



AGENDA COVER MEMO

Memorandum Date: September 12, 2018

TO:	Board of County Commissioners
DEPARTMENT:	County Administration
PRESENTED BY:	Jeff Kincaid, Management Analyst Bill Geist, DMOproz President
AGENDA ITEM TITLE:	REPORT/ Visitor Marketing Services Performance Audit

I. MOTION

Not applicable for this item.

II. AGENDA ITEM SUMMARY

This item is a report on the performance audit of visitor marketing services provided by Travel Lane County in accordance with the Transient Room Tax (TRT) grant award. The purpose of this report is to provide information only.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

In October 2015 County Counsel proposed, and both the Board of County Commissioners (BCC) and Travel Lane County accepted, a recommendation to adopt a grant process for allocation of TRT funds.

To begin the new grant process the County issued an RFQ in December 2015 which received two responses. After evaluation of the responses, the BCC approved BO 16-03-29-09 on March 29, 2016 which awarded a TRT grant to Travel Lane County and delegated authority to the County Administrator to finalize the terms of the grant awarded. On June 16, 2016 the County Administrator sent Travel Lane County the grant award letter (Attachment B – Grant Award Letter) and on June 21, 2016 Travel Lane County accepted the award.

The terms of the grant award called for a limited performance and program audit on a not more than biennial basis by a qualified independent evaluator. The audit is required to include an evaluation of the effectiveness of program elements in terms of planned versus actual performance, cost versus benefit, and in comparison to

comparable programs of other entities or agencies.

The County issued an RFQ for a qualified independent evaluator in January 2018 and again in March 2018 in order to make a selection. In April 2018 the County selected DMOproz as the qualified independent evaluator to perform the performance and program audit.

DMOproz engaged in the performance and program audit work over the summer of 2018 in order to produce the attached report. The performance and program audit produced is attached as Attachment A – DMOproz Audit Report and satisfies the requirement as put forth in the grant award letter.

B. Policy Issues

There are no significant policy issues regarding this item.

C. Board Goals

Successful visitor marketing relates to Lane County's Strategic Plan Initiative 2.b by promotion of Lane County as a tourist destination.

D. Financial and/or Resource Considerations

The only significant financial and/or resource consideration for this item is the distribution and subsequent use of TRT funds that are set aside for visitor marketing. This item provides an evaluation of the use of these funds.

E. Health Implications

There are no specific significant health implications for this item.

F. Analysis

For detailed analysis please see Attachment A – DMOproz Audit Report.

G. Alternatives/Options

The purpose of this report is to provide information only. As such, no alternatives or options exist.

IV. RECOMMENDATION

The purpose of this report is to provide information only. As such, there is no recommendation for the Board.

V. TIMING/IMPLEMENTATION

The grant award called for a limited performance and program audit on a not more than biennial basis. The grant period began on July 1, 2016 and is effective through June 30, 2019.

VI. FOLLOW-UP

The purpose of this report is to provide information only. As such, there is no follow-up necessary unless additional information or action is requested by the Board.

VII. ATTACHMENTS

Attachment A – DMOproz Audit Report

Attachment B – Grant Award Letter



TRAVEL LANE COUNTY: A Visitor Marketing Services Performance and Program Audit

Prepared for Lane County by

ZEITGEIST CONSULTING

**DMO
PRÖZ**

DMOproz.com

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McKenzie River Drift Boat Fishing

SITUATIONAL ANALYSIS

In April 2018, Lane County issued a Request for Qualifications to firms to provide a performance and program audit to evaluate Travel Lane County's performance with respect to delivery of major elements of its board adopted visitor marketing services plan and allocation of its annual budget in support of those elements.

Travel Lane County is an independent, non-profit organization which provides visitor marketing services for Lane County and is primarily funded by a grant agreement approved by the Lane County Board of County Commissioners.

In the summer of 2018, Lane County engaged DMOProz to perform the performance and program audit of Travel Lane County, as described above. We addressed this assignment objectively and subjectively; numerically and anecdotally. We reviewed Travel Lane County's performance in driving visitor business into the destination as well as interviewed over 100 stakeholders to gauge their impressions of the efficacy of the organization.

Our evaluation of Travel Lane County takes into consideration two competing realities: The impact of marketing is often difficult to prove (yet no one succeeds without it) and government deserves and expects a Return-on-Investment (ROI) on its investment of tax revenues.

DMOProz reviewed the organizational structure of Travel Lane County, its revenue streams, governance and programming designed to increase visitor spending throughout the destination. We paired this objective review with the more subjective analysis of how community leaders and industry stakeholders viewed the work of its Destination Marketing Organization (DMO).

Our findings, analysis and recommendations follow...



Eugene, Cascades & Coast Adventure Center • Springfield



FORMAL STRUCTURE

Travel Lane County is an independent, not-for-profit organization, recognized by the IRS as a 501(c)(6) entity. This structure aligns with the majority of American Destination Marketing Organizations (DMOs) that follow this governance structure. Indeed, roughly two thirds of American DMOs that are members of the sector's Trade Association (Destinations International) are structured in such a way.¹ The remaining third are divisions of Chambers of Commerce, Economic Development agencies or units of government.

While there are examples of effective and successful DMOs that are divisions of other entities, we have found compelling evidence that the 501(c) governance model provides several advantages not found in other structures. Independent DMOs are generally more nimble to meet marketing opportunities and mitigate challenges. They also typically enjoy a significantly higher level of engagement from their industry partners, resulting in a higher level of private sector investment in the organization.

Thus, we can say, without reservation, that the formal structure of Travel Lane County is the preferred format for today's American DMO.

¹ 2015 DMO Organization & Financial Profile, Destinations International (formerly Destination Marketing Association International).



Lowell Covered Bridge • Lowell

BOARD GOVERNANCE

As a 501(c)(6) non-profit agency, Travel Lane County is governed by a 30 person Board of Directors, representing the following interests:

- 6 appointed by municipalities that invest in the organization
- 2 from Full Service Hotels over 100 rooms
- 2 from hotels under 100 rooms
- 1 from restaurants
- 1 supplier or wholesaler
- 1 representing transportations
- 1 representing events
- 16 At-Large, representing the business and professional community (4 of which must represent specific geographic areas of the county)

There are also a number of ex-officio members representing the Airport, community Chambers of Commerce and Economic Development organizations.

Destinations International no longer tracks Board size in its review of Destination Marketing Organizations. However, in our experience with over 200 DMOs across the Americas, a Board over 25 members is typically the exception rather than the rule. In addition, most non-profit governance experts advocate for Boards no larger than 10-15. That said, we believe the size of the Travel Lane County Board to be appropriate for the diversity and geographic footprint of the destination it serves. What this large Board gives up in speed and agility, it more than makes it up in community engagement and representation.

The Board meets ten times each year at various locations throughout the county to review the work of professional staff and to discuss the future of the organization and the destination.

As part of our review, we sat in on one of Travel Lane County's Board meetings and were impressed at the level of engagement by Board members. Especially during the review of the organization's financials, the questions and discussions were at a level that indicated that several Board members took their fiduciary responsibilities seriously.

In our conversations with Board members, we were also impressed with their dedication to the process of governance. One member stated, "we spent a lot of time on governance: organizational policy, the way we interact with each other and our communities, how we execute outreach and the gathering of inbound intelligence to keep abreast of changes and to consider potential endorsements of destination-enhancing projects."

In reviewing Board documentation, we found minutes and financials to have sufficient detail and depth to provide accountability. The Board regularly reviews its Mission and Vision Statements to ensure organizational focus. It also reviews the performance of its CEO on a regular basis. Financial controls are thorough and processes are solid.

In addition, the Board is kept up-to-date with monthly Board Reports that offer an easy to read “dashboard” detailing progress against goals. From metrics outlining digital and earned media progress to meetings, tournaments and events won, pending and lost, the Board is updated on a monthly basis through their access to the organization’s extranet.

The Board Orientation packet clocks in at 232 pages, easily the most comprehensive such manual we have seen in our over twenty years consulting DMOs. Included are expected documents such as By-laws, Board Member Job Descriptions and financial information. But this Orientation packet goes much deeper, including an in-depth budget, the past year’s financial audit and Annual Report, its Marketing Plan, Crisis Communications Plan and background on the revenue streams that power the organization.



Cuthbert Amphitheater • Eugene

REVENUE STREAMS

Travel Lane County's operational budget is made up primarily through the investment of government assessed hotel room tax revenue, similar to most DMOs in America. For FY 18-19, the Travel Lane County total revenue streams are budgeted at \$3,075,731, of which Room Taxes directed to the agency will amount to \$2.64 million, or 87% of its budget. According to Destinations International, DMOs with comparable budgets to Travel Lane County average 90% of their budget from public sources.²

The organization supplements this revenue stream with several smaller revenue streams, the largest being a Membership program that generates just over \$150,000 (5% of its budget, which statistically matches the national average for DMOs in the \$2-\$5 million budget category).³

Membership programs have begun to fall out of favor across the country over the past decade because they inadvertently block the visibility of small entrepreneurial businesses that don't have the resources to join the organization. Before the era of the internet, a large number of Destination Marketing Organizations augmented their budgets with a Membership program in which area businesses would pay a fee to be included in the annual visitors guide and hotels would receive leads for potential meetings and conventions. And, in those days, it was insanely successful (and appropriate). Those area businesses sophisticated enough to see the value of visitors to their bottom line were all too eager to write a check for a few hundred dollars, knowing full well they would likely be the beneficiary of thousands of dollars of Tourism business throughout the year.

