

NOVEMBER 2, 2018

DESTINATION  
MANAGEMENT  
STRATEGY

SITUATIONAL  
ANALYSIS

# VISIT SLO eAL



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# INTRODUCTION

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Destinations (cities, counties, states and countries) have undergone a period of extreme change over the past 10 years. Travelers' motivations have shifted, leaving many destinations that were well positioned just a decade ago adrift in the current environment. At the same time, this market dislocation is creating opportunities for new travel and tourism destinations and products to satisfy the needs and desires of both today's and tomorrow's anticipated travelers.

Simultaneously, residents of successful and popular destinations are reporting concerns that increased traffic, noise and disruption are decreasing the quality of life for the host communities.

In San Luis Obispo County (SLO CAL), residents are protective of the high quality of life offered across the region. They cherish the scenic landscapes and coastal climate, the ease of accessing outdoor recreation and the laid back friendly people. At the heart of the SLO CAL community are local artisans, farmers, vintners and brewers, and boutique retailers creating the authentic places and experiences sustained by visitors and valued by residents. The goal of the Destination Management Strategy is to anticipate potential threats to residents' quality of life and proactively work to grow tourism's contributions while mitigating its impacts.

This work is being undertaken at a time when stakeholders across the region are grappling with questions about the future. The pending closure of the PG&E's Diablo Canyon Nuclear Power Plant, the County's largest private sector employer, represents a significant loss of municipal revenues and much needed head-of-household jobs. The situation is compounded by a chronically underperforming regional economy, a shrinking middle class, underfunded state mandates, limited municipal funding and a general community-wide apprehension regarding growth, having seen what unmanaged development has meant for other California coastal communities in terms of cost of living, public infrastructure (transportation, water, parks, etc.) and quality of life.

Recognizing the coming changes, leaders across SLO CAL are taking a step back to purposefully consider what type of community it wants to become in the future. How can stakeholders across the region work together to advance common economic, social and environmental goals? How can we grow our economy while also addressing issues of cultural and social diversity, authenticity of communities, the distribution of wealth, housing supply and affordability, vulnerable populations and homelessness, workforce housing and environmental protection?

The Destination Management Strategy (DMS) is built upon the recognition that the tourism industry is both a major stakeholder and strategic partner in this integrated planning effort. With a mission to establish SLO CAL as a premier destination to live, work and visit, and the second largest economic driver in the county, the tourism industry is well positioned to help balance the economic development and quality of life issues facing the region.

# PROCESS OVERVIEW

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The Resonance approach to the creation of a Destination Management Strategy is designed to help residents and stakeholders articulate and share a clear vision for the future—because when people share a vision of the future, it gives them shared belief, shared purpose and shared passion.

Our approach seeks to define a destination as more than the sum of its parts. While the Destination Management Strategy will address critical hardware, such as transportation and attractions, that is required to achieve San Luis Obispo County’s goals, it will also address the software of relationships and programming required to foster the quality of life, culture and experiences necessary to create a unique and compelling sense of place.

Our experience has also taught us that successful destination management planning requires the participation and alignment of not only industry stakeholders, but those of both the visitor and the local community as well. As such, the process was designed to not only consult, but also engage and collaborate with the tourism industry stakeholders, visitors and the community.

It is for these reasons that this first part of the Destination Management Strategy for SLO CAL has focused on four research activities. These four pieces of research, which have been reviewed and critiqued by a Steering Committee of 15 Community Leaders and Industry Stakeholders, has led to important insights that should be considered in the development of a future Vision for SLO CAL as a destination and the resulting Strategy that is developed by this project.

## STAKEHOLDER ENGAGEMENT

### ***Identifying Strategic Issues and Opportunities for SLO CAL***

Resonance met with 130 stakeholders in 35 sessions during the week of May 14th and hosted additional calls on May 11th and 30th. The primary purpose of these discussions was to identify participant opinions, aspirations and ideas (issues and opportunities) for the future of SLO CAL as a destination for visitors and place for residents to live, work and play.

*Stakeholders were very keen to contribute their ideas and thoughts, so there is no lack of issues and opportunities for SLO CAL, as a destination for visitors and residents, to explore. The intensity of engagement and contribution from stakeholders (industry, government, non-profits and residents), coupled with the outstanding feedback from the Community Survey illustrate that residents of San Luis Obispo County care deeply about their destination and want to make sure that their voices are heard in the process.*

## DESTINATION SURVEY

### **Opinions and Perceptions of Previous Visitors and Residents about their Experiences in SLO CAL**

Resonance surveyed 1,064 previous visitors to understand who the current San Luis Obispo County Visitor is, how they compare to U.S. travelers in general and what types of travelers and residents might be attracted to the destination in the future. The survey was also used to assess the quality and satisfaction with current destination services, accommodations and amenities; and create a segmentation analysis to better understand the San Luis Obispo County guests and residents and how they differ from U.S. travelers in general.

