



Finger Lakes Visitors Connection
Ontario County
Meeting/Conference Facility Feasibility Study

May 11, 2019
Prepared By: Destination Services, LLC



Meeting/Conference Facility Feasibility Study Ontario County, New York

Nature of the Assignment

The Finger Lake Visitors Connection is the destination marketing organization for the tourism industry in Ontario County, New York. As such, this organization constantly reviews its competitive position in the marketplace and adjusts its marketing efforts to ensure that trends are being addressed and the best possible experience is being provided to guests.

Ontario County offers an excellent experience to its leisure guests. The question is: Should Ontario County provide a facility in order to pursue the lucrative meeting and conference business? Destination Services, LLC was retained to explore the feasibility of a meeting and/or conference facility within Ontario County.

Assessing both the demand for meeting space and the required space to attract business was the main focus of the research. The consulting team also evaluated the current and future meeting space inventory within Ontario County as well as the cost to pursue this market segment via the Finger Lakes Visitors Connection.

It was very fortuitous that the Inn on the Lake conducted a feasibility study for its new facility during this same timeline, which further substantiated the conclusions within this study.

Research Objectives

- identify the meeting/conference/event demographic profile
- determine hotel, destination amenities and space needs
- establish the current degree of meeting, event and conference business
- determine familiarity with the various areas within Ontario County
- evaluate satisfaction levels with the current inventory and the destination
- assess the propensity to book a new facility
- identify competition

The Research Process

Destination Services, LLC, began this process by distributing a survey to 249 meeting and event planners within a 200-mile radius as well as to planners who are clients of existing properties. We know that the email invitation generated a 9.2% response rate, however, we cannot determine the return rate on surveys sent by the hotels via a link since we do not know the size of those databases. While the small sample size will not give us a definitive conclusion, it is an excellent indicator of the market, especially when compared to the survey data from the Inn on the Lake and previous studies.

The second part of this study analyzed the current inventory of meeting and event space within Ontario County as well as the future projects that are either proposed or under construction. This data was compared to the space and amenity needs provided in the meeting planner survey.

Finally, the consulting team reviewed the Finger Lakes Visitor Connection’s organizational cost to service a new facility versus the cost to secure additional market share via the existing and future inventory of meeting/event space.

Description of Existing Conditions

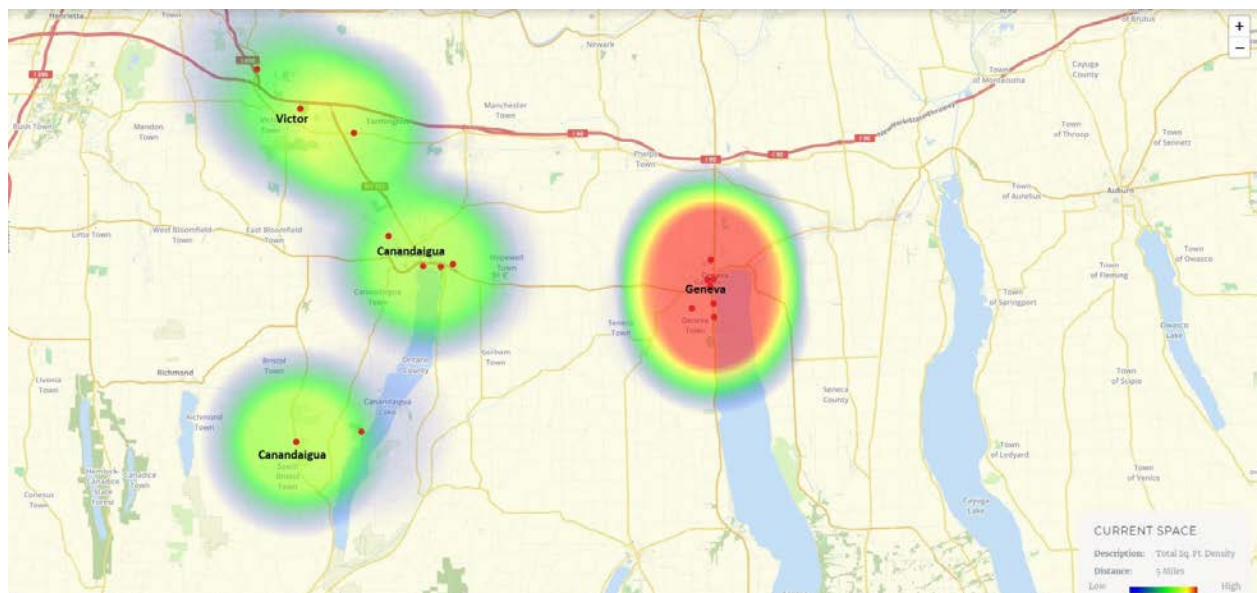
Ontario County currently has the following available meeting and event spaces.

- 12 facilities which can accommodate 25 to 50 within a classroom setting
- 7 facilities with 5 breakout rooms or more
- 10 facilities with banquet space for 200 or more

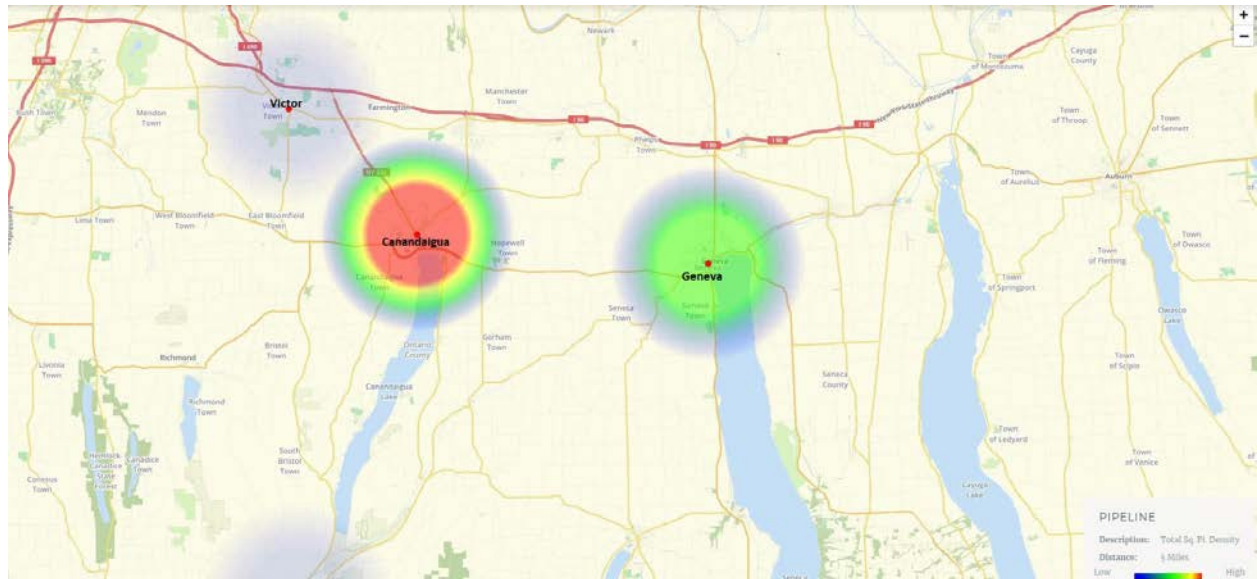
Ontario County Current Hotel Room Inventory

The following “heat maps” show the intensity of Ontario County’s current guest room inventory, the intensity of the proposed or “pipeline” facilities and finally, the combination of both. As the maps indicate, the primary location of guest room facilities will grow from one area into two very distinct locations; Canandaigua and Geneva.

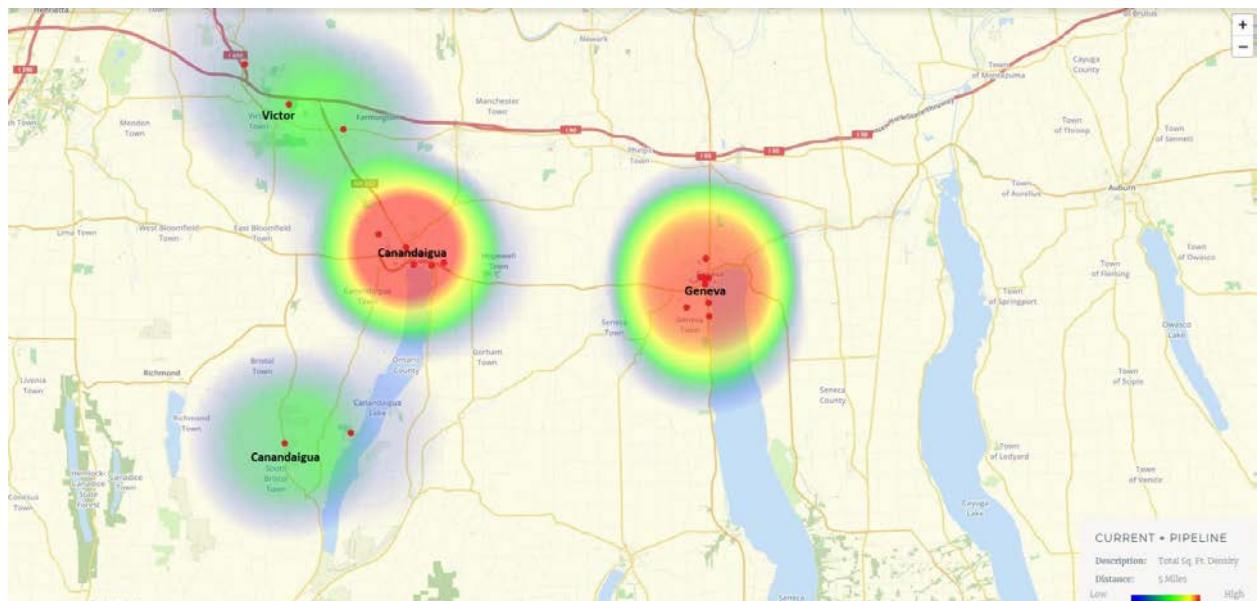
Current Lodging Facility Inventory



Location of Proposed Pipeline for New Hotel Inventory



Location of Current and Future Hotel Inventory



Brand/Trend

Ontario County's brand is well positioned with the current wellness, experiential and culinary trend. These trends continue to grow each year. Leveraging these trends with the current and future destination meeting/event product will only further market penetration. Combining wellness with experiential as components of a meeting package will encourage bookings during the week and off-peak periods. It is obvious that Ontario County secures a significant amount of leisure visitors; both overnight and those there for the day. The current demographic being attracted via the leisure market offers the opportunity to sell Ontario County for meetings and events.

Market Area Analysis

Destination Services, LLC conducted a survey of meeting and event planners as well as wedding planners. This survey revealed that small meetings, social events and weddings are currently occurring in Ontario County. Furthermore, the survey indicates a very strong interest in bringing additional meetings and events to Ontario County if there is a facility that meets their needs. Elevating the marketing of Ontario County as a premiere location for meetings should address the need for overnight lodging during the week and shoulder seasons. The pipeline of new properties offering meeting space will certainly attract repeat and new clients from within a 200-mile radius.

The markets responding to the survey with the highest response rate represented the corporate, educational, social, wedding, group tour and association markets. Secondary responses came from agriculture (30%) and culinary markets (27%).

A very strong 88% stated they would hold a meeting if the right facilities were available. It was very encouraging to discover that 75% of the respondents have held meetings in Ontario County; specifically, the meetings were held in Canandaigua, Victor and Geneva. The respondents held mostly, social/luncheon events, board meetings, seminars, committee meetings, annual meetings and weddings. These events were all less than 25 people, with the exception of weddings and some social events. Overall, 30% of the survey responses indicated the maximum number of attendees for their events were 300, and 20% required space for 200 to 300 attendees. However, at the minimum levels, the majority of the respondents required space for less than 50 people.

The research definitively indicates a regional market as the primary demand group at this time. According to the survey, the respondents plan meetings primarily in Rochester, Buffalo/Niagara and Syracuse as well as within Ontario County. Consequently, the competitive field at this point is within the larger metro area. It is recommended that Ontario County focus initially on the regional market within a 100-150 mile radius and grow to the 200-300 mile target marketing area.

It is interesting to note that 64% of the respondents plan spousal functions as part of their meeting. This fact is typically not the industry norm. In our opinion, this is an indicator of how significantly the area is branded as a leisure resort destination.

Since the appeal of the destination was the most important factor in selecting a meeting/event location, Ontario County's brand strength certainly enhances site selection by planners.

Demand Capacities

The chart and graphs presented later in this report will give more detail, however, the following provides a synopsis of the demand metrics.