Today, however, Membership, in many destinations, has devolved from an inclusionary practice to an exclusionary one, inadvertently causing the DMO to appear irrelevant to the savvy traveler or meeting and event planner.

The Travel Lane County Membership Model, however, is not as "black-and-white" as traditional models are. While only members are listed and actively promoted, the organization maintains a policy that non-members will be featured if and when it puts the destination in a positive light. As one person we interviewed said, Travel Lane County is "true to Members while being true to the destination."

² 2015 DMO Organization & Financial Profile, Destinations International (formerly Destination Marketing Association International).

³ 2015 DMO Organization & Financial Profile, Destinations International (formerly Destination Marketing Association International).

In reviewing the list of businesses and entities that discontinued their memberships over the past fiscal year, we found that 26% left because of financial hardship or closing the business with another 22% saying that they had shifted their marketing and/or business focus. The remaining 35% were categorized as not seeing the benefit of membership in the organization. 16% of the drops gave no reason or refused to take a call from Travel Lane County.

In over 25 follow-up conversations with dropped members, several raved about Travel Lane County but said that their business model wasn't compatible with the organization's benefits. One even said that business was too good (and they'd rejoin when things slowed down); others had difficulty in identifying how Travel Lane County was driving business to their doors. A couple fairly typical comments...

"I love what you guys do but I thought there would be more programs we'd be able to take advantage of."

"We were a member for a year. Fantastic, Nice People. We were going to have a retail component, but that just didn't happen."

"I think buying more Facebook ads would be better use of our marketing budget."

"They're all great people over there, but the value isn't worth it for us. We are only open for a few months a year."

Other revenue streams employed by Travel Lane County include private sector revenue from co-op marketing programs, advertising sales in publications and event sponsorships.



CLARITY OF PURPOSE

The Mission of Travel Lane County is to increase the number of overnight visitors to the destination. And, virtually every action outlined in the organization's marketing plan is designed to achieve this singular goal. From efforts to lure conventions, events and sports tournaments to the region to attempting to inspire visitation by consumers through advertising, social media and public relations, Travel Lane County works to get visitors into paid lodging options throughout the county.

It's primary objectives include:

- To attract visitors to the area by promoting Lane County as a convention and leisure travel destination.
- To provide coordination and leadership for the community and the visitor industry on matters relating to convention activity and tourism.
- To gather community information designed to convey to opinion leaders and the public at large the status of the visitor industry.
- To work with local governmental units, private enterprise and other interested parties to structure suitable financing plans for the Bureau, and to implement those plans.

While everything starts with an overnight stay, the impact that an organization like Travel Lane County has upon a destination is sensationally more profound. Overnight visitors spend more in area businesses, are more likely to share their experience on social media platforms with their friends and are more likely to consider a move to a place they have visited. Indeed, recent research by Longwoods International indicates that the likelihood of someone starting a business in a destination increases between 10 and 15% after simply seeing a tourism ad.⁴

It is this awareness of the power of tourism to enhance the community that underpins the vision statement of Travel Lane County: **Eugene, Cascades and Coast is one of the most preferred travel destinations in the Pacific Northwest.** Its organizational vision is **to be a recognized leader in achieving year-round economic growth throughout the Eugene, Cascades and coastal region through innovative destination marketing, product development and exceptional visitor experiences.**

In our discussions with stakeholders that claim familiarity with other destination marketing organizations throughout the region, we heard a universal sense of pride and acknowledgment that Travel Lane County was, indeed, living up to that vision for the organization.

⁴ Levine, Andrew. "Why Tourism Advertising is More Powerful than You Think." Forbes.com. March 19, 2015, www.forbes.com/sites/andrewlevine2/2015/03/19/why-tourism-advertising-is-more-powerful-than-you-think/

The core values employed throughout the organization that allow them to fulfill their mission include the following:

We are Brand Ambassadors

We celebrate local adventures, food, beverages, culture and products. We are committed to knowing our destination from one border to the other and living our brand promise.

We are Professionals

We provide informed, friendly, attentive, prompt, accurate, respectful service. We are sincere in our sense of stewardship to the people we serve, from visitors to members to residents.

We Value Our Staff Team

We strive to provide a healthy, rewarding, enriching, and supportive employment experience. We value family and personal time as important for individual and team health.

We Use Resources Efficiently and Effectively

We are stewards of limited resources. We endeavor to maximize return on investment, minimize waste, and buy local. We encourage a Leave No Trace style of recreation and consider visitor volume impacts.

We Measure and Report Return on Investment

Regular reports chart our progress and provide indicators of industry health and program outcomes. ROI includes a sense of welcoming hospitality towards visitors, and local value for our organization, staff team and industry sector.

In our analysis of the organization, we find its clarity of purpose, vision and mission to be on point and faithfully executed. That Travel Lane County was accredited earlier this year by Destinations International reaffirms our findings, as only the most effective and professionally-run DMOs in the world are able to earn that distinction.⁵

⁵ Destination Marketing Accreditation Program, Destinations International: <https://destinationsinternational.org/destination-marketing-accreditation-program-dmap>



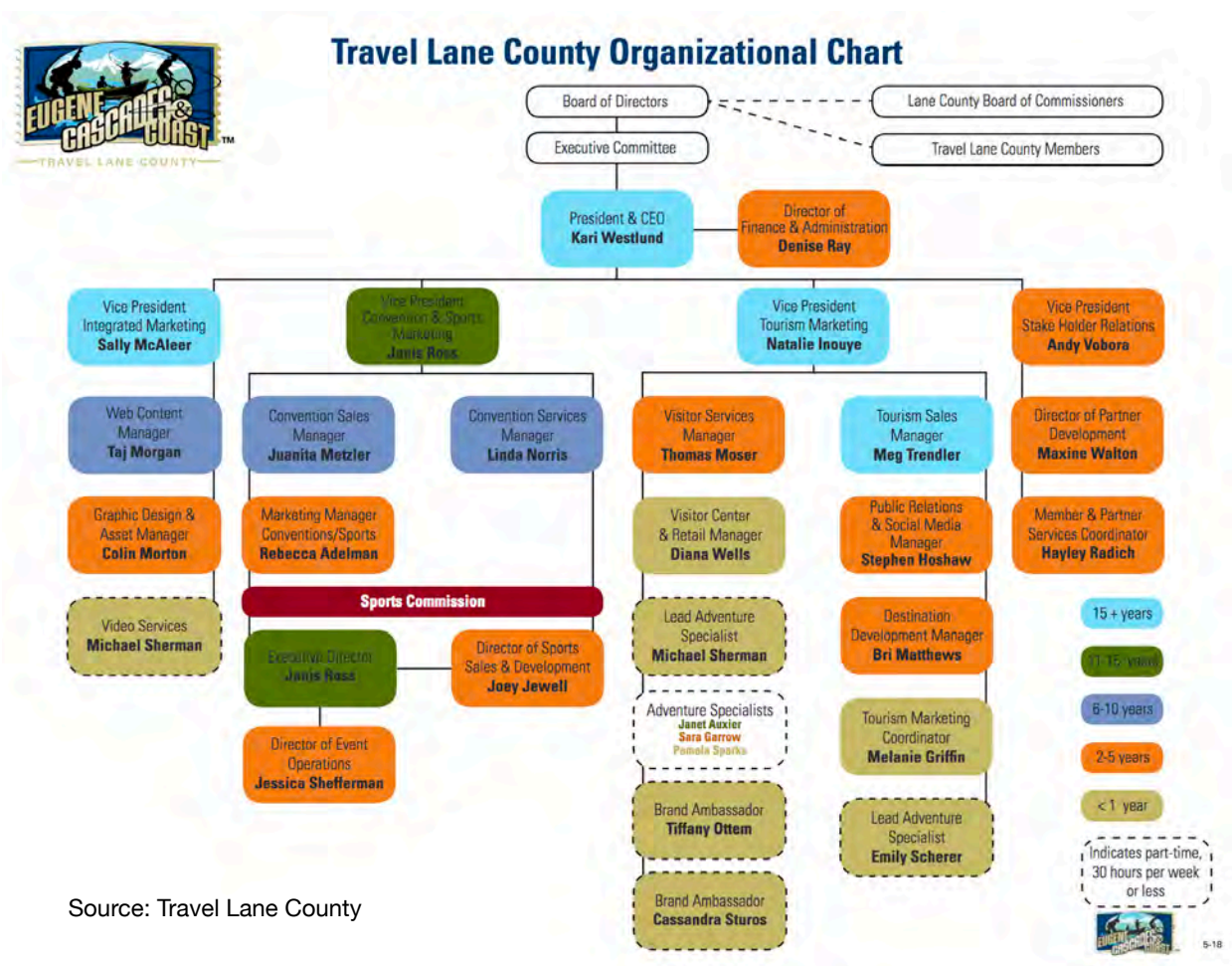
Mountain Biker on Ridgeline Trail • Eugene

ORGANIZATIONAL MANAGEMENT

Travel Lane County is lead by a seasoned senior management team, several of whom have served the organization for well over a decade (as evidenced in the color-coded chart below). In our conversations with professional staff, we found them to be sensationally articulate about their work and their destination.

The Organization's deployment of human resources is both coherent and innovative, by industry standards. We were especially impressed by Management's addition of a separate marketing/PR position to the Convention and Sports Marketing Division. In our work with DMOs across the country, we often hear frustration from Sales Departments that Marketing often views them as an after-thought. Travel Lane County solves this dilemma by dedicating a staff position to support the Sales Department with marketing and PR that is market specific.

We also were pleased to see the human resources being invested in Stakeholder Relations, as Destination Marketing is increasingly powered by storytelling of the unique experiences in a community. Deploying staff to be on the ground, working with the region's businesses, helps develop those stories and the opportunities to highlight the best of Lane County.