*San Luis Obispo County's current visitor is a stereotypical sun, sand and surf seeker who has evolved into an all around outdoor activities visitor looking for a relaxing getaway trip to a place they have been before and is easy to get to by auto. They like going to the beach and the open spaces, and enjoy all the outdoor activities that SLO CAL has to offer. They frequent SLO CAL's existing restaurants and shopping, and are increasingly exploring the growing wine experience, which is probably the most important factor in attracting and engaging a new type of visitor to SLO CAL - one who's perhaps more affluent and more sophisticated in his or her tastes and desires.*

## DESTINATION ASSESSMENT

### **Benchmarking SLO CAL Experiences vs 14 Other Destinations (Actual and Aspirational)**

Resonance conducted a quantitative assessment of SLO CAL's destination assets and experiences, utilizing a combination of social media reviews and core performance statistics collected directly from TripAdvisor and Yelp. This research benchmarked both the quantity of travel and tourism assets and the quality of these experiences against 14 competing and aspirational destinations. The focus of this activity was to understand what visitors are saying about the SLO CAL's products and what they compare online about SLO CAL and 14 other destinations when making their travel plans.

The competitive set that was selected for San Luis Obispo County includes:

- Boulder County, CO (including the City of Boulder)
- Buncombe County, NC (including the City of Asheville)
- Deschutes County, OR (including the City of Bend)
- Hawke's Bay Region, New Zealand
- Lake Tahoe, CA (regional area)
- Monterey County, CA (including the cities of Salinas and Carmel)
- Napa County, CA
- Riverside County, CA (including the City of Palm Springs)
- Santa Barbara County, CA
- Santa Cruz County, CA
- Scottsdale, AZ (the City of)
- Sonoma County, CA

*As a destination, SLO CAL competes very well in its group of sun, sand, surf and outdoor activities destinations. It does very well in the categories of boat tours and water sports, as well as hotels and shopping although it's not really well known for the latter two. And, although visitors really like SLO CAL's restaurants, the category doesn't actually benchmark very well amongst its competitive set, so there is definitely an opportunity to improve. Two other categories where SLO CAL could improve is in hotels and Events & Festivals: Although quite strong in quantity of hotels, one-third of establishments fall short of a "quality" rating; and in the Events & Festivals category, 4 in 10 fall short of a "quality" rating. Finally, although the competition for wine experiences is tough, SLO CAL holds its own against world class Napa, Sonoma and Walla Walla. So, in general, although SLO CAL can always improve its tourism assets and experiences, it is actually doing quite well at the moment.*

## COMMUNITY SURVEY

### **Opinions and Perceptions of Residents about key Issues and Opportunities for SLO CAL**

In consultation with Visit SLO CAL staff, Resonance developed an online survey to identify and gauge residents perceptions on a variety of key issues and opportunities with respect to livability, culture, economy and sense of place. The survey was extensively promoted via email, television and radio public service announcements, along with social media platforms to the databases of a variety of civic organizations as introduced by SLO CAL staff. The survey results were extremely robust, reflecting an excellent sample size of 4,642

respondents who Live Here, 3,456 respondents who Work Here, and 725 respondents who Study Here.

*Residents care deeply about their natural environment and their socio-economic situation, and those are the driving forces for how they see SLO CAL's future as a destination. They understand the impact that tourism is having on their communities, economically and vis-a-vis quality of life, and want to make sure that both are balanced in the Destination Management Strategy.*

# MARKET ANALYSIS

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Attracting the right type of visitor is central to a tourism strategy that advances the region's goals for the future, yet it's difficult to market to age groups on a generational basis because they're so large and there are different types of travellers within each generational cohort. More effective, then, is to identify psychographic segments, types of travelers who—regardless of age or gender—share a similar persona in terms of travel motivations and interests. By approaching marketing and development from a psychographic perspective, destinations can focus on a positioning and creating experiences that appeal to specific personas/segments. Resonance has created a proprietary segmentation modeling tool that profiles a destination's visitors to conduct this segmentation analysis. The segmentation analysis used is both a behavioral and attitudinal segmentation. Three main inputs are used in our segmentation modeling:

1. Most important factors taken into account when deciding on a vacation destination;
2. Activities enjoyed while on vacation; and
3. General attitudes towards vacations

The resulting segmentation solution identifies five key personas/segments of varying sizes with distinct behaviors and attitudes, which results in different demographic profiles and trip characteristics. The five personas/segments of U.S. travelers in our modeling are:

**Infrequent Convenience Travelers:** They take shorter, less frequent trips annually that are close to home. English spoken is important when choosing an international vacation destination. These travelers are also less likely to participate in all vacation activities, except dining and fun attractions.

**Active Adventurers:** Active Adventurers are more likely than their counterparts to visit a beach resort, and they're more likely to travel greater distances to get to their destinations. But where this segment really stands out is in the activities they seek at their destinations. Slightly more male and slightly younger (46 years old, on average), with fewer families (children living at home), they have a great interest in engaging with nature and participating in outdoor sports. This group doesn't see a vacation as a time to slow down or

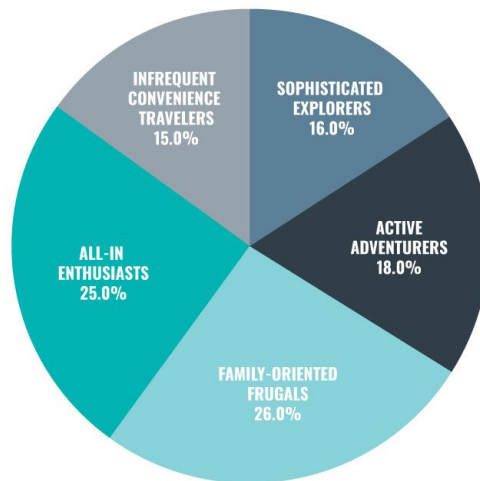
be indulgent. They want to explore new things and keep moving; health and fitness are important. A whopping 91% participate in outdoor sports while at their destination versus 60% of U.S. travelers in general.

