



## **Executive Summary**

### **Organization Structure Task Force**

#### **Marketing Sub-Committee**

April 21, 2017

Prepared by

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## **Sub-committee meetings**

Meetings took place monthly one hour prior to the monthly marketing committee meetings from September 2016 through March 2017. No meeting in December 2016 and two meetings were held in April 2017.

## **Sub-committee members**

Andy Chapman – IVCBVB / Coop Marketing Committee

Brett Williams –Agate Bay Realty / Board Member & Marketing Committee

DeDe Cordell – Placer County PIO Office / Marketing Committee

Marguerite Sprague – Tahoe Arts / Marketing Committee

Carlyne Fajkos - Northstar California / Marketing Committee

Eric Brandt – Destination Media / Marketing Committee

Christine Horvath – Squaw Valley Alpine Meadows / Marketing Committee

Erin Casey – Placer County Executive Office / Marketing Committee

Todd Jackson – Big Blue Adventures / Marketing Committee

## **Overview**

Task Force members were in agreement that the DMO role is a very important and valuable function for NLTRA. In defining the strategy and role for the DMO, there were questions about where NLTRA should focus its marketing efforts (Bay Area vs. National vs. International), how much it should be spending and whether or not it is truly competitive versus other comparable destination marketing organizations. The collaboration that the NLTRA has both regionally and with State partners, international partners, lodging properties and air service was strongly supported by the Task Force.

The set of recommendations from the Task Force with respect to Marketing centered around identifying the appropriate competition and comparing NLTRA from an apples to apples comparison. Initial data compiled by the Task Force suggested that NLTRA did not seem to have the level of budget that the others had and perhaps needed to raise more dollars to be competitive. Further research compiled by the subcommittee substantiated those initial findings.

## **Task Force Recommendations to the Marketing subcommittee**

- Define strategy and role for the DMO
- Include strategy for collaboration
- Evaluate the DMO spend – comparing apples to apples with other destinations
- Strengthen DMO role to be more competitive
  - Identify \$s needed to do job – vision
  - Strategic focus on expanding alternative resources for long term vision
- Consider TBID and/or TOT to raise additional funds
- Expand sponsorships and grants to raise funds

### **Pros:**

- This aligns well with the direction provided by the Board in their Strategic Goals
- The Marketing Committee or a subcommittee of this group is poised to be able to take this on during the upcoming fiscal year

### **Cons:**

- Increasing outside funding could have a negative impact on the current amount of TOT budgeted for Marketing and this would have to be examined carefully
- A TBID can have a unique governance structure which could be difficult to be able to manage within the current cooperative partnership. Again this can be avoided but would need to be thoughtfully executed.

## **Definition of a DMO**

Destination marketing organizations (DMOs) come in many different forms, but all are the principal organization of a given political division or subdivision that is organized to promote its respective destination to attract visitors and/or to solicit and service conferences and events.

It is defined and authorized by its appropriate incorporated government entity as the representative organization exercising those functions.

These organizations charged with representing a specific destination and helping the long-term development of communities through a travel and tourism strategy.

For visitors, DMOs are like a key to the city. They can serve as a broker or an official point of contact for convention, business and leisure travelers. They assist planners with meeting preparation and encourage business travelers and visitors alike to visit local historic, cultural and recreational sites.

## **Value of DMOs**

Travel and tourism drives economic growth of destinations across the globe by cutting across multiple local industries. By investing in travel and tourism through destination marketing to the tune of over four billion U.S. dollars annually worldwide, destination marketing organizations (DMOs) promote the long-term development and marketing of a destination, focusing on convention sales, tourism marketing and service.

## **Who They Represent**

Within the local community, DMOs represent the hotels, facilities, attractions, restaurants and other providers serving travelers.

## **Who They Reach**

While their approaches and structures vary, DMOs are the masterminds behind campaigns marketing an entire destination to a variety of audiences, including meeting professionals, business travelers, tour operators and individual visitors. They also champion for the continued success of the local economy by engaging businesses, residents, and elected officials with the travel and tourism industry.

## **Current NLTRA DMO Marketing Structure**

The 2016/2017 NLTRA marketing budget was approximately \$3M and is responsible for regional events, conference sales, leisure sales, visitor information, marketing and advertising, PR, social media and digital marketing. The NLTRA also provides 58% of funding of the North Lake Tahoe Marketing Cooperative.

The North Lake Tahoe Marketing Cooperative (NLTMC) is a cooperative agreement between the NLTRA and the Incline Village Crystal Bay Visitors Bureau to market and position the region as one tourism destination. The NLTMC is designed to present the North Lake Tahoe area under one brand umbrella, with one consistent creative execution, one call to action, and a single website for fulfillment and referrals to area businesses and constituents. The NLTMC is overseen by the Cooperative Marketing Committee consisting of four members from each entity. This committee, with input and direction from each organization, directs the implementation of the NLTMC marketing efforts.

The departments within the NLTMC work to bring an integrated approach to tourism, economic and community development with a focus on North Lake Tahoe's status as a leisure and adventure destination within the Sierra Nevada Mountains of California and Nevada.