Source: Travel Lane County

As to how Travel Lane County's staff deployment compares to other similar-sized Destination Marketing Organizations across North America, employee levels are higher than is typical in a \$2-\$5 million budget category. Travel Lane County's staff count is at 22 full-time employees. The average for DMOs in this category is 15.⁶ However, there are some additional factors to consider when comparing to the North American database;

- Less than 40% of DMOs boast a Membership program (3 Travel Lane County staffers)
 - Travel Lane County, however, has found success with theirs
- Most DMOs do not invest in a Destination Development position (1 position)
 - As more DMOs become more engaged in Destination Management, we expect this position to become more prevalent
- Most DMOs do not maintain (2) retail Visitor Centers (2 positions)
 - Indeed, less than half of Destinations International members maintain Visitor Centers at all.⁷ There is very little statistical research into the impact of Visitors Centers (something that Travel Lane County may want to consider in the future) but the ones who do have Visitors Centers are increasingly moving toward making them revenue generating retail spaces.⁸
- Many DMOs contract graphics and image library services out (1 position)
 - Travel Lane County has made this a service to their members.

Were Travel Lane County not performing these additional functions, the head count would likely be closer to anticipated averages.

The Team is also imbedded in the community, with many staff members serving on Boards, Committees and Task Forces that exist to enhance the livability of the region. And, it goes beyond simply being engaged in travel-related endeavors. Travel Lane County helped cofound the Arts and Business Alliance, was instrumental in increasing downtown lighting and helps other organizations with grant writing.

As one stakeholder told us, "Travel Lane County is at the middle of making things happen."

⁶ 2015 DMO Organization & Financial Profile, Destinations International (formerly Destination Marketing Association International).

⁷ 2015 DMO Organization & Financial Profile, Destinations International (formerly Destination Marketing Association International).

⁸ Damon Cline, "New Augusta Visitors Center Will Feature Tasting Bar, Other Amenities," The Augusta Chronicle (9-1-2018): www.augustachronicle.com/news/20180901/new-augusta-visitor-center-will-feature-tasting-bar-other-amenities

CLIENT RELATIONS

In our analysis, Travel Lane County has three primary “clients” and one primary “customer” (the traveling public). The organization’s clients are 1) the units of government that invest in its program of work, 2) the professional event planners it targets to attract meetings, conventions, Motorcoach tours and sports competitions to the region and 3) the area businesses that invest in the organization’s membership and co-op marketing programs.

Government

In our discussions with elected leaders and governmental officials throughout Lane County, we heard universal praise for the efficacy of the organization.

While there is some lingering concerns regarding the switch from marketing “Lane County” to promoting “Eugene, Coast and Cascades,” that concern is secondary to the acknowledgement that Eugene is more universally recognized by consumers than Lane County. Indeed, by using “Eugene” there is a greater chance that a potential visitor and event planner would recognize the destination than using the name of the county.

Event Planners

The Event Planners that responded to our online survey were exceptionally complimentary in their assessment of Travel Lane County’s responsiveness and dedication in helping them host events in the region. Among the responses to our question about the interaction these planners had with the Travel Lane County sales and servicing staff:

“They are most helpful in showing us all the options available to us.”

“They help us achieve our goals.”

“Highly knowledgeable about the area.”

“Very responsive”

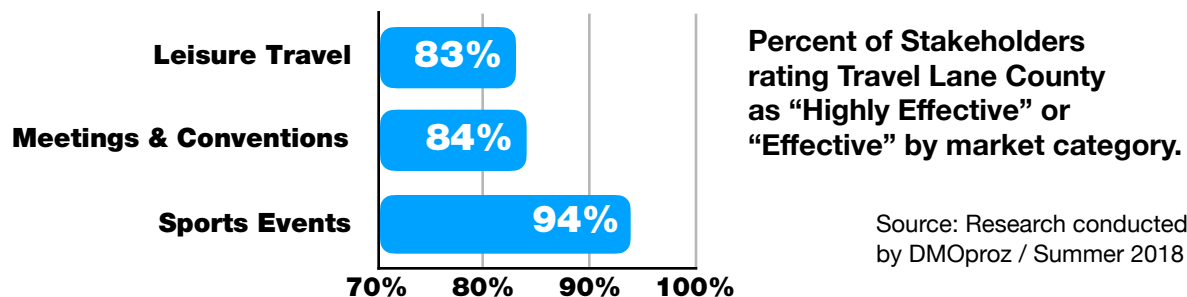
When asked how responsive Travel Lane County was to their requests, all respondents said they received a response with 24 hours of the ask.

The critiques we heard from meeting planners were confined to destination concerns (homeless issues, lack of sufficient commercial air service, lack of a convention center, etc.).

Industry Partners and Members

For the vast majority of Travel Lane County's primary private sector stakeholders, the organization is meeting and, in many cases, exceeding, expectations. Throughout the County, the stakeholders with whom we talked were enthusiastic in their endorsement of Travel Lane County as an asset to the growth of their businesses. That was a view shared by the over 80 individuals that participated in an online survey regarding the efficacy of Travel Lane County.

In that survey, respondents gave the organization high marks for their ability to drive business into the county. 83% believed Travel Lane County to be "Highly Effective" or "Effective" in attracting Leisure Visitors. Likewise 84% viewed the organization similarly in the Meetings and Conventions market and 94% believed it was effective in attracting Sports events.



Among the words we heard used by stakeholders to describe Travel Lane County:

- "Innovative."
- "Outward facing."
- "Not afraid to try new things."
- "Collaborative."
- "Never stagnate."
- "Very innovative."
- "They've gone from good to great."
- "Resourceful and responsive."
- "Quality video."
- "Open to suggestions."
- "Willing to help."
- "A great partner."

While one would expect such support to be strongest among metropolitan businesses, we actually heard the most effusive praise come from representatives from rural destinations within the county.

Stakeholders in the McKenzie River region praised Travel Lane County for its collaborative interest in engaging with local interests there, with one stakeholder saying, "it's amazing what they do for us."

In Creswell, stakeholders pointed to the recent GO videos as an example of Travel Lane County's commitment to highlighting rural destinations outside Eugene. One stakeholder noted that, "it would be a lot more expensive for us to market the region without them."

In Cottage Grove, stakeholders appreciate the organization for bringing small conferences to town, saying that Travel Lane County has more than met their promises to the community. One attraction told us that they thought paying the \$195 membership fee was crazy until they realized everything they do.

Those we spoke with in Florence told us they had traditionally felt left out in the marketing of the region. However, since engaging with Travel Lane County, representatives there pointed to recent acquisitions of soccer and wind surfing competitions, being showcased on one of the covers of the Visitors Guide and being featured on tram wraps in Portland.

Stakeholders in Oakridge said that they benefit from “a tremendous amount of love” from Travel Lane County and that, through their participation with the organization, they are more effectively able to connect to Travel Oregon. Travel Lane County’s assistance with realizing their vision of the IMBA Ride Center was also noted.

Other community development organizations said that they appreciated that Travel Lane County was always there and ready to assist as a Strategic Partner. That the organization made destination B-Roll and their image library available to industry and organizational partners on an almost 24-hour turn-around was also hailed as a benefit of having them as a partner.

The University of Oregon credited Travel Lane County for assisting with building necessary relationships with area hotels and helping to coordinate Room Blocks for large University events. The organization was very involved in working to moving the date of graduation to allow for the NCAA championships and works very closely with the NCAA to secure hotel rooms for national events. The Airport lauded the organization for its long history of partnership in air service development.

To be sure, there were a handful of stakeholders that offered a more critical assessment of Travel Lane County. These were entities that expected a higher level of productivity in driving group business to their doors. Representatives from these businesses questioned the quality and qualification of the leads they were receiving. Especially concerning for these entities were the expectations from the leads for deeply reduced room and space pricing, causing the properties to question Travel Lane County’s understanding of their preferred customer.

That said, the evolving market, in which increasing hotel room rates in Eugene may be playing a role in this disconnect, must be taken into consideration. For example, the Faith-Based and Military Reunion Markets that were once a staple for Eugene when room rates were low are now increasingly difficult to accommodate with the market’s growing popularity. And, as visitation grows, the need for hotels to offer competitive rates to lure group business decreases.

Members of the Board and staff are keenly aware of this concern from area venues with meeting space and continue to consider ways to address the group event market. That the two largest meeting hotels have recently experienced management changes, the opportunity exists to collaboratively reassess how Travel Lane County will pursue the group market in the months and years ahead.

PROGRAM OF WORK, PRODUCTION & IMPACT

Accurately pinpointing the exact ROI of a DMO is a daunting task; so unique is its relationship to the product being sold. To maximize sales and marketing efforts, businesses employ a number of strategies within their grasp, from pricing to customer service to quality control. Apple can charge \$1000 for an iPhone because they control everything about their product.

A DMO controls almost nothing in the sales and marketing process; not the inventory, the quality, the availability or the price. And yet, some attempt to hold DMOs to the same ROI standards as the businesses they represent. This isn't meant to dodge the question at hand; simply to state the unique challenges in proving DMO efficacy.

