

Aligning State, Regional, and Local Tourism Marketing in Pennsylvania

Analysis and Policy Recommendations

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A report to the Pennsylvania Tourism Office and the Governor's Tourism Partnership
from The Committee on Regional Marketing

Jason Fink, PACVB Representative, Acting Chairman

Meryl Levitz, Member At Large

Doug Hill, County Commissioner's Association

Joe McGrath, First, Second Class A County

Assisted by consultants:

Gary Esolen - PLACES

Dr. Dan Fesenmaier - National Laboratory for Tourism Research and E-Commerce, Temple University

Dr. Rich Harrill - Institute for Tourism Marketing, University of South Carolina

Executive Summary

The Pennsylvania Tourism Office and the Department of Community and Economic Development are mandated to use state matching funds to produce the most efficient and economical tourism promotion program possible, and they are empowered to enact such regulations as may be necessary to achieve that goal.

For more than a quarter of a century the direction of state tourism policy has been toward more regional tourism marketing, a direction that has been endorsed in strategic plans, supported by set-aside funding, urged by state officials, and supported by the state's own regionalization of the state marketing campaign. Nevertheless, there are more single-county tourism promotion agencies now than ever, and many of them are small local agencies lacking the concentration of tourism assets and marketing resources to be most effective.

A promising direction has been set with Regional Marketing Initiatives, grants offered since 1997 to coalitions of Tourism Promotion Agencies, which have been the basis for successful branding initiatives in several of the state's tourism regions.

We recommend continuing the Regional Marketing Initiatives program, ideally with a single regional initiative in each of the state's designated tourism regions. In addition, we recognize the necessity to promote legacy brands for sub-regions well-established in the minds of consumers, and we recommend some funds be reserved for that purpose as well as for marketing themed experiences such as winery tours or skiing across multiple regions. This report includes a draft of suggested guidelines for Regional Marketing initiatives. We then recommend that first priority for matching funds grants go to those Tourism Promotion Agencies which are participants in Regional Marketing Initiatives, and the lowest priority go to those Tourism Promotion Agencies which do not participate in Regional Marketing Initiatives and/or which promote and advertise competitively with such alliances.

The goal of these recommendations is to produce well-aligned tourism marketing programs at the state, regional, and local levels in Pennsylvania.

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Executive Summary	1
Table of Contents	2
Introduction	3
Background	3
Organization of report	4
Past and Present State Policies to Support Regional and Local Tourism Marketing in PA	5
Building Regional Capacity to Market PA Tourism	6
Policy Recommendations	8
Draft Guidelines for Regional Marketing Initiatives	9
Recommendations for Matching Funds Program	11
Case Studies: Best Practices in Tourism Marketing	12
Finger Lakes	13
North Carolina	17
Oklahoma	21
West Virginia	26
California, Florida, Missouri (state funding models)	31
Appendices A & B	47

Introduction

The Commonwealth of Pennsylvania has the oldest and one of the nation's largest programs for state support of local and regional tourism marketing. At \$16 million in fiscal year 2006-2007, the program comprises over 40% of the budget of the Pennsylvania Tourism Office, in matching funds to local tourism promotion agencies and regional marketing grants to alliances of local groups. However, the State faces unprecedented challenges in competing for the tourism dollar. Expenditures by competing state and local tourism offices continue to increase while international tourists have opportunities to visit other destinations worldwide. Dramatic changes in technology, society, and the environment have created a world where local and regional tourism organizations must continue to adapt in order to compete effectively. And ever present budgetary challenges threaten the ability of the State to make substantial tourism investments. The purpose of this report is to review past policy regarding state support for local and regional tourism promotion, and to recommend policies for the future.

Background

Under the Tourism and Promotion Act, which authorizes matching funds for local tourism promotion agencies, the Department of Community and Economic Development and the Pennsylvania Tourism Office are directed "to administer this tourism promotion program with such flexibility so as to bring about as effective and economical a tourist promotion program as possible," and is authorized to "promulgate necessary rules and regulations" to that end, and a number of criteria for evaluation have been included in the matching funds guidelines. However historically the administration of the matching funds program has focused largely on monitoring expenditures and matching grants to assure that they have been used for authorized marketing purposes rather than for administration. Beyond that, there has been little quality control.

At the same time for more than a quarter of a century the direction of state policy has been toward regionalization of tourism promotion, consolidating fragmented local tourism promotion into coherent regional alliances with more viable assets and greater resources. Under the Rendell administration the Pennsylvania Tourism Office has made effective regional tourism marketing a priority, supporting successful branding initiatives in six of the state's seven tourism regions with regional marketing initiative grants, and has aligned the statewide marketing program to promote the same regions. The matching funds program, by contrast, remains largely unintegrated with regional marketing.

Pennsylvania is at a crossroads in its tourism history. Continued growth of tourism as an economic development strategy depends upon effective and efficient marketing, which requires state, local, and regional marketing to be well-aligned. The state cannot afford to waste resources and miss opportunities in an increasingly competitive marketplace. It makes sense at this time to review past and present policy and practices and determine the path the state should follow in the future to make best use of taxpayer dollars for tourism promotion.

Organization of this report.

This report will review state policies and practices for support of local and regional tourism marketing, discuss how to build regional capacity in Pennsylvania's tourism marketing, and explore the role of local identity in regional tourism. It will then make recommendations for policy changes to create the most efficient and effective possible tourism promotion program in Pennsylvania, as mandated by the Tourism and Promotion Act.

Several case studies on best practices in tourism marketing by Dr. Rich Harrill follow. Appended are articles by Dr. Dan Fesenmaier and colleagues on rural tourism marketing and challenges facing destination marketers.

Past and Present State Policies to Support Regional and Local Tourism Marketing in PA

Under enabling legislation the state of Pennsylvania provides matching funds to local tourism promotion agencies to assist in tourism marketing. To receive matching funds, an organization must be the designated Tourism Promotion Agency (TPA) for one or more counties. The designation of a TPA is made by each county, by ordinance or resolution of the Board of County Commissioners, in some cases with concurrence of county subdivisions representing over 50% of the total county population. Two or more counties may designate a single tourism promotion agency, in which case the TPA is recognized as a regional tourism promotion agency. The designated TPA for a city of the first class (Philadelphia) or county of the second class (Pittsburgh) is recognized as a regional tourism promotion agency.

Single county TPA's are eligible for grants of up to 2.0 times local spending on appropriate promotional expenses; regional TPA's are eligible for grants of up to 2.25 times such local spending. At the time those matching funds limits were set, most TPA's derived local funding from member dues and cooperative advertising, and the state's match was realistic. However it is now typical for TPA's to receive revenue from a local hotel tax, with the result that localities have more money than they used to, and would be eligible for larger grants than the state can in fact provide. It is confusing and frustrating for Tourism Promotion Agencies that they never receive grants equal to the match for which they are technically eligible.

In 1986, to encourage regional cooperation, 5% of the matching funds appropriation each year was set aside to support cooperative promotional projects involving two or more tourism promotion agencies. In an intensive planning process during the Ridge administration a long-term strategic plan for tourism was produced which set increased regional cooperation as a major goal, and recommended a task force to study and address the issue. That recommendation was never carried out, although in general the strategic plan was followed and was fruitful.

Meanwhile, there are eleven regional tourism promotion agencies including the statutorily determined city of the first class and county of the second class, while thirty-eight TPA's represent single counties. The number of single county TPA's has actually increased during the time when the state policy has been strongest in encouraging multi-county TPA's, probably in part because the lure of the revenue from the local hotel tax proved irresistible. The complex situation around local hotel taxes complicates the issue of single-county versus regional TPA's.

Legislation was enacted in 2000 covering all counties not previously authorized to collect a room tax, and under that authority 53 counties follow uniform policies. Prior to 2000, however, the enabling legislation authorizing the levy and collection of room taxes was enacted piecemeal, with the result that the amount and authorized use of the revenues generated by room taxes varies significantly from county to county in 14 counties which have special rules.

In some cases, the legislation authorizing the levy and collection of a room tax specified that use and disposition of room tax revenues were to be controlled not by the county TPA, but directly or indirectly and/or in whole or in part, by the county commissioners or some other entity.

In addition, several room tax statutes explicitly provide that room tax revenues *can or must* be used for projects and initiatives other than tourism promotion. Examples of other uses of room tax revenues authorized by statute include:

- Grant programs
- Economic development initiatives
- Community development initiatives
- Recreation facilities
- Historic preservation
- Grants to municipalities having police departments
- Debt service for capital projects such as stadiums, convention centers and conference centers

The flexibility and wide discretion regarding the use of room tax revenues afforded by certain room tax statutes supports counties who decide to form one-county tourism promotion agencies subject to a high level of control by county government, and a disincentive for counties to form or support regional TPAs. It can also provide a vehicle for funding projects other than tourism promotion. As noted above, this is borne out by the increase in the number of TPAs during this Administration from 45 to 49, and by the range of uses to which the revenues produced are being put. On the whole, the attempt to move toward more regional rather than single-county Tourism Promotion Agencies has not been successful.

A more successful direction has been set by Regional Marketing Initiatives, a grant program created in 1997 to support coalitions of five or more counties working together in tourism marketing. The first grants went to Philadelphia and Pittsburgh, and the program was quickly expanded to include the rest of the state. At the start RMI's were one-year grants, but in 2004 they were shifted to three year grants, reviewed annually, to allow for stability in funding and longer term planning. Under the RMI program six of the state's seven tourism regions have developed significant branding initiatives, through coalitions of Tourism Promotion Agencies. In most areas of the state regional marketing initiatives are recognized as successful.

Evaluation of the programs clearly documents that the Regional Marketing Initiatives have been a successful vehicle for encouraging regional tourism marketing, and that the programs supported by Regional Marketing Initiatives are well aligned with the state's marketing philosophy and practice.

[Building Regional Capacity to Market PA Tourism](#)

Regional marketing and management is frequently cited as the "Holy Grail" for tourism practitioners and researchers, suggesting that it is supremely valuable but hard to find. In Pennsylvania, as we have noted, the direction of policy for a quarter of a century has been toward increasing regional tourism marketing, which has been affirmed by strategic plans, studied by task forces, and supported with set-asides and grant programs. Still, it appears that strong leadership from the state will be needed to achieve true regionalism in tourism marketing. This leadership will enable each region to build a strong regional brand while protecting its

natural resources.

The benefits of regional tourism marketing are social, economic, and environmental. Socially, without regional management smaller destinations, even when successful, may lack the resources to carry out effective planning, and neglected places may have almost no ability to change the patterns of visiting that leave them isolated. At the same time, tourism is likely to develop in pockets that can quickly become over-saturated, producing an undesirable and unsustainable pattern of overuse of some resources and neglect of others. The places where tourists go become crowded while other places stand empty. Regional planning for tourism development can enable both the benefits and the burdens of tourism to spread more evenly and equitably throughout the region, benefiting both the resident and visitor.

Economically, local tourism marketing may be ineffective because starved for resources. An efficient modern tourism marketing program will include, at a minimum, many or all of these components:

- A state-of-the-art internet site;
- Internet advertising;
- Advertising in a variety of media each with its own characteristics and criteria
- Email advertising
- Maintenance and management of a database of inquirers, past visitors, and respondents to advertising;
- Communications through specialty media and affinity groups to potential visitors with particular interests;
- Cooperative advertising;
- Constituent relations;
- Group sales including motorcoach sales;
- Promotions with travel agents or tour companies;
- Fulfillment of inquiries;
- Communication to repeat and high-value consumers;
- Distribution of promotional materials to visitors in the area;
- Direct mail lists or consumer databases; and,
- Ability to measure the results of the above programs.

To accomplish all these tasks capably requires a level of staffing, expertise, and contractual support which is beyond the reach of most smaller tourism promotion agencies.

Importantly, competition among many small destinations is likely to produce fewer and shorter trips with lower visitor satisfaction. Aggregating/coordinating local assets through regional tourism programs gives visitors more reasons to come and more to enjoy when they do come, making for longer visits, higher spending, and more repeat visits. Indeed, much research in the area of destination branding and destination development clearly documents the importance of regional tourism development.

Branding successes in the tourism industry (i.e., Courtyard by Marriott, and Forte Hotels), at the state level (i.e., New York and Florida) and smaller destinations (Las Vegas and Branson,

Missouri) have been well documented. Each of these branding efforts have required a substantial investment and coordination of resources, communications, and cooperation among partners.

Similarly, it has long been recognized that effective destination development requires a regional perspective. Clare Gunn, in *Vacationscape: Designing Tourist Regions* established the foundations for regional design in tourism. Additionally, Michael Porter, a professor at Harvard University, established in *Competitive Advantage* a strong economic foundation linking the clustering of places with competitive advantage. More recently, Jackson and Murphy wrote the following in interpreting Porter's theory of competition within the context of tourism development:

To convert tourism opportunity into a business activity requires the input of a myriad of different businesses, able to cooperate while otherwise behaving competitively...(as well as)... the presence of related and supporting industries including accommodation, food, beverage outlets, attractions, the transport sector and various government agencies.