**Sophisticated Explorers:** The driving force for Sophisticated Explorers is, well, exploring—specifically, exploring cultures and traditions at a destination. They prioritize sightseeing, visiting cultural attractions and learning new things more than other groups. This is, by a wide margin, their purpose for traveling, and statements that other travelers prioritize (for example, access to technology) are significantly less important to this segment. Compared to all groups, they conduct significantly more research prior to going on vacation. Slightly more female and slightly older, Sophisticated Explorers take fewer vacations per year, but do so to further-flung destinations—often traveling more than 1,000 miles—and they often stay longer than eight days. Frequent travelers to Europe, the Caribbean, Mexico and to big cities, they're high spenders who are willing to pay for experiences.

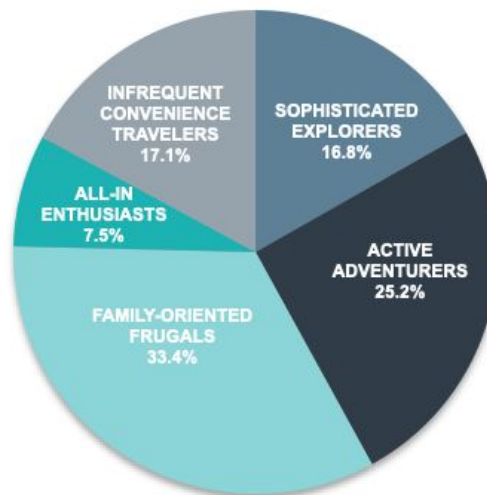
**Family-Oriented Frugals:** Take fewer and shorter trips that are close to home. Greater interest in family vacations with kids and multi-generational vacations compared to other segments. Place greater importance on safety, cost, and favorable climate.

**All-in Enthusiasts:** Interested in taking most types of vacations. Everything is important to them when deciding on a vacation destination. They are more likely to participate in most types of activities and go on vacations for all the different reasons. From an age perspective, they skew younger than the other segments.

The following chart represents the approximate share each of these personas/segments accounts for among all U.S. travelers.



The survey of past visitors (N=1,064) to SLO CAL revealed (see below) that visitors to the destination are much more likely to be “Family-Oriented Frugals” and “Active Adventurers” and much less likely to be “All-In Enthusiasts” than U.S. travellers in general.



In creating a vision and Destination Management Strategy for SLO CAL as a destination, it will be important to discuss and identify the type of visitor each region within the destination is best suited to attract, the key products and experiences that will resonate with that audience that can be developed, and the key issues and opportunities that should be addressed in order to satisfy the desired needs and aspirations of both these future visitors and the residents who live and work within the community.

# DESTINATION ASSESSMENT

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Based on the four research activities conducted for this project, a number of Key Strengths, Key Drivers, Key Issues and Key Opportunities surrounding the management and development of tourism in SLO CAL have been identified.

## Key Strengths

The Destination Assessment analyzed and benchmarked San Luis Obispo County against 14 other destinations. Based on this supply-side analysis of the destination's experiential and tourism product offering, San Luis Obispo County ranked among the top 5 in each of the following categories:

- Outdoor Activities
- Nature & Parks
- Hotels
- B&B and Inns
- Specialty Lodging
- Restaurants
- Food & Drink Experiences
- Shopping
- Museums
- Nightlife
- Zoos & Aquariums
- Boat Tours & Watersports

These products and experiences should be viewed as current strengths of the destination versus its competitive set that could be leveraged as part of the Destination Management Strategy.

## Key Drivers

To determine which products and experiential characteristics of the destination are most important in choosing a destination for a leisure vacation, the visitor survey asked respondents to rate both the importance and quality of a variety of products and experiences.

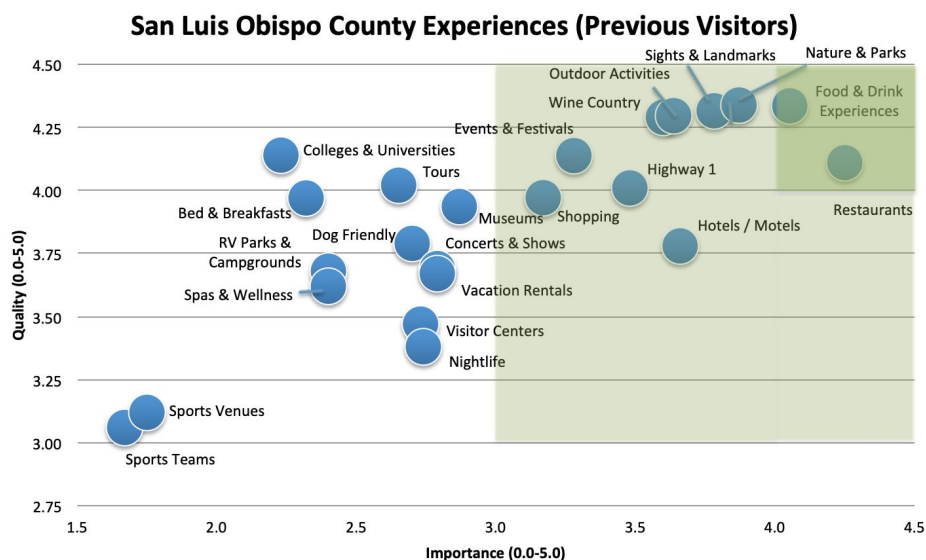
### PRIOR VISITORS

Prior SLO CAL visitors overall rated the following factors as being of both high importance (>4.0/5) in choosing a destination and high quality (>4.0/5) in SLO CAL (light green shading).