That said, Travel Lane County maintains a high level of performance measures that provide stakeholders and investors with a clear view of its progress toward its goal of making the county one of the most preferred travel destinations in the Pacific Northwest. It includes goals, objectives and strategies that focus on convention and sports events booked, tourism inquiries generated, travel trade, public relations measures and visitors served. With a few exceptions, the level of reporting meets and, in some areas, exceeds the level of performance reporting recommended by Destinations International, the DMO sector's trade association.⁹

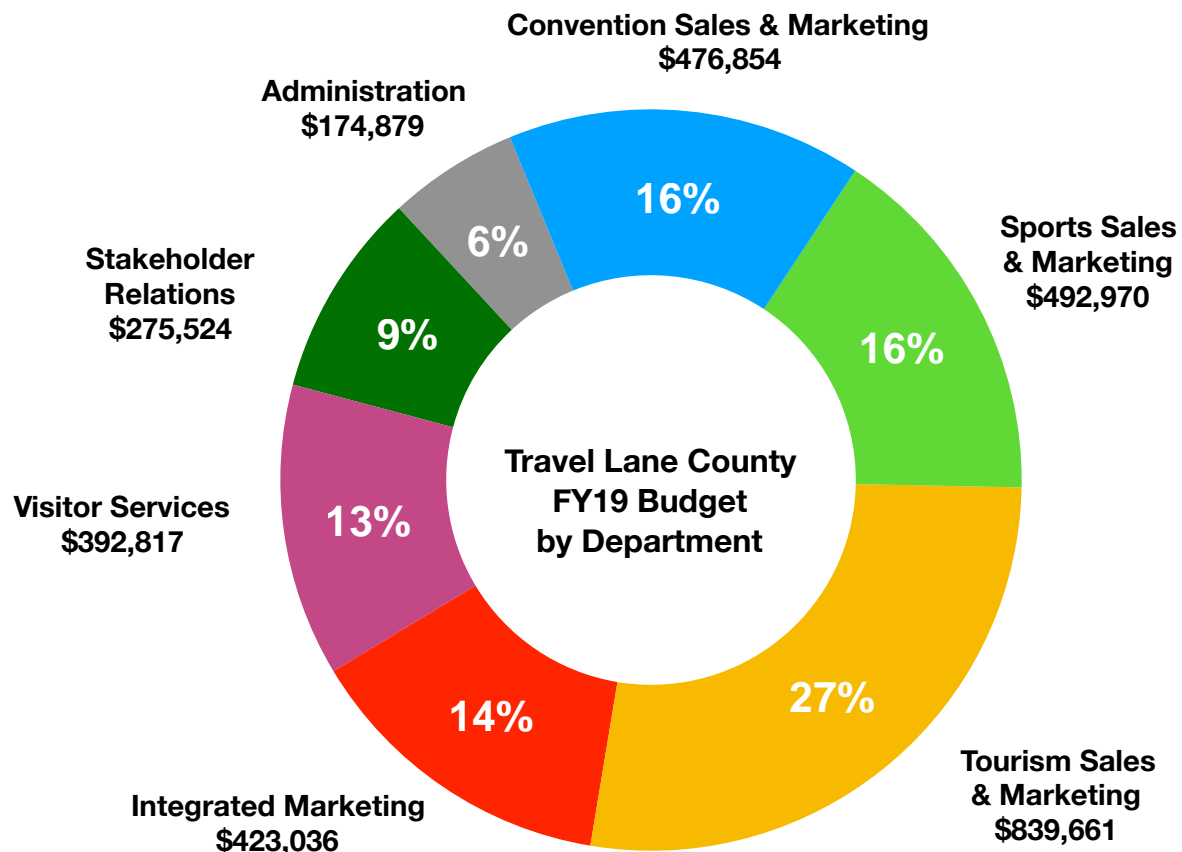
This data is distilled into reports that are provided to the Board of Directors through their extranet portal and shared with all Lane County Commissioners and the County Administrator each month. In addition, Travel Lane County submits biennial reports to the Board of County Commissioners on its performance and quantifies results and associated ROI where it can. And, its Annual Report to the County and its residents can be accessed at this URL: <https://tinyurl.com/y7ngpcow>

⁹ Standard DMO Performance Reporting: A Handbook for Destination Marketing Organizations. Destinations International (formerly known as Destination Marketing Association International), 2011, www.destinationsinternational.org/tutorials/standard-performance-reporting-handbook

2016 Olympic Team Trials / Hayward Field • Eugene



Travel Lane County Functional Department Budget Allocations



Source: Travel Lane County

Travel Lane County invests its revenues into seven primary areas, with 72% going to attract visitors to the destination (Tourism Sales & Marketing, Convention Sales & Marketing, Sports Sales & Marketing and Integrated Marketing), 13% to providing services when those visitors appear and 15% into Administration and Stakeholder Relations (primarily its Membership Department). Unfortunately, many DMOs report out their operational budgets using less sophisticated accounting practices than Travel Lane County, thus an accurate comparison cannot be made.¹⁰ However, based upon our over 30-years experience in the Destination Marketing arena, these allocations do not appear to be unusual or out of line. Indeed, that Travel Lane County has kept Administration costs to 6% is about as austere as we've ever seen.

¹⁰ Travel Lane County utilizes Activity Based Costing, an accounting practice that assigns costs to overhead activities and then assigns those costs to programming. Such a system recognizes the relationship between costs, overhead activities and programming, and assigns indirect costs to products less arbitrarily than traditional methods.

In general, Destination Marketing Organizations target two types of visitors: those who come as tourists and those who come as a part of an organized group. The latter group is commonly broken up into three subsets; those who come as part of a Meeting or Convention, those arriving ready to participate or watch a Sports Tournament or Competition and those coming on Motorcoaches. To capture these three groups, DMOs devise strategies and deploy resources to target the professional planners and organizers of these groups to encourage them to select and book the destination.

Historically, Group business has been the primary focus for a majority of DMOs in America because groups generally have a bigger economic impact than individuals and it is easier to track. Knowing that an individual has booked a 300 person event is easier to prove than knowing that the same individual saw an ad or a video from the DMO and booked a trip. This is why the Meeting & Convention Division maintains and works a database of over 9,000 event planners, the Sports Sales Division works a database of over 1,000 event planners and the Tourism Group Sales Division works a database of over 4,200 Tour Operators and Managers.

That said, all event planners are consumers first. Thus, Tourism Marketing is becoming a much more important function for DMOs, as group planners must be persuaded that their clients, attendees and participants will be willing to make the trip. Every decision starts with Marketing...and Travel Lane County dedicated roughly 40% of its budget to opening this door (according to Destinations International, the average DMO devotes 43% of its budget to Leisure Marketing).¹¹

Leisure & Destination Marketing

Among the tactics upon which Travel Lane County measures numeric results in its general Marketing of the destination:

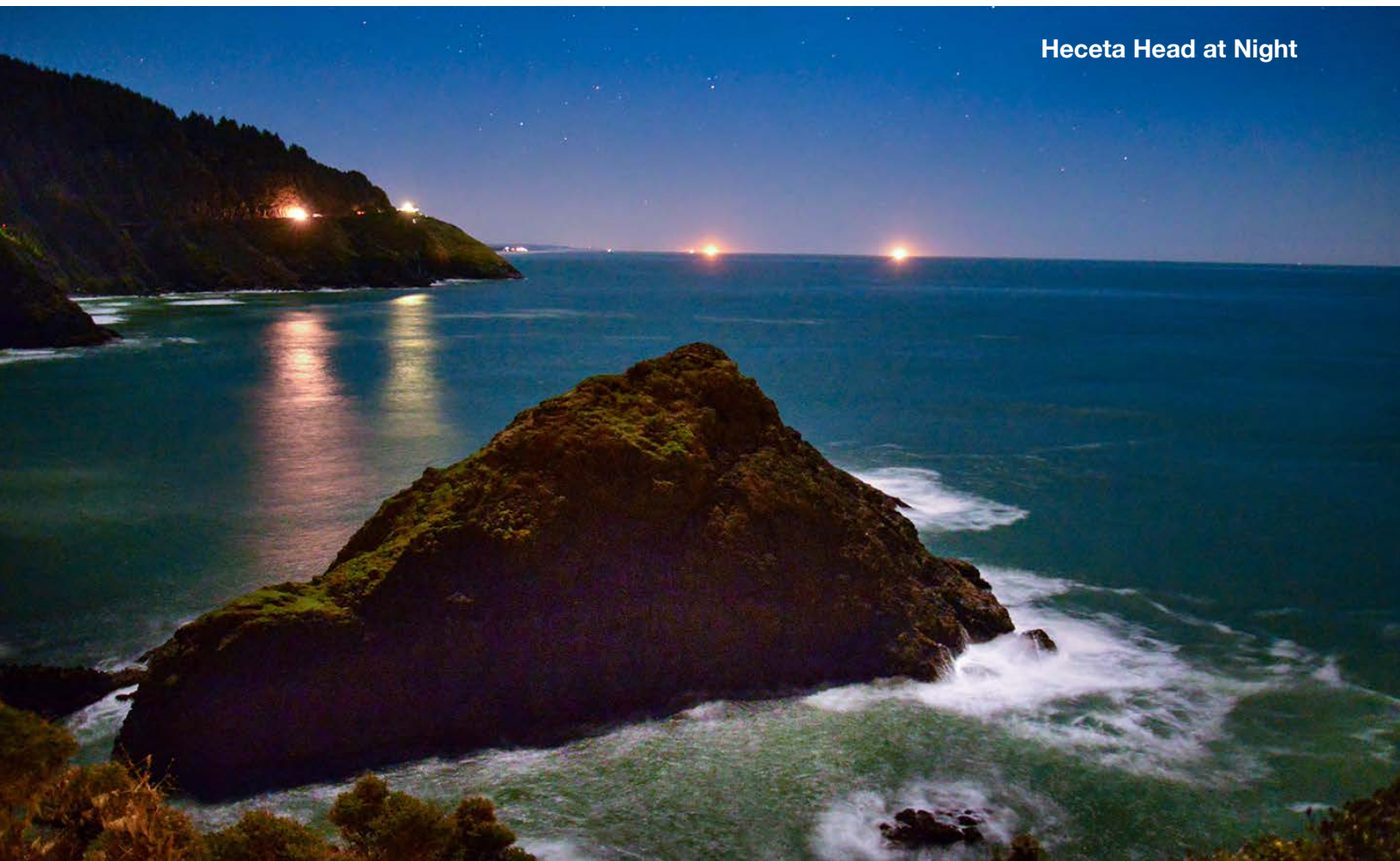
- Total Number of Message Impressions (Digital)
- Total Number of Message Impressions (Print Advertising)
- Total Impressions of Feature Stories generated through PR efforts
- Total Web site Sessions and Total Unique Web Visitors
- Total Digital Downloads of Guides and Brochures
- Total Blog Views
- Impressions through Travel Lane County page on TripAdvisor
- Visits and Redemption of various campaigns (Ale Trail, Pinot Bingo, etc.)
- Number of Visitors Guides Requested and Mailed
- Total Social Media Connections:
- Total Group Leads and corresponding Room Nights Confirmed in Meetings and Sports
- Total Number of Groups Assisted by Services Staff
- Potential Travel Trade contacts made and serviced
- Potential Clients contacted via Trade Shows
- Visitor Center Contacts
- Brochure Distribution
- And Total Number of Members