- Largest capacity requested by 30% was 201 to 300 for attendee's general session, 33% require banquet and pre-function space for 51-100
- 26% requested space for general session at 301-400
- 70% noted that they required exhibit space for only 5 exhibits
- 50% required 1 to 5 hotel rooms at a minimum while the maximum hotel rooms with 17% being the highest response was 30 to 200 hotel rooms
- Breakout rooms: 66% indicated a maximum number of 4 to 6 rooms with 1 to 3 breakouts having about the same percentage. Seating capacity ranged from 40 to 100 participants

Analysis Brief

- There is, currently, demand for facilities with 5 to 10 breakout rooms, a board room, banquet center for up to 200 and an outdoor event space. The majority of the business meetings are local and require very few hotel rooms. The current business is comprised of board meetings, social functions, banquets and annual meetings. The wedding business is a major market segment requiring the larger event space and the larger number of hotel rooms. All segments desire pampering.
- The proposed new facilities, some of which are currently being developed, will offer meeting and/or event space that will meet most, if not all, of the current and near future demand. Consequently, a new meeting/event facility is not feasible at this time. Once the demand builds, this issue should be revisited.
- The growth of this market lies with the degree to which this market is pursued via promotions, marketing and servicing. Currently, Ontario County attracts meetings and events with minimal marketing effort. There is no doubt that this market will grow significantly if it is aggressively marketed and serviced.
- As noted by Young Strategies, Inc. in 2015, the need periods for hotel occupancy are weekdays as well as the months November through April. Young Strategies, Inc. further recommends that corporate meetings be pursued. A meeting and event strategy will greatly improve the weekday and offseason occupancy, which will drive a higher ROI.
- The destination appeal is extremely important if meeting facilities are going to be successful. Ontario County received above average to excellent in the categories concerning the satisfaction with or perception of the destination.
- The primary market will be from within a 200-mile radius, which has a population base of 13 million.
- It is obvious that Ontario County is very well positioned to accommodate smaller meetings and social events as well as weddings, especially if the weddings can be held outside.

- Those events requiring overnight accommodations will be limited only by the available room inventory in terms of the number of guest rooms within one hotel as well as room inventory during the peak season.
- The current meeting planners indicated the maximum need for space at lower percentage levels of 35% or under. Hotel rooms were at 17% for 31 to 200 hotel rooms and breakout rooms of 1 to 3 rooms accommodating no more than 20 seats per room. This statistic for maximum space requirements indicates that the current meeting planners are or will be for the most part, accommodated through the existing and proposed facilities.
- At this point in time, a conference facility would simply compete for business against existing and pipeline venues. It is imperative that this market be pursued and expanded to grow the business in the off-season. The focus should be on pieces of business that have the highest spend and book overnight guest rooms. As the meeting/conference business builds, this issue should be revisited. If private industries do not address the facility needs for increased demand, then the County should re-evaluate this recommendation.

Recommendations/Conclusions

The meeting and event markets are highly lucrative and generate significant economic impact. The degree of interest from these markets and the fact that small meetings and events are currently being held indicates a high probability of potential market growth. It should be noted that the current level of meetings and events have been obtained with minimal sales and service by the Finger Lakes Visitors Connection. *If this market were to be pursued, Ontario County would certainly see an increase in economic impact from more weekday business meetings and increased occupancy during the months of November through April. Sustainability lies with strategic market growth that impacts the economic base but maintains the quality of life for residents and visitors as well as the pristine lake environment. However, this is a long-term strategy requiring Ontario County to plant the seeds and apply the fertilizer of marketing in-order-to capture their fair share of these markets. This is a strategy that allows Ontario County to diversify its tourism industry and not be solely dependent on the leisure market.*

While the current budget seems to be a lot of money, it is definitely not adequate if you are going to compete successfully against other destinations. Consequently, it is recommended that the Finger Lakes Visitors Connection add one sales person, initially, and minimally reorganized to pursue the meeting and event markets. Of course, this new sales/servicing effort would be executed in cooperation with the sales and services teams at the beneficiary properties. This position would grow to two full time positions once justified by business growth. The organization will require an initial operational budget allocation of \$150,000 to pursue business through appropriate tradeshow, advertising, promotions and memberships. This bare minimum allocation is in addition to the personnel expense. These allocations will increase as the market grows and the Finger Lakes Visitors Connection further establishes itself as a viable location for the small to medium meeting business as well as a premiere event location.

Guiding Principal

Below is a guiding principal adopted by many in the tourism industry.

*"If you build a place people want to visit,
you build a place where people want to live.
"If you build a place where people want to live
you'll build a place where people want to work."
"If you build a place where people want to work,
you'll build a place where business has to be."
"And if you build a place where business has to be,
you'll build a place where people have to visit. "*
—Maura Gast, Irving, TX, CVB and DMAI Chair, July 2009

Funding

The current budget for the Finger Lakes Visitors Connection will not support the effort required to pursue the meeting/event market. Furthermore, the competitive landscape for this business will require a competitive edge to supplement the destination amenities. The following are tools currently applied by destinations to ensure that the most economically lucrative business is secured.

Buy Down Fund

One extremely effective incentive is known as a “buy down” fund. This fund “sweetens the pot” by providing a discount on hard costs incurred by a meeting/event planner, attendee or an organization. However, very strict criteria must be applied to insure the funds are being used only for those pieces of business that generate the highest economic value and are required in-order-to compete. Typically, those evaluation criteria are based on room nights generated, overall spend by client, number of attendees, past performance, etc. The parameters for the incentive are built into the client’s contract and are only paid in full, if the client meets the performance measures.

A buy down fund is usually created via a small additional occupancy fee assessed by those lodging properties that want to pursue this type of business. The funds can be used to buy down room rates, facility space rates and/or transportation costs to move people throughout the destination. It is recommended that a Board committee in concert with the professional staff be formed to evaluate potential allocations.

Lodging Marketing Fee

This, again, is a small occupancy fee assessed by those hotels that want to pursue the meeting/event market. The purpose of the fee is to fund the destination’s marketing/promotional activities required to pursue meetings/events. The funds would

be administered by the Finger Lakes Visitors Connection and expended exclusively on meeting/event advertising, marketing, tradeshow, familiarization tours, site inspections, promotional events, etc.

Tourism Improvement District

Tourism Improvement Districts, known as TIDs, began in California as well as along the west coast. Recently, States to the East have passed legislation allowing these districts to be formed. They are very similar to a special business district, except that a special fee is levied and administered by the hotel properties within the district for the specific purpose of marketing those within a TID. This special fee could definitely be used to promote the meetings industry in Ontario County. The legal basis for TIDs within the State of New York should be explored.

Resort fee/Parking fee

These types of lodging fees have become very common. Those lodging facilities which will benefit from meeting/event marketing should assess a minimal fee per lodging room per day that could be transferred to the Finger Lakes Visitors Connection for marketing purposes and/or a buy down fund. However, it should be noted that these type of fees are somewhat unpopular with hotel guests.

Cooperative Partnerships

As with other marketing endeavors, meetings and events offer the perfect opportunity for cooperative partnerships with those facilities that wish to pursue this type of business. Cooperative partnerships could be established for advertising, tradeshow participation and promotional activities. The power of a group is much greater than individual and gives a client impression of destination cooperation and unity.

Research Metrics

The following components of this report provide the graphs, charts and metrics which support the conclusions and recommendations.

Online Surveys

Inn on the Lake Feasibility Study

Guest Survey/Economic Impact

Destination Services recently conducted a feasibility study for the new Inn on the Lake, which assessed various destination components as well as economic impact. This survey of 25,000 people, which had a 10% response rate, provides a wealth of information and insight on the leisure visitor. These metrics are an indicator of the demographic currently visiting Ontario County. We have received permission to reference the statistics from the feasibility study.

Ontario County

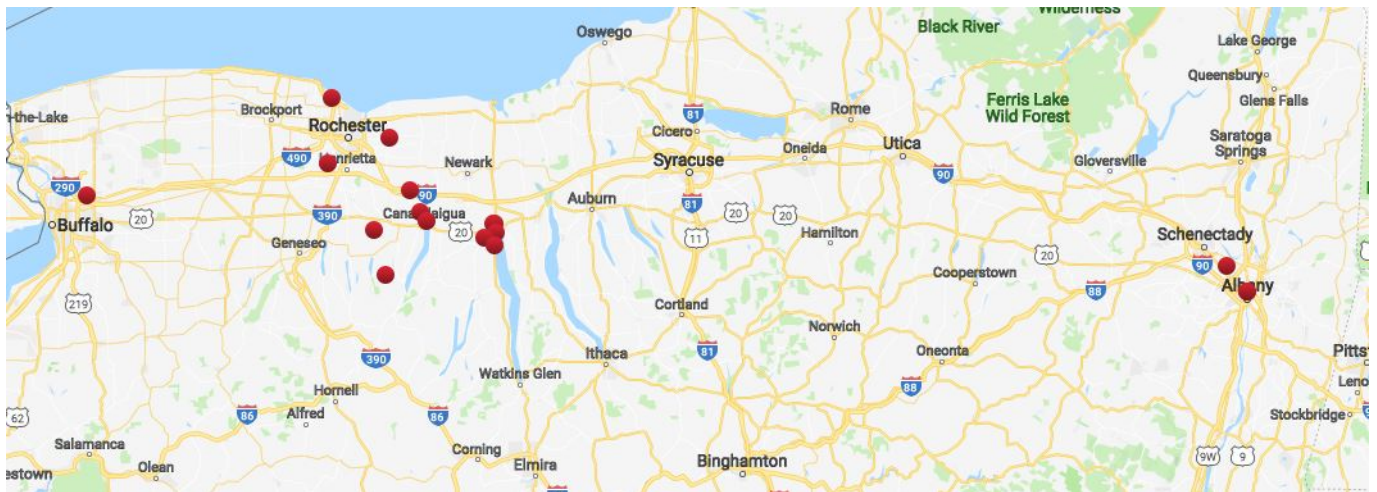
Meeting/Event Planner Survey

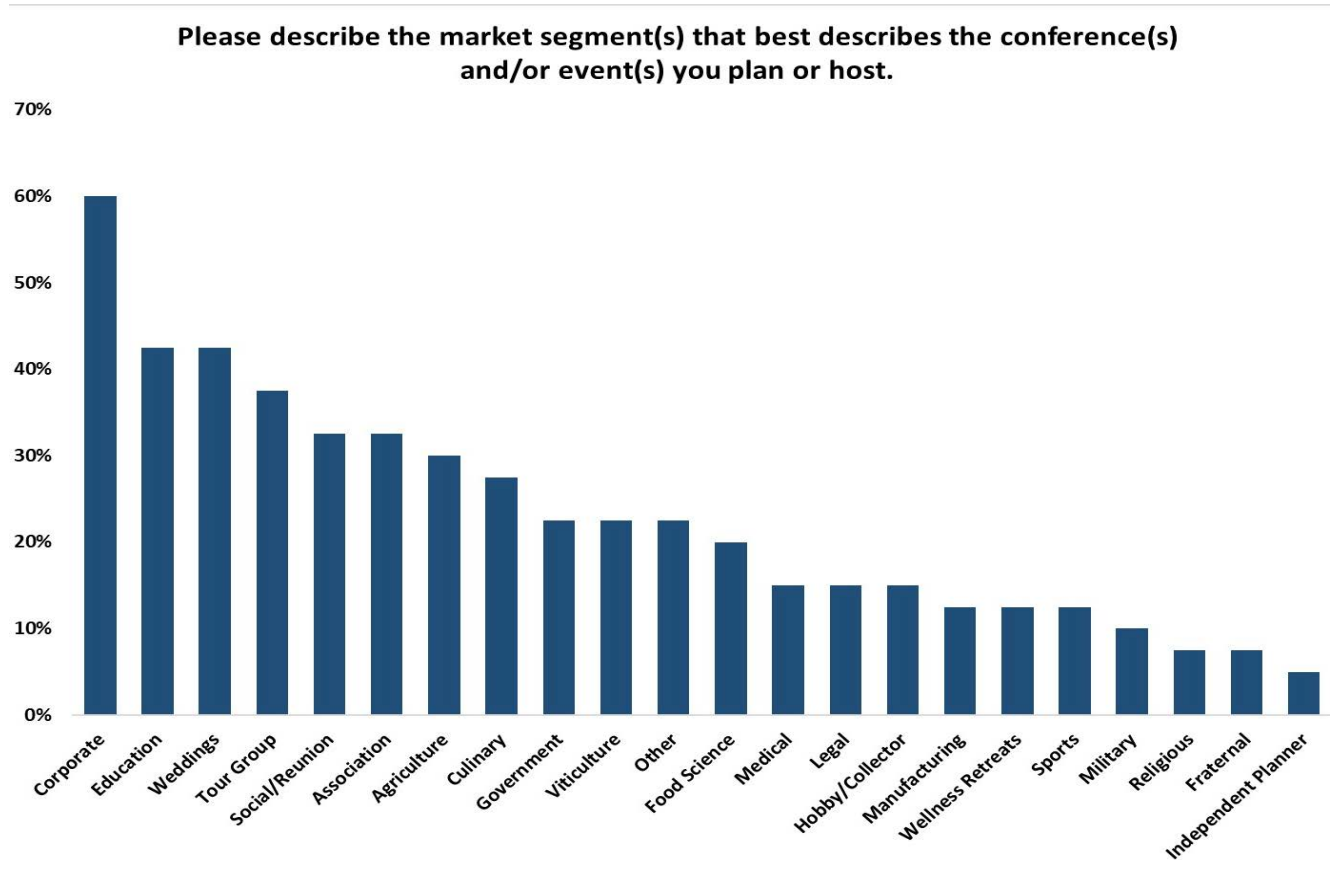
Demand Interest

The following graphs build the foundation for the concluding thoughts. These metrics are based on the propensity to meet, facility size/amenities, meeting profiles and interest levels. Each of these categories gives insight into the potential demand and ultimately, the conclusion on the feasibility of a new meeting/event facility in Ontario County.

