
- Continue improvements to the Riverfront Park and incorporate added property into a comprehensive plan.

Make special event planning in the city efficient and accessible.

- Refine the special event application process to make it easier to apply for events.
- Revise the city special event toolkit.
- Revise the special event application.
- Publicize the process so it is seen as a useful tool, not a deterrent.
- Consider a regular special events committee meeting, similar to the Preliminary Planning Committee, to hear plan of large event planners in an organized fashion.
- Develop a time efficient means to transfer city events from VisitFred.com to the city government website.

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Tracking and Evaluation. *How will we measure our success?*

Taxable sales volume will be measured by the monthly meals and lodgings report of the Fredericksburg Commissioner of the Revenue office and the monthly retail sales report of the Virginia Department of Taxation. These reports will be reviewed monthly and compiled annually.

Visitation to attractions and participation in events and activities promoted in the tourism marketing plan will be calculated on a monthly and annual basis.

New tourism-related business openings will be tracked through new business licenses acquired through the Commissioner of the Revenue office.

Public and private development investment will be calculated from building permits and other public records.

Periodic demographic profiles of the Fredericksburg visitor from the Virginia Tourism Corporation will be used to analyze changes in the visitor profile to see if expenditures, length of stay and other factors indicate growth.

Retail sales will also be tracked monthly and annually since travelers also impact the retail sector.