



The National Voice of Scenic Byways & Roads

MONTHLY MARKETING TOOLBOX Unit Seven

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MONTHLY MARKETING TOOLBOX

National Scenic Byway Foundation is pleased to introduce the members-only Monthly Marketing Toolbox. Each month for the next year, you will receive one unit of a 12 step marketing process. Implementing the entire process will transform a destination's or Byways' marketing from an organization focused on marketing to selected membership to an organization focused on delivering the best traveler experiences that appeal to today's vastly changed travelers. Each month we will look at a different aspect of marketing and see how it applies to real world situations, enabling you to determine how the material can be used to transform your own destination or Byway marketing.

This month we're dealing with a transition from dependence on the traditional membership model coupled with hotel tax funding, to more sustainable models that include marketing partnerships and other revenue generating models that reap benefits for partners.



TIME FOR A NEW REVENUE MODEL FOR DESTINATION MARKETING ORGANIZATIONS

If there was ever a time for a new revenue model for destination marketing organizations (DMOs), the time is now. Downturns in hotel tax revenue due to curtailed travel during the pandemic have decimated many destination marketing organizations necessitating staff cuts, marketing program elimination and program elimination. Right now, there is no definitive answer of when travel will resume at rates prior to coronavirus, or if they will get anywhere near there in the near future.

Destinations have known since the 2008 Future of Destination Marketing Study by Destinations International that their revenue sources were vulnerable. By now, the model is totally outdated.

A Model Established 80 Years Ago

For the most part, DMOs were formed to promote collections of local tourism assets because it was too costly and too hit and miss for individual attractions and hotels to reach prospective visitors through advertising and too challenging to get the attention of meeting planners and group tour operators on their own. Suppliers that could afford it, banded together to collectively promote the places that chose to pay to play.

Unfortunately, today's visitors don't care about the member status of any location, where county lines begin or end, supplier restrictions or any other strictures that are placed on offerings to visitors by member driven DMOs.

Visitors only care about the experiences they are seeking at a destination and even today's group travelers, who once accepted a collection of member locations combined into a visit with little cohesiveness or structure, want better organized, more interesting, and more adventurous experiences than they were previously offered.

Today's visitors can find anything they want on the internet, precluding the DMO

role as the keeper of the information and, in fact, DMOs lose credibility every time a visitor is forced to look elsewhere for things in a region, because they can't find it on the DMO website.

The result of needing to serve visitors with what they want, and where they want to find it, the pay to play model is giving way, sometimes painfully, to an all-inclusive model of marketing partners to offer visitors a better experience while planning and while visiting. The positive side of the equation is that DMOs can spread economic development throughout their entire region, while increasing their local relevance at the same time.

More Competition

One more thing that has changed is the fact that now all DMOs are competing with others. In a world of non-profits where everyone was friends, it was challenging to consider a DMO from the next county over as competition. As the entire business climate of the US has changed, that is changing as well. DMOs are learning the value of competitive strategies, which enable one DMO to attract significantly more visitors than one right nearby.

Today, competition for visitors comes from many places. Cities are a common destination, with 2-4 day City Breaks, a common product in the travel industry. Yet, an event can also be a destination. Large attractions, such as Hershey Park or Grand Canyon National Park also serve as destinations, with their own brands and carefully planned and choreographed experiences waiting for visitors. Large resort hotels and even today's massive retail complexes with entertainment and restaurants, also qualify as destinations seeking to attract visitors from taking their trips elsewhere.

Effectively dealing with competition requires knowledge of the competitive set of any destination, one of the key success factors of a DMO will be a proactive strategy to determine the future of the destination and the future of collective marketing efforts.

Implementing Inclusivity

For those DMOs that have been membership based since their inception, there's been a lot of consternation about the feasibility of shifting from a membership model to a marketing partner model, and even more consternation about trying

concepts such as a tourism investment district or other innovations.

Those DMOs who have made the switch can clearly prove that it improves the visitor experience and increases revenues. Contrary to a believe by some that these are new business models for DMOs, it's not.

The Marketing Partnership Model

Many DMOs have been using the marketing partnership model successfully for several years and others such as Visit Philly were created using the model to begin with. In one case, DMO revenues doubled over three years after the switch. There are other success stories as well because as we said earlier, visitors aren't interested in who are members and who are not. They want the experiences they are seeking.

To answer the question of the viability of the marketing partnership model, in 2015, National Travel Center was asked to investigate what it would take to move from membership to marketing partnership and how successful the partnership model is, or is not.

Lengthy telephone interviews were held with DMO executives from 15 destinations throughout the US who had made the change and the staff who had implemented the decision, to gain both a strategic perspective as well as details about the nuts and bolts of what implementation requires.

The interview questions included:

- Why was the transition from membership to marketing partners made?
- What was the approach used in the transition?
- What were the objectives?
- Does the DMO offer a free basic category of partnership?
- Are there different levels of marketing opportunities available for businesses of all sizes?
- Is there a self-input extranet for partners to input their information on the website?
- Does the DMO now do product development?
- Have funding sources expanded since the transition?
- Does the DMO now have corporate sponsorships?
- Does the DMO provide target marketing and other material to marketing partners?
- How are decisions made as to which locations to include as partners?