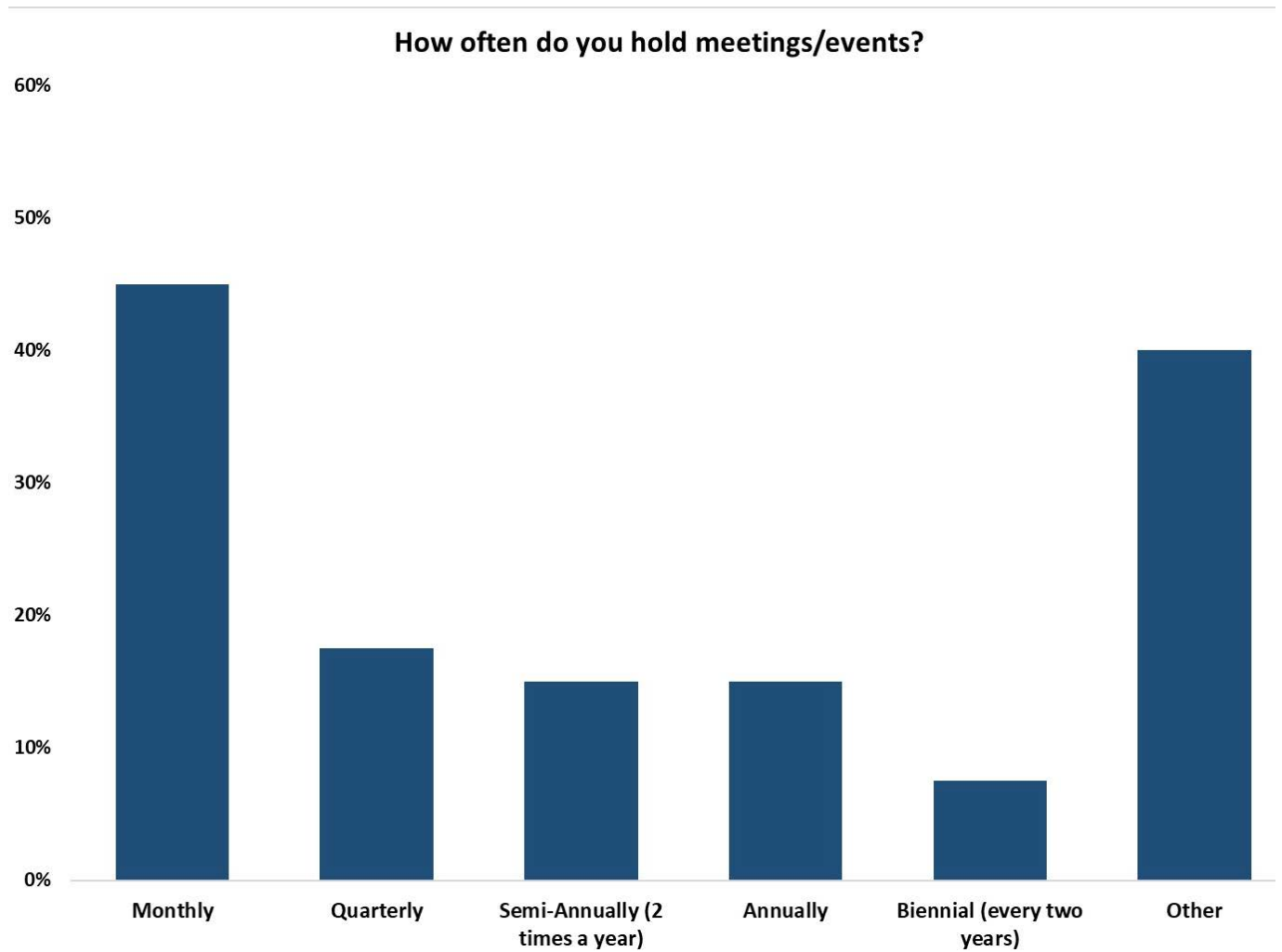
Home Location of Respondents

This survey respondent origination map depicts the distribution of the respondents to the research survey.

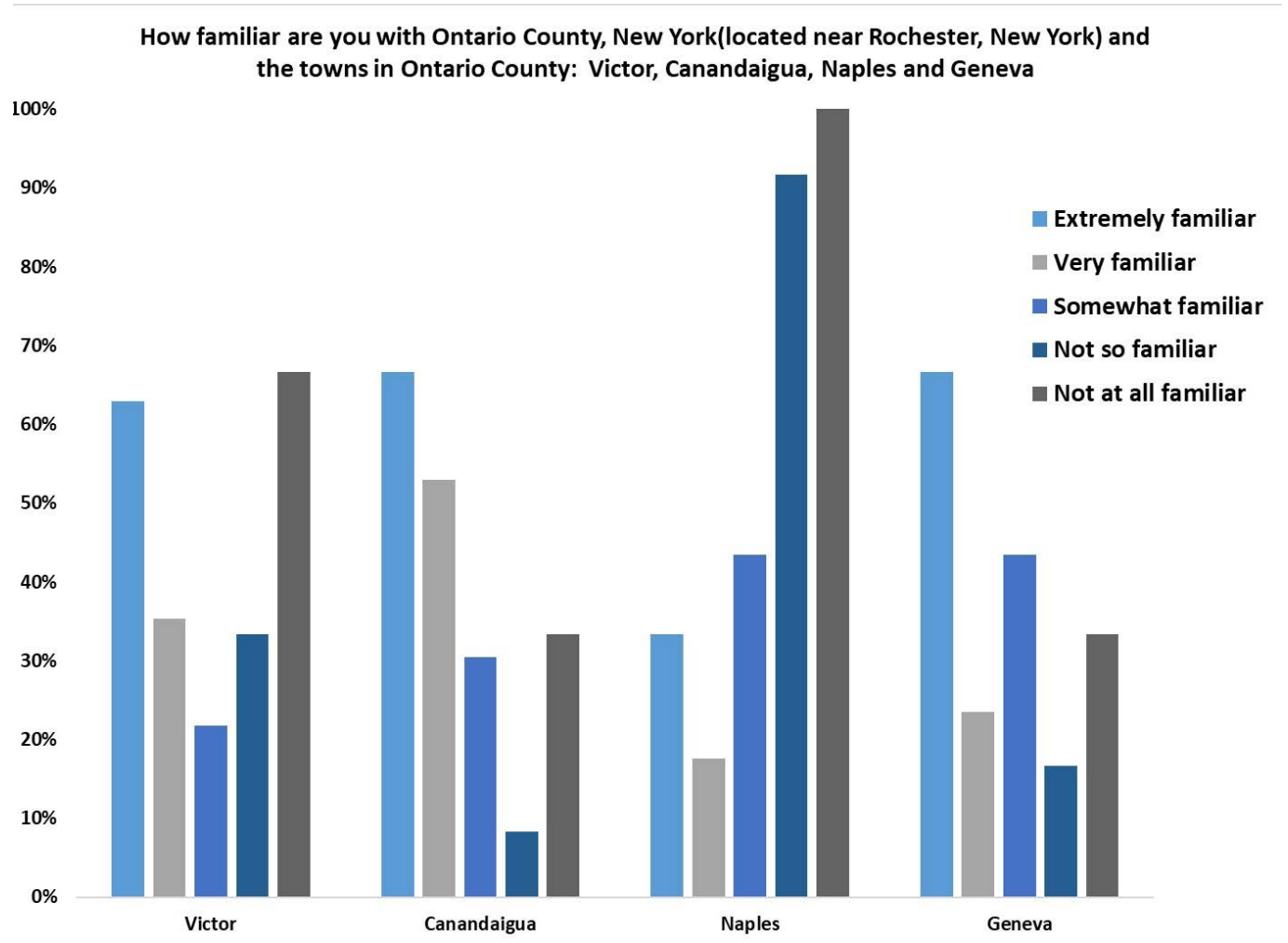




A high percentage of the meeting planners responding to the survey execute meetings/events for the corporate market (60%), education market (42.5%) and weddings (42.5%). The lowest markets represented in Ontario County were fraternal, religions and military.



The respondents indicated that monthly meetings and events were hosted most frequently followed by a wide variety of hosting events noted in the “other” category.



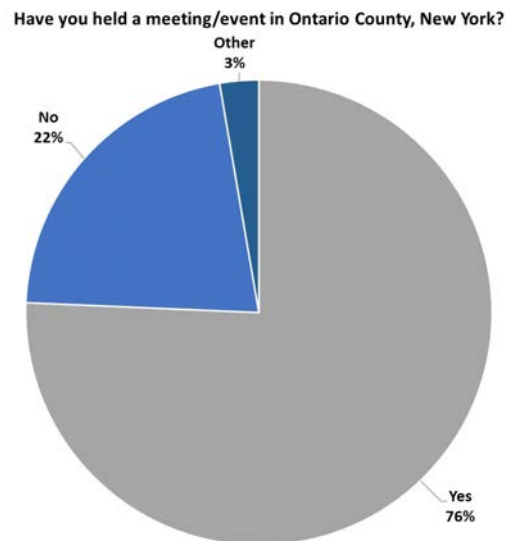
This response chart indicates the areas in Ontario County with which meeting planners are most familiar; Victor, Canandaigua and Geneva are most familiar. Naples is relatively unknown to meeting planners.

Propensity to Book Meeting/Event Profile

The charts below reveal a very high level of respondents who currently book meetings in Ontario County. This metric, which tabulated to 76%, is an indication of the satisfaction levels and knowledge of the destination. The survey revealed that over 90% of the meeting and event planners have booked business in Ontario County within the last three years.

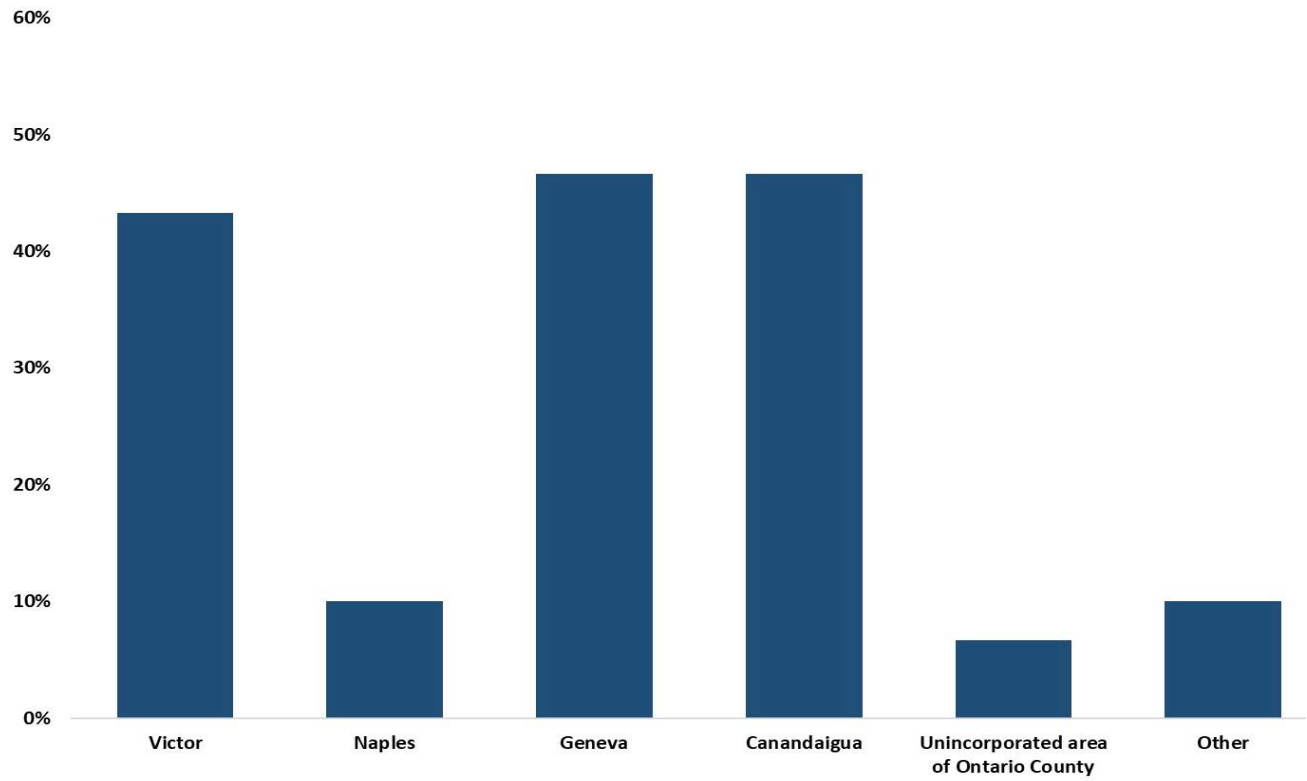
The consulting team asked the respondents to rate their level of satisfaction with the existing facilities in Ontario County. Most of the facilities hosting meetings and events received a satisfaction rating of 3 or above out of a numerical score of 5. There were two facilities with a score above 4; New York Wine and Culinary and Geneva on the Lake. Furthermore, an overwhelming 89% responded that they would book a meeting or event in Ontario County if a facility existed that met all of their needs. This is a very unusual statistic and speaks highly of the destination appeal.