Successful tourism requires a sufficient concentration of assets. Economically visitors and residents receive maximum benefits when tourism is developed and promoted at the regional scale.

Environmentally, one of the most important limitations of small tourism agencies is their inability to manage the consequences of tourism. There is a natural cycle to tourism in the absence of effective management. Tourism develops around some natural or cultural asset, grows (whether slightly or significantly), plateaus, and then declines. Communities can lose distinctiveness and become homogenized as a result of unmanaged tourism, whether it is because uncontrolled development erodes the character of place or because decline leads to shabby and uninviting attractions. Visitors are likely to react negatively, eventually, to any loss of authenticity and quality.

Long term sustainability, therefore, should be a fundamental goal of any tourism plan; this plan should protect local resources including distinctiveness, culture and identity, while encouraging both financial and human investment in the community. Only significant programs of tourism marketing and management can effectively shape growth in such a way as to maintain the sense of place and quality of life, and small, under-funded local tourism marketing entities cannot by themselves succeed. Regional alliances are needed.

Policy Recommendations

The case for regional promotion of tourism is compelling. Recognizing that, the PA Tourism Office has redesigned its marketing campaign to promote and support the seven designated tourism regions. Where the local TPA's have also joined in regional alliances, state and local campaigns combine to produce significant impact. Regional cooperation in tourism marketing is necessary, rewarding, and beginning to happen.

At the same time there are many reasons (some more legitimate than others) for the existence of single-county Tourism Promotion Agencies. Many of those reasons go beyond efficient and effective tourism marketing. Merely arguing that regional tourism marketing achieves the most efficient use of taxpayer dollars and the best results for economic impact has not led to the merging of TPA's into regional entities.

In any case, increasing local hotel tax revenues for tourism promotion are already reinforcing the pattern of single-county TPA's, and if the proposal of the Pennsylvania Tourism Office to set a uniform tax rate of at least 3% dedicated to tourism promotion and administered by the local Tourism Promotion Agency is successful that trend will only accelerate, again for reasons having little or nothing to do with effectiveness in tourism marketing. Providing more funds for local tourism agencies may make them less willing to merge in search of efficiency.

Fostering regional cooperation in the face of fragmented local authority is a challenge Pennsylvania faces in regard to many aspects of municipal planning and government, including planning boards, police agencies, school boards, and other entities. The most successful models create cooperative agreements and regional affiliations through which common goals can be achieved.

In tourism, the most successful model for moving toward regional tourism marketing has been the funding of Regional Marketing Initiatives, which reward cooperation without requiring the merging of TPA's. RMI's, together with the PA Tourism Office's redesign of its statewide tourism marketing campaign along regional lines, have begun to make regional tourism marketing work. We recommend that the RMI model be more clearly defined, and the guidelines for the matching funds program brought into alignment with the RMI program and with the state's well-developed regional marketing approach.

We recommend that the foundation for the state's policy toward support for local and regional tourism marketing be the guidelines for Regional Marketing Initiatives. The following is our recommendation for the substance of those guidelines.

Draft Guidelines for Regional Marketing Initiatives

The purpose of Regional Marketing Initiative (RMI) grants is to encourage Tourism Promotion Agencies to join in sensible partnerships to promote marketable destinations. Most funding and larger grants under this program will go to long-term alliances. There will be two types of RMI grants: place-based and experience-based. At least ninety percent of RMI funding will be allocated to place-based grants marketing a geographic region, up to ten percent to experience-based grants marketing a cross-regional experience.

Place-based RMI grant applications will receive favorable attention if they meet the following criteria:

They represent all or most of one of the state's designated tourism regions, or represent an area with a strong legacy brand (a sub-region well-known to visitors and able to drive increased visits) allied with its less well-known neighbors. It is important that legacy

brands be marketed within their regions or in alliances that include their neighbors, to avoid islanding less well-known areas in tourism regions.

They represent a long-term alliance managed by a stable independent tourism non-profit organization, with a minimum commitment of three years. In regions that include Pennsylvania's city of the first class (Philadelphia) or county of the second class (Allegheny County, Pittsburgh) the designated tourism promotion agency will be the only non-profit authorized to carry out a regional marketing initiative.

The alliance represents an area that is coherent in character of place and can be seen by consumers as one destination, and will be marketed as one destination, except when some part of a grant to a region-wide alliance has been specifically designated to promote a sub-region with a legacy brand.

The alliance should normally not exclude any contiguous area that consumers would see as part of the same regional place. For instance, alliances of suburban Tourism Promotion Agencies that do not include their neighboring cities will not obtain support.

Established regional names well-known to consumers, when available, will normally be used to represent the character of the place.

All participating Tourism Marketing Organizations will chiefly market through this alliance, will commit most of their advertising funds to the alliance, will provide financial support consistent with their resources, and will limit separate marketing to events or niche targets not included in the regional product and promotion. In particular, duplicative and competitive advertising that fragments a region's efforts will not be supported, and state funds will not be used for advertising within the region.

Major private-sector tourism enterprises will participate and provide support.

Cities / counties of the first and second class are already mandated to promote visits not only within their own boundaries but to the surrounding countryside, and will be considered by themselves to be eligible for RMI grants. However, other Tourism Promotion Agencies are encouraged to join with them and commit significant resources to joint marketing.

The development of regional Web sites or portals is strongly encouraged. Additional support may be available to coalesce marketing around the development of regional portals or Web sites, while limiting separate web marketing strategies.

Smaller grants may be made to shorter-term alliances or to experience-based marketing alliances of similar experiences across multiple regions. Some examples of experience-based marketing alliances might include wineries, ski resorts, golf destinations, sports, outdoor water adventures such as canoeing, kayaking, or whitewater rafting, or other groupings of attractions and services for touring vacationers such as those to be found along particular touring routes. These smaller grants may be given to Tourism Promotion Agencies or other existing non-profit entities but must involve alliances that are multi-county and involve multiple Tourism Promotion Agencies.

Normally these grants will be for highly specific marketing purposes such as shared web or print-based visitor information services.

These grants are for marketing expenses only, not for administrative expenses. Alliances may use grant funds for staff who carry out the regional marketing program, as well as for appropriate market research and product research, for agency services to create advertising, for advertising in any medium, for internet communications and marketing, for printed material like brochures and tour guides, for tracking the results and effect of advertising and other marketing efforts, for public relations, and for other expenditures that directly support the attraction of visitors. Grants may be made for periods up to three years, to be reviewed annually for performance.

Recommendations for Matching Funds Program

We recommend that first priority for matching funds grants go to Tourism Promotion Agencies which are participating in Regional Marketing Initiatives as described above, or in sub-regional alliances around legacy brands. Because of their unique importance to the regional, national, and international tourism profile of Pennsylvania, strong support should continue to be provided to the state's city of the first class (Philadelphia) and county of the second class (Allegheny County, Pittsburgh), which by statute are recognized as regional marketing entities.

Tourism promotion agencies which do not participate in Regional Marketing Initiatives, or which engage in independent advertising in competition with Regional Marketing Initiatives, should have the lowest priority for state matching funds.

Case Studies: Best Practices in Tourism Marketing

The following case studies are all the work of Dr. Rich Harrill, Director, Alfred P. Sloan Foundation Travel & Tourism Industry Center, International Tourism Research Institute, University of South Carolina.

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Educational Institute of the American Hotel & Lodging Association.

Guide to Best Practices in Tourism and Destination Management, Vol. 1 (2003) for

“Finger Lakes (N.Y.) Wine Country Marketing Association”

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Southern Governors Association.

Southern Tourism and Destination Management (2006) for

Case studies on Oklahoma, Tennessee, and North Carolina

Journal of Tourism Analysis (2007) for

“State Tourism Funding: Equity, Consensus, and Accountability Models”

FINGER LAKES (N.Y.) WINE COUNTRY TOURISM MARKETING ASSOCIATION

Overview

Finger Lakes Wine Country Tourism Marketing Association, based in Corning, N.Y., is a public-private partnership with a 13-member board representing the region. Several counties and corporations in upstate New York, including Corning Enterprises, the Corning Museum of Glass, the Arnot Mall, Chemung County, Schulyer County, and Steuben County financially support the association.

The combined expertise and funding support of the Finger Lakes Wine Country Tourism Marketing Association allows for a strong promotion and marketing program that none of the partners could afford individually. The collaboration not only strengthens the impact of spending by bringing individual tourism and marketing budgets together, but also allows the region to position itself as a destination. The association's mission is to increase tourism and tourism revenues within the region.

The purpose of the association is to develop and implement marketing and promotion programs that build a new image for the region, better reflect the area's assets, generate awareness concerning the region among vacationers, and encourage touring vacationers to come to the region.

The association has begun to position the region as a brand. The branding strategy provides the marketing partners with a communications umbrella so that all partners can work together. The focus of the brand is one of the area's unique core assets: the wine experience.

Context and History

In 1997, a regional tourism director was hired by the Corning Corporation for the Finger Lakes Wine Country Tourism Marketing Association.

The creation of this position was based on the corporation's decision to invest \$65 million in renovating the Corning Museum of Glass, formerly an internationally renowned museum chronicling the history of glass making. The corporation believed that promoting the region as a tourism destination and offering other amenities besides outdoor recreation would boost sagging museum attendance.

Corning also saw the need to develop the region to attract professionals to its workforce. The company realized what many people are now coming to understand about tourism as economic development: that an area's quality of life is important to both tourists and potential residents. Addressing quality-of-life issues in a community is often the first step in community tourism development.

Organization

The director's initial mandate was to build regional cooperation for tourism to support the museum, and she initially convened a small group of attraction owners, hotel and motel proprietors, and others involved in the local tourism industry. Almost immediately after its formation, the group began to address serious questions regarding tourism marketing. Members

realized they needed research to provide direction in developing regional tourism. Impressed with Longwoods International's record of successful research and branding, the group decided to hire the Toronto-based firm to help market the Finger Lakes region. To fund these efforts, Corning Enterprises pledged \$250,000, and matching funds came from Chemung, Steuben, and Schuyler counties and the Corning Museum of Glass. The final sum for the first year totaled \$550,000.

Best Practice: Research

One of many international firms that conduct such research, Longwoods undertook the effort with the promise to partners that solid research based on fact would pay immediate dividends. Another Toronto-based firm, the Rudder Group, was hired as marketing strategists.

Longwoods found that the Finger Lakes region needed to reposition itself in the tourism market. The research discovered that the area had a great reputation for outdoor recreation, but few people knew of the region's other amenities. Previously, tourism marketing in the region had targeted people who traveled there mainly for hunting, fishing, and camping. Longwoods determined that the region, to expand its appeal, should capitalize on its wine-producing history and capabilities. This tri-county area is the largest wine-producing region east of the Rocky Mountains, and possibly the second largest in the entire country behind California's Napa Valley.

Longwoods also determined that the region already had assets to provide the types of experiences sought by the touring vacationer, such as wineries, scenic beauty, entertainment, museums, and other cultural attractions. The compelling wine experience sets the region apart from other competitive touring destinations in the northeastern United States.

Among Longwoods' findings was that touring vacationers contribute greatly to the region's economy. Unlike outdoor vacationers, who usually stay in campgrounds, touring vacationers stay in hotels, shop in stores, and visit attractions. In addition, touring vacationers seek unique, exciting, and cultural travel experiences such as museums and entertainment, not just the outdoor activities of camping and fishing. The touring vacationer segment is growing, especially among the baby boomer market segment. These educated, affluent vacationers prefer good accommodations and convenient services.

Due to social, economic, and psychological factors, touring vacationers, much more so than campers and fisherman, can be influenced by advertising in such media as television, tour books, and the Internet. The Finger Lakes region's two-part challenge was to (1) make touring vacationers aware that it offers experiences that appeal to them, and (2) motivate them to visit the region.

Results

Based on its spring 2000 advertising campaign, the association conducted a benchmark study with Longwoods to determine the program's success. The study confirmed the group was on the right track: for every \$1 spent, the region received \$21 in return, totaling \$11.4 million in revenue. Despite the association's modest advertising budget of \$156,300, 28 percent of all residents in three key markets recalled seeing at least one of the print or broadcast ads for the Finger Lakes Wine Country, according to the study. The advertising campaign consisted of two

television commercials; three print ads that ran in nine publications, including *Better Homes and Gardens* and the *AAA Annual Tour Book*; and nine Internet banner ads.