The Results

DMOs indicated on some cases, the change had been challenging, but the most important take away from the conversations was that none of the DMOs wanted to go back to the membership model. All were generating more revenue than they had with the previous situation, and all believed they were able to deliver a better visitor experience with the marketing partnership model.

All of DMOs researched had budgets under \$5M, indicating that the marketing partnership model is not only applicable to large destinations. It soon became clear that there is no “one-size-fit-all” solution.

A California DMO using the marketing partnership model for 2 years indicated that the comprehensive inventory of assets and resources they compiled served as a great marketing database for recruiting new marketing partners. Very aggressive marketing programs increased the number of marketing partners paying for programs 10 fold, plus all participants felt they were getting great value for the additional exposure and services.

A Texas DMO used the transition to marketing partnership to represent all tourism assets and resources in the region, as a stepping stone to the region’s economic development table. The DMO is now included in all discussions about projects to be undertaken to benefit the community and has the ability to illustrate how a contemplated project positively or negatively impact the visitor experience. This particular DMO also viewed the transition as a way to begin doing their own product development and found visitors responded well to the new offerings.

An Iowa DMO used the transition to recruit community and corporate partners who contribute sponsorship funding. This enabled them to greatly expand their marketing, add micro-sites targeting special visitor niches, and create an expansive program of television advertising.

A Colorado DMO was one of the first to develop a very clear, very comprehensive basic marketing partner benefit package that spelled out exactly what each marketing partner was going to receive for base level participation and enhancements that could be added.

Another Colorado DMO created an entire partner tool kit to enable marketing partners to utilize the DMO materials in their own marketing.

A Virginia DMO doubled its budget by incorporating surrounding jurisdictions into the marketing programs, while in return greatly extending the marketing efforts of these smaller locations. This approach enabled the DMO to charge their marketing partners less, greatly expanding their partner roster in the process. The DMO made it very easy for marketing partners to sign up, putting all the information online for everyone to use.

A Pennsylvania DMO engaged all of their townships and communities in one common effort, adding all of the attractions from these locations, as well as all of the attractions from surrounding areas to their website. This approach made it very convenient for visitors to use their destination as a home base, an approach that proved very beneficial to the DMO in creating both web traffic and additional hotel nights.

A Tennessee DMO used the transition as an opportunity to change its mission to reflect its primary role in community economic development. As revenues from marketing partnerships grew, they were able to fund a very significant portion of their entire budget from these programs, allowing expansion to other efforts.

A North Carolina DMO successfully using the marketing partner model for several years was able to increase their total budget from less than \$500K to nearly \$5M within a 10 year period. Pretty impressive.

The Keys to Success

A Colorado DMO perhaps said it best: “The partnership model allows us to tell the complete destination story and not be limited to the membership roster, which in turn greatly increases the quality of the visitor experience. Similar statements were echoed in all other interviews.

The major change the transition entails is a change in mindset from that of a non-profit , non-urgent approach to a proactive, entrepreneurial mindset, which changes how and why many activities are conducted.

When asked the one primary key to a successful transition, the answer was: communication, communication, communication. DMOs worked hard to keep their members informed, in touch and part of the process.

DMOs also indicated that there were new staff tasks and responsibilities that came with the switch, and they had modified their staff accordingly. Marketing partners generally have higher expectations of their main marketing partner, demanding higher value, and stronger programs, than when they were members.

When DMOs became inclusive to include all of the tourism assets and resources in the region, it was almost as if they were “adopted” by the community and became a community organization in which all parties played a helpful and useful role. This approach greatly increased the appreciation and understanding of the role of the DMO in the community and the benefits its work brought to all. The more all participants act like true partners and share information, link and jointly implement marketing campaigns, the more valuable for attracting visitors, the programs became.

STEP SEVEN: THE PROCESS TO TRANSITION

1. Turn first to your comprehensive tourism resource and asset inventory to assess the full scope of possible partners, before announcing the change.
2. Assemble the partners who are capable of doing joint marketing programs with the DMO. Cast as wide a net as possible.
3. Illustrate the addressable market within the 6 hour radius, so all potential partners can grasp the full scope of opportunities available.
4. Define specific target markets within that radius for marketing promotions. Research all available information about current customers, including their social media profiles, demographics, and psychographic information. Have potential partners do the same.
5. Clearly spell out the proposed programs and services and determine specific costs for each level of participation.

6. Make the financial transition easy. Don't increase the cost of participating significantly until the programs get rolling.
7. Deliver the impression that the DMO is very involved in the marketing programs and very serious about the efforts and the results.
8. Establish a partner tool kit to help marketing partners extend their own marketing consistently with the new programs.
9. Assemble a robust, agile marketing plan and share it with all involved. Distribute it to all potential partners who did not sign up. There's always next year.
10. Keep going! Success is not instant.