The business profile indicates that most of the business is comprised of social events, seminars, board meetings, annual meetings weddings and committee meetings. It is interesting to note that the space requirements are, typically, for less than 20 people and do require a limited number of hotel rooms.

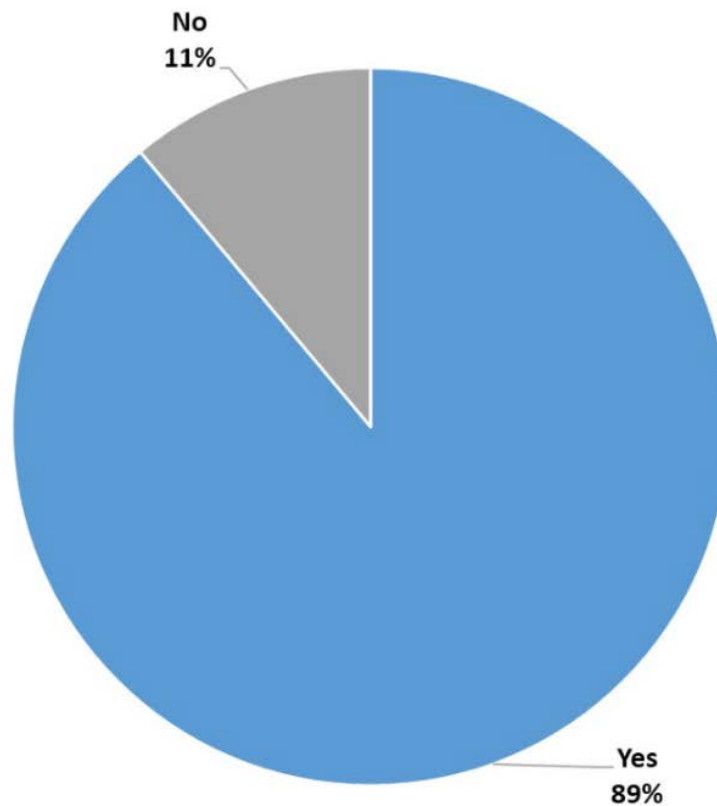


The chart above and the one following substantiates that Ontario County is currently a location for meetings and events with 76% of the respondents indicating they have held a meeting in Ontario County.

If you held a meeting/event in Ontario County during the past three years, where did you hold the meeting/event?

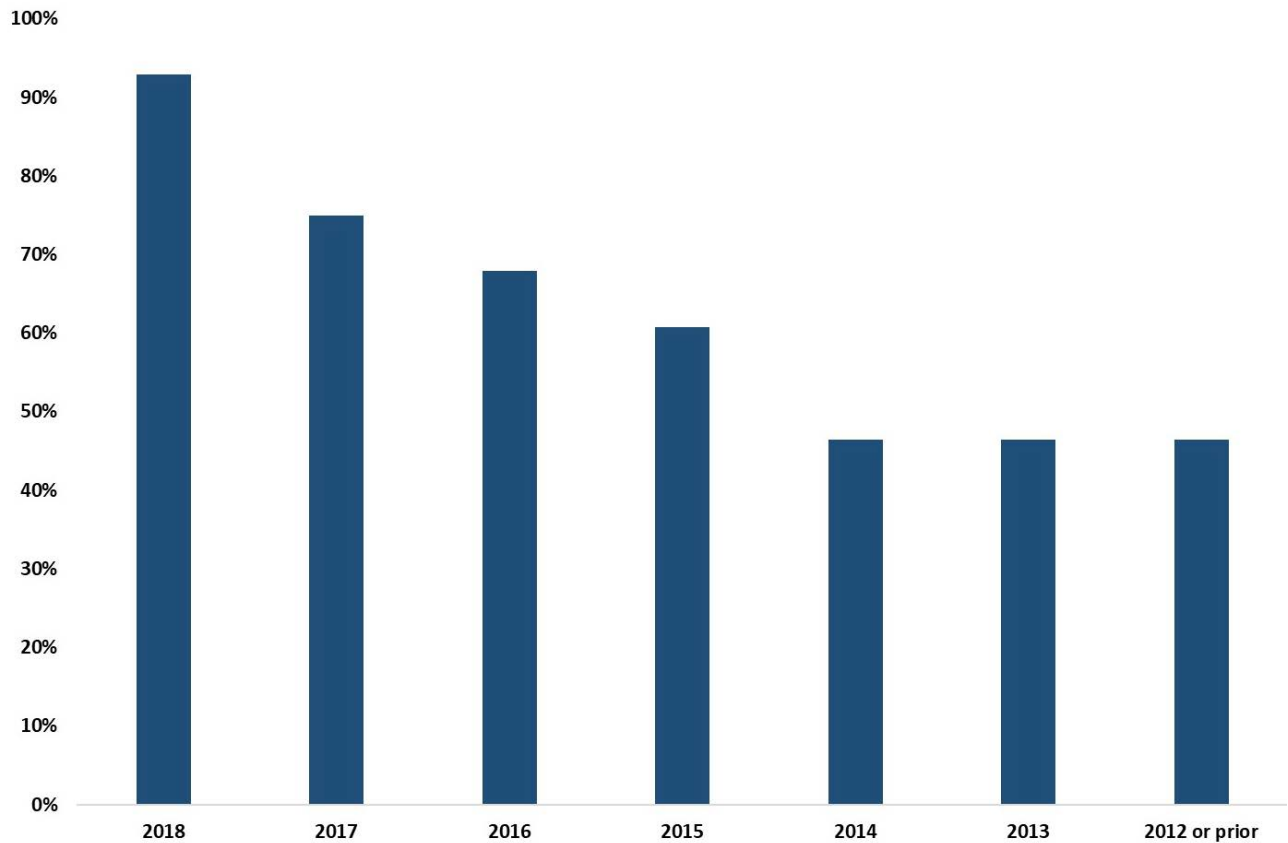


If a meeting/event facility was available in Ontario County, New York that met your meeting/event needs at every level or better and the price point for facility space and hotel rooms were competitive, would you bring your meeting/event to Ontario County

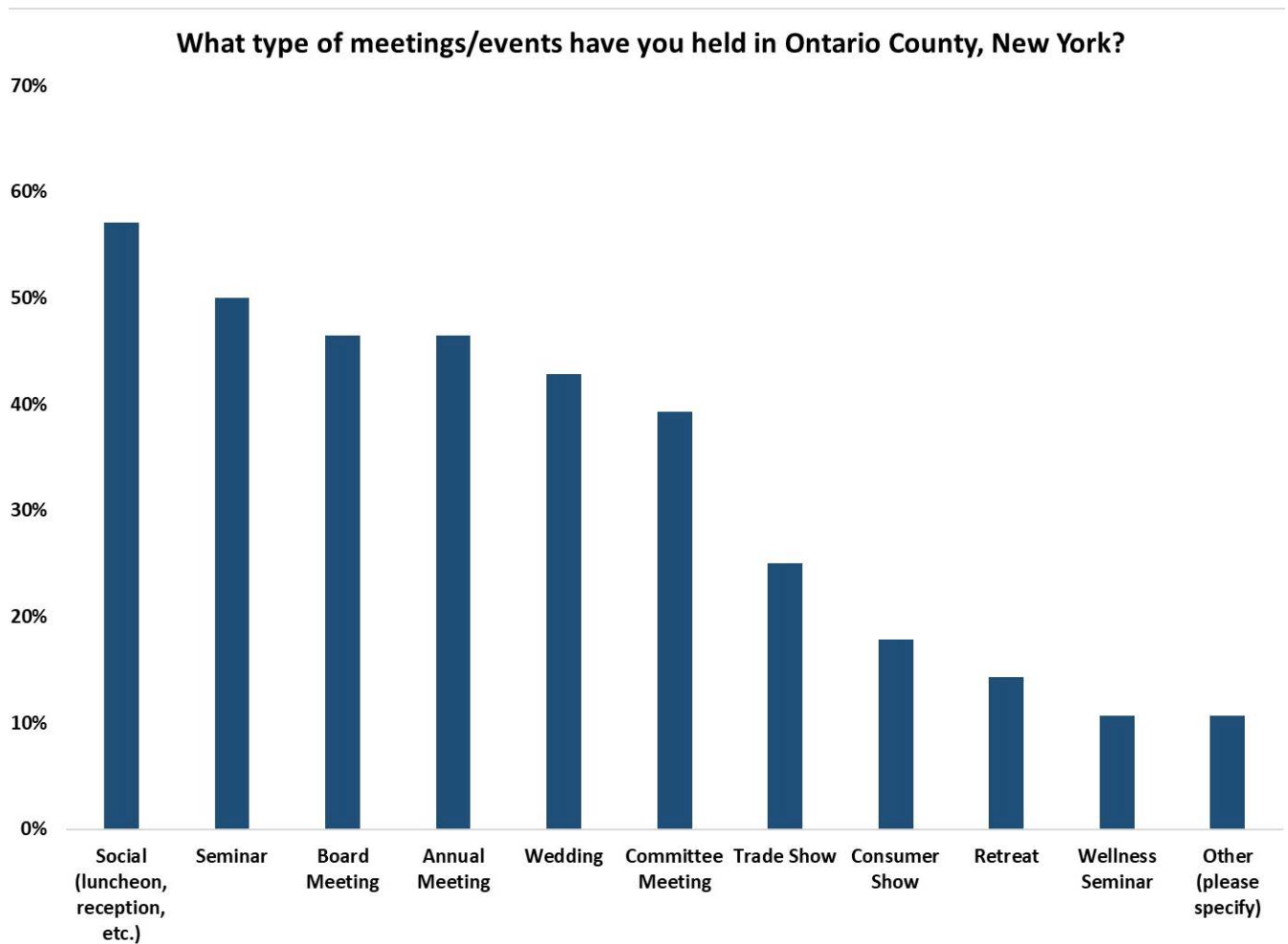


This chart clearly indicates that there is significant interest in Ontario County as a meeting and event destination. A metric of 89% is rarely achieved by any destination, when interest level is evaluated.

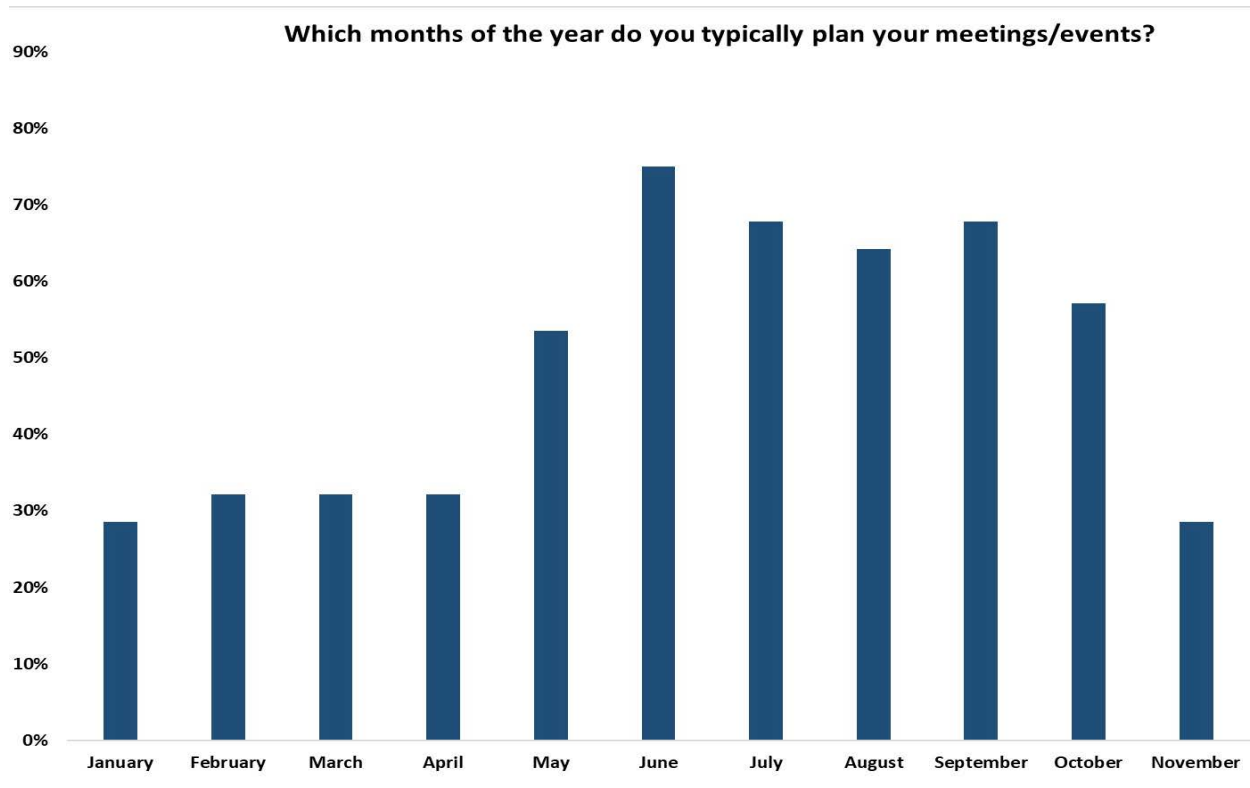
In which year(s) did you hold meetings/events in Ontario County, New York? In which year(s) did you hold meetings/events in Ontario County, New York



