Vancouver Economic Development Commission
City Hall – Business Leader Quarterly Dialogue

September 15, 2009 7:30 – 9:30am
City Square Boardroom

VEDC CEO Phil Heard opened the meeting at 7:45 a.m. and welcomed the attendees. Representing City Hall were Mayor Gregor Robertson, Councillors Suzanne Anton, Heather Deal, Raymond Louie, and Andrea Reimer, City Manager Penny Ballem, Assistant Communications Director Colin Fenby, Mayor's Chief of Staff Michael Magee. Jim Soles, Assistant Deputy Minister with the BC Ministry of Small Business, Technology and Economic Development, attended the meeting on behalf of the Province.

Representing the private sector were Ron Bozzer of the International Financial Centre of BC, Susan Davis and Diana Carr of Haymaker Communications, Tom Davis of FinancialCAD, Mark Erdman and Scott Galloway of Port Metro Vancouver, Tony Gugliotta of YVR International Airport, Rochelle Grayson of New Media BC, Marty Hasselbach of the Vancouver Film School, Kirk Kuester of Collier's International, Maureen Kirkbride of TELUS, James Maynard of Wavefront AC, Cybele Negris of webnames.ca, Ken Peacock of the Business Council of British Columbia, and Stephen Pearce of Tourism Vancouver.

A Business Brand for Vancouver

In his opening remarks, Mayor Gregor Robertson noted that the Vancouver economy had picked up, but that unemployment remains high and business confidence is still returning. Nonetheless, the Olympics are the biggest opportunity we'll see in our lifetime; many here and elsewhere are bullish that Vancouverites recognize that this is "go time".

City-building is a long-term endeavour, but the Olympics provide a captive audience for a renewed marketing effort. Branding Vancouver as a business destination will not be easy, and Vancouver and its region spend disproportionately little on economic development. Now is the time for the City to open new partnerships and dialogues with business that will boost Vancouver's global profile.

VEDC Director of Business Development Lee Malleau introduced Susan Davis and X of Haymaker Communications to present the City's new business brand: "Vancouver Green Capital". Their presentation is available here. Lee then asked business community attendees about their experiences and value propositions in marketing Vancouver globally.

Scott Galloway from Port Metro Vancouver noted that the Port has a diverse business that uses different value propositions to market different services. In the cruise ship business, Vancouver's proximity to Alaska saves operating costs for fuel, and also has excellent infrastructure to offer pre- and post-cruise. The Canada Line will be an advantage in this respect, and the Olympics are gold from a tourism marketing

perspective. In the container business, Vancouver has advantages in cost, reliability, expertise and access to the US market, but much time is still spent convincing Asian businessmen that Vancouver is a place to do business, not just vacation. Long-term issues affecting the gateway's reliability are the availability of land and the ability to bring infrastructure online quickly.

Tony Gugliotta of YVR International Airport observed that demonstrating return on investment is critical to international business. Vancouver is difficult to market on its own, but when packaging it as a stopover with a US destination, its proximity to Asia becomes a major advantage. The Canada Line creates an unparalleled passenger experience from the airport, and YVR's incentive program helps enhance already-competitive fees. Airlines need full planes and high yields, and Vancouver's issue is the latter, with a lack of the business travelers that pay full freight. Making the city more of a business destination would attract more routes, each of which creates about 250 jobs and facilitates trade and tourism.

Jim Maynard of Wavefront AC noted that his firm's advantage was that their wireless incubator was unique in the world. One of their services is an aggressive international marketing program that helps small players do business abroad by aggregating them into a $4 Billion Vancouver investment opportunity. The local cluster's strength is its content generation, but investors currently default to Silicon Valley because of a perception of Vancouver as 'snoozy'. Despite being well behind Asia on technology deployment, using Vancouver's advanced cluster to market the entire Pacific Northwest can make it North America's premiere wireless destination.

Rochelle Grayson of New Media BC reinforced the message that Vancouver's cluster is unique in its content creation and breadth, with a combination of arts, media and technology that can make it the hub for digital media. Currently, capital availability is the big issue, and a lack of headquarters leaves it vulnerable. However, those who do come to Vancouver and discover its advantages invest heavily, as Disney's ever-increasing presence is showing. Tax incentives in other jurisdictions are creating a challenge, and without these Vancouver has to demonstrate other forms of value.

Ron Bozzer of the International Financial Centre of BC described how his organization markets BC's advantage as an extremely tax-competitive jurisdiction. His presentation is available here.

Stephen Pearce of Tourism Vancouver outlined the tourism sector's marketing proposition, which is complex in that tourism decisions are often made sight unseen. People trust peers more than advertisements, making brand more of an internal value proposition than something to be taken to the marketplace. The "green" city is Canada's to lose and Vancouver's to lose, but there is competition. It is important to create an experience for visitors, who then become ambassadors. In the crucial American market, many are unaware of Vancouver, and the Olympics will create an important but brief window to cement the city's reputation. His presentation is available here.

Marty Hasselbach of the Vancouver Film School noted that the common theme among the many participants is better aligning common objectives. Different businesses and levels of government are all seeking similar ends, but often tactics are not coordinated when a common approach could yield better results.

Discussion

An aspirational brand is good in that it gives citizens more ownership. Different cities require different sales propositions, with Portland and Stockholm having a different pulse of business. Two participants noted Vancouver's creative and artistic strengths, as well as the synergies between creative sectors, green business, and creating a buzz around the city that attracts young talent. Another participant noted Vancouver's strength is its people, with multiculturalism and international connections providing a major advantage, though immigration challenges remain.

The Province is also working on the green economy, with focuses on the labour market (who will work in the green economy?), investment attraction (how to incent), infrastructure investment, innovation & commercialization, and smarter regulation and policy.

Economic Outlook

Ken Peacock, Director of Economic Research of the Business Council of British Columbia, presented a global and provincial economic outlook. His presentation is available here. He noted that an economic turnaround had begun, with the employment rise (a lagging indicator) slowing. While 2009 will see a fairly sizable contraction in GDP, the HST will dramatically improve competitiveness over the long term, though it shifts the burden to consumers up front.

Kirk Kuester, Managing Director of Collier's International, described the state of regional real estate markets. Materials presented by Mr. Kuester can be found here. He noted that real estate activity was picking up, but that land transactions had dropped from nearly 50% of the $5B in transactions in 2007, to a virtual standstill in 2009. Confidence is returning and businesses are taking up downtown sublease space. A return of Vancouver's office space shortage may be on the horizon, along with 2008's challenge of larger tenants being forced to look for space outside of the city. New commercial buildings will be needed downtown to accommodate this increasing demand. While land transactions have slowed in Vancouver, other municipalities' stimulus packages have spurred development. Vancouver's big bright spot is Broadway Tech, with HSBC, BC Lotto, and Kvaerner Engineering all taking space there rather than moving to the suburbs.

Jonathan Kassian, Manager of Research & Communications for VEDC, presented VEDC's Quarterly Economic Report, which can be found here. He noted that declines across a number of sectors in Vancouver had steadied over Q2, though the economy had yet to start a true recovery. Transport and freight, tourism, the forest sector and arts & culture remain significantly down, producing concern in those sectors. Mining is a bright

spot, as is the news that firms (especially in New Media) continue to establish Vancouver offices to tap into the pool of talent here.

Phil Heard thanked the participants for their input, and adjourned the meeting at 9:30 a.m. Discussions continued among the participants informally after the meeting was adjourned.