1. Restaurants
2. Food & Drink Experiences

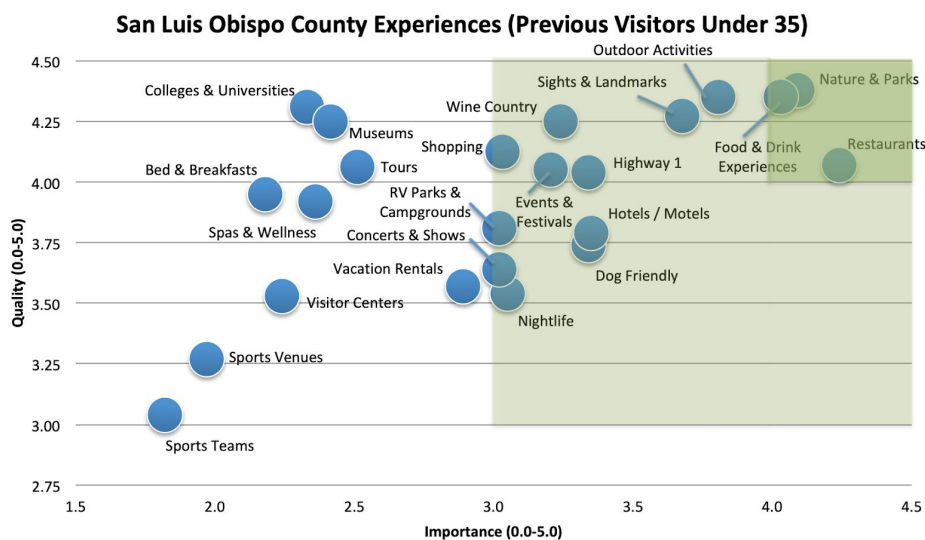
In addition, the following factors were rated as being of moderate importance (3.0-4.0/5) and moderate to high quality (3.0-4.0/5) in SLO CAL (medium green shading).

3. Nature & Parks
4. Sights & Landmarks
5. Outdoor Activities
6. Wine Country
7. Hotels/Motels
8. Events & Festivals
9. Highway 1
10. Shopping



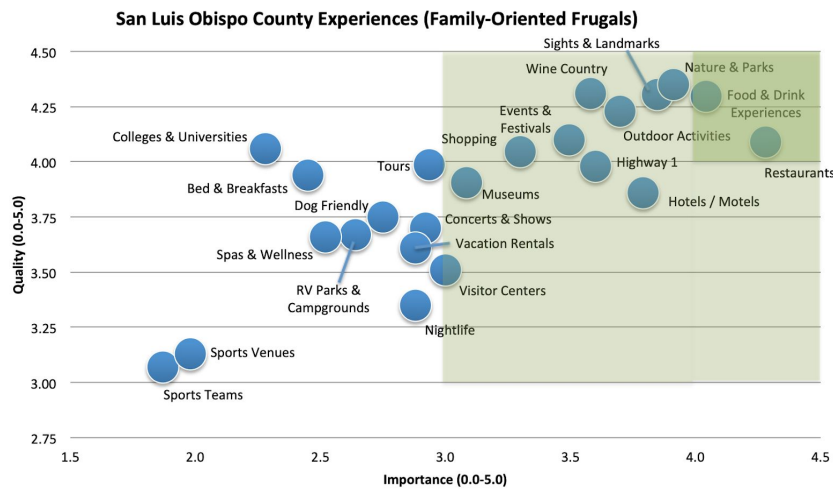
A further analysis of the results of past visitors on a demographic basis revealed that neither affluent visitors (HHI \$200k+) or older visitors (35-55 and 55+) consider additional factors to be of moderate or high importance in selecting a destination. However, visitors under the age of 35 also consider the following factors to be of moderate importance (3.0-4.0/5) in choosing a destination for a leisure vacation and of moderate quality (3.0-4.0/5) in SLO CAL:

- |                  |                            |
|------------------|----------------------------|
| 11. Dog friendly | 13. RV Parks & Campgrounds |
| 12. Nightlife    | 14. Concerts & Shows       |



An examination of past visitors on a psychographic basis (all five personas/segments) revealed that only family-oriented travellers added another factor to be of high/moderate importance and high/moderate quality in SLO CAL:

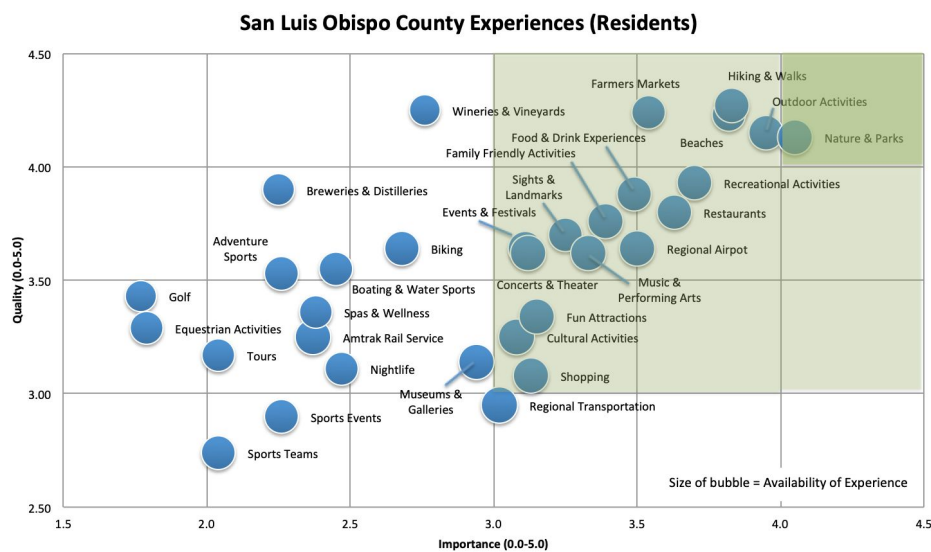
## 15. Visitor Centers



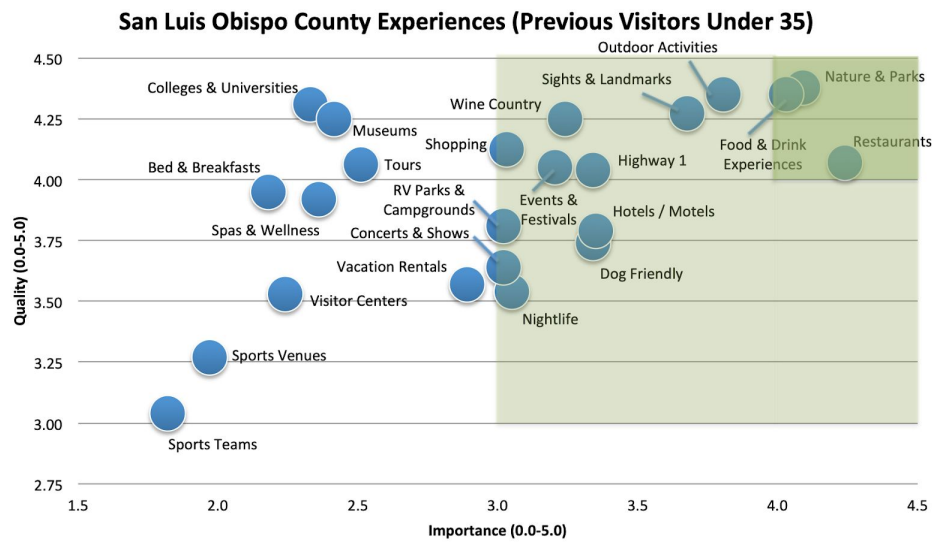
## RESIDENTS

When examining the features that are most important for residents from a quality of life point of view, residents overall believe the following additional products and experiences are moderately (3.0-4.0/5) or highly important (4.0-4.0/5):

16. Regional Airport
17. Music & Performing Arts
18. Family Friendly Activities
19. Fun Attractions
20. Farmers' Markets
21. Cultural Activities