The study also indicated that 131,000 new travelers came to the Finger Lakes region as a result of the spring advertising campaign. Of those travelers, 47,000 came on day trips, while 84,000 took an overnight trip. In addition, the study found that the advertising campaign significantly increased interest in visiting the region, namely an estimated 358,000 additional intended trips over the next two years. Based on this data, the association successfully raised an additional \$89,000 in 2001, allowing them to extend the marketing program from five weeks in 2000 to five months in 2001.

A subsequent 2001 conversion study, a second study of the same time period, conducted by Longwoods showed that 71 percent of the visitors in 2000, or 93,000 persons, came to the Fingers Lakes Wine Country Tourism Marketing Association counties of Schulyer, Steuben, and Chemung.

Of those visitors who said in the earlier benchmark study that they planned a trip, an additional 22,000 visitors came to the region from July to October of 2001. Visitors on overnight trips spent on average \$114 per person, while those who visited on day trips spent an average of \$74 per person. The Finger Lakes Wine Country Tourism Marketing Association spent \$536,000 on operations, marketing, and research in 2000, and budgeted \$680,000 in 2001.

Based on its demonstrated success, the association plans to expand, creating three major wine trails and including a fourth county.

Conclusions

Using Longwoods research, the Finger Lakes Wine Country Tourism Marketing Association managed to reposition its assets and bring more revenue to the region's cities and counties. The group has been successful because of its commitment to benchmark research that helped it avoid wasting valuable resources. For itself, the group followed a methodological and strategic approach of leading partners through the tourism development process step-by-step and impressing upon them the value of research.

The leaders of such organizations must convince partners that they share in a greater collective vision for tourism marketing and development based on research, rather than on political differences. Implementation is also a key to marketing: partners must learn the requirements for developing regional tourism beyond initial marketing. In sum, critical elements of success include credible research, regional vision, proven leadership, and keeping partners involved.

Chronology

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| 1997 | A regional tourism partnership forms. |
| 1999 | The association contracts with Longwoods International to undertake custom branding research. The Rudder Group develops creative approaches and makes recommendations for implementation based on branding research. |

- January 2000 The association presents results of branding research to regional partners, county legislators, possible funding organizations, and a broad-based group of industry representatives including attractions, accommodations, and retailers.
- March 2000 The Finger Lakes Wine Country Tourism Marketing Association forms as a public-private partnership with a 13-member board.
- April 2000 The Finger Lakes Wine Country Tourism Marketing Association launches its first advertising campaign.
- March 2001 The association presents results of benchmarking and conversion research for the first year showing \$11.4 million in revenues. It reports that \$21 came back into the economy for every marketing dollar spent. The association's budget grows to over \$600,000.
- October 2001 The association wins the Tourism Industry Association of America's (TIA) Odyssey Award in the domestic marketing category.

Reference Material

Web Site: www.fingerlakeswinecountry.com

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North Carolina: Integrated Brand Marketing Campaign

Overview

Although ranking only 13th in population, North Carolina holds a solid position among the country's top 10 most-visited states, with annual travel expenditures more than doubling over the past 10 years to exceed \$13 billion for the first time in 2004. The state's Division of Tourism, Film and Sports Development attributes that success largely to marketing consistency, or "staying on message," and it achieves that with an integrated approach involving media relations, advertising, sales and travel trade programs, and leveraging partnerships. This approach, and its consequent achievement, warrants a best-practice designation in Southern tourism.

North Carolina's marketing approach is a best practice because it is one of the first in the nation to be almost seamlessly coordinated—the Web site, the printed materials, and print and media advertisements share the same look and feel. As a result, the integrated marketing campaign is a brand in itself, with a great way to sell North Carolina's tourism assets and attractions, from its mountains to its beaches, its collegiate and professional sports, to its entertainment venues. The benefit of such integrated marketing is that it creates power much greater than the sum of its parts.

Context and History

North Carolina has a long tradition of marketing state tourism. In 1937, the state legislature authorized the creation of a state advertising division. Within two years of its creation, the division placed North Carolina stories in out-of-state papers and magazines at a rate of 500 a day. In addition, the division—now established as a clearinghouse for North Carolina information—published promotional materials, established photo and information files and set up correspondence with key media contacts through the nation.

North Carolina lies within a day's drive of more than 50 percent of the U.S. population, an aspect underscored by the fact that in 2004, 85 percent of travelers to the Tar Heel State came by road. Its diverse geography; abundant natural, historical, and cultural resources and developed attractions; and its interstate highways (I-40, I-95, I-26, and I-85) and international airport access (in Charlotte and Raleigh-Durham) contribute to and facilitate the appeal and visitation.

In the west, one finds the famed Appalachian Trail, the beautiful Blue Ridge Parkway, the opulent Biltmore Estate, homes of writers such as Carl Sandburg and Thomas Wolfe, spas, folk art centers, bluegrass music, and even casino gambling at the Cherokee reservation. On the coast, where the Wright Brothers were early beachgoers, travelers encounter sun, sand, and sea and their many attendant activities ranging from game fishing and wind surfing to hang gliding and bird-watching. In between are rivers, museums, sports arenas, festivals, and historic sites. The state also boasts some 50 winemakers who produced 600,000 gallons in 2004, with a highly reputable cluster in the Yadkin River Valley, a fruitful tourist draw that holds designation as North Carolina's first federally recognized American Viticultural Area.

The foundation of the integrated brand marketing campaign was established in 1991, and the program has evolved over the years. It began by asking what people wanted in a vacation and what came to mind when hearing the words, "North Carolina." Research revealed that

consumers primarily sought restorative relaxation in a lovely natural setting, but it found no consistent answer to the second inquiry. In other words, the state was not well-defined in travelers' minds. That became the task.

Best Practice

The integrated marketing campaign focused on reaching audiences through (1) the World Wide Web; (2) television; (3) print; and (4) public relations. Given that people want to relax in scenic settings, it was appropriate to capture some of the essence of North Carolina's natural beauty and convey it in print. For example, three principal color illustrations depicting a lake scene, a mountain stream, and a barrier island setting were used in posters, calendar art, and print ads. These images also were integrated with the consumer Web site to create a consistent look for greater recall. Likewise, television spots showcased scenic beauty and sense of escape.

An e-newsletter goes to 95,000 subscribers each month, conveying timely reports on activities, travel packages, and the like. Again, top-quality photos of outdoor settings and activities underscore the possibilities for "getting away from it all."

The Web-based "experiences" enable users to explore facets of North Carolina history, culture, and place in detail. For example, they can hear the Cherokee language and traditional music, follow a Civil War time line, read journal entries of Orville Wright, and feel the roaring excitement of race cars.

Small-space magazine ads have catchy, provocative copy in page-fraction blank spaces, such as, "If you're reading tiny ads in the back of magazines, it may be time for a vacation," and follow that with Web site and phone number.

New print concepts were integrated into the print co-op program and featured in such publications as *Budget Travel*, *Good Housekeeping* and *Southern Living*. The co-op program involves destinations, attractions, and private-sector entities such as vacation rental agencies within the state, enabling these partners to reach targeted markets at lower cost.

The division utilizes partnerships with statewide media associations to promote in-state travel (more than 35 percent of visitors are North Carolina residents) under the tag line, "Discover the State You're In." A billboard campaign, in partnership with the North Carolina Outdoor Advertising Association, used that line featuring four scenes of the beach, the mountains, the golf course, and historical re-enactment. Member radio and television stations of the North Carolina Association of Broadcasters ran some 27,000 spots generating \$1.7 million worth of non-paid announcements promoting the state. Also, the division underwrites a weekly TV magazine produced by UNC-TV called "North Carolina Weekend" that showcases events and attractions statewide; in 2004 it covered 75 percent of North Carolina's 100 counties and produced 175 stories.

The emphasis on seashore and mountain beauty and recreation, as well as golf, also appears in promotions aimed at international visitors, a small but growing percentage of the North Carolina tourist market. State tourism is promoted with partners in the United Kingdom, Germany, and Canada; indeed, there's even a separate Web site—www.visitNC.co.uk. Canadian visitation

grew 13.2 percent in 2004 from the previous year. New Web sites have been introduced for the United Kingdom and for German-speaking markets: www.northcarolinatravel.co.uk and www.northcarolinatravel.de.

Communicating the message doesn't stop there. For instance, tour operators can receive *Itineraries Journal*, which presents 26 North Carolina trails from which to choose. And *Newslink*, a weekly e-mailed publication, provides relevant information on the division's marketing programs to 1,200 tourism industry leaders around the state.

Government and tourism industry leaders reportedly were supportive from the outset. The program was research-based, "true" to the state's strengths, and has contributed to consistent long-term growth.

Results

The division's mission "is to unify and lead the state in developing North Carolina as a major destination for leisure travel, group tours, meetings and conventions, sports events and film production," and this is where consistency, as well as creativity, comes to bear. The state's tourism budget for 2004-05 was \$11.3 million, ranking 18th nationally, but according to the division's 2004 annual report, it's hitting the high notes. Approximately 49 million visitors traveled to North Carolina, ranking the state eighth in the nation. In 2005, the state earned \$14.2 billion in visitor expenditures, representing \$3.7 million in payroll, 185,200 in jobs, \$747,700 in state tax receipts, and \$461,000 in local tax receipts. Web marketing proved especially strong, with a record 46 percent increase in visitation to www.VisitNC.com versus 2003, reaching 4.8 million visitors in 2004. In addition, North Carolina's marketing programs regularly receive recognition from the Travel Industry Association of America, including TIA's 2003 Odyssey Award for International Marketing.

In sum, North Carolina's Division of Tourism, Film, and Sport Development measures success in several ways, including volume of inquiries, traffic to the Web site measured as unique visits, and volume of calls to its toll-free 1-800 number, as well as economic analysis such as conversion (the number of people that actually visit after viewing an ad) and return-on-investment (the number of dollars that the state accrues for every dollar invested).

However, there have been some challenges with implementing such an integrated campaign. For example, many states have essentially the same combination of assets and attractions—a similar product—struggle to stand out among their peers. These similarities are especially true among Southern states, documented in this book as both friends and occasional rivals. North Carolina has to work hard to stand out, and the marketing campaign has to perform well to stand out among similar marketing campaigns from neighboring states.

Conclusions

In the future, the integrated marketing campaign will continue to evolve. The campaign has been so successful that the division intends to develop more programs around the integrated theme. Given that in today's competitive tourism environment, cities across the world compete with one another, North Carolina feels that it is in its best interest to continue to invest in marketing. According to one official, "If you don't stay in the game, you get bypassed very quickly."

Apparently, North Carolina learned from the Colorado experience, where at one time voters repealed tourism marketing dollars and several years passed before it could compete with other states in the Midwest region and with states with similar assets and attractions. Colorado's funding has since been restored.

It's one thing to possess features that others may want to see, feel, experience; it's something else to make folks aware of those features and choose them over competing attractions. That's the challenge and the work of tourism marketing, and North Carolina's Division of Tourism, Film and Sports Development is doing that work and meeting that challenge with impressive results. It clearly appeals to residents of neighboring states (source of some 30 percent of visitors), but it doesn't overlook the huge in-state market either. Employing several different avenues, the division has established a desirable image and reinforces it in multiple ways. Consistency, creativity, and quality--all are elements of a best practice--they work for North Carolina, and they can work for others, too.

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Oklahoma: Wild West Territory Marketing Cooperative

Overview

What started as an inquiry by the Fairfax, Oklahoma, Chamber of Commerce president to local electric cooperative representatives regarding what the town could do to boost its economy has now turned into a best-practice marketing tool leading to more prosperous economic conditions for host communities in north-central Oklahoma, a region known for its cultural and heritage related to the American West and Native American life.

The mission of the Wild West Territory marketing initiative is to promote the region and to assist communities with tourism marketing and development. Dues for membership in the cooperative are a modest \$75 annually, with monthly meetings rotating among all member towns. Because of these cooperative marketing efforts, the Wild West Territory has been able to participate in several regional consumer and trade shows, allowing members to reach a greater audience with their marketing message, as well as create opportunities for one-on-one interaction with group leaders, tour operators, and potential visitors.

Their best practice success story has been shared with several other rural Oklahoma communities as an example of creating alliances with neighbors to boost economic and tourism marketing and development.

The cooperative is a best practice case study because it is an example of how rural communities can pool their scarce resources and assets to develop a regional tourism experience much greater than the sum of its parts. The case study also demonstrates the effectiveness of a simple organizational model, with modest goals pertaining to collateral materials and events and an attainable dues structure for cash-strapped communities.

Context and History

In 1994, the general manager of the Indian Electric Cooperative thought that if smaller towns in the region could band together and promote themselves as one destination, they could be able to attract bus tours and achieve greater marketing success than if each community worked independently. In 1995, an organization called North-Central Oklahoma Wild West Tours was formed. The name was later changed to Wild West Territory because of the confusion by the public that the entity was a travel agency.