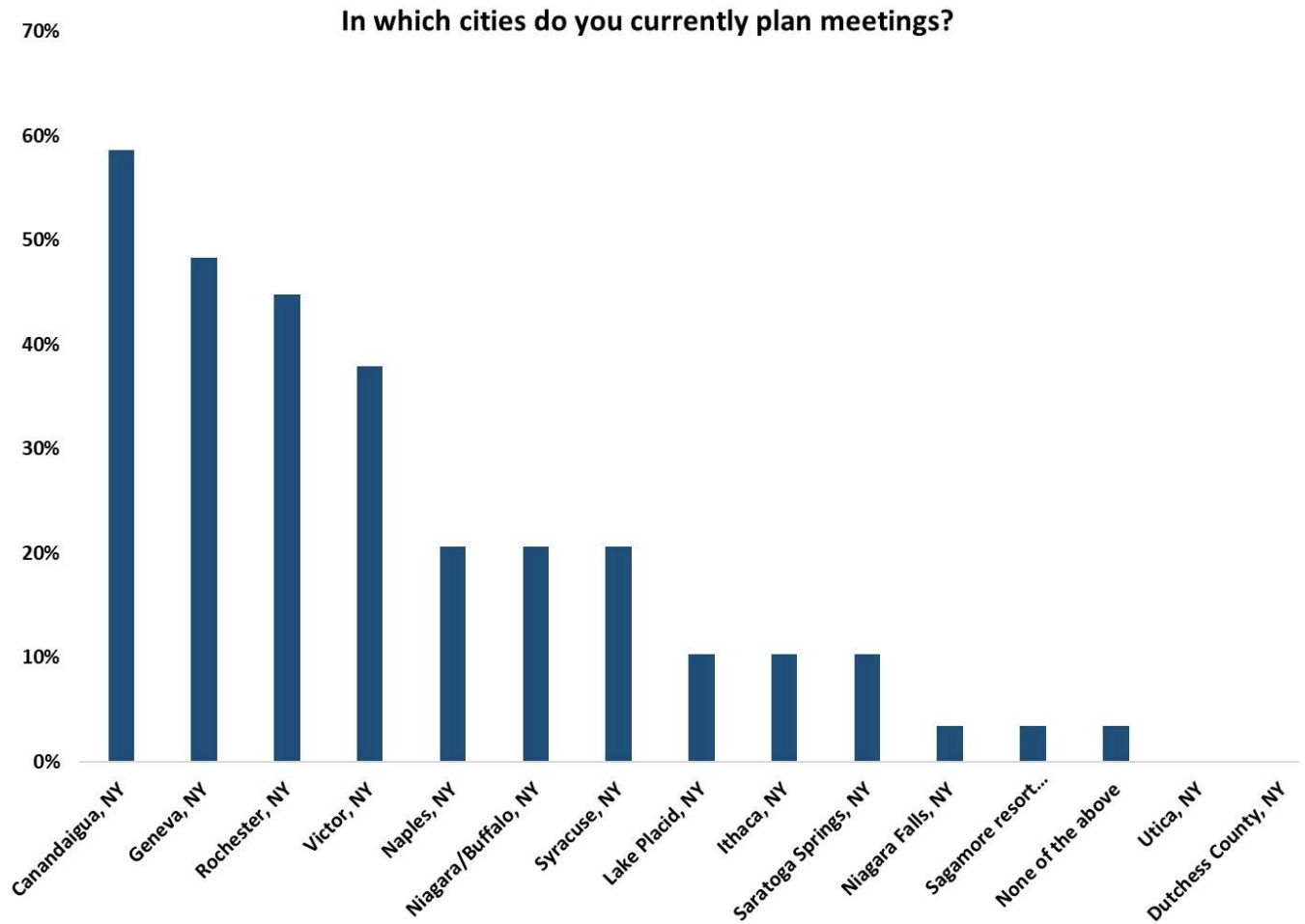
As noted in the above chart, there has been steady growth in this market segment, which indicates a high probability for growth.



The most frequently meeting/events held in Ontario County were social events, seminars, board meetings, annual meetings, weddings and committee meetings.

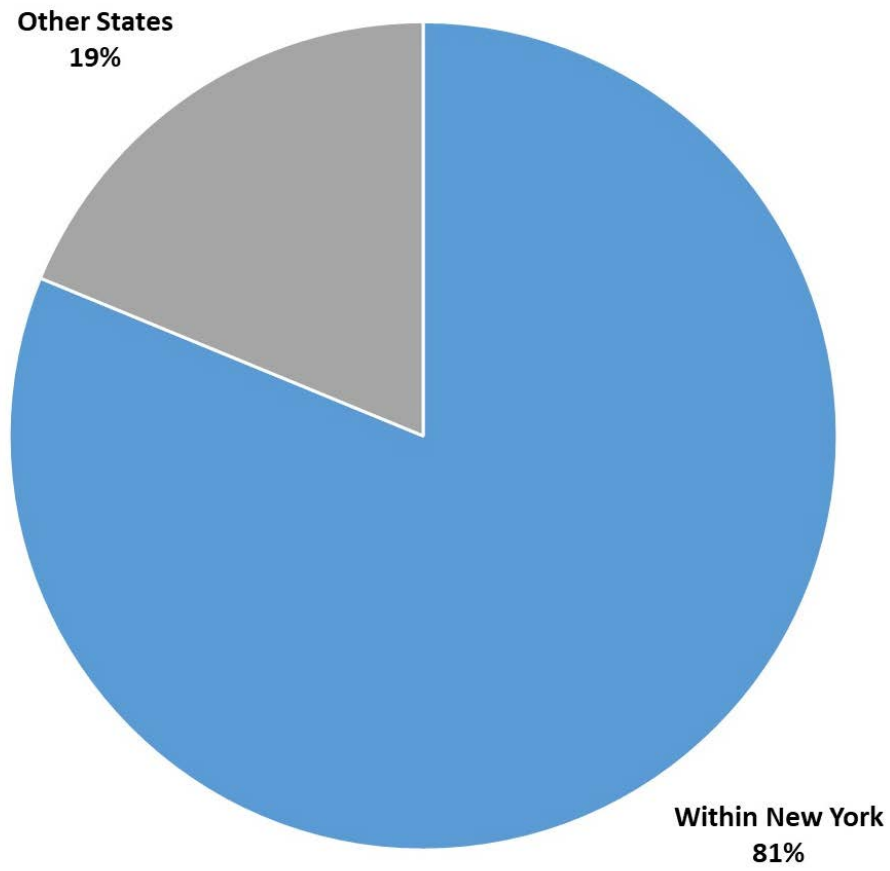


The potential for growing the meeting and event market is outstanding with 65% of the respondents stating they are extremely likely to very likely plan a future meeting or even tin Ontario County. Weddings drive a major portion of the even business from May through October.

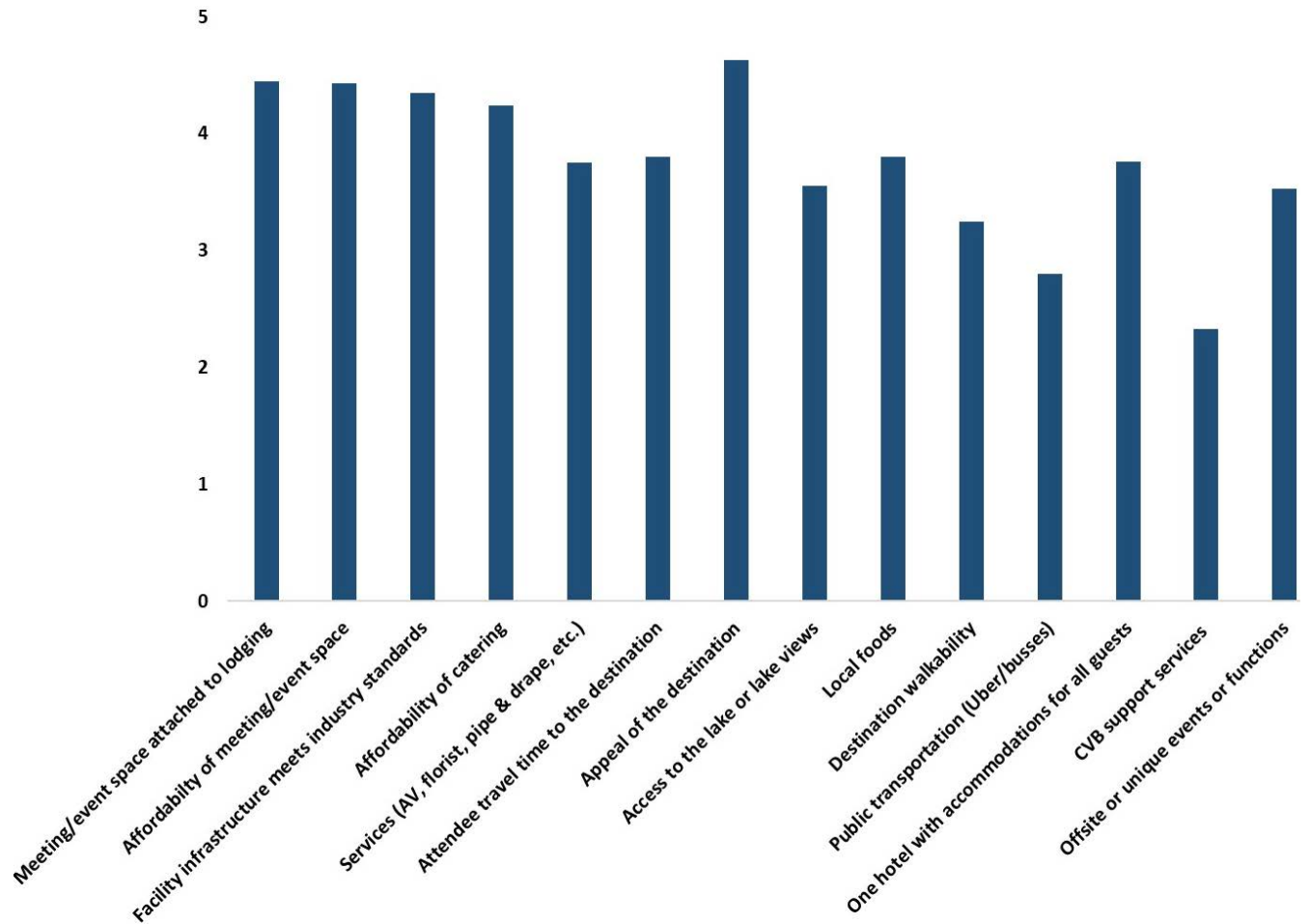


Rochester, Niagara/Buffalo and Syracuse are the major competitors outside of Ontario County.