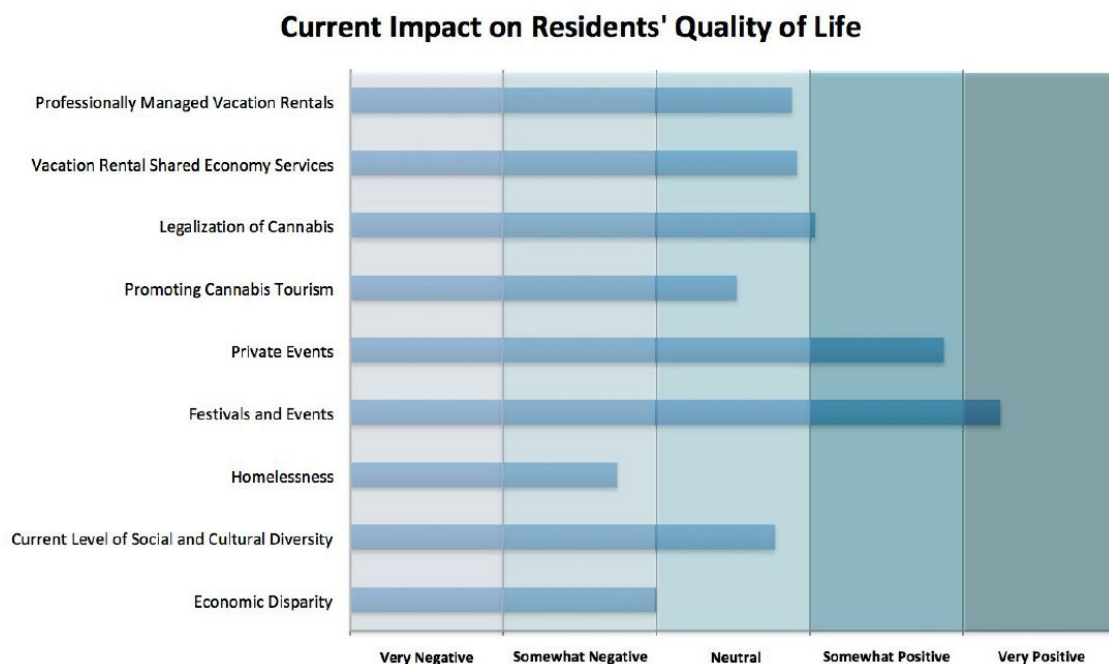


A further analysis of the quality of life results for younger residents (under 35) shows that no other additional factors are of moderate or high importance.

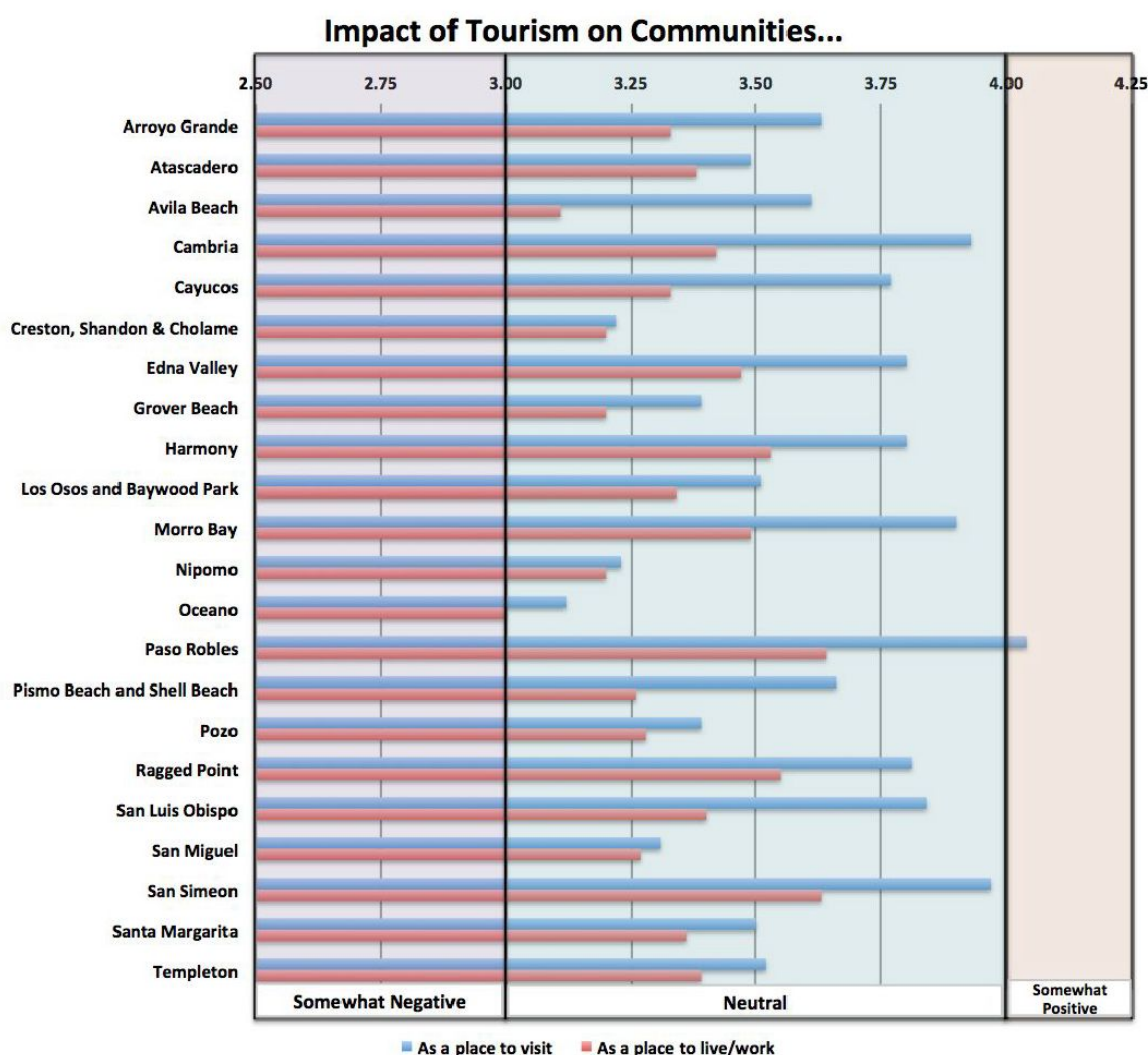


## Key Issues & Opportunities

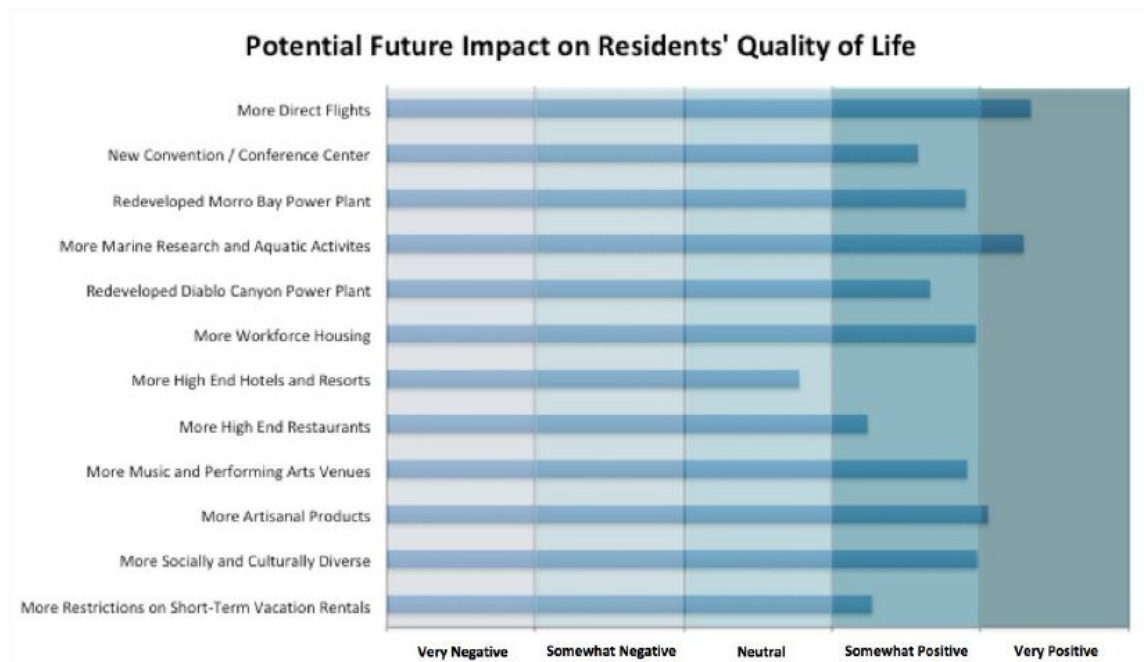
Based on a list of potential issues identified in the stakeholder interviews, community residents were asked to evaluate the impact these issues currently have on quality of life in the county. Festivals and Events and Private Events were seen as having a positive impact on quality of life, while Homelessness and Economic Disparity were identified as having a somewhat negative impact on quality of life for residents.



When it comes to the impact tourism has in general on quality of life on individual destinations within the region, only Oceano was identified as a destination where tourism is having a somewhat negative impact on the quality of life for local residents; however, Avila Beach also received a relatively low score. The Destination Management Strategy should address potential strategies to mitigate the impact of tourism in local communities, in particular for Oceano and Avila Beach.



In addition to evaluating the effect of tourism and potential issues that could impact quality of life in the destination, residents were asked to evaluate the potential future impact on quality of life of a variety of opportunities identified by stakeholders. No opportunities were viewed to have a potential negative impact on quality of life, while the development of More Direct Flights, More Marine Research and Aquatic Activities, and More Artisanal Products were viewed as having a potential very positive impact on quality of life in the county.



# KEY FINDING SUMMARY

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Based on the research and analysis conducted in Phase 1, the following Key Products & Experiences, Key Issues, and Key Opportunities should be considered in the creation of the Destination Management Strategy.

## Key Products & Experiences

1. Restaurants
2. Food & Drink Experiences
3. Nature & Parks
4. Sights & Landmarks
5. Outdoor Activities
6. Wine Country
7. Hotels/Motels
8. Events & Festivals
9. Highway 1
10. Shopping
11. Dog Friendly
12. Nightlife
13. RV Parks & Campgrounds
14. Concerts & Shows
15. Visitor Centers
16. Regional Airport
17. Music & Performing Arts
18. Family Friendly Activities
19. Fun Attractions
20. Farmers' Markets
21. Cultural Activities

## Key Issues

1. Homelessness
2. Economic Disparity
3. Managing the Impact of Tourism on Local Communities (in particular Oceano and Avila Beach)
4. Short-Term Vacation Rentals
5. Workforce Housing

## Key Opportunities

1. Regional Airport/More Direct Flights
2. More Marine Research and Aquatic Activities
3. More Artisanal Products
4. Redeveloped Morro Bay Power Plant
5. New Convention / Conference Center
6. Redeveloped Diablo Canyon Power Plant
7. More High End Hotels & Resorts
8. More High End Restaurants
9. More Performing Arts & Music Venues
10. More Socially & Culturally Diverse

# VISIONING FRAMEWORK

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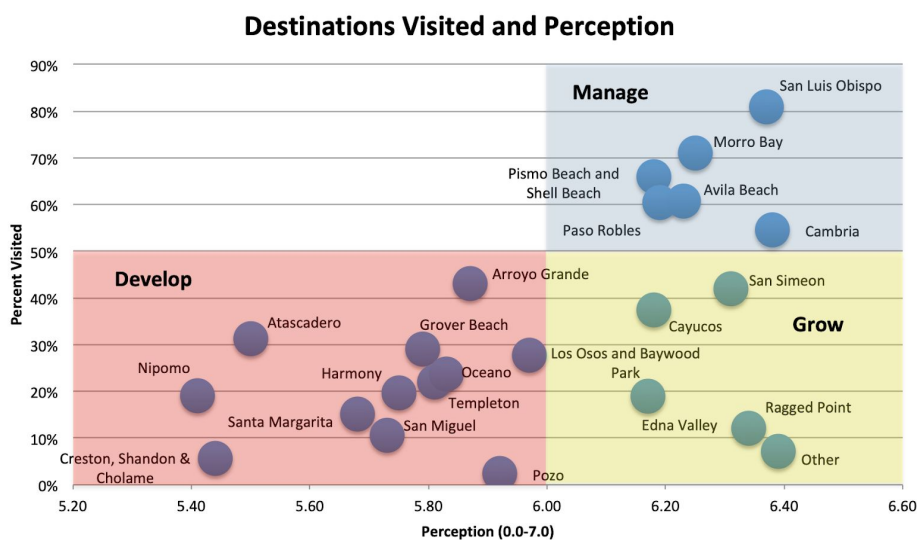
Although San Luis Obispo County is generally considered as a single West Coast / California destination, it is naturally composed of seven cities (Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo), a number of villages and unincorporated communities.

In approaching the creation of a Destination Management Strategy for the County, it will be important to evaluate the capacity of each community to serve more and/or different types of visitors; the type of visitor each region is best suited to attract; and the types of products and experiences that can best be leveraged or improved to serve that audience and the interests of local residents. At the same time, it will be important to prioritize the key issues and opportunities each community should address.

The Destination (Visitor) Survey conducted for this project reported that Previous Visitors:

- Most often visited San Luis Obispo City 80%, followed by Morro Bay 71%, Pismo and Shell Beaches 66%, Paso Robles 60% and Cambria 55%.
- Most liked Cambria and San Luis Obispo City at 6.4/7.0; followed by Ragged Point, San Simeon and Morro Bay at 6.3/7.0; Avila Beach, Paso Robles, Cayucos, Pismo and Shell Beaches at 6.2/7.0.

Combining these results into one chart illustrates three natural groupings of priorities for San Luis Obispo County communities (Manage, Grow and Develop).



## MANAGE

Communities that fall into the upper right quadrant grouping of Manage have seen strong flows of visitors (>50% visited), especially during high season, and receive high marks by visitors for positive perception (>6.0/7.0) of the experience.

The Manage group of San Luis Obispo County communities (above in blue) includes: Avila Beach, Cambria, Morro Bay, Pismo Beach and Shell Beach, Paso Robles and San Luis Obispo.

In general, these communities offer unique and high quality visitor experiences, but sometimes suffer from crowds, congestion, noise, traffic, limited parking and reduced quality of life for residents.

The common factor for these destinations is that the Destination Management Strategy may want to address the operational management of these destinations in order to maintain their high levels of visitation and perception, while improving the quality of life for residents.

## **GROW**

Communities that fall into the lower right quadrant grouping of Grow have seen moderate flows of visitors (<50% visited), yet still receive high marks by visitors for positive perception (>6.0/7.0) of the experience.

The Grow group of San Luis Obispo County communities (above in yellow) includes: Cayucos, Edna Valley, Ragged Point and San Simeon.

In general, these communities offer unique and high quality visitor experiences, but may have additional capacity for growing their tourism business. Tourism's impact on quality of life issues for these communities is generally low.

The common factor for these destinations is that the Destination Management Strategy may want to increase the visibility of these destinations and/or create new products and experiences in order to boost their level of visitation, while at the same time maintaining their high level of perception and positive quality of life for residents.

## **DEVELOP**

Communities that fall into the lower left quadrant grouping of Develop have seen moderate flows of visitors (<50% visited) and receive lower marks by visitors for perception (<6.0/7.0) of the experience.

The Develop group of San Luis Obispo County communities (above in red) includes: Arroyo Grande, Creston, Shandon & Cholame, Grover Beach, Harmony, Los Osos and Baywood Park, Nipomo, Oceano, San Miguel, Pozo, Templeton and Santa Margarita.

In general, these communities could stand to increase the quality of the visitor experiences and have additional capacity for tourism business. Tourism's impact on quality of life issues for these communities, with the exception of Oceano, is generally low.

The common factor for these destinations is that the Destination Management Strategy may want to enhance development efforts (product, infrastructure, events and festivals, etc.) on these destinations in order to increase their levels of visitation and improve their levels of perception, while maintaining their positive quality of life for residents.

# NEXT STEPS

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The research for the Destination Management Strategy presented in this Situational Analysis is now complete and the project will now focus on the future.

Looking forward, material from this Situational Analysis report will be used by stakeholders participating in the Visioning Workshops to create a future Vision for each region within San Luis Obispo County as a destination for visitors and residents, and help identify strategies, plans and programs to fulfill that Vision.

Later, a broader group of stakeholders and SLO CAL residents will be asked to participate in the Open Houses and Online Forum to provide feedback on the Vision and Strategies, and help guide the Destination Management Strategy forward to consensus.

We hope that we have captured the essence and spirit of the research and what we heard from the many contributors to the stakeholder interviews, group sessions, visitor surveys and community surveys.

The project team from Visit SLO CAL, the project Steering Committee and Resonance Consultancy extend their gratitude to all that contributed to this project, and look forward to continuing the conversation.

Thank you.



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