Not only does the Wild West Territory describe itself as a cooperative, but as a mutual marketing, advertising, and promotion organization. Initially, the cooperative focused on attracting more motor coach tours, however, it has gradually expanded its focus to include cultural and heritage tourists. Even some nature-based tourism marketing is being explored, given the presence of remnant prairie ecosystems in the area.

Member communities include Braman, Blackwell, Cleveland, Kaw City, Newkirk, Pawhuska, Pawnee, Perry, Ponca City, Ralston, and Shindler. These communities are located in Kaye, Osage, and Pawnee counties.

The strength of the Wild West Territory model is its tour. Assets along the tour are related to nature, arts, music, entertainment, history, architecture, Native American culture, and gas and oil

history. The following major destinations are described on the cooperative's Web site, www.wildwesttour.com.

Ranch 101 (Ponca City)

Ranch 101 is a National Historic Landmark. This picnic area commemorates the 101 Ranch which was home to hundreds of participants in the famous 101 Wild West Show. This show, which traveled around the world in the 1920s, featured sharpshooters, trick riders, ropers, and Native Americans in full regalia.

The Pioneer Woman Museum and Statue (Ponca City)

In 1927, a local leader suggested that a statue be erected to honor the spirit of the women who played such a significant role in the settling of north-central Oklahoma. He hired 12 artists to submit their own design, for which each was paid \$10,000.

The 12 reduced-scale three-foot-tall statues toured the country by train, traveling to 12 different cities in six months. The statues were viewed by approximately 750,000 people who voted for their favorite. The overwhelming choice was the monument of a confident woman and her young son, created by sculptor Bryant Baker of New York. The actual statue stands 17 feet high and weighs 12,000 pounds. It is mounted on a pyramid of limestone, making the total height greater than 30 feet.

Bob Clark's Spur Collection (Fairfax)

More than 150 pairs of spurs are on display in the lobby of the First State Bank in Fairfax. Bank owner Bob Clark received his first pair of spurs from his father who was a cowboy, former western lawman, and charter member of the Oklahoma City-based Cowboy Hall of Fame. The spurs date back to 1853, and each pair has its own history.

Included are spurs belonging to such locally famous and infamous people as 101 Ranch rodeo and world champion steer roper Henry F. Grammers; Ben Johnson and his father, Ben Johnson Sr., who was a world champion steer roper; entertainer Johnny Lee Willis; Osage County ranchers R.C. Drummond, Eugene Mullendore, Jr., and E.C. Mullendore III of the famed Cross Bell Ranch; and W.K. "Bill" Hale, a rancher known to the Osage Indians for his "reign of terror." Hale was a cattle baron of Osage County who was sentenced to prison for plotting the death of several Osage Indians.

Territorial School (Hominy)

The 1904 Stone School House was built as a school on the Osage Reservation. The building was also used for early church services, funerals, and plays. Literally saved from the bulldozer in the 1960s, it now serves as the administrative office for the Hominy Independent School District.

The Osage County Historical Museum (Pawhuska)

One of the three museums in and around Pawhuska, the Osage County Historical Museum is housed in the historic Santa Fe Railroad Depot built in 1922. The museum features exhibits on Indian, pioneer, oil, and western heritage. Most notably, memorabilia and the history of the first U.S. Boy Scout troop founded in Pawhuska are on exhibit.

Other points of interest located on the museum grounds include two rail cars actually used by the Santa Fe Railroad between Kansas and Pawhuska, two gazebos (one from 1890), and a restored one-room school—the Edith Layton School House.

The Shidler Jail (Shidler)

The Shidler Jail was built in 1922 and served all the surrounding counties. With two cells, this was one of the largest jails in the area. Henry Majors was Shidler’s first lawman.

The town of Denoya, better known as Whizbang, was the most colorful of the region’s oil field boomtowns. It was said to be populated by gamblers and a very tough element. Shootings sometimes occurred nightly and the town bank was robbed twice. No one is sure where the name Whizbang originated, but some believe it was named after Whizbang Red, an infamous prostitute. Another possible namesake was *Whizbang Willie*, a popular magazine of the time.

The Tallgrass Prairie (Shidler)

Originally spanning portions of 14 states and covering more than 142 million acres, the tallgrass prairie was one of North America’s major ecosystems. Today, less than 10 percent of the original tallgrass prairie remains. Large, unbroken tracts of tallgrass prairie only exist now in the Flint Hills of Oklahoma and Kansas. As a functioning ecosystem, the tallgrass prairie is all but extinct.

In 1989, the Nature Conservancy purchased the 30,000-acre Barnard Ranch north of Pawhuska, Oklahoma, as the cornerstone of the Tallgrass Prairie Preserve that now spans more than 37,000 acres. The Conservancy’s goal is to recreate a functioning tallgrass prairie ecosystem using fire and grazing bison. Fire has been reintroduced to the landscape via carefully controlled burns. Burns are conducted at different times of the year to mimic the original seasonality of pre-settlement fires. Fire removes dead vegetation, controls encroaching woody vegetation, and increases the vigor and flowering of many plant species.

The Original Pawnee Bill’s Wild West Show and Festival (Pawnee)

The two original “Bills” were pioneers of the Old West. Major Gordon W. Lillie was given the name Pawnee Bill by the Pawnee Indians when he came to Indian Territory at age 17. Pawnee Bill and Buffalo Bill rode together in what was the first of the Wild West shows in 1883. The “Only Show of its Kind” once toured America and Europe, and has now become an annual event with a cast of hundreds re-enacting the world-famous Pawnee Bill Wild West Show. Each summer, the hillside on Blue Hawk Peak at the Pawnee Bill Buffalo Ranch comes alive with trick riders, trick ropers, mock shootings and hangings, and a battle between cowboys and Indians. In conjunction with the Pawnee Bill Wild West Show, visitors can go to the downtown square for arts and crafts, entertainment, rides, and a fast-draw competition.

Pawnee Bill’s Ranch (Pawnee)

The Pawnee Bill Ranch site features some of the last remnants of the legendary Old West. Visitors can drive through the pasture and view buffalo, longhorn cattle, and elk as they might have looked to a 19th-century pioneer traveling across the prairie. They can walk through the log cabin, blacksmith shop, and the Indian flower shrine. Travelers can also tour Pawnee Bill’s dream home and visualize life in 1910 Oklahoma via Pawnee Bill memorabilia, photographs,

and more. In 1903, Pawnee Bill purchased land from Blue Hawk, his Pawnee friend whom he had met prior traveling to Indian Territory in 1879, and built a log cabin on this property for himself and his wife, May. Their dream home was started on the highest point of the property in 1908 and completed in 1910 when they moved into that building and left the log cabin for ranch hands to use. A blacksmith shop, a large goldfish pond, and an Indian flower shrine were also constructed on the site during those years. A three-story barn was added to the property in 1926 to house Pawnee Bill's Scottish shorthorn cattle.

The 1910 mansion, costing \$100,000 at the time, stands furnished as it did when completed. The living room features Oriental rugs and an occasional bear, buffalo, and lion skin; its furniture leathered in red and brown to harmonize with the dark mahogany interior. The home also features a large fireplace with solid bronze andirons and mantel, drop chandeliers of diamond-cut glass, and a gold-stained frieze creeping up to an Old Dutch ceiling. The home has a total of 14 rooms, their walls decorated with hangings and portraits.

Results

Perhaps due to the recent interest in Americana and the continuing fascination with the Wild West both in this country and abroad, the marketing cooperative and tour have proven very successful. For example, the cooperative printed and disseminated some 20,000 brochures within nine months. These brochures were funded by the Pawnee County Economic Development Foundation and the state. Based on this success, the cooperative has managed to attract other funding partners such as Conoco-Phillips Oil Company and the Kaw Nation, which has considerable gaming interests in the region.

In addition to the brochures, the cooperative has fostered other favorable developments, such as multiple media stories tailored to the type of visitor most likely to visit the region. In terms of partners, the organization has been successful at minimizing the member cost-share at \$75, which should be attractive to potential partners. The cooperative has been successful attracting private sponsors such as the Kaw Nation, which prints advertisements in the brochure for its casinos, and Conoco-Phillips, which assist in the printing of the brochures. Finally, the state has increased its funding from \$2,000 to \$4,800. Conoco spent about \$7,000 on printing, and the Kaw Nation spent \$5,000 on advertising. In addition, 13 businesses bought coupon space in the brochure for \$100 each to make a total budget of about \$1,200. The cooperative expects the private sector to sponsor members' attendance at more regional and national travel shows in the future.

The modest amounts spent by and on the cooperative appear to be a great investment considering the overall impact of tourism on the state's economy. According to the Travel Industry Association of America's (2004) report on the economic impact of travel on Oklahoma counties:

- Direct domestic travel in Oklahoma reached nearly \$4.5 billion during 2004, a 5.9 percent increase over 2003.
- Travel-generated employees earned nearly \$1.5 billion in wage and salary income during 2004.

- Domestic travel expenditures generated 70,000 jobs in Oklahoma in 2004, 4.8 percent of the state's total non-agricultural employment.
- On average, every \$63,057 spent in Oklahoma by domestic travelers generated one job in 2004.

Viewed in this context, the value of Wild West Territory tourism far outweighs its total budget, not to mention the intangible benefits typically missing economic impact models, including historic preservation and environmental protection, which contribute to overall quality of life.

Developing the region's cooperative marketing strategy has not come without challenges. For example, many of these communities still endure rivalries that date back generations. These rivalries were termed by one state official as the "Friday Night Lights Syndrome," alluding to hotly contested high school football battles between neighboring Oklahoma communities on fall Friday nights. This rivalry must be overcome for the "betterment, improvement, and sustainability of these communities," according to the same official, with egos checked at the door.

Conclusions

The cooperative's communities have come together to do what is in the best interest for the region economically and socially—a true best practice case study in rural economic development at the community scale. This spirit has evolved from the recognition that, as one cooperative official stated, it is "hard for any of us [the communities] to stand alone as a destination—we realized we needed each other."

In the future, the cooperative expects to expand tourism products and services through more funding, resulting in even more private-sector partnerships. This development is also characteristic of most successful organizational tourism ventures—the ability to expand appeal through all potential partners in service of the entire tourism industry, whether it be public, private, or not-for-profit. For the Wild West Territory, tourism is a team effort much like those contested Friday night games.

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Overview

Regional collaboration is a proven approach in many areas of tourism, and not the least in marketing. Geographic and political borders don't stop U.S. travelers from venturing across state lines to explore parks, visit attractions, sample restaurants, or take in the view. To overcome artificial borders and create brand awareness of the region, tourism public relations professionals in the Mid-Atlantic States of Maryland, Pennsylvania, Delaware, Virginia, and West Virginia, and in the District of Columbia formed a volunteer group to promote their region, focusing mainly on helping travel journalists "get" the story.

Promoting common threads, coming up with themes, cross-selling, and serving as a single resource for a large and multi-faceted area, MATPRA (Mid-Atlantic Tourism Public Relations Alliance) has found a way to get attention on virtually no budget and with no governmental mandate. Despite the departure of some founding members who've retired or moved to other jobs, the alliance has stuck together and continued to serve the news media, which in effect means informing the traveling public about the region's myriad things to see and do. Readers should note that it was West Virginia that nominated MATPRA for a best practice, although it is just one of several participating states.

Effective voluntary cooperation on a broad plane, one where competitors are actually allies, makes MATPRA a best practice worth studying and possibly adapting in other locales farther south.

On a basic level, MATPRA is also a best-practice case study of the type of partnership now recommended for tourism marketing success. However, the organization also accomplishes another economic goal for tourism in the region—keeping travelers in the area longer, resulting in longer stays and more spending.

The organization emphasizes common themes that help tell the story of the region to editors and travel writers and thus to potential visitors. In some cases, the same common themes result in solidarity and cooperation in an industry that is often known for its competitiveness. With more competition from other regions and abroad, now is the time for all tourism organizations to explore "common themes" and common goals with neighboring states and organizations. In more ways than one, regionalism is "in."

Context and History

MATPRA resulted from a conversation among Mid-Atlantic public relations practitioners at a travel and tourism conference in Albuquerque, New Mexico, in April 2002. The topic of sharing leads with colleagues across state lines led to an informal agreement to break down barriers and boundaries and work together. According to one of the founders, Mindy Bianca, who at the time represented the state of Maryland, it wasn't so much a sense that they couldn't share leads but rather that they had allowed state and county lines to prevent them from becoming strong partners.