What percentage of your attendees are located:

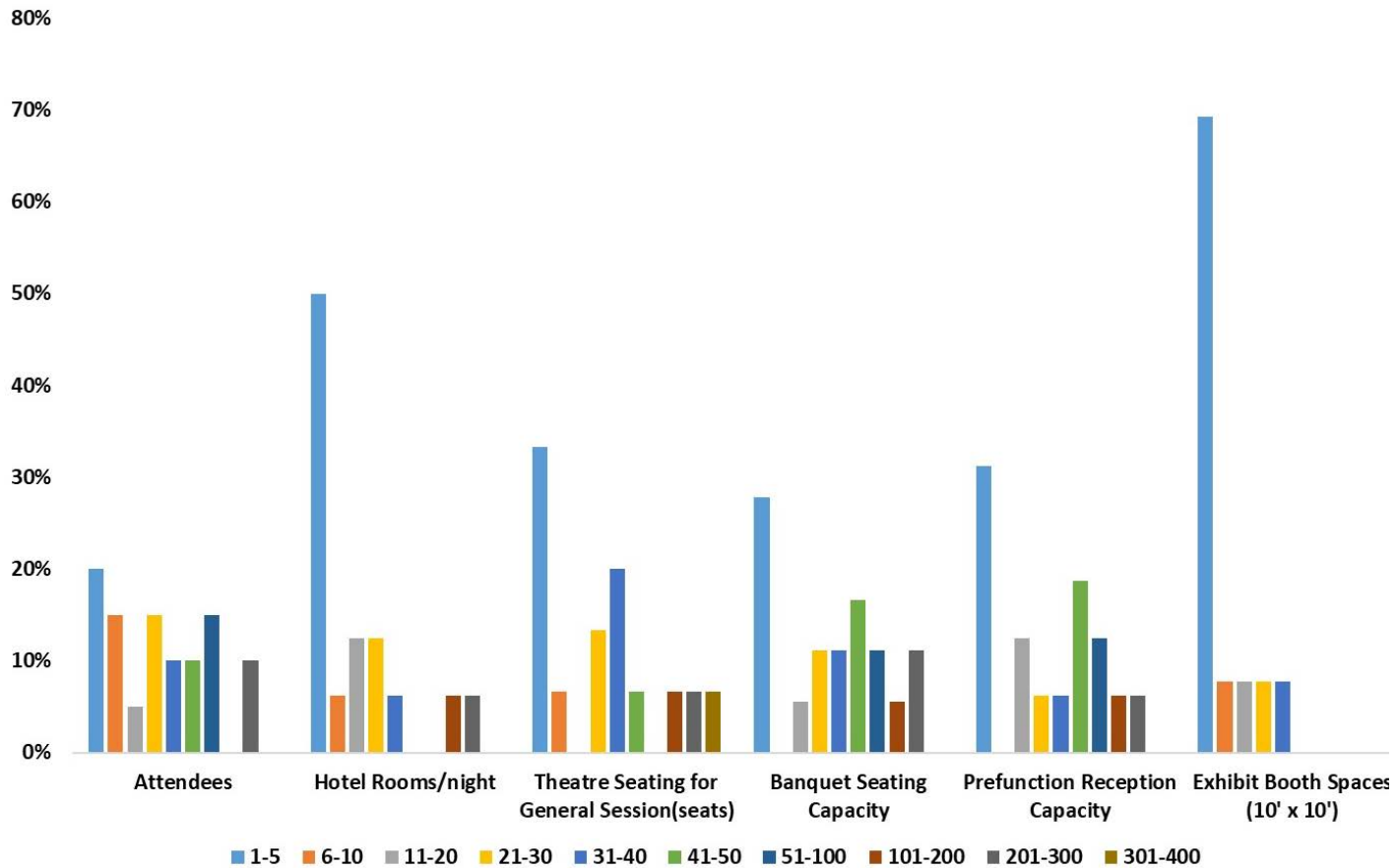


When choosing a meeting or event location, rate the importance of the following categories:



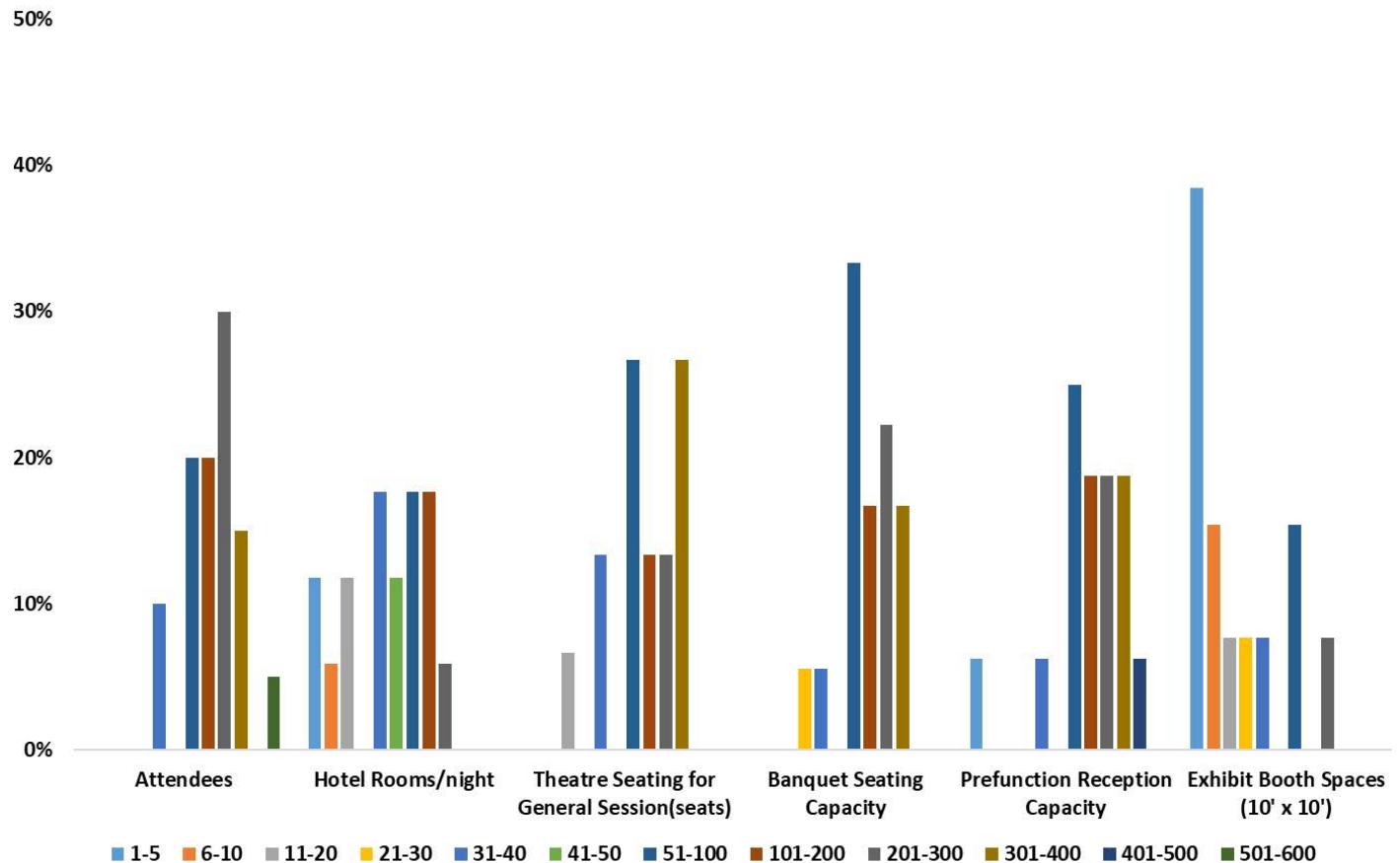
This chart shows the importance of the destination as a major component in site selection.

What is the minimum number/capacities required to accommodate any of your meeting, social or convention events? Please indicate one number for each category.



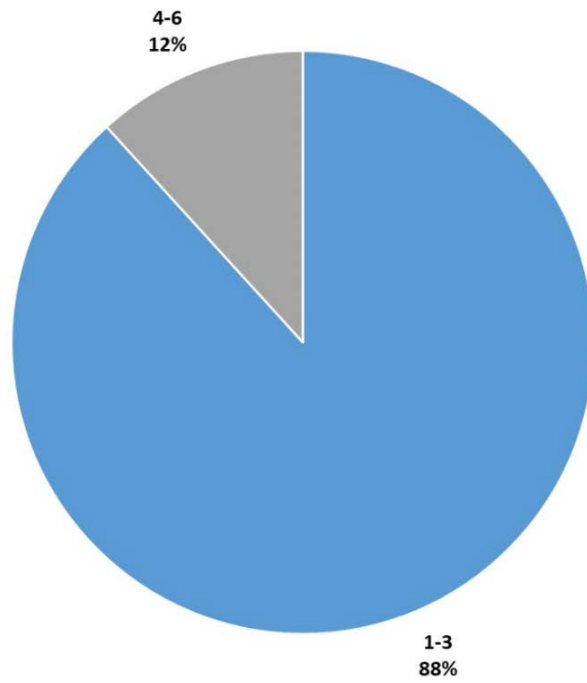
Ontario County currently has or will have the facilities to accommodate minimum meeting planner needs.

What is the maximum number/capacities required to accommodate any of your meeting, social or convention events? Please indicate one number for each category.

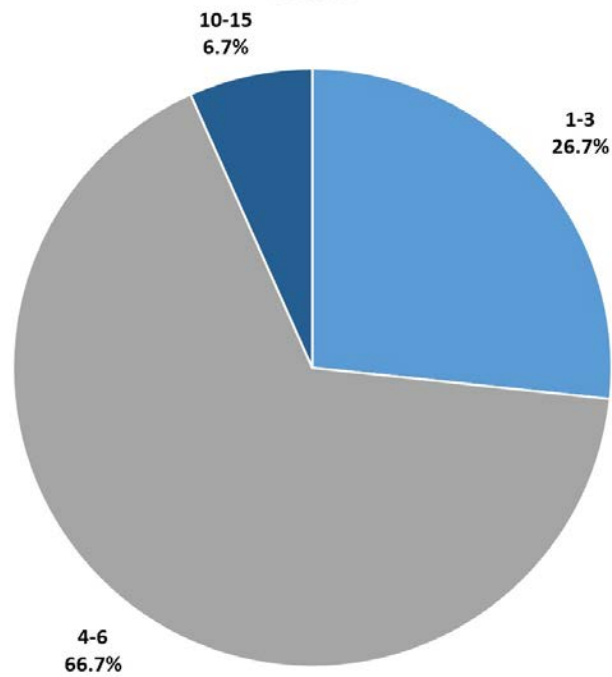


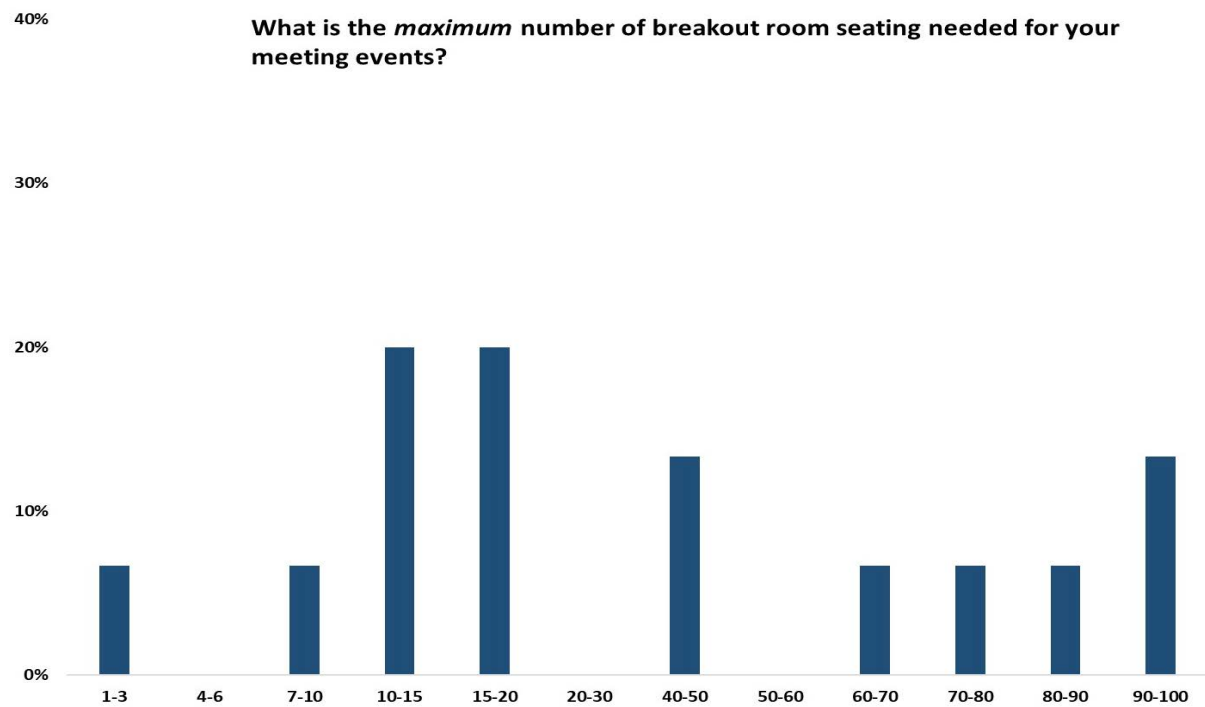
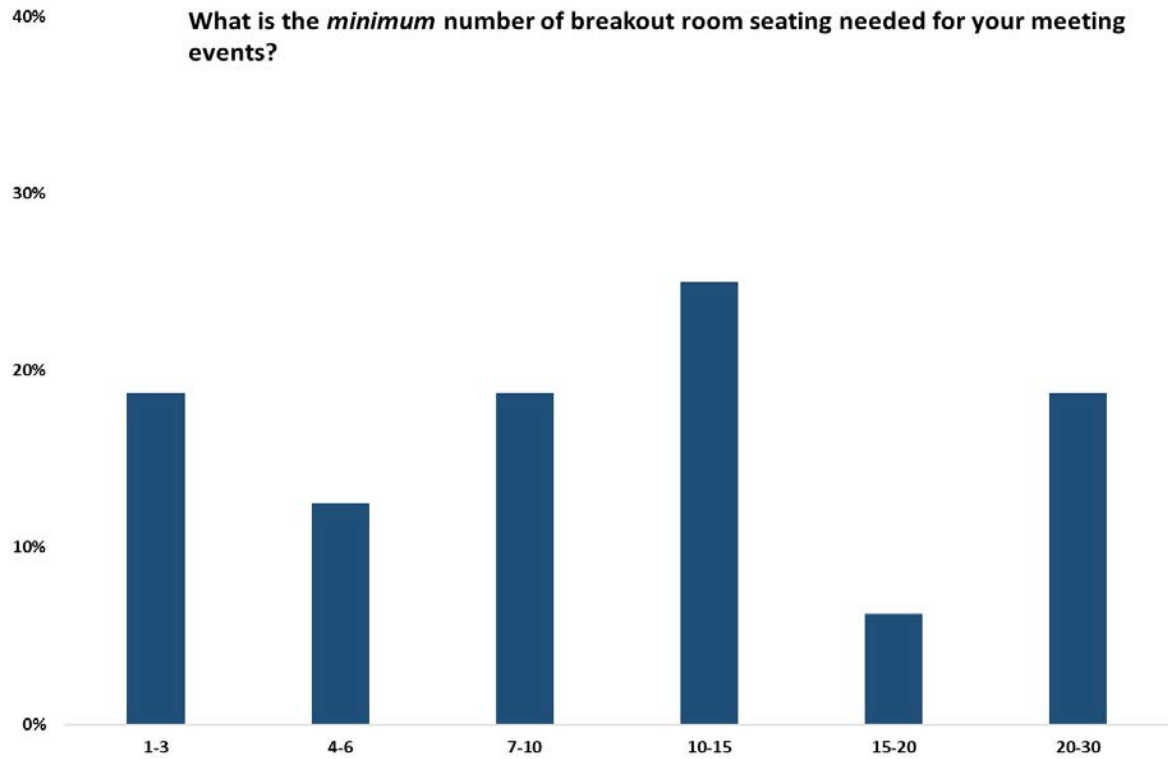
Ontario County has or will have the facilities required by meeting planners to meet most of the demand for maximum needs. As previously noted, the one limiting factor in securing the larger pieces of business will be the number of available guest rooms within one property and the seasonality of guest room availability.

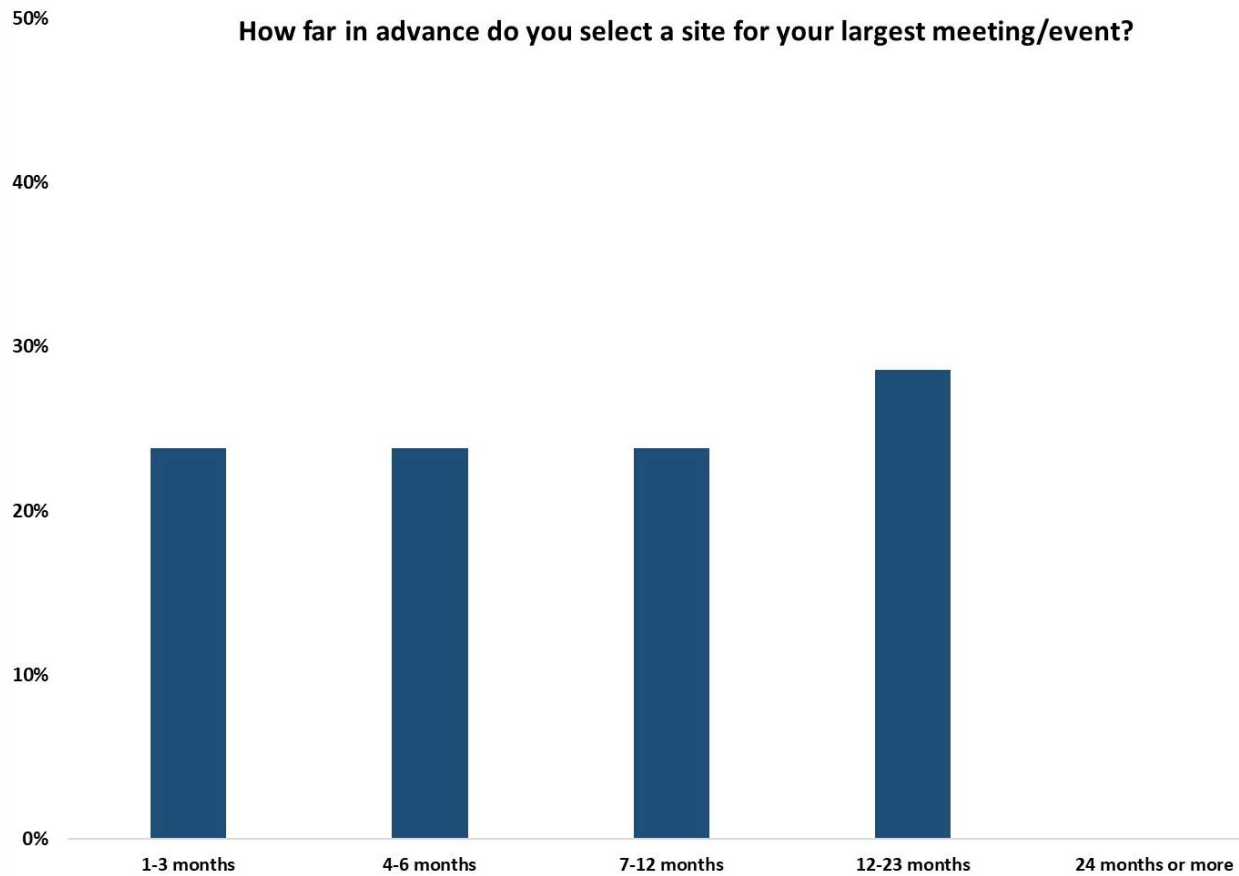
What is the *minimum* number of breakout rooms needed for your meeting events?



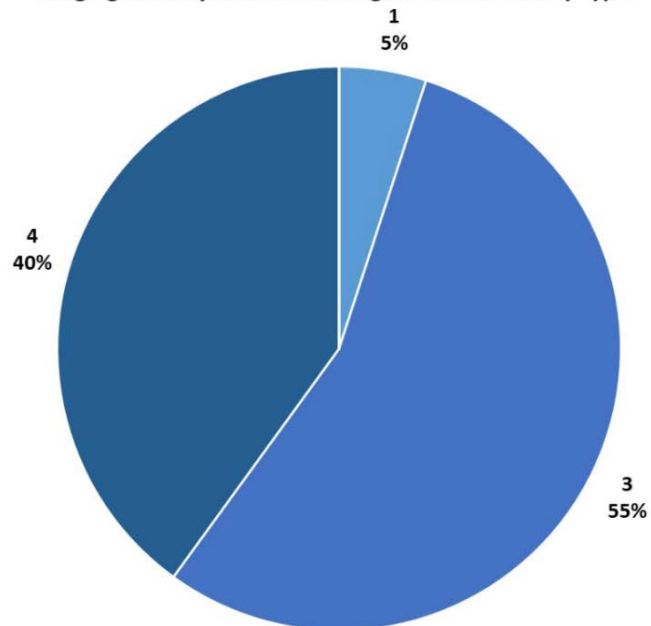
What is the *maximum* number of breakout rooms needed for your meeting events?



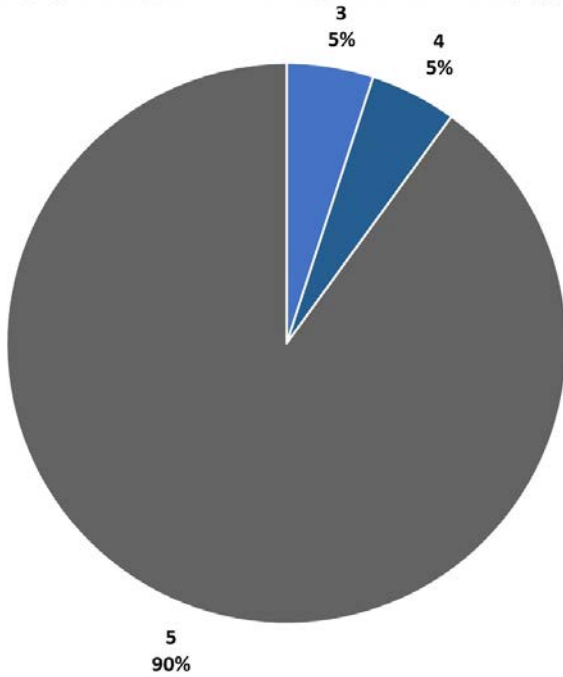




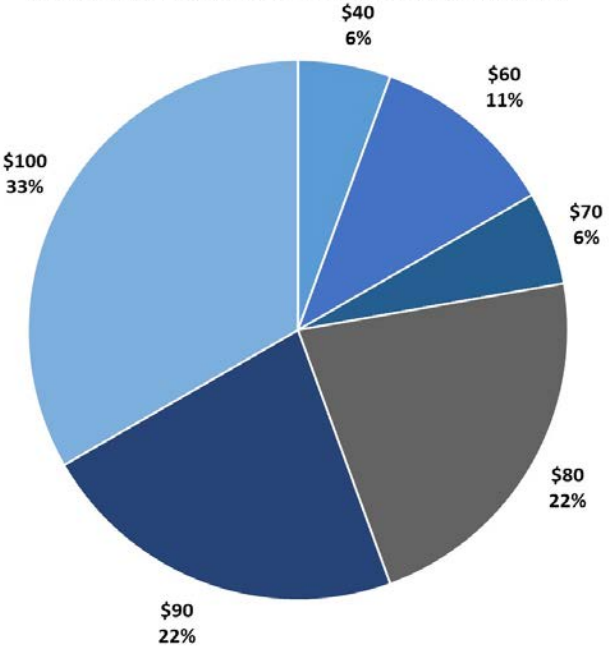
When selecting a lodging property for your meetings/events what is the range of quality that you will consider? Please indicate the minimum star ratings for lodging where you host meetings as well as facility type.



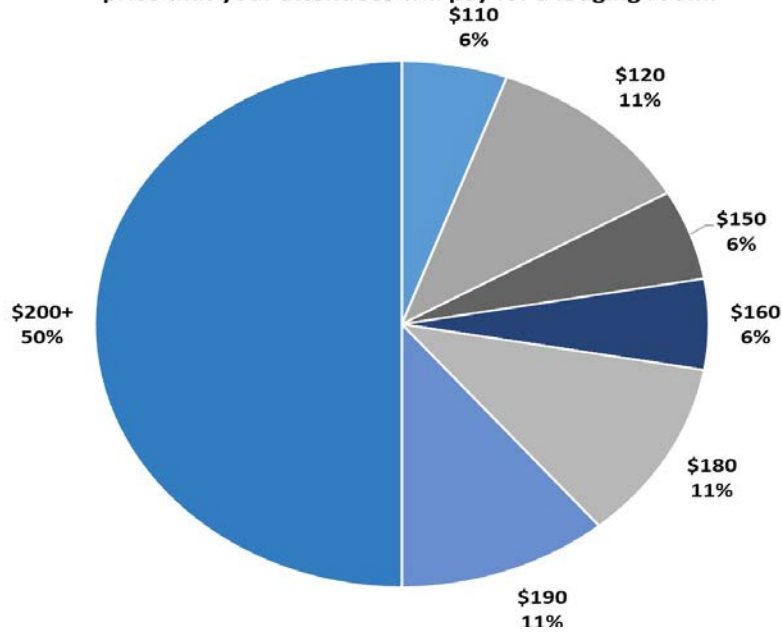
When selecting a lodging property for your meetings/events what is the range of quality that you will consider? Please indicate the maximum star ratings for lodging where you host meetings as well as facility type.



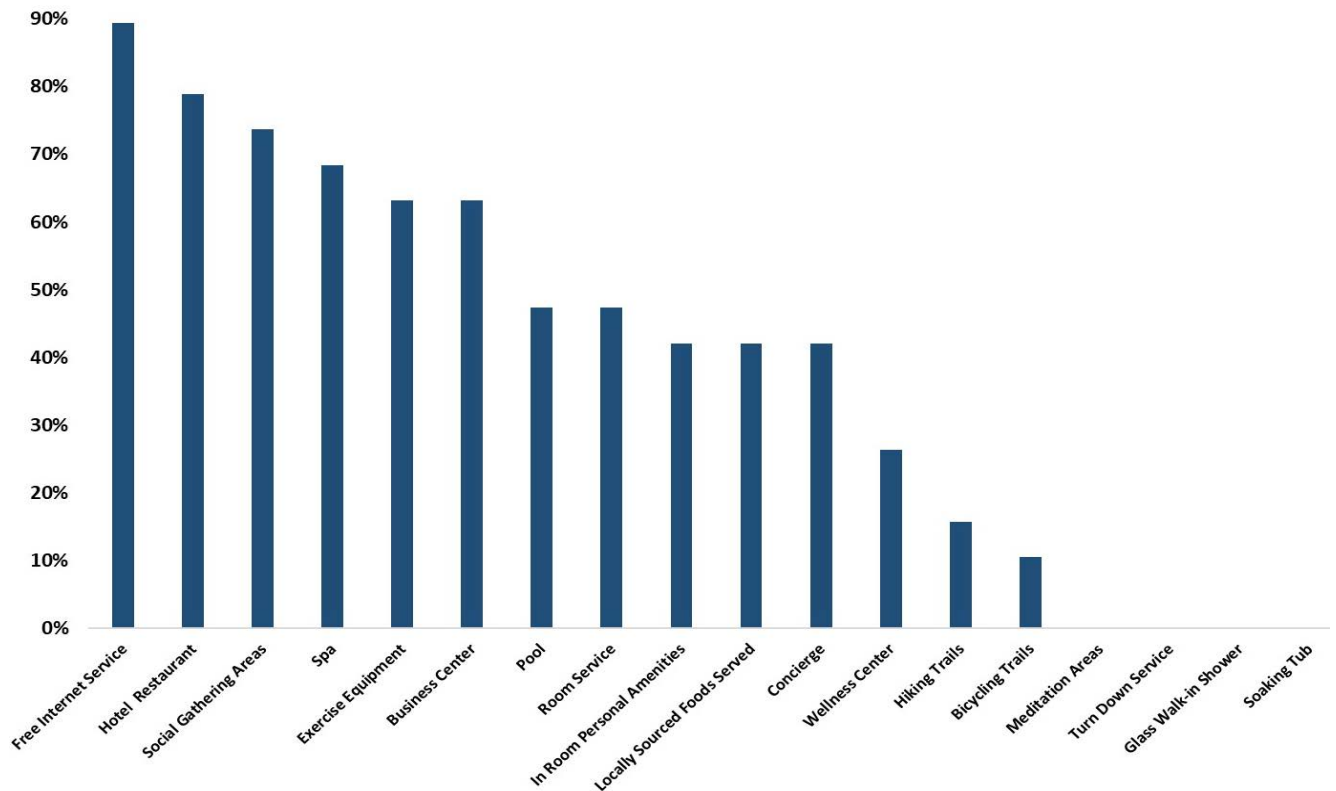
When selecting a lodging property for your meetings/events what is the price range for lodging rooms that you will consider? Please indicate the minimum price that your attendees will pay for a lodging room.



When selecting a lodging property for your meetings/events what is the price range for lodging rooms that you will consider? Please indicate the maximum price that your attendees will pay for a lodging room.



When selecting a lodging property for your meetings/events what hotel amenities influence your selection?



5

Please rate your perception of Ontario County, New York on the following:

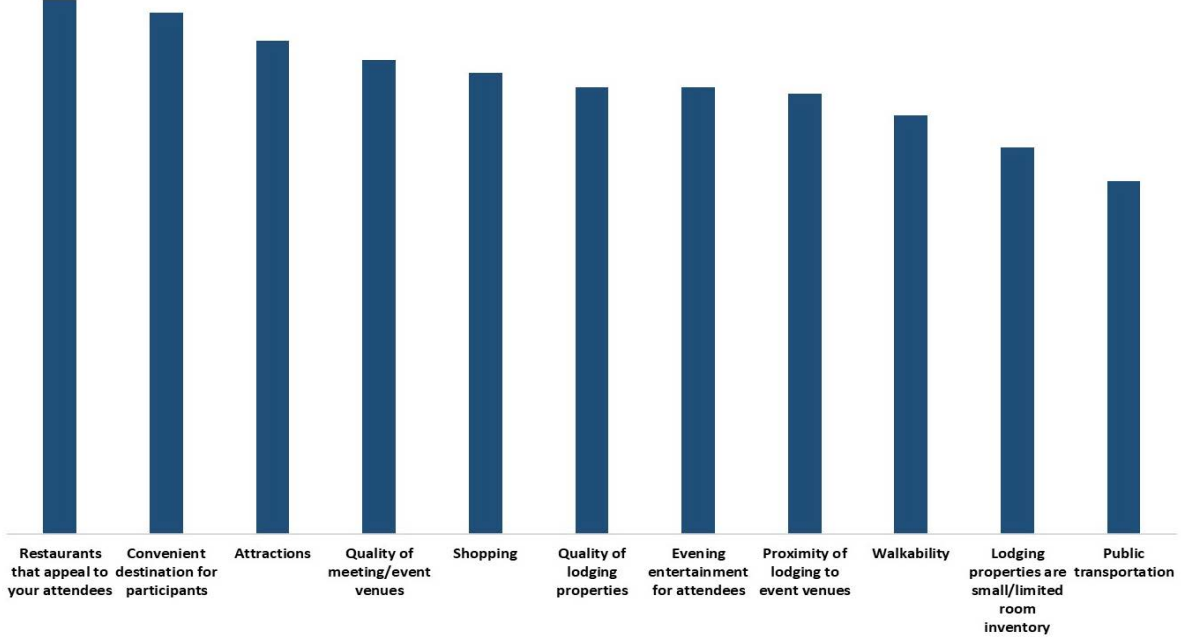
4

3

2

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5

Please rate which of the following would prevent or cause you to not bring your meeting or event to Ontario County, New York

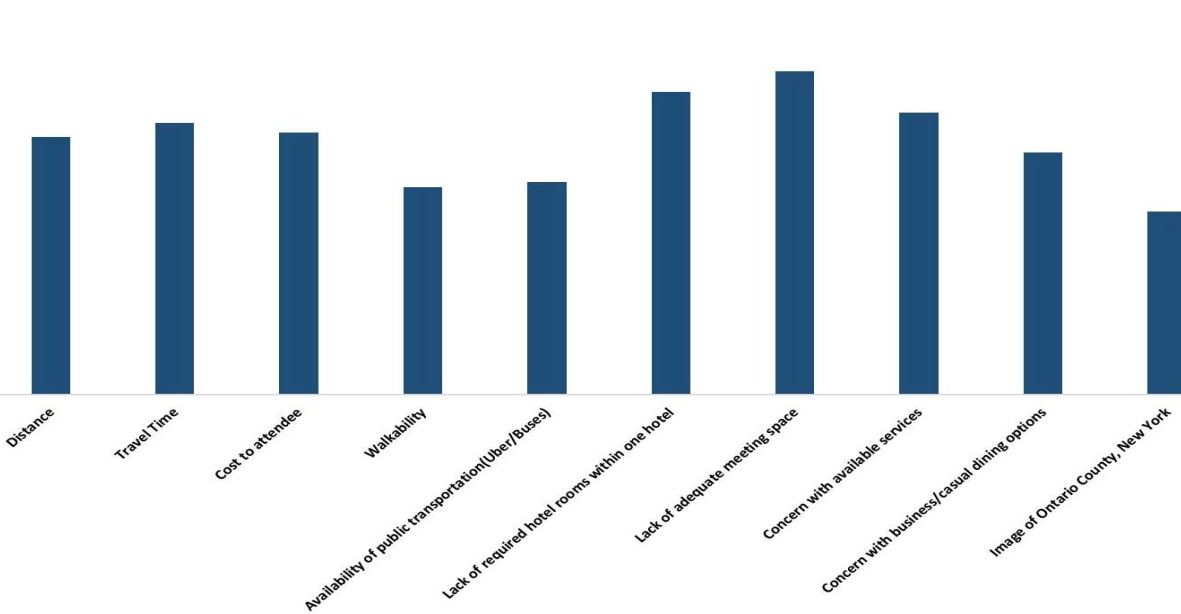
4

3

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1

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Guest Expenditures

The average amount paid for lodging per stay per travel party is \$537.

Meals \$437

Attractions \$196

Festival/Event \$196

Shopping \$437

Conclusion

Ontario County currently hosts meetings and events. As evidenced by the data graphs, the meeting/event business has grown significantly since 2012. The meeting planners who responded to the survey stated that 68% are “very likely to extremely likely” to hold a future meeting in Ontario County. These meeting planners further stated that if a facility were available that met their needs at every level and was offered at a competitive price point, a robust 87.5% of them would bring a meeting or event to Ontario County.

Lost Opportunities

Economic Impact

The driving force in assessing the economic impact of meetings lies with collecting meeting participant expenditures and meeting planner expenditures. The following exercise uses industry standards and current visitor expenditure levels in Ontario County to provide a conservative estimate of economic impact from a typical meeting/event.

Meeting/ Planner Expenditure

The target business would be a 2-day/2night event that includes meeting space, food and beverage, equipment rental and a banquet.

100 guest rooms @ 185/night@ 55% occupancy

200 for a banquet @ \$50/person

- Small meetings @ \$250 /day
- Meeting Rooms 5 rooms @ \$250 /day/room=\$2,500
- F and B for meeting rooms @ \$150/day/room=\$1,500
- Banquet 200@\$50/ person= \$10,000
- Equipment rental/Table dressing=\$2,000
- Overnight guest rooms 100 rooms @ \$185/night=\$37,000

Total spend for the meeting: \$53,000

County sales tax at 3.5%=\$1,855

Meeting Visitor Expenditure

200 people shopping, visiting attractions and wineries in Ontario County will spend approximately \$685.94 per party of two.

The spend before, during and after an event of this size is expected to generate the following:

Total Spend by Meeting Visitor: \$68,694 based on two days

County sales tax at 3.5%=\$2,400

** Assuming a one-day arrival before the event and leaving one day after the event*

Total County Sales Tax Generated: \$4,255.79/event of 200 people

Total for both Meeting Planner and Visitor Expenditures per event: \$121,694

If one assumes that the Finger Lakes Visitors Connection books 25 new pieces of business approximating the example above, the County would realize new tax revenues of \$106,375 and additional visitor spending of \$1,717,350 within the economy. This does not include any indirect economic impact figures.

No Action to Move Forward

If the decision is not to pursue the meetings market, the following impacts may occur:

- Ontario County as far as tourism is concerned, will be dependent on the performance of one market; the leisure market
- The non-peak season will not be addressed.
- Ontario County's competitive position may weaken as others grow their meetings/events industry.
- Ontario County will be leaving money on the table that could be captured with very little public investment.

Statement of Assumptions and Limiting Conditions Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct per the information made available and assumptions employed;
2. the reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analysis, opinions, and conclusions;
3. we have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved;

4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result or direction in performance that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this study;
7. Stephen Powell, CEO, Destination Services, LLC personally inspected the property described in this report.

Respectfully Submitted:



Stephen Powell
CEO
Destination Services LLC
322 South Main Street
Saint Charles, Missouri 63301
314-575-8416
stephenlpowell@sbcglobal.net

Thank you for the opportunity to be involved with this most important study.



Destination Services, LLC, is a research and planning firm, which focuses on destination marketing organizations, attraction and travel destinations and was created in 2006. During the past three years, the firm has maintained an average workforce of four. Our approach is custom tailored for each research study to the specific needs of the client. The final report will be an easy to read document that presents visitor profile and economic impact data with recommendations for action. Destination Services is a small boutique firm that develops a close bond with our clients who are devoted to our process that delivers clear, actionable strategies for our clients. The types of services provided by Destination Services in which we have acquired a very high level of expertise include: strategic planning, organizational restructuring, destination audits, sales and marketing action plans, visitor profile and trend analysis, feasibility studies, DMO best practices reviews, RIO analysis, economic impact analysis, staff and marketing asset allocations, comprehensive DMO performance reviews, convention center operational audits, stakeholder input into planning processes, detailed lodging analysis and research based recommendations.



Steve Powell
Destination Services LLC
Project Team Leader/Strategist

30 years of experience in marketing, tourism product development, destination branding and management, budgeting and research. With experience at the local, state and federal levels of government, he brings a wealth of political experience, techniques for public support and political advocacy to the project. As the former Director of the St. Charles Missouri, Convention and Visitors Bureau, his efforts moved the destination from a day trip market to a full-service year-round destination which involved the development of seventeen attractions including a 152,000 square foot convention center and a casino. During his tenure as the CEO for the Peoria, Illinois, Convention and Visitors Bureau, Powell re-organized the Bureau into a more focused regional sales organization and as a result, increased booked business by 40%. Currently, Powell works with both public and private entities to develop destinations and solve complex issues related to the overall management of the destination. His specialty is marketing, strategic planning, product and attraction development, destination branding, sales, research and political strategy. Powell has been long-term members of both the Destinations International Association Marketing Association and the Travel and Tourism Research Association (TTRA). Powell has held a board position on the organization's foundation board. In addition to membership, Powell attends one or both of these organization's annual conferences in order to keeping abreast of new trends, industry developments and the future of tourism development. For the past three years, Powell has attended the ESTO conference hosted by the U. S. Travel Industry as well as several State Governor's Conferences.