¹¹ 2015 DMO Organization & Financial Profile, Destinations International (formerly Destination Marketing Association International).

Unlike Sales goals in which a number is often the target, Marketing goals tend to be driven by “more” and increases over the previous year. In looking at the results from FY18, we note the following achievements:

- Unique Internet Visitors Down 4.5%
 - Convention and Sports visitors, however, were up 5% and 6%, respectively
- Visitor Guide Mailings Up 5%
- Social Media Engagement Up 7%
 - Convention and Sports visitors were up 30% and 50%, respectively
- Earned Media Reach Down 64%
 - Convention Media, however, was up 203%

In talking with Travel Lane County staff, recent changes in Google algorithms have resulted (anecdotally) in visitor declines among DMOs. Indeed, staff says they are “thrilled” that the decline wasn’t greater. Regarding earned media declines, staff noted that this is a volatile measure. While they work diligently to place stories, when a story actually hits isn’t within their control. And, they only claim numbers for stories in which they were the catalyst, and only if they secured a clip or credible report of the placed story. There could well have been stories that appeared but were not tracked.



Heceta Head at Night

Convention & Meeting and Sports Sales & Service

While easier to track than Leisure Travel Marketing and PR, today's DMOs are having to reimagine how their Sales efforts can be more effectively measured as meeting attendees are increasing booking rooms outside of the "official block."

Research from Destinations International indicates that over 20% of initially blocked hotel rooms nationwide are ultimately released by meeting and event planners because today's attendees and participants are looking for a better rate (participating room block hotels are often more expensive), staying with hotels outside of the block because of hotel loyalty programs (like Hilton Honors) or opting to stay with a sharing economy option (Airbnb, etc.).¹²

While DMOs should be able to claim the attendee or participant in their productivity measures, there is no way to prove that these stays actually accrued to the destination since only the contracted Room Blocks can be tracked. This is why DMOs are broadening their productivity measures and tactics beyond simply Room Night facilitation.

Indeed, the entrance into the marketplace of third-party event planning firms such as cVent and HelmsBriscoe (and State meeting platforms like OPRIN) has complicated the relevancy of DMOs in generating leads in the first place. It is for this reason that Travel Lane County has shifted the staffing model in its Meetings & Conventions and Sports Divisions to reduce those pursuing leads (as there are fewer to find) and emphasizing the services side of the business in order to mitigate a perception that Lane County is an expensive choice for event planners. They also enable cVent and HelmsBriscoe to bring bids to the hotels by financially partnering with these private sector platforms to work on the destination's behalf.

For Travel Lane County, the following statistics in the Convention & Meeting and Sports Sales Market are typically found in its monthly reports to its Board and the County:

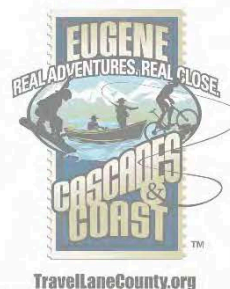
- Leads Generated for New Group Business
- Site Inspections conducted with prospective clients
- Confirmations of New and Direct Business
- Confirmations of Annual, Rebooked and Indirect Business provided materials assistance in securing the booking
- Confirmations of pieces of Business in which Travel Lane County materially participated
- Number of Events Serviced by Travel Lane County Staff and Volunteers
- Traffic to and Downloads from the Conventions and Sports sections of the website
- Total Impressions of Digital Advertising to Event Planners
- Total views of Meetings & Sports Videos online
- Total Impressions of Print Advertising
- Social Media Followers and Engagement
- Meeting Planner e-News Subscribers and Open Rates
- Earned Media Placements in Convention and Sports-specific publications and platforms

¹² 2015 Event Room Demand Study, Destinations International (formerly Destination Marketing Association International)

FY18 Travel Lane County Annual Report Supplement

FY18 Overall Returns: \$55,360,536 **Room Tax Investment:** \$2,726,894 **Ratio:** \$20.30

For every dollar of room tax invested in Travel Lane County, an estimated \$20 in visitor spending came, or will come, to the county economy. This is an estimate of direct expenditures; no multipliers are incorporated. Travel Lane County also generated \$1,902,103 in earned media and public relations exposure and \$55,506 in in-kind support, extending the reach of its budget.



Convention & Sports Sales	FY18	FY17	FY16	FY15	FY14	FY13	FY12
Leads Achieved	123	117	94	144	167	171	156
Room Nights Booked	38,872	52,178	111,924	65,521	68,500	87,559	46,271
Delegates Booked	127,506	118,911	176,836	154,103	136,591	149,848	1 33,475
Economic Impact (Estimated)	\$31.3 mil	\$25 mil	\$75.5 mil	\$52.4 mil	\$47.2 mil	\$60.9 mil	\$27.9 mil

Source: Travel Lane County

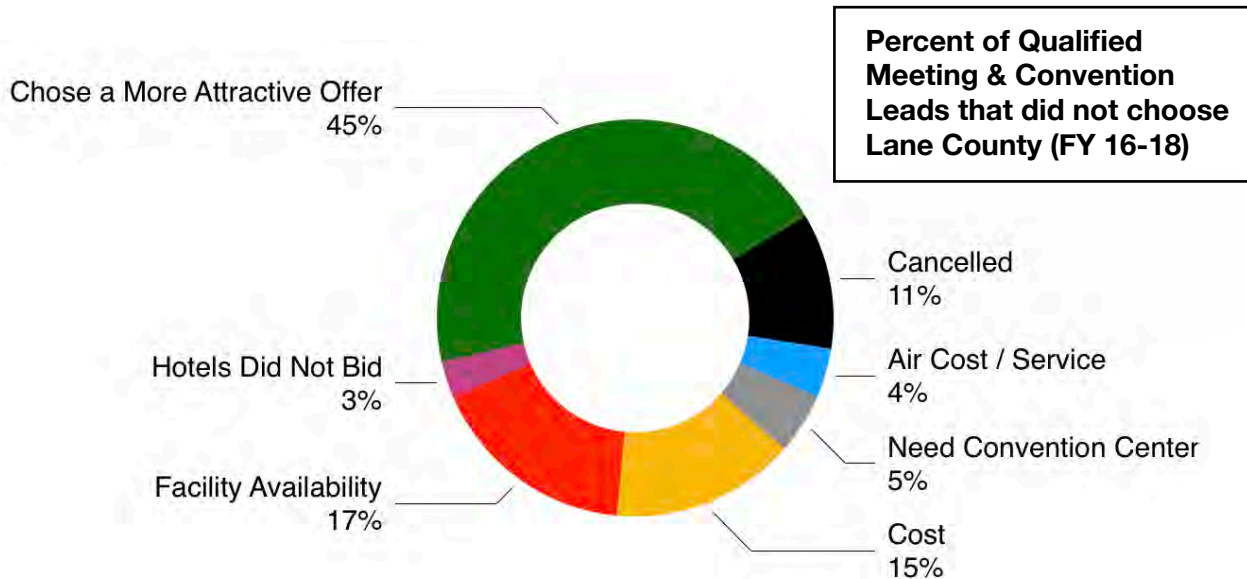
Room Night production in FY18 continued its decline from a high in FY16, off just over 15,000 rooms at 38,872. Management had set an aggressive Room Night goal of 87,000, in part anticipating being awarded the 2020 Olympic Trails during the fiscal year. While that event did confirm 33,000 rooms, the announcement occurred in the first month of FY19, too late to be included in FY18 results. Had the event been credited to FY18, however, Travel Lane County would have still missed goal by 15,000 room nights...but exceeded FY17 production by 20,000 Room Nights. The number of delegates (and the estimated visitor spending) anticipated with these events is higher than what was booked in FY17, even without the 2020 Trials.

One must also take in to consideration that these numbers do not reflect the business that was brought to the region in FY18, but the business that was booked for FY18 and future years during FY18. That is why FY16 is such an outlier. Travel Lane County has been booking $\pm 60,000$ Room Nights each year since FY12. In FY16, they facilitated the booking of both the NCAA Outdoor Track & Field Championships and World Outdoor Track & Field Championships for future years.

As with the General DMO Marketing measurements noted previously, Travel Lane County's tracking of its efforts in the Meetings & Convention and Sports Sales markets goes beyond what is considered industry-standard. Of special note is the tracking of Social Media engagement, Earned Media (PR stories) secured and the viewership of Meetings-specific video content. Meeting & Sports Sales web traffic and Social Media engagement were both ahead of growth goals (110% and 250% of goal, respectively). At the same time earned media value came in at 88% of goal and e-newsletter open rates came in at 91% of goal. These are not industry standard goals but Travel Lane County believes these efforts have the potential to enhance the visibility of the destination and enable additional group sales.

One of the most important measurements that a DMO can monitor (and Travel Lane County does) is the “Lost Business Report.” This is an analysis of qualified Group Leads that chose to take their business to another destination. Finding a recurring pattern allows destination leaders to attempt to address the cause for planners choosing other destinations (i.e., cost of the destination, perceptions of nothing to do after hours, etc.).

In reviewing the Lost Business Report for the past three years, we found the following:



Source: Travel Lane County

Cost and Facility Availability made up 32% of the reasons behind Meeting Planners’ decisions to book their event elsewhere. Choosing a more attractive offer (45%) could mean a number of things...but price could be a component. We believe more specificity in reporting these losses would benefit both the organization and the destination.

Interestingly, Travel Lane County also computes the fiscal loss to the destination of these “turn-downs.” The lack of Facility Availability accounted for the forfeiture of over \$12 million in lost Meetings & Convention business (by far the largest loss of all categories), likely due to the size of some of the events lost. Clearly, this is driving at least some of the renewed discussion regarding the need for additional convention space in Lane County. The perceived high cost of the destination’s facilities added another \$3 million of lost business to the total.

The only material numeric measurement we believe is not being tracked by Travel Lane County (but should be) is in the area of Cost Productivity Metrics for Meeting & Convention and Sports Event business. This calculation reveals the Cost per Lead, per Booking and per Room Nights facilitated through the organization’s efforts. Utilizing this measurement identifies the ROI of a DMO’s efforts in selling the destination to the group market.

In our discussions with Travel Lane County staff, they mentioned a degree of frustration with some of the destination's Conference Hotels (and, to be fair, we hear that in virtually every market we analyze). Concerns over non-competitive bid packages and lack of timely responses to client requests were noted as being contributing factors to some of the lost business being tracked.

At the same time, we heard from Conference Hotels that Travel Lane County Sales professionals were bringing them the wrong kinds of Leads to their doorstep. This is why, as stated earlier, we think hitting the re-start button with the new management of Eugene's Conference Hotels is in order. The business model for today's hotels has changed. It's likely time to change how leads are pursued, qualified and generated.

Meetings and Convention Staff maintain a robust Trade Show schedule to meet prospective clients because the local hotels rarely do. Staff sees this as an advantage in keeping the destination top-of-mind for planners so that, if an event arises, they may call Travel Lane County or the Conference Hotels directly. Of course, the latter is impossible to track.

As noted, some of the traditional staples of the convention calendar are beginning to be priced out of the market. Travel Lane County reports that they are being more strategic in their targeting, focusing on the tech sector and higher education and research where their success would also be a win for Economic Development agencies in the county. They are also working more closely with community leaders that may have ties with organizations that could bring their events to Lane County.

With its enhanced Services initiatives, Travel Lane County is embracing the event planner in ways to make an event in Lane County easier by providing online micro sites for attendees (direct landing pages designed specifically for those planning a visit for a conference), information tables, attendees badges, local speakers and coordinating fun runs and events through the community.

Travel Lane County has also developed an innovative alternative to the ubiquitous (and costly to print) attendee coupon books that many DMOs use to drive attendees to local businesses with a "Show Your Badge" program to score the same discounts. The primary driver for the switch from paper coupon books to using badges was sustainability, one of Travel Lane County's core values. Producing large quantities of paper coupons was in conflict with that value.

Because the decision to pivot was not made based on financials reasoning, Travel Lane County hasn't tracked the monetary savings achieved, however, staff points to the reams of paper saved, the personnel savings in managing a paper coupon program and how much the clients appreciate not having to distribute booklets as rationales behind a successful program. They also note that Membership participation in the program has increased, as many smaller businesses did not want to create or deal with a coupon. Simply saying "yes" to the program, extending one offer and redeeming based on seeing a badge, wristband or credential, is much easier for most of them.

The Sports Team at Travel Lane County is focused on the development and acquisition of sports-related tournaments, competitions and events. They maintain deep relationships with communities and venues throughout the county and are the liaison with Oregon Sports Authority. They help local communities figure out their strategy and then counsel them on private projects and infrastructure needs and opportunities.

After winning the business, Sports Staff assist in event operations by being an extra set of hands, handling all site logistics, coordinating client marketing efforts, providing welcome banners and online micro sites. Taking a cue from the Convention Team's "Show Your Badge" program, the Sports Team has developed a "Show Your Wristband" program that saves staff time and cost in developing coupon books to drive participants and fans to local merchants while they are in town. In addition, the Team assists with securing permitting for events such as beach volleyball, locating sponsorships, working with the University, helping with accommodations, welcome tables, resource binders and providing digital links.

While anecdotal, the professionalism and expertise of this Team was recently exemplified when the NCAA asked the Travel Lane Sports Team to help advise the Austin DMO as they prepare to host the 2019 Track & Field Championships.

Tourism Group Sales

The staff position dedicated to Motorcoach Tour acquisition utilizes contacts and leads from Travel Oregon. This makes a lot of sense, as this market continues to shrink nationally. From these leads, Travel Lane County organizes roughly 40 Familiarization Tours (FAMs) each year for media and group tour planners to showcase the diversity of the destination.

Staff reports difficulty in tracking this market because Receptive Operators and Hotels fail to report the business that is coming to Lane County because of Travel Lane County's efforts. Thus, goals in this market are rarely met...but industry partners that welcome these groups are complimentary of Travel Lane County's work on their behalf.



2016 Olympic Team Trials / Hayward Field • Eugene

Membership / Partnership Sales & Service & Stakeholder Relations

While not directly related to the County's investment of Hotel Room Tax revenues into the work of Travel Lane County, its Membership Program leverages private sector dollars against the County's investment and serves to engage the private sector in the effort to attract and serve visitors to the region's economy and Quality of Life.

Travel Lane County boasts over 650 member businesses (an increase of 50 over FY17) that invest in the organization's marketing efforts and receive member benefits ranging from listings in publications to leads to educational seminars to trade show representation. Compared to other destinations of similar size, Travel Lane County's membership level is at the high end of what would normally be expected, as the average Membership count for DMOs in the \$2-\$5 million budget category is 428.¹³

Annual retention rate is typically viewed as an accurate barometer of a Membership program's efficacy and Travel Lane County performs at an expected level of just over 90% (national average is 89%).⁴ In our analysis of the reasons given for disaffiliation, they run the gamut from closure of the business to a shift in marketing focus. Indeed, in our interviews with businesses that had recently disaffiliated with Travel Lane County, a majority of the respondents said, "it's us, not them" as their reason.

In reviewing its FY18 statistics, this Department exceeded almost all of its goals. Membership goals are set as a percentage of the annual operating budget. Staff met that goal and exceeded goal by 22% in adding additional revenue. Dropped members also declined.

Community outreach efforts exceeded goals in all but advertising equivalency in earned media which came in at 59% of goal. Otherwise, the number of community presentations by staff (43) were 33% over goal and local stories placed in regional media were 5% over goal.

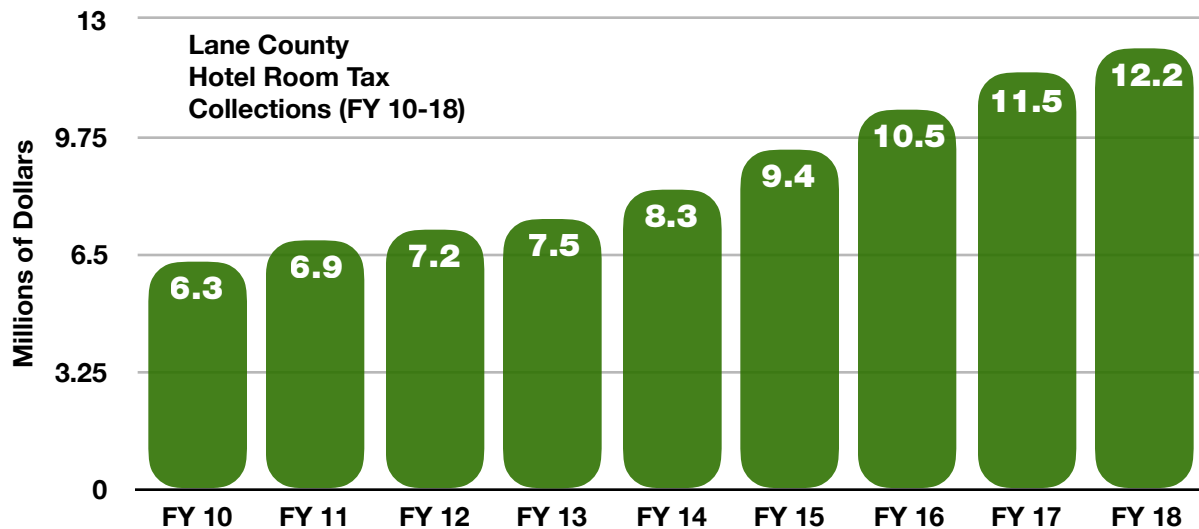
¹³ 2015 DMO Organization & Financial Profile, Destinations International (formerly Destination Marketing Association International).



ANALYSIS

The Visitor Economy in Lane County is ascendant. Room Tax collections are at their highest level in history and have increased steadily since the last recession. And, Travel Lane County has contributed to this growth.

Source: Travel Lane County



FY18 marked a seventh consecutive record year for local Transient Room Tax collections (TRT), at \$12.2 million (up 5.23%), growing funding allocations for the Lane Events Center, Lane County History Museum, Lane County Parks, special tourism projects run by cities and community tourism programs throughout the destination, along with investment in destination marketing via Travel Lane County.

Total visitor spending in Lane County in 2017 was \$676 million, generating \$38.1 million in local and State (non-resident) taxes and providing \$274.7 million in payroll for 10,790 residents.¹⁴

At the same time, a significant increase in hotel room inventory (12% more rooms in just 18 months, adding 450 to the destination total) and growth in the sharing economy (i.e. Airbnb, etc.) is softening Occupancy Rates for the county's lodging properties. According to Smith Travel Research (the nation's premier hotel performance monitoring service) the County's Hotel Occupancy rate was down 3.3% in FY18 while the number of Rooms Sold was up 10.3% and the Average Rate paid was up 0.7%. Thus, increased inventory is driving the Occupancy Rate down but, at the same time, allowing for more rooms to be sold and visitor revenues to increase.

While some may want to compare Lane County's hotel performance to other destinations in the State or Nation, such comparisons are patently impossible because every destination boasts different assets, access and varied strategies for visitor acquisition.

¹⁴ 2017 Economic Impact of Tourism on Lane County, Dean Runyan Associates.

It is clear in assessing the Room Tax numbers for Lane County that more rooms are being sold at a higher price than ever before.¹⁵ And that signals a destination ascending. That said, with more hotel rooms in the destination, many hotels are experiencing a decline in occupancy and Rev/Par (Revenue per Available Room, a prime indicator of individual hotel profitability).

The real question is how much of that visitor growth is a result of the work of Travel Lane County? As noted previously, that's a difficult question to answer. But, here's our best attempt:

A 2015 study from Destinations International calculated that the average DMO influences over 20% of all Room Nights in a destination.¹⁶ That influence could be from producing direct Leads for conventions and events all the way to producing a video seen on Social Media that resulted in someone visiting the DMO website gaining the inspiration to plan a weekend getaway.

For argument's sake, let's say that the Destinations International research is overly generous to the influence of DMOs. Let's suppose that Travel Lane County only influences 10% of the Room Nights and Economic Impact of Visitors to the destination. As the Economic Impact of Tourism in Lane County (as measured by Dean Runyan Associates)¹⁷ is roughly \$700 million, that means that the work of Travel Lane County influenced \$70 million in visitor spending and supported over 1,000 jobs on a budget of under \$3 million...an ROI of 22:1.

Travel Lane County utilizes its own set of formulas, rooted in the work of various research companies across North America and comes up with a very similar ROI of 20:1. They break it down this way:

Convention Sales Bookings: Economic impact is determined by multiplying the number of delegates by the number of event days by \$166 (an internal estimate made by researching past delegates/participants spending patterns). Thus, the economic impact is estimated at \$9,897,602.

Sports Sales Bookings: Economic impact is determined by multiplying the number of adult participants by the number of event days by \$166. For youth events the impact is determined by multiplying the number of participants by the number of event days by \$83 (two to a room). For events that do not involve an overnight stay, the impact is determined by multiplying the number of participants by \$57. The economic impact is estimated at \$21,439,442.

Inquiry Generation: GMA Research identified an overall conversion rate of 20 percent. 32,149 inquiries * 20% = 6,430. The average party spent \$428 per group, per trip and \$162 per group per day. 6,430 * 428 = \$2,752,040. In addition, 32 percent of inquires plan to visit within two years for an additional economic impact of 32,149 * 32% = 10,288 * \$428 = \$4,403,264. Total tourism marketing efforts = \$2,752,040 + \$4,403,264 = \$7,155,304. *Note: Average spend comes from the current Dean Runyan data.*

¹⁵ Lane County Hotel Performance Reports, Smith Travel Research.

¹⁶ 2013 DMO Group Sales Channel Impact Study, Destinations International (formerly Destination Marketing Association International and updated in 2015).

¹⁷ 2017 Economic Impact of Tourism on Lane County, Dean Runyan Associates.

Additional impacts are a potential result of FY17 marketing efforts. Of the 32,149 inquires, 32% plan to visit sometime in the future or *beyond two years* ($32,149 * 32\% = 10,288 * \$428 = \$4,403,264$). This additional impact is *not* included in FY18 measurable returns.

Visitor Information Center and Mobile Visitor Van Operations: Travel Lane County estimates facilitating a half-day average extension for walk-in visitors. The Downtown Visitor Center and the Adventure Center served a total of 8,874 visitors with \$83 per full day average spending, for an estimated impact of \$362,254 ($8,874 * \$83 = \$736,542 \div 2 = \$368,271$). The Mobile Visitor Van served 9,354 visitors with \$83 per full day average spending, for an estimated impact of \$606,979 ($9,354 * \$83 = 776,382 \div 2 = \$388,191$).

Bulk Brochure Distribution: Research by the Oregon Tourism Commission and StoryCo has shown that 60% of visitors to Oregon are influenced to visit additional destinations due to visitor guides and promotional materials they pick up in visitor information centers. Travel Lane County distributed 98,109 Eugene, Cascades & Coast Visitor Guides to visitor information centers during the period. Using the 60% factor, **a half day stopover** and the average party expenditure of \$167 per day identified in the visitor profiles mentioned above, total economic impact was \$4,915,228 ($98,109 * 60\% = 58865 * \$83.50 (\$167 / 2) = \$4,915,228$).

Website: Research conducted by Destination Analysts, Inc. indicated a return of \$26.47 per website visit. Applying an overall bounce rate of 34.4% to new website users (644,800) we arrive at a total of 422,989 new users. This results in \$11,196,518 ($422,989 * \26.47) in economic return for the fiscal year.

Media: Travel Lane County has been directly or indirectly responsible for print, broadcast, and film exposure of Lane County, but has limited tracking ability. Media exposure tracked from national/international efforts on the leisure side was valued at \$1,791,766. An additional \$225,120 in media editorial was generated through national convention and sports-related coverage. Editorial generated through Lane County media, including radio, newspapers and television coverage totaled \$240,381. The total media coverage value tracked was \$2,257,267. Media value is not added to the overall returns figure because it is not a reflection of visitor spending.

Overall Returns: Total: \$55,360,536

Either way, the ROI of investing in Travel Lane County appears to produce solid returns. But, we would encourage the County to view the work of Travel Lane County upon an even broader tapestry. How has the agency enhanced the name-recognition, visibility and brand appreciation of the destination? How has it helped the rural communities throughout the county gain consumer and investor visibility through enhanced websites and GO videos? And, what role does it play in landing and retaining sporting events that put Lane County on the national and international stage? These are impacts that defy numeric proof...but are sensationally important to the long-term sustainability of a region.

While Travel Lane County cannot take all the credit for the meteoric growth in Room Tax revenues over the past few years, what other agency in Lane County produces as much online content, advocates for destination greatness and supports local businesses and rural communities like it does?

From the FY18 Travel Lane County Annual Report:

- 700,000 Unique Visitors to the Website
- 114,000 Visitors Guides distributed
- 65 Video Shoots
- 25 Media Tours

We were impressed with the innovation and creativity we saw in tactics such as producing the Official Visitors Guide with 3 different covers to convey the diversity of the destination and solidify collaborations with partners outside of Eugene/Springfield. The organization's utilization of video to capitalize on opportunities to inspire future visitors to consider the region has been highly effective.



And, their ability to place feature stories on MSN.com, CBS, *Alaska Airlines Magazine*, *Outdoors NW*, CBS, the *Guardian* and *Los Angeles Times* is to be commended.

Being selected by Google as one of a handful of DMOs in the country to be the first to be a part of the new Google 360 video platform is also a testament to how the outside world views Travel Lane County. Investing financial resources into platforms such as TripAdvisor and cVent to manage and enhance the destination's image exhibits an awareness of the opportunities (rather than the challenge) that third-party plays can offer.

That they measure and share their results is also the mark of a professional DMO...as well as that of an agency that is poised to act on the data. A prime example of this is how they have pivoted to video in the face of the shifting dynamics of the online world and shifted focus from sales to service in the face of third-party entrants into the Meetings market.

And, that is the sole area of concern for us in this organizational analysis: Travel Lane County's dogged pursuit of the Meetings and Conventions market. While we commend them for never giving up in a shifting marketplace, we think that brand of ship has sailed.

The hotels with whom we spoke are likely correct that the number and quality of fresh convention leads is declining. But, we beg to differ that the fault lies with Travel Lane County, as we are hearing this refrain in destinations across the country. With the advent of third-party event platforms and the ubiquity of online data, it is increasingly difficult for any agency to uncover new business that hasn't already been identified. This is why DMOs are increasingly shifting their focus from sales to service in destinations that do not have a Convention Center, as proving Room Block conversion is becoming more challenging.¹⁸

With this new reality, we believe new strategies can and should be developed collaboratively between the destinations Conference Hotels and Travel Lane County. As noted previously, we believe such collaboration is now possible and our recommendations follow.

¹⁸ "Will Your Room Block Become a Thing of the Past?", EmpowerMint.com (a division of Destinations International), <http://blog.empowermint.com/article/will-your-room-block-become-a-thing-of-the-past/>

RECOMMENDATIONS

As the line in the classic REO Speedwagon song goes, “keep on keeping on.” There is so much for the County, its communities and destination partners to be proud of the work and impact of Travel Lane County. DMOProz has worked with over 200 DMOs in the past 20 years and we place this one solidly in the Top Ten.

That said, we do have a few recommendations:

Meeting and Convention Business Acquisition.

In our interviews with roughly 100 stakeholders, entities with meeting space were the only critics of Travel Lane County’s efficacy. And, as noted earlier, this is not uncommon across the country. Because hotel Room Tax is being used to power most DMOs operations, there is a pervasive belief that the DMO should be in service to the needs of the hotel community.

While Travel Lane County is staffed to do just that, the business of group sales is rapidly evolving. The addition of new hotels without meeting space has significantly changed the dynamic of the marketplace, leading the organization to pivot to attempt to drive leisure travel business to these properties.

At the same time, with the advent of third-party convention sales platforms, many meeting planners that once relied on DMOs for lead distribution have transitioned to providing their leads to companies like HelmsBriscoe and online platforms like cVent. Thus, Conference hotels are often getting a lot of the leads they once saw from DMOs coming from these new platforms. Thus, the number of new actionable leads is declining nationwide. And, that the organization’s Meetings & Conventions goal is only 22,000 Room Nights booked (with half being new business) is indicative of this reality.

That said, we do see the opportunity for Travel Lane County to re-engage with facilities and properties to develop new strategies to collaboratively increase group business. Especially with new management at Eugene’s two primary meetings hotels, there exists an opportunity for a re-imagination of how the organization will address this market. The hotels know what type of business fits best in their plans. Thus, there should be created a more regular and collaborative series of conversations between Meeting Hotels and Travel Lane County to develop a more effective strategy to bring these hotels the kind of business they want.

First, however, we encourage Travel Lane County to adopt the Cost Productivity Metric formulas suggested in Destinations International’s *Standard DMO Performance Reporting: A Handbook for Destination Marketing Organizations*.¹⁹ Through this analysis, Travel Lane County will be able to more accurately determine the appropriate investment toward actively pursuing the generation of Meetings and Convention leads, given the evolving landscape of how event planners are selecting their destinations.

¹⁹ Standard DMO Performance Reporting: A Handbook for Destination Marketing Organizations. Destinations International (formerly known as Destination Marketing Association International), 2011, www.destinationsinternational.org/tutorials/standard-performance-reporting-handbook

In destinations without a Convention Center, meeting space is generally found in hotels...and those hotels employ their own salespeople to attempt to fill that space. The role of a DMO should be that of identifying meeting business that hotel salespeople wouldn't typically pursue to reduce duplication of effort. Today, much of that database is being absorbed by third-party platforms.

We believe destinations that have not developed Convention Centers can have a greater impact by leaving the lead generation of meetings and conventions that would fit in a single property to the hotels themselves and have the DMO pivot to be the facilitator, fixer and closer. Oakland's DMO famously adopted this innovative format by transitioning from a lead-generating house for its hotels to the agency that helped hotels land the business that *they* were pursuing.²⁰ Within a year, the hotels were so enamored with the results that they voted to assess themselves an extra \$1.50 an occupied room to provide their DMO with additional resources to drive even more business.²¹

Travel Lane County has already initiated this transition by moving from 4 salespeople to 2 salespeople and 2 services people...plus one marketing position (which is brilliant) as Convention Departments are often viewed as the step-child by DMO Marketing Departments. In this way, the Convention and Sports Departments benefit from a position that can customize the message too niche markets and is always "on call," rather than waiting for the enterprise's Marketing Department to perform work on its behalf.

We think the organization should double down on this transition by getting out of the one-hotel Lead generation business altogether (except, of course, when a Lead contacts Travel Lane County directly). Instead, Travel Lane County personnel assigned to driving Meeting and Convention business into the destination should focus on three strategies:

- Target pieces of business that require more than one hotel to accommodate attendees (these are the events and clients that individual hotels generally do not pursue)
- Promote Lane County as a Meetings destination through marketing and appearances at key meeting planner trade shows (also something that individual hotels rarely do)
- Work with Conference Hotels and Centers to assist in landing the business they are pursuing by identifying potential speakers, sponsors and experiences for off-site events

In this way, the hotels can focus on what they do best (fill their properties) and Travel Lane County can focus on what hotels often don't pursue (events requiring multiple hotels).

This, by no means, should suggest that the sales department stop maintaining and building its database of potential events and planners. Such a databank will be crucial when Lane County elects to develop a bona fide convention center. As such a time, we would fully expect that Travel Lane County would pivot back to a more active sales persona. Until that time, however, we believe the staff's talents could be better utilized with the Oakland model.

²⁰ Oates, Greg. How a First Time CEO Fixed a Totally Broken Oakland Tourism Board." Skift, 8-27-14: <https://skift.com/2014/08/27/how-a-first-time-ceo-fixed-a-broken-oakland-tourism-board/>

²¹ Cison. "Oakland City Council Approves Tourism Improvement District." 7-22-15: www.prweb.com/releases/2015/07/prweb12862987.htm

Enhance Lost Business Reporting

Both the Convention and Sports Sales Departments maintain Lost Business Reports. As noted earlier, these reports are extremely helpful in identifying root causes that could be mitigated to enable more business to book Lane County. While we complement the organization for breaking these losses out by number of events and by lost visitor spending, the reports could benefit from additional detail.

We encourage Travel Lane County to commit to more aggressively attempt to identify the reasons behind these losses. Both Departments are defaulting to classifying lost business as “other” far too often for the data to provide accurate guidance to those wishing to mitigate the reasons behind the losses. For example, 10 of the 14 entries in the Lost Business Report from the past three years in the Sports market are marked as “other” when 2 were a result of the unavailability of Hayward Field during renovation and 4 were a result of the host facility choosing to pull out of the bid. Travel Lane County should create additional categories to keep the “other” category under 20%. Only in this way can industry partners and Travel Lane County proactively address destination weaknesses if they are found to exist.

Beyond being more precise about the reasons for the loss, Travel Lane County should also institutionalize a feedback mechanism for explaining to those businesses that participated in a bid why the loss occurred. We heard from some members that they rarely heard back from Travel Lane County when a piece of business went elsewhere. Both for those holding space in anticipation of business and those wanting to eliminate root causes for such losses, a more regular information channel should be established. While nobody likes to talk about the ones that got away, it makes competitors better in the end.

Succession Planning

One of Travel Lane County’s primary strengths is the experience and longevity of several individuals in senior staff positions. This is also a potential liability, as these veterans approach retirement. The Board of Directors and the CEO should begin meaningful discussions to design a process to ensure that a talent void not develop in the years ahead.



Jordan Schnitzer Museum of Art • Eugene

Reimagine the Membership Program

We are generally not fans of membership programs for Destination Marketing Organizations. We believe that requiring payment to be featured in and on DMO platforms is not in the best interests of the destination or the consumer.

However, Travel Lane County's more collaborative approach of not allowing membership status to impede visibility causes us to endorse their version of a membership program. That said, we think that a base rate of \$260 to become a member grossly undervalues the organization and inadvertently limits its level of services to members.

A common refrain in talking with destination stakeholders was that they craved more interaction with Travel Lane County staff. While servicing DMO members is not the prime directive, it can produce positive results for both businesses and the destination. At the same time, the sheer size of the destination limits the amount of interaction, visibility and networking that is desired.

Thus, we believe that offering increased levels of services and enhanced visibility for an additional investment to support the additional staff necessary to provide the services should be considered. Developing online advertising opportunities and allowing members to invest in co-operative marketing programs would likely increase private sector revenues to the organization, allowing it to expand its ability to be even more of a partner to its members than it already is.



Oakridge Resort • Oakridge

CLOSING THOUGHTS

Travel Lane County is one of the smartest, most creative and dedicated Destination Marketing Organizations we have had the pleasure of reviewing.

It's exciting for a firm like ours (that has seen its fair share of posers and players), to actually get underneath the hood of a fine-tuned sports cars. And, being able to get under the hood is one of the transparency hallmarks of Travel Lane County. In all our years of performing Organizational Assessments in the DMO space, we have never been granted such complete access to documentation as we enjoyed from Kari Westlund and her Board of Directors.

Beyond the numbers that bear out a high performing agency, the level of community pride and appreciation in its DMO is sensational to see. After all, Travel Lane County wants its community businesses, attractions and facilities to thrive. That its key stakeholders see the results indicates to us that the commitment of Board and Staff to the county is second to none.

The accolades aren't just coming from the local community. Travel Oregon CEO Todd Davidson had this to say about Travel Lane County: "They stand as one of the most innovative and professionally run local destination management organizations in the U.S. The suite of services, programs and initiatives deployed in support of the tourism-related businesses and organizations of Lane County embrace the latest trends, comprehensive marketing channels and strongest service-orientation found anywhere. The vision and passion that infuses their efforts is evidence of their abiding commitment to a robust future for Lane County."

And, of course, there is their accreditation as one of the top DMOs in the world from Destinations International.

To be sure, there were a handful of complaints logged along the way...and we do not dismiss them as simply sour grapes from those businesses that don't believe Travel Lane County to have enhanced visitor spending in the region. As noted in our recommendations, we think that the issues behind these critiques can be addressed fairly easily and we expect Travel Lane County to make the first move to do just that.

The next few years will be critical as Lane County prepares to welcome the nation and the world. We are confident that Travel Lane County is up to the task...and we encourage both public and private sector interests to increase their investment in its work. The competition for the visitor dollar is only getting fiercer and the impact of Destination Marketing is becoming clearer. The opportunity to increase Lane County's visibility and share of voice in the marketplace is worth every penny.

Bill Geist
DMOproz
19 September, 2018