This was shortly after the September 11 terrorist attacks on New York City and the nation's capitol, and many professionals, she recalls, were trying to figure out ways to keep tourism flourishing. She remembers asking her counterparts in Delaware, Virginia, Pennsylvania, and D.C. if they and their convention and visitors bureau PR reps might be interested in forming an alliance. The first meeting was held near Baltimore in July 2002, with 35 to 40 people attending. The group decided to meet quarterly, and in July 2003, West Virginia was invited to join the creative mix. Matt Turner of West Virginia's Division of Tourism notes that his agency and groups on the local level had previously worked with out-of-state neighbors, so this was a reasonable move. Also, he notes that his state is considered the most southern of the northern states and most northern of the southern states; the eastern panhandle is a suburb of D.C. and the northern panhandle is much like Pittsburgh—so this regional approach helps in the state's struggle for identity.

The organization became more formal in January 2004 with the election of officers. In June of that year, the group held its first media marketplace in Washington, drawing some 50 travel journalists. A second followed in Richmond in May 2005, and similar event is scheduled for Pennsylvania Dutch Country in September 2006.

Best Practice

As of April 2006, MATPRA had some active members representing state, city, county, and regional tourism offices in Delaware, Maryland, Pennsylvania, Virginia, West Virginia, and Washington, D.C. These organizations range from state tourism agencies and county tourism councils to chambers of commerce and city CVBs. MATPRA is not sanctioned by any particular body, but the above organizations provide support by allowing their employees to attend MATPRA meetings and other activities, absorbing their travel expenses, and permitting them to volunteer time and supplies. Bianca notes she coordinated press kits for the first media marketplace, the state of Maryland's PR budget paid for the actual folders, and its staff assembled the kits.

The group meets in January, April, July, and October to network, develop ways to assist the travel press, undertake professional development, and educate one another about their respective destinations. They also vote on such things as the next media marketplace location or what the Web site address should be. The meeting sites are rotated among members' locations, making it easier for members to make at least one meeting in person per year and allow them to familiarize themselves with other Mid-Atlantic destinations. Meeting hosts obtain professional development speakers or arrange for local travel media to network with the group.

The board of directors consists of the immediate past chair, the current chair, a vice chair, and one representative from each of the five states and D.C. Members pay no dues; rather, they contribute materials, manpower, skills, connections, and of course, ideas. There is no charter nor a budget, but there is an expected level of volunteerism.

The May 2005 media marketplace in Richmond illustrates the contributive approach. For example, Richmond spearheaded event organization and administration. Virginia Beach, Virginia, helped pay for a media breakfast. Maryland tourism offices helped fund the luncheon and its speaker. Valley Forge, Pennsylvania, put together the media invitation list. West Virginia

developed the Web site and printed the program brochure. Fredericksburg, Virginia, provided name badges, and Alexandria, Virginia, arranged for media panelists.

Early on, MATPRA members identified several common themes. Some of the more frequently mentioned ones included arts and culture, bird-watching, Civil War, book or movie settings, heritage tourism, music and other festivals, and startlingly enough, ghost stories. In fact, the group featured the latter in “Hunting for Hauntings,” composing a list of three reportedly haunted sites from each state and D.C. and establishing a related Web site—www.midatlanticghosts.com. These places ranged from homes, ships, and graveyards to Civil War forts, lighthouses, and a 19th-century undertaker’s office. Other regional themes have involved food—from Chesapeake Bay crab to shoo-fly pie, from microbreweries to historic inns—and scenic and historic railways, such as the B&O, the Harmony Line, the Reading Railroad, and West Virginia’s Cass Scenic Railroad with its antique Shay steam locomotives.

The goal, first and foremost, is to assist travel journalists, not relate directly to consumers. According to Matt Turner, current MATPRA chair and national media manager with the West Virginia Division of Tourism, members work with perhaps as many as 400 different journalists or media outlets that are invited to the annual marketplace. All of them, he says, are “juried,” in other words, members have recommended them based on positive experiences concerning previous work together, visits, articles or broadcasts. The guiding concept entails stimulating good coverage of the entire region as a travel destination, with the obvious follow-on that folks will read or view the stories produced and decide to visit.

Results

Since 2003, MATPRA has sponsored two travel media marketplaces that attracted some 50 journalists apiece, built two Web sites promoting the region as a destination, and distributed seven news releases offering feature idea embracing the entire region. According to Turner, the group reportedly has developed a solid reputation among travel writers and the tourism industry as a resource.

The media marketplaces, reports Bianca, are a way for MATPRA members to let regional writers know they are valued, and that tourism agencies want to work with them and that they know about regional destinations. At the first marketplace in 2004 even the smallest destinations—which don’t have large marketing budgets—had lines of journalists waiting to talk to them. The atmosphere, she recalls was friendly, cooperative, and open.

The greatest effort goes into the media marketplace, which arguably is the biggest benefit of MATPRA membership. Face-to-face meetings and earned media resulting from those are the most tangible items membership provides, notes Turner. One feature article alone could literally be worth \$100,000 in equivalent advertising space. MATPRA newcomer Rachelina Bonacci, executive director of the Howard County, Maryland, Tourism Council, has hosted several press trips as a direct result of meeting those journalists at the 2005 MATPRA marketplace. Hers is one of many examples of media relationships established through MATPRA functions.

According to Bianca, MATPRA didn’t model itself after any particular organization; instead, members created the partnership they wanted to be. “My understanding is that other states have

looked at MATPRA as a model, but to my knowledge none has actually replicated what we've done the way we've done it," she says.

It wasn't difficult to persuade members to buy into the concept, she reports. "The key was to get everyone to understand that we were helping, not hurting, each other, that your best friend is across the border, not your worst enemy." Some members may have had trouble convincing their superiors it was a good thing, she adds, "But I think the positive results of the partnership have erased anyone's fears or concerns."

As for West Virginia in particular, Matt Turner notes his division is actively involved in MATPRA and indicates that "the MATPRA function is the direction in which our PR efforts are heading." Regional cooperation is benefiting the West Virginia Division of Tourism as well as the other member states and regional visitor bureaus. Specific plans include seeking partnerships with Pennsylvania and Maryland to host an outdoor writers' conference. Aside from the low cost, benefits include news clips and media inquiries, although Turner says there has been no formal tracking of the group's results.

Other local West Virginia groups joined at the urging of the tourism division, according to Turner. "We plan to do more MATPRA evangelism in West Virginia to get other CVBs to join," he says, adding, however, that few of them are large enough to have a designated media rep/PR person on staff, which is a MATPRA requirement for membership. They've commented about the peer networking and making media contacts, which are sometimes difficult for little-known CVBs.

In sum, perhaps the biggest result is that, contrary to Shakespeare, something will come from nothing—all of this has been accomplished by an organization with essentially no budget, no incorporation, no separate offices, no dues, and participation on a strictly volunteer basis. Further, each member takes responsibility for all in-kind contributions.

Conclusions

A strong statement for regional collaboration in media relations, MATPRA also illustrates what volunteer spirit and shared responsibility can do at little financial cost. "The great thing about our group," says Turner, "is that we don't rely on a controlled budget to promote our destination. Our members only get out of the group what they put into it—that makes it unique among tourism organizations. You can't simply pay a membership fee and get the quarterly newsletter with journalist leads in it. Members must attend a meeting and share media databases or discuss story ideas that work or talk about the latest news clipping service or changes in travel magazine staff."

There have been a few obstacles. Lacking an official designation and business license, MATPRA must rely on members to do such things as (1) buy a Web site domain name, (2) host the Web site, (3) order media marketplace "goodies bags," (4) distribute news releases on wire services, and (5) pay for journalist transportation. And Turner concedes that a boss may question paying for a Web site or wire distribution fee if his organization's letterhead is not at the top. Also, employee attrition turnover or budget cuts in a member's organization could conceivably

have an adverse effect on the group. At the same time, he believes another member would step up to the plate and make the necessary contribution.

Further, for any organization, having no budget is tough. In addition, while MATPRA emphasizes common themes among states, it is sometimes a challenge to compile the different stories in one media kit.

The best practice here is the cooperation of the group and its members' recognition that a competitor can be a great ally. As Mindy Bianca observes, "It's a 'Three Musketeers' philosophy—all for one and one for all. It works."

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State Tourism Funding: Equity, Consensus, and Accountability Models

Dr. Rich Harrill and Dr. Betsy Bender, University of South Carolina, Department of Hotel, Restaurant, and Tourism Management

Abstract

This article uses narrative, case study analysis to investigate three major alternative models to state tourism funding that emerged in the 1990s. Although many academics and researchers are familiar with these models, few know the specifics of how they arose, how they work, and their implications for the tourism industry. The alternative models reviewed in this paper include industry self-assessment (CalTour), public-private partnership (Visit Florida), tourism-related tax revenues (Missouri Division of Tourism), and an attempted hybrid model (Rhode Island Tourism Advisory Council). Based on these models, the article suggests new hybrid models will appear based on the best characteristics of the initial models—equity, consensus, and accountability, respectively. Given the dearth of academic study tourism funding, the article concludes with suggestions for future research.

Major Alternative Models

Few topics illustrate the gulf that occasionally exists between academics and practitioners than tourism funding. For practitioners, the search for funding is both challenging and perpetual. Nearly all other functions of a tourism organization or agency—marketing, research, and product development—depend upon a steady revenue stream. Despite impressive impact and return-on-investment (ROI) data, state and local tourism budgets began to shrink in the early 1990s (see Edwin McDowell’s “States Turn Entrepreneurial to Augment Tourism Funds,” *New York Times*, May 18, 1993) and took a near-fatal blow after the September 11th terrorist attacks. In reaction, tourism organizations both public and non-profit began to adopt private-sector business practices emphasizing external accountability, internal evaluation, and political advocacy. At the same time, these organizations began to explore diverse funding sources to augment dwindling government appropriations.

State tourism agencies, in particular, have been hard hit by changing economic fortunes. According to the Travel and Tourism Industry of America (TIA, 2005), from 2000 to 2005, the average state tourism budget decreased 3.1 percent. TIA also reported that public-sector funds are the primary source of all state tourism funding, and are the sole source of 32 of 47 states surveyed in 2005. Of the \$602.7 million combined project budget for that year, public-sector funds represented 94.3 percent, or \$568,103,423. According to TIA, of the 14 states whose public-sector funding is augmented by private-sector funds, public-sector funds represent 81.1 percent of the combined total budget for these states (\$113,995,344 of \$140,476,255). The percentage of public-sector funds from these states ranges from 99.4 percent to 42.6 percent of their total budgets. For many state tourism professionals, this data suggests a funding crisis of decreasing support for state tourism promotion.

Conversely, many conservative political and community leaders have long seen an overdependency of state tourism offices on public coffers. For example, in 1993, Colorado state funding for tourism decreased sharply as voters repealed the 0.2 percent tourism tax. While the tax was collected, the Colorado Tourism Board operated under a \$12 million budget. In 1997, the state legislature allocated \$2.6 million to the agency. The next year, the legislature allocated only \$1 million, barely enough to keep the organization functional (Harrill, 2005).

A 1999 study conducted by Longwoods International found that Colorado lost at least \$2.1 billion per year in potential revenue from 1992 when promotional funding was discontinued until it was reinstated in 1999, for a total loss of \$14.7 billion. The study concluded that an investment of \$5 million for tourism promotion would boost tourism spending in the state by \$250 million, which would generate a total of \$13.8 million in additional state and local tax revenue (Longwoods International, 2002). In the wake of the Colorado episode, national industry efforts were renewed to speak with “one voice” to government, media, and the public. During this time, some states, sensing the “handwriting on the wall,” began to seek funding alternatives (O’Halloran, 1998).

Profiling three innovative state responses to decreasing appropriations, this article describes attempts to achieve equity, consensus, and accountability, respectively. State organizations profiled include the California Division of Tourism (CalTour), VisitFlorida, and the Missouri Division of Tourism. Efforts by the Rhode Island Tourism Development Council to create a hybrid tourism funding model are also examined. Although many tourism researchers and practitioners know of these organizations and are vaguely familiar with their funding mechanism, few know how such models arose, how they work, and how they influence the tourism industry. The purpose of this article is to provide a narrative, case study analysis of these funding models, establishing the basis for future funding research at the state and local levels.

Funding Research

Despite the growing debate over the appropriate mix of public-and private-sector funds in support of state tourism, there is little research specifically related to this topic. Bonham and Mak (1996) debated public-versus-private-sector funding for state tourism promotion, coming down on the side of industry self-assessment. Williams and Cartee (2001) called for better methodologies for measuring state tourism funding and economic benefits. This call was taken up by Swanson and Lewis (2003) who developed a model for measuring the connection between tourism policy and economic results. Despite effective modeling, comparing state tourism programs and products may always invoke an “apples and oranges” contrast.