## **Competitive set analysis**

The final competitive set breakdown (Attachment A) included the following destinations. These were the DMO's that were willing to provide reliable and consistent data to compare with North Lake Tahoe.

- Mammoth Lakes Tourism
- Visit Park City
- Visit Santa Cruz County
- Tahoe South
- North Lake Tahoe

## **Subcommittee notes**

- All other competitive set destinations are incorporated areas
- The value of air service
- Other destinations offer more of a resort experience
- Not enough "kid-friendly" and free activities for families

## **Subcommittee recommendations**

- Bring all social media responsibilities in-house
- Strengthen communications with local tourism entities
  - Highlight strengths
  - The value of tourism marketing
  - How / When / Why we market the destination
- Increase brand awareness within “fly-in markets”
  - Chicago, Dallas, Houston, Austin, Atlanta, New York, So. California
- Utilization of one logo
- Focus additional resources on arts & culture
- Increase public relations participation with Visit California and Travel Nevada
- Increase coop opportunities with resorts and lodging
- Cultural emersion for agencies and staff

## **OTHER RESEARCH**

### **2015 DMO Organizational & Financial Profile Study by DMAI**

#### **Executive Summary**

The 2015 DMO Organizational and Financial Profile Study is the most comprehensive benchmark study on DMO structures and organizational practices in the destination marketing sector today. This biennial survey of DMOs produces a series of core organizational metrics for peer comparison and to assist in the development, strategies and management of all DMOs. A total of 246 DMOs from the United States, Canada and Bermuda participated in the 2015 program.

This study is made available by the Destination Marketing Association International (DMAI), which protects and advances the success of official destination marketing organizations worldwide. DMAI thanks all of the respondents for their invaluable contribution to this study.

The following Executive Summary content provides some key highlights at an industry-wide level. More detailed results and summary findings of the 2015 survey are presented in the main body of this report.

## 2015 DMO INDUSTRY AVERAGES

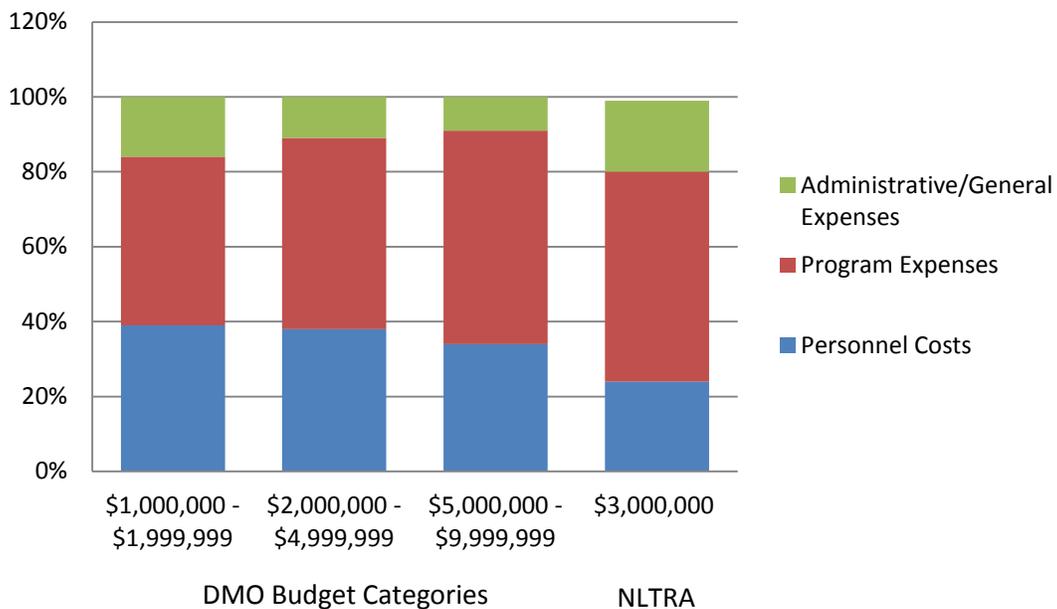
### Annual Budget

\$2.89M	\$2.91M	\$3.00M	\$3.31M	\$3.39M
2011	2012	2013	2014	2015

DMO budgets on average continue an upward trend since 2011, reaching their highest level at \$3.39 Million in 2015. Significant growth in average DMO budgets was recorded between 2013 and 2014.

### Annual Budget Allocations

For 2015, reporting DMOs allocated just over half of their budget to specific marketing/promotions programs, with 37% invested in personnel costs, and just over 11% in administrative/general expenses. These broad allocations varied by DMO budget size – marketing/promotions programs generally increased as a percentage of overall expenses as DMO budgets grew, while personnel costs generally decreased as an overall percentage as DMO budgets rose. Administrative/general expenses fluctuated a little, yet were generally consistent in the range of 10% - 12% of overall expenses regardless of DMO budget category.



## **Funding / Revenue**

Most DMOs surveyed continue to receive the vast majority of their funding from public sources. Smaller (less than \$1 Million) and mid-sized (\$1 Million to \$5 Million) budget DMOs reported receiving approximately 90% of their total funding from public sources. More than 87% of DMOs reported receiving hotel room tax revenue, by far the leading source of public investment. Tourism Improvement District/Marketing District/Voluntary Assessments are rapidly growing as a revenue source, with 14% of DMOs receiving these funds.

Advertising revenue is the most prevalent form of private source revenue reported by DMOs generally in 2015 (19%), with membership dues representing 16% of revenues on average. Approximately 39% of DMOs have dues-paying members, with the percentage increasing to nearly 60% for the larger DMOs (greater than \$5 Million). Partnership revenue accounted for 12% of private source funding received by DMOs generally.

## **Overall Staff Size**

More than one-third of DMO survey respondents added full-time staff in 2015. Only 8% reported a decrease, predominantly among the mid-sized DMOs. For the 2015 fiscal year, the median number of full-time equivalent employees among all reporting DMOs was 16.

DMOs overall continue to deploy a staffing strategy that focuses on targeted marketing, business development, and visitor servicing efforts for their respective destinations. Of note, DMOs are increasingly dedicating more specialized staff to the sport/event market. The sport/event market now joins destination-level marketing and communications, convention sales, visitor servicing, and travel trade support as a core visitor market development activity specifically assigned to DMO staff.

## **Marketing / Promotions Program Allocations**

On an individual basis, DMO respondents report a variety of marketing/promotions efforts that directly reflect their destination profile as a leisure destination, a business market destination, or a combination of both. Among all DMOs reporting on average, the largest program spending is generally focused on the leisure (direct consumer) market, followed by the meetings and conventions sector, the sport/event market, and then the travel trade sector.

Marketing/promotions budgets overall are increasingly being allocated to online/digital activities, with continued spending reductions generally reported for offline/traditional activities. In 2015, 39% of budgeted spending by reporting DMOs overall is now dedicated to online/digital marketing and engagement strategies, with a new low of 61% allocated to offline/traditional marketing and promotions.

On an overall basis, responding DMOs report that they are directing the vast majority (91%) of their marketing/promotions program budgets to their domestic markets in 2015.

## **Overall findings and recommendations from Marketing Committee**

Attachment A

	Mammoth	Park City	Santa Cruz	SLT	NLT
Marketing Budget <i>Program Expenses Only</i>	\$4,050,000	\$7,254,917	\$1,878,850	\$4,250,000	\$2,109,371
Number of Units / Spend Per Unit	4,600 / \$880	6,541 / \$1,109	4,800 / \$391	12,000 / \$354	6,400 / \$466
Leisure % / Total Spend	13% / \$526,500	12% / \$870,590	11% / \$206,673.50	12% / \$510,000.00	7.1%** / \$149,765.34
Events % / Total Spend	8% / \$324,000	11% / \$798,040	12% / \$225,462.50	23.5% / \$977,500.00	18.3% / \$386,014.89
Conference % / Total Spend	5% / \$202,500	9% / \$652,924	8% / \$150,308.00	0% / \$0.00	8.3% / \$175,077.79
Social/PR % / Total Spend	13% / \$526,500	12% / \$870,590	9% / \$169,096.50	12% / \$510,000.00	7.3% / \$153,984.08
Consumer Advertising % / Total Spend	41% / \$1,660,500	26% / \$1,886,278	33% / \$620,020.50	42% / \$1,785,000.00	37%** / \$780,467.27
Other % / Total Spend	20% Airline MRGs*	30% Visitor Services	27% Visitor Services	11.5% Partnerships	6.2% Partnerships** and 7.1% VIC
Annual Occupancy	48%	44%	67%	40%	50%
Winter	48%	48%	56%	41%	48%
Summer	47%	39%	78%	39%	52%
Length of Stay					
Winter	3.2	6.7	3.1	3.5	3.2
Summer	4.1	5.4	4.1	3.2	4.1
Average Daily Rate					
Winter	\$278	\$235	\$138	\$127	\$276
Summer	\$194	\$126	\$175	\$148	\$263
Spend per person - per night	\$340	\$264.50	\$98.58	266 - Does not include gaming	\$300.90
Marketing Staff Breakdown	1 Admin, 1 Marketing, 1 Leisure/Conf Sales, 1 PR/Social, 1 Director	2 Admin, 3 Leisure Sales, 3 Conf Sales, 2 Marketing, 2 PR, 1 Soc Media, 2 Events, 2 VP's	1 Admin, 1 Leisure Sales, 1 Conf Sales, 1 Marketing, 1 PR/Film Comm., 1 Director	1-Admin, 1-Leisure Sales, 0-Conf Sales, 2-Asst Director, 1-Director	1 Admin, 2 Conf Sales, 1 Leisure Sales, 1 Event/Comm., 1 - Director

No consistent Mid-week occupancy information available

\*MRG - Minimum Revenue Guarantee

\*\* NLTRA Calculations include the total marketing spend and includes the IVCBVB funds in the Marketing Cooperative