Several studies have examined the larger issue of the role of government and state organizations in the governance, planning, and administration of tourism (Burns, 2004; Kerr et al., 2001; Wilson et al., 2001; Lennon & Seaton, 1998; Van Sickle & Eagles, 1998; Pearce, 1996; Akehurst et al., 1993). Whether exploring at the macro-or microeconomic level, these articles share an examination of the strengths and weaknesses associated with public, private, and non-profit tourism funding.

At the local level, aquariums, museums, convention centers, or minor league baseball parks are often the objects of a municipality's tourism dreams as a means of increasing revenues as traditional industries relocate elsewhere. Research at the local level continues to grow as local officials seek validation for their projects (see Rosenberg & Larkin, 2002), while academics question the economic impact or feasibility of such projects (Crompton, 2004; Crompton, Howard, & Var, 2003; Crompton, 1995). As suggested by Crompton (2004), other methodologies may be necessary to evaluate the civic boosterism or psychological income accruing to residents from these projects in absence of substantial economic benefits.

Although this article addresses funding models in the United States, the question of balance in public-and private-sector funding is global. Numerous studies have examined tourism funding in the international community (Andriotis, 2002; Lennon & Seaton, 1998; Van Sickle & Eagles, 1998; Pearce, 1996; Akehurst et al., 1993; Bodlender, 1982). Although many practitioners in the United States clamor for more public funding, the international research suggests problems associated with full government support of the tourism sector, including the politicization of tourism assets and attractions that often results in inadequate planning and distribution of resources.

Equity Model: California Division of Tourism (CalTour)

The California Division of Tourism (CalTour), an office of the California Business, Transportation, and Housing Agency, promotes travel to and within California and works with the state's travel industry to maintain California as a primary destination for travelers. CalTour also provides tourism information and services to the state's travel trade and news media.

CalTour develops California's annual marketing plan that is reviewed and approved by the California Travel and Tourism Commission, composed of tourism industry professionals. Several industry committees advise CalTour on the formulation and execution of the plan, including those concerning advertising and promotion, international and domestic travel trade, publicity, rural marketing, and multicultural research.

To promote California, CalTour utilizes various tools, including national and international advertising, state-organized travel trade sales missions, familiarization (FAM) tours, and heightened California presence at major trade shows. It has representatives in Japan, the United Kingdom, Germany, and Mexico. It also funds cooperative marketing campaigns and promotions, publicity, press trips and media relations; production of California visitor guides, maps, travel trade guides, and regional brochures; toll-free visitor information; and programs designed to increase visitation to lesser-known California destinations (California Division of Tourism, 2006b).

According to Director of Communications Fred Sater, the Division of Tourism (CalTour) began as the Office of Tourism, an office of the governor, during the 1970s and has continued to evolve (F. Sater, personal communication, January, 2002). However, as occurred in many states, California's tourism marketing efforts were hampered by lack of a permanent funding source. Numerous attempts to convince the state legislature to allocate money for a competitive state tourism program were made by travel businesses and associations over the years. During former Governor Jerry Brown's administration, the state tourism program was actually eliminated and,

according to Sater, letters from people who wrote to California for travel information were returned unanswered for a short time.

During the 1980s and 1990s, the state tourism budget became a political football, and it was increased or cut by the legislative leadership to gain leverage with the governor on programs the legislature favored.

In 1993, California's tourism budget was stabilized, and the legislature has consistently funded at about \$7 million since then. During this time, the industry-influenced program was implemented, and the consistently funded program resulted in the recovery of travel and tourism in the state, according to Sater.

Also in 1993, then-Governor Pete Wilson established a body of 40 travel industry professionals to resolve the funding dilemma. He directed a task force to find a new, non-tax solution to financing statewide tourism marketing. Called the Governor's Task Force on Tourism Funding, this group studied the problem, how other states finance tourism promotion, and various incentive solutions. The taskforce concluded that the best model for California was found in the state's agricultural industry, which utilizes mandatory self-assessment of industry partners to finance agricultural marketing efforts.

In the past, numerous funding proposals arose. In 1990, former Assemblywoman Maxine Waters proposed a \$2 per room hotel tax, and the state legislature proposed a statewide tourism tax. The \$2 per room hotel tax was opposed by the state hotel industry as excessive and directed against one industry segment for the benefit of all tourism industry segments. Hotel and motel interests also believed that the proposed tax was redundant to the Transient Occupancy Tax, a regressive tax against the least expensive accommodations and not capable of being dedicated to tourism promotion. Not perceived by the industry as fair, the Waters proposal did not pass. The statewide tourism tax was broadly opposed by all segments of the tourism industry as being excessive and unusable for tourism program. Because the California Tourism Marketing Act was under consideration at this time, the statewide tax was not brought forward. In the end, according to Sater, mandatory financial self-assessment from industry players was the only funding methodology supported by the travel industry, the legislature, and the governor.

The California Tourism Marketing Act, adopted in 1995, authorized a referendum of California businesses that benefit from tourism spending. The referendum passed in October 1997, establishing the California Travel and Tourism Commission and a statewide marketing fund derived from mandatory assessments.

Passage of the referendum made California the first state in the nation to utilize industry-elected assessments to partially fund tourism marketing activities. The measure passed by a 69 percent to 31 percent margin within the state's \$58 billion tourism industry. The new money generated by the assessment brought California's yearly marketing budget to approximately \$12 million, elevating the state's tourism budget from 24th to 12th in nation (CalTour, 2006a).

According to the division, these additional funds, managed by the California Travel and Tourism Commission, substantially increased California's promotional presence in international markets,

increased promotional support in rural areas, stimulated retail sales by travelers, and met the growing demand for informational materials from people planning California vacations.

As detailed in The California Tourism Marketing Act and Assessment Program (CalTour, 2006c), the rate of assessment—the same for large and small businesses—is \$450 per \$1 million of tourism revenue, accounting for 90 cents for each \$2,000 in travel-generated sales.

Businesses can also pay a maximum \$250,000 assessment if they do not want to disclose revenues. Only business locations that benefit directly from travel and tourism are subject to the assessment, but all businesses receiving a Tourism Assessment Form are required to complete and return it to determine whether they must pay an assessment fee for the current year. The Tourism Marketing Act states that business may pass fees along to consumers. Specific exemptions include the following:

- Public bodies, defined as a public entity or a corporation where a majority of the corporation’s board of directors is appointed by a public official or public entity, or serves on the corporation’s board of directors by virtue of being elected to public office, or both.
- Business locations not in an industry segment, including accommodations, restaurants and retail, attractions and recreation, and transportation and travel services.
- Business locations where less than 8 percent of the California gross receipts for the business is “travel and tourism revenue.” Travel and tourism revenue is defined as gross receipts derived from expenditures to and/or within California as defined by people who travel at least 50 miles from home, for purposes other than commuting for work or school; or have an overnight accommodation as part of the travel, regardless of the distance or purpose traveled.
- The business is a travel agency or tour operator that receives less than 20 percent of its California gross receipts from travel and tourism.
- The business is a regular route intrastate and interstate bus service, which does not derive any revenue from a bus service that requires authority from a certificate of public convenience and necessity, or a permit to operate as a charter-party carrier of passengers.
- The calculations on the Tourism Assessment Form show that the travel and tourism assessment would be less than \$50 for the business location.

This funding model has positively affected the state’s cooperative advertising campaigns (CalTour, 2006c). By leveraging the purchasing power of the state’s \$7 million tourism budget, CalTour raised approximately \$15 million in additional cooperative partner funds in 1998 to globally promote travel to California. Cooperative funding was developed from private and other governmental sources in every major category of CalTour’s program. However, the program still faces challenges. For example, the California legislature votes every two years to maintain the program and to keep the Travel and Tourism Commission intact, so the division and its partners must regularly lobby to sustain operations.

The Tourism Marketing Act has been deemed fair and equitable throughout the state because all businesses pay the same assessment per \$1 million in revenue. Also, all regions of the state and all business categories are represented on the commission. Industry categories, such as accommodations, elect their own commissioners relative to their financial contribution. In addition, marketing plan development requires public input and review from tourism and non-tourism parties. Thus, each business has the opportunity to directly influence how it feels state tourism marketing plans should be structured.

Consensus Model: Visit Florida

In 2005, Florida attracted 85.8 million visitors, generating \$3.7 in total tourism and recreation taxable sales collections; \$14.5 billion in hotels and lodging; \$26.5 billion in restaurants; and \$7.4 billion in admissions, including attractions. That year, tourism accounted for 948,700 jobs and \$15.4 billion in annual tourism-related payroll (Visit Florida, 2006c).

The state's primary tourism marketing entity, Visit Florida, is a public-private partnership between the Florida Commission on Tourism and the state of Florida. It is the mission of the Florida Commission on Tourism, through Visit Florida, to increase the state's competitive edge through marketing, sales, product development, and visitor services. Created in 1996, Visit Florida promotes the state worldwide under the FLA USA brand.

Based on its long experience with tourism marketing, the state of Florida and Visit Florida offer a case study of funding tourism through public-private partnership. This collaboration are both a dependable source of tourism funding and the strengthening of the tourism industry statewide. The partnership includes players both large and small, from public, private, and non-profit sectors, contributing voluntary membership fees used for state tourism promotion.

As related by former Visit Florida CEO Austin Mott (personal communication, January, 2002) during the 1970s industry leaders and the Florida Division of Tourism endeavored to develop the state's tourism industry, despite lack of funding and coordination among various interests. At this time, there was a growing concern that the industry should play a greater role in funding its own tourism marketing. This concern led to initial discussions about forming a public-private partnership, and the discussions continued through the 1980s. The government agency then responsible for tourism at the time, the Division of Tourism, continued to return to the state legislature each year for funding, as is common among many state today. Because government monies for tourism would fluctuate annually, the industry had no dedicated source for responding to changes in the tourism industry or planning for the industry's future.

In the 1990s, Governor Lawton Chiles created the Florida Commission on Tourism, composed of 17 regions with a commissioner for each region. The commission's primary goal was to develop a state tourism marketing program. However, despite a common goal, each region tended to work autonomously, creating an atmosphere in which lobbyists labored at cross-purposes. In sum, according to Mott, there was no "unified front," an aspect required to effectively market the state's tourism assets.

To fulfill its legislative mandate, the commission created the Florida Industry Marketing Corporation (FTIMC) in 1996, which today is called Visit Florida. The corporation's primary

funding vehicle is partnership fees—voluntary membership fees from which partners receive services from Visit Florida.

Visit Florida receives a portion of its operating budget from state government, funded by a designated share (15.75 percent) of the state's \$2 per-day rental car surcharge. In 2000, that state allocation alone totaled \$21.6 million. However, the state also mandated that Visit Florida match public funding with private funds by June 30, 2001. Those private funds come from several sources, including direct investment by industry partners, strategic alliances, cooperative business advertising venues, promotion media, and merchandising the FLA USA brand. Because of industry enthusiasm for the partnership, that mandated matched funding was reached two-and-a-half years ahead of schedule, in early 1999 (Visit Florida, 2006a).

In return for their financial support, partners receive several membership services. In the publicity arena, Visit Florida publishes an Official Florida Vacation Guide in which partners receive a free listing. The organization also publishes an Official Florida Meeting Planners Guide, which is the state's most complete resource for the meetings market. The Official Florida Travel Industry Guide is distributed throughout the United States to thousands of travel professionals. In addition, the Florida International Travel Planner is the state's official resource for international travel agents, tour operators, and wholesalers abroad (Visit Florida, 2006b).

Because Visit Florida was created as a partnership, one primary measure of success can be found in the growing number of partners. Since its inception, the corporation has grown from 407 partners to more than 3,500 (Visit Florida, 2006a). Partners, ranging in size from kayak to canoe rental firms to the Disney Corporation, are solicited at travel sales events and through Visit Florida representatives contacting local convention and visitor bureaus and chamber of commerce.

In contrast to the California model, the Visit Florida model is perhaps slightly more appealing to emerging tourism organizations because of its emphasis on industry consensus and shared fiscal responsibility between the public and private sectors.

Accountability Model: Missouri Division of Tourism

Tourism ranks as one of the most important revenue- and job-producing industries in Missouri. According to the Missouri Division of Tourism, the industry has had an economic impact of about \$4.8 billion during the last five years. For every \$1 Missouri spends on marketing tourism, \$55 was returned in tourism expenditures over that period. In addition, there were \$8.5 billion in sales from 17 tourism-related standard industrial classification (SIC) codes in 2005, up more than 4.3 percent from 2004. The state's sales tax from those 17 tourism-related codes totaled \$361 million in 2005. Tourism-related industries employed 284,916 Missourians. Finally, Missouri counties collected approximately \$176 million in local property taxes during 2004 from lodging and entertainment businesses, including restaurants (Missouri Division of Tourism, 2005).

However, it is the state's approach to tourism funding that had earned it considerable recognition nationwide. In contrast to Visit Florida's public-private partnership and CalTour's self-

assessment, Missouri presents yet another option—funding directly accrued from visitor spending in tourism sectors, such as food and beverage, lodging, and entertainment.

The General Assembly recognized the importance of tourism more than three decades ago with the establishment of the Missouri Tourism Commission in 1967. According to division spokesperson Debra Lee (personal communication, January, 2003), the first grassroots program promoting the Missouri tourism industry was created in 1975. The campaign was designed to unite the state’s tourism industry, build awareness of tourism’s impact, and market the state as a tourist destination. This effort began with Impact 80s, a grassroots initiative implemented by the tourism industry in the mid-1980s to gain recognition in the legislature of the economic impact and benefits tourism contributes to the state. Tourism T.E.A.M. (Team Effort Advancing Missouri) evolved from Impact 80s and established a speakers’ bureau as well as special promotions for marketing the state. These entities carried the message about tourism’s impact on Missouri, leading the way to increased funding for the state’s tourism office. In addition, the Marketing 2000 Committee was created to address strategic planning and special issues that would affect the future of Missouri’s tourism industry. This grassroots effort was crucial to the development of the legislative funding formula, as noted by Lee.

According to the Division of Tourism (2006), Missouri’s tourism funding mechanism was created in 1993 by House Bill (HB) 188. The funding system, which took effect on July 1, 1994, increased the division’s budget from \$6 million in 1993 to \$14.8 million in 1999.

After years of searching for a dependable revenue source to fund the division’s efforts, the Missouri travel industry united in 1993 behind HB 188. This legislation set aside a percentage of tourism-generated tax revenue for more tourism promotion, and it required no tax increases.

The plan was developed by the Missouri Tourism 2001 Funding Committee—an industry group with representatives from the Missouri Hotel & Lodging Association, the Missouri Restaurant Association, the Missouri Travel Council, the Travel Federation of Missouri, and the Missouri Association of Convention & Visitors Bureaus.

To maximize tourism’s benefits, the industry group concluded that Missouri needed a reliable source of funding for tourism promotion at a level that would enable the state to compete effectively in the global tourism market.

The funding proposal called for working with the state Department of Revenue to identify tax revenue generated by specific businesses that serve travelers. Businesses in the following 17 Standard Industry Classifications (SICs) were chosen:

- 5811: Eating Places Only
- 5812: Eating and Drinking Places
- 5813: Drinking Places—Alcoholic Beverages
- 7010: Hotels, Motels, and Tourist Courts
- 7020: Rooming and Boarding Houses
- 7030: Camps and Trailer Parks
- 7033: Trailer Parks and Campsites

- 7041: Organization Hotels and Lodging Houses
- 7920: Producers, Orchestras, Entertainers
- 7940: Commercial Sports
- 7990: Miscellaneous Amusements and Recreation
- 7991: Boat and Canoe Rentals
- 7992: Public Golf Courses and Swimming Pools
- 7996: Amusement Parks
- 7998: Tourist Attractions
- 7999: Amusement NEC
- 8420: Botanical and Zoological Gardens.

The plan was based on the conservative assumption that tax revenue generated by tourism-related businesses would grow by at least 3 percent annually—a rate considered “normal” growth. The Division of Tourism would receive half of any increase in tax revenue above the 3 percent level. The money, to be used for tourism marketing and promotion, could not exceed \$3 million per year.

As funding from the growth in tax revenue came in, the division’s budget could be increased by as much as \$3 million per year over the previous year’s level.

The measure also called for the division’s existing funding from general revenue to be eliminated gradually at a rate of 10 percent per year. At the end of 10 years, the division would be entirely funded from this new tax revenue source.

More than 300 industry representatives came to the capital early in the 1993 legislative session to talk with their legislators. They made it clear that the plan in HB 188 was developed by the travel industry and had its full backing. They also explained how much in terms of dollars tourism means to residents statewide. Subsequently, HB 188 was approved by a wide margin—30 to 4 in the Senate and 145 to 11 in the House. The bill was signed into law on July 7, 1993, and the Tourism Supplement Revenue Fund (TSRF) was born (Division of Tourism, 2006).

Since the TSRF took effect, the division’s budget increased from slightly more than \$6 million per year to over \$16 million in 2002. The innovative funding concept put Missouri in the national spotlight. The successful campaign to pass HB 188 earned the Travel Industry Association of America’s Odyssey Award for Tourism Awareness for the Missouri Division of Tourism in 1993.

In 1998 and 2002, the General Assembly passed legislation to enhance the original state law. One of the outcomes was to extend the sunset clause through June 2010.

Despite concerns that the Missouri model is especially vulnerable to economic downturns, the notion of performance-based tourism funding is gaining popularity, usually in combination with the Florida and California models.

Consensus-Accountability Hybrid Model: Rhode Island Tourism Development Advisory Council
The Rhode Island case study illustrates an attempted hybridization of the Florida and Missouri models. Although eventually unsuccessful, the case demonstrates some of the political and economic arguments for and against state tourism reorganization with funding as key issue.

The Rhode Island Tourism Advisory Council was established in 2003 by Governor Donald Carcieri for the purposes of analyzing the state's tourism system and providing recommendations to increase the efficiency and productivity of the tourism industry for the greater benefit of Rhode Island's citizens.

The council held 13 public meetings between July 15 and October 28, 2003. The process involved budget analyses for organizations receiving state tourism dollars, testimony from each of the eight tourism regions and the state Division of Tourism, in-depth reports examining transportation, lodging, and restaurants; and commentary from two independent external experts in state tourism planning and development (Rhode Island Tourism Development Council, 2003).

The council reached a key conclusion: systemic change—including some consolidation of marketing and administration—was required to better plan and execute an efficient and productive strategic direction for Rhode Island tourism. During the course of this inquiry, the council studied two funding models: the Florida model, based on public-private partnership, and the Missouri model, based on the growth in sales tax revenues.

In March 2003, industry groups met independently to discuss furthering tourism promotion in the state. In May, the governor appointed 18 tourism industry leaders to the Rhode Island Tourism Development Advisory Council for the purpose of identifying greater efficiency and productivity within the state's tourism industry.

In July, the first meeting of the council was held at the state capitol to demonstrate the statewide approach to tourism that the council was to adopt. From August to October, the council met in each of the state's eight tourism regions and received testimony from tourism district leaders, the general public, state officials, and two tourism experts. Individuals were then appointed to present papers on transportation, destination management, marketing attractions, and other issues. From September to October, two subcommittees were appointed to research funding opportunities and organizational models for the new statewide system. That September, Rhode Island's largest newspaper, the Providence Journal, endorsed the findings and recommendations of the council.

In October, members of the council reached consensus on establishing a statewide system for tourism funding and promotion. The new system stressed accountability, new funding sources, and coordination of marketing for the entire state. The two external consultants provided independent analyses of the council's recommendations and concurred that this approach would be the most effective method of producing systemic change. The council adopted the recommendations by a unanimous vote (Rhode Island Tourism Development Council, 2003).

In November, the executive director of the Rhode Island Economic Development Corporation and special counselor to the governor received the recommendations and requested one amendment. He did not support consolidating the tourism regions and requested the report be amended to remove reference to consolidation. The council voted in favor of accepting the change and the report was forwarded to the governor for legislative action.

In January 2004, new legislation was prepared by the Rhode Island Economic Development Corporation to be introduced to the 2004 Rhode Island General Assembly for committee review and adoption.

The council proposed a hybrid means of tourism funding, based on two models, the Florida consensus model and the Missouri accountability model. In Rhode Island, it was proposed that the revenue based on the Missouri model would be evenly shared between the new organization based on the Florida model and the state general fund. It is estimated that this new hybrid model, when fully implemented by Rhode Island, would generate an additional 11 million dollars to funding tourism marketing the state.

Obstacles included the regional tourism districts' strong resistance to change. According to council chair, Joe Goldblatt (personal communication, January 2003) due to the small and limited job market in Rhode Island, many tourism officials were concerned that consolidation could result in job losses for themselves and their staff. The council did not anticipate the amount of pressure this would bring during its deliberations. A compromise was developed between the council and the local tourism organizations that would have resulted in greater statewide accountability and productivity, but the term "consolidation" was removed from the final recommendations sent to the governor. Goldblatt also related that there was also some unwillingness to examine the entire story. Only one reporter actually researched the various state models considered, while other journalists simply interviewed local citizens. In sum, despite the contentious issues, the state benefited from exploring national models that raised awareness of other state tourism funding mechanisms. Also, a hybrid approach demonstrates the possible adaptability of assessment and partnership models to other contexts and circumstances.

Analysis

In the case of CalTour, California industry leaders supported the program because they saw self-assessment as the fairest solution to the challenge of tourism funding, reasoning that all businesses benefiting from statewide tourism marketing should help finance it. They also realized that if the state's travel industry did not take control of financing and management of tourism marketing, state government might have eliminated the state tourism program or imposed a tax upon travel and tourism businesses to fund it. That could have resulted in excessive taxation with no guarantee that the money would be dedicated to tourism marketing.

The California Tourism Marketing Act of 1995 resulted in the establishment of a more stable funding source, which was then used to increase international marketing and expand tourism staff. Because of this law, California now has a unified voice for state tourism: travel-related businesses pay into the assessment fund, and in return assist in guiding and approving state tourism marketing and development plans.

The California model, emphasizing equity, evolved within a specific set of circumstances that may be applicable to many other tourism destinations. These circumstances included the probability of excessive taxation and the specter of program elimination. Mandatory tourism funding models are likely to be strategically defensive and emerge out of extreme political and economic conditions. Such models are likely to appear to leaders looking for a quick fix, and then gravitating over time toward less compulsory models.

In comparison, Visit Florida's success can be attributed to the fact that it is essentially industry-driven and strives to obtain voluntary contributions from all parties in the tourism industry, large and small. Many different sectors are made to feel they are important to the development of Florida tourism and instrumental in their own success. However, there are obstacles that the partnership has overcome. For example, every region believes it has special needs that may not be met in Visit Florida's current marketing program. The challenge is especially evident when Visit Florida attempts to grant regional funds for tourism marketing. Visit Florida continues to aggressively seek growth and development through the cultivation of new partners and dedicated funding sources. A dedicated funding source should remain a primary goal because tourism organizations can be severely restricted in achieving growth and expansion without such monies.

In contrast to California, Florida's tourism funding model is built upon the notion of consensus, encouraging contributions from many different partners and organizations all working collaboratively to meet state matching requirements. Compensatory rather than defensive, such a model is likely to evolve in mature, yet fragmented, tourism economies where government contributions are inconsistent over time and across regions and sectors. The Florida consensus model receives widespread national and international interest because of its perceived inclusiveness and communication-building characteristics.

However, both California and Florida models are often criticized as not performance-based. Organizations in both states may pay their mandatory assessments and voluntary fees, yet there is no direct link between these contributions, subsequent marketing efforts, and industry performance.

Supported by HB 188, the Missouri Division of Tourism has successfully delivered the message to citizens, politicians, and business leadership that tourism is a revenue producer for the state. Even in the face of major recession during the early 2000s, the funding mechanism has shown slow, steady results. Another message emphasized by the division includes a plea to not cut advertising, based on the impact accrued for every dollar entering Missouri from outside the state. However, there are some challenges to the funding mechanism. Because of term limits, many older legislators who passed HB 188 have retired, and the division must constantly re-educate new legislators. Future plans include examining the SIC codes used in the funding formula and finding new and perhaps more profitable codes. Yet legislators have resisted adjusting a program that has proven popular within the state and is seen as effective by tourism professionals.

In contrast with the California and Florida models, the Missouri model emphasizes performance-based accountability: there is an assumed correlation between the use of state tourism funds and increasing marketing dollars. Such a model is likely to evolve within emerging, cash-strapped tourism economies where some consensus already exists among

partners and organizations. Although most tourism organizations champion the notion of public and political accountability, leaders of such organizations admit that destination success or failure depends upon several variables outside of their direct control.

The Rhode Island experience illustrates an attempt to achieve both consensus and accountability, drawing the best from both models. The state has a highly fragmented regional tourism industry that requires both better communication among partners, striving for better performance driven by consolidation and efficiency.

When these models are compared, it is important to note the level of grassroots support for each funding model. The models presented here each originated with proactive concerns of industry leaders over decreased or fluctuating tourism dollars. This environment is certainly applicable to most contemporary tourism destinations. However, while California experienced sharp decreases in government spending, leaders in both Florida and Missouri were more concerned with achieving long-term consistency in tourism funding. Sharp decreases may result in more draconian solutions aimed at achieving fairness, while Florida and Missouri models emerged from concerns from long-term funding consistency. While the evolution of the California model appears strategically defensive, the Florida and Missouri models appear more compensatory in nature.

All states demonstrated a high level of involvement of state tourism industry leaders during the development of funding models. Certainly leadership should be considered as a prerequisite for the creation of any alternative funding model. However, the legal mechanism used to create the models themselves differed significantly. California sought a referendum with a mandatory assessment for all tourism enterprises. Conversely, Florida's governor-appointed tourism commission merely created a new marketing arm, Visit Florida. Finally, Missouri's alternative funding model was created by direct legislative action, HB 188.

All three states formed boards or commissions of industry leaders and government officials to steer the allocation or collection of tourism dollars. However, the power given to these boards or commissions also differ significant in terms of method of appointment or election. For other tourism destinations, it may be assumed that leadership and grassroots support may be more important than the actual legal or policy implementation route, which can be highly specific to the social, political, and economic environments in which the destination is located.

The models also differ on the level of government support. For California and Florida, tourism marketing is funded through some government allocations in the form of contributions or match. In California, approximately two-thirds of marketing efforts are funded by mandatory assessments while the other one-third is contributed from state funds. Florida matches government funds to industry contributions. In contrast, Missouri's tourism funding will be entirely tax-generated. Missouri has utilized a sunset clause that stipulates decreasing state funds with increases contributions from the Tourism Supplemental Revenue Fund (TSRF). These models demonstrate that the role of government as a partner may also differ significantly from destination to destination.

Although applicable to many other tourism destinations, these models evolved functionally suited to their own particular environments. However, for these models strengths, there also are inherent weaknesses. For example, any organization model that emphasizes equity may in turn devalue the contributions and needs of one or two large tourism players that hold substantial influence over the future of the destination. Conversely, smaller players may hold the view that the larger contributors should pay more because their negative impacts are greater. If the organization stresses consensus, it may in turn be very difficult to act with efficiency and effectiveness in pursuit of democratic outcome. Such an organization may suffer incremental decision-making, appeasing no one. Finally, it is well known that any accountability model favoring economic rationality may ignore numerous other variables such as the value of positive public relations necessary for successful destination management. In an extreme example, a state's tourism may be seen merely as a loss leader to attract other industries perceived as more lucrative by state leaders. In addition, public goods associated with tourism such as intercultural exchanges would be left out of such models as narrowly conceived and implemented.

Conclusions

Given a continuing devolution of government support, perhaps more states will develop models based on those presented here, as well as come up with their own innovative solutions. Two contrasting models have emerged in response to the funding challenge, one emphasizing equity and other consensus. Florida's state tourism agency, Visit Florida, implemented a partnership based on voluntary fees. Conversely, the California Division of Tourism (CalTour) has opted for mandatory self-assessment. The Missouri Division of Tourism contributes yet a third alternative—funding directly accrued from visitor spending in tourism sectors, including food and beverage, lodging, and entertainment. In comparison with the other two models, this one emphasizes accountability. Increasingly, states like Rhode Island are looking to these models to create hybrid funding models, combining equity, consensus, and accountability. It is notable that these models emerged as result on some external shock such as change in political leadership or voter unfamiliarity with the tourism industry's economic benefits. In an era of economic uncertainty, it is probable that more creative models for tourism funding will emerge as lines between public, private, and non-profit sectors continue to blur.

It is crucial that tourism researchers begin to explore this neglected area of study. They should be actively investigating funding alternatives at the local levels, as well. For example, innovative funding techniques employed by the San Francisco Convention and Visitors Bureau include trademark licensing and co-branding. Alabama's Robert Trent Jones Golf Trail was created with the financial support of that states teacher's retirement fund. Quantitative comparison of models would also be helpful to determine which have the highest economic impact per dollar spent. However, as the models discussed in this article evolved under distinct social and political situations, a qualitative approach involving leadership and public interviews is also suggested. Of course, as most tourism development will likely happen in Asia, Africa, and Latin America in the coming decades, examining tourism funding in those regions, where it could have very distinctive and different characteristics, is also worthwhile.

It seems fair to say that no matter where tourism funding is studied, nor what methodology used, academics may begin to understand the persistent budgetary pressures and constraints faced by

most tourism organizations and perhaps produce research that will facilitate further productive partnerships between themselves and practitioners.

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APPENDIX A:

SUCCESSFUL RURAL TOURISM MARKETING AND DEVELOPMENT¹

Introduction

Communities considering tourism as part of their economic base face some important and exciting challenges. Not every community is suited for tourism development, nor is tourism appropriate for every community. However, tourism development in a rural community touches almost everyone and provides the basis upon which rural communities can renew their pride in heritage and the quality of life. Traditional crafts, ethnic cultures, historic rites and celebrations are a few examples of "attractions" which are increasingly popular among tourists.

Rural areas have a special appeal to tourists because of the mystique associated with rural areas and their distinct cultural, historic, ethnic, and geographic characteristics. Tourism also is less costly and easier to establish than other rural economic development strategies such as manufacturing. Rural tourism can be developed locally with participation from local government and small businesses, and its development is not necessarily dependent on outside firms or companies. Although tourism can be expensive to develop in certain cases (e.g., large entertainment attractions or facilities) or can involve large firms and chains, tourism can also be developed with relatively little investment credit, training, and capital. Hence, rural tourism can be less costly to develop as compared to other economic development strategies, and need not involve dependency on outside firms and their decisions on whether they want to be in an area.

Tourism is traditionally referred to as an industry which comprises attractions, restaurants, accommodations and transportation. However, the tourism industry also includes the local newspaper, grocery stores, card shops, hardware stores and bakeries --essentially all of the businesses which make up the economic base of the community. Thus, while the industry often appears to be dominated by giants like Holiday Inn Corporation, Hilton, United Airlines and McDonalds, most tourism industry operators are small businesses.

Like other economic development strategies, regional tourism development requires several components to be successful. Tourism development involves: (1) attractions: man-made and natural features both within and adjacent to a community that define local identity; (2) promotion: the marketing of a community through destination branding; (3) tourism infrastructure: access facilities (roads, airports, trains, and buses), water and power services, parking, signs, and recreation facilities; (4) services: lodging, restaurants, and the various retail businesses needed to take care of tourists' needs; (5) hospitality: how tourists are welcomed by both community residents and employees in tourism businesses and attractions; and, (6) tourism entrepreneurs: business creation and development to ensure a broad-based foundation for successful tourism development.

¹ This Appendix is based upon an article titled: Factors for Success in Rural Tourism Development. The Authors are Suzanne Wilson, Daniel R. Fesenmaier, Julie Fesenmaier, and John C. van Es and was published in the *Journal of Travel Research*, Volume 405, November 2001, pp. 132 – 138.

Studies have documented how to best facilitate the development of tourism. Tourism is a local community product directly involving, along with entrepreneurial skills and the presence of tourist businesses, the community's identity and local capabilities (e.g., local culture, leadership, and formal or informal networks). For tourism to prosper, businesses must share resources while simultaneously competing. The same is true for communities within a region. Obstacles to regional tourism may occur when local governments see collaborating to develop tourism as risky, or become worried about losing control over local decision making. However, it is clear that a regional perspective that supports local identity establishes the foundation for successful tourism development.

Successful Tourism Development

The following 10 factors have been identified in the tourism literature as the most important for successful rural tourism development: (1) a complete tourism package, (2) good community leadership, (3) support and participation of local government, (4) sufficient funds for tourism development, (5) strategic planning, (6) coordination and cooperation between businesspersons and local leadership, (7) coordination and cooperation among rural tourism entrepreneurs, (8) information and technical assistance for tourism development and promotion, (9) good convention and visitors bureaus, and (10) wide-spread community support for tourism. Each will be briefly discussed below.

1. A Complete Tourism Package

Successful tourism involves getting tourists to stay longer than the time it takes simply to visit a major attraction, and then to return. To succeed a community has to be a destination rather than just a place to stop. Successful communities that have been able to get tourists to visit, stay, spend money, and come back have developed high-quality tourism attractions and put together successful tourism packages involving the community, its surrounding area, and businesses involved in tourism. While less successful communities may have individual tourist attractions, they may not have developed the package of attractions and businesses necessary to attract and hold tourists; nor have they been able to promote their areas as effectively.

Successful destinations have also worked to make sites and businesses around tourism attractions appealing to tourists. In the less successful communities, lack of cooperation from local government and businesses may leave problems such as eyesores and unattractive environments surrounding attractions.

Similarly, successful rural tourism communities have created the right mix of businesses for tourism, including adequate lodging, restaurants, things to do that entice tourists to stay, and shops where tourists can spend money locally. These communities have worked to get businesses and attractions that would attract certain groups of tourists; in addition, they package together individual tourist attractions (e.g., fishing, hunting, boating, golfing, and canoeing) that complement each other in supporting a local identity. Communities with successful tourism

have worked to sponsor special events that relate closely with local tourist attractions. Special events not only draw tourists to an area but help promote local tourism as a “unique sales proposition.” Perhaps most important, successful tourism involves promoting the region as a whole rather than simply promoting one or two attractions.

2. Good Leadership

O’Brien and Hassinger (1992, p. 523) point out that the “types of leadership differ from one rural community to another and that efforts of local leaders can make a difference in the response of local communities in meeting problems.” From this, a successful tourism region depends on “people who understand the importance of tourism, fund it and promote it, and their enthusiasm is crucial to the region.” Furthermore, the cooperation of various leaders is especially important in rural areas because those areas often lack resources and funds. Among the key local leaders necessary to develop and promote tourism are persons in local government, community groups, the business community, and non-profit organizations such as chambers of commerce and convention and visitors bureaus.

3. Support and Participation of Local Government

Local government is particularly important to tourism development and promotion in several areas: (1) funding for tourism development and promotion, (2) the creation and maintenance of infrastructure necessary for tourism (e.g., roads, airports, railways, boat launches, reliable water and power services), (3) zoning and maintenance of the community so that it looks clean and appealing to tourists, and (4) education and occupational support for tourism employees and businesspersons and other persons working in tourist industries. Less successful tourism communities often lack cooperation from local government. Examples of local government helping tourism development include providing funds, organizing and improving traffic systems, keeping the streets clean and free of potholes, making sure tourists have the impression that the town is clean, and beautifying downtown areas (e.g., putting out flowers around town).

4. Sufficient Funds for Tourism Development

Successful tourism development and promotion requires a perspective whereby funding for tourism marketing and development is seen as an investment, not merely an expense. External public funding for tourism may be crucial in rural areas, especially in areas where most residents do not have sufficient incomes by themselves to invest, and state programs can play an important role. Local governments and private sources such as banks may also have limited resources to invest in tourism. The need for public infrastructure, seed money for tourist attractions, and tourism promotion makes public funding for tourism very important. Efforts to secure external funding can be cost-effective because businesspersons, local government, and nonprofits can pool resources.

5. Strategic Planning

Planning is fundamental for the efficient and effective use of resources and funds, especially in rural areas that have few funds and resources. Good planning for tourism development and promotion can help develop and support local businesses connected to tourism. Planning for tourism development should be integrated into a community's overall economic strategy because of the interdependence of the communities and key aspects of tourism development and promotion (e.g., the importance of funding, infrastructure, and appearance). Hence, planning for regional tourism development requires the involvement of various key stakeholder groups in the region. Specifically, strategic planning for tourism requires coordinated leadership and action among tourism entrepreneurs, local government actors, and persons in nonprofit organizations (e.g., convention and visitors bureaus) who work with tourism.

6. Coordination and Cooperation between Businesspersons and Local Leadership

For tourism development and planning to work, coordination and cooperation between local governments and business-persons is crucial. As explained earlier, public officials control funds for key elements of tourism development and promotion such as infrastructure. Public sector activities to promote tourism, however, will not work without cooperation and input from the business community. In regions with successful tourism, cooperation and coordination between local governments and businesspersons are essential to solving problems that may prevent growth of tourism. Nonprofit organizations such as convention and visitors bureaus or main street groups involved in tourism development may be valuable in fostering and maintaining good public/private relationships and getting groups to work together in tourism development.

7. Coordination and Cooperation among Rural Tourism Entrepreneurs

One of the more significant findings of the literature review is that cooperation within the business community is extremely important for successful tourism development. Tourism requires different types of businesses to work together because, by its nature, tourism has intertwined relations between different types of businesses such as shops, hotels, restaurants, and tourist attractions. This finding supports the limited research on the role of rural tourism entrepreneurs indicating that small businesspersons play a significant part in tourism development. Participants in communities that have successfully developed tourism said that a core group of entrepreneurs has invested time, money, and energy to make tourism work. Not only have these communities developed a strong retail base, but there are good networks, communication, cooperation, and coordination between the retailers. Persons from these communities also noted the importance of getting younger tourism entrepreneurs involved and giving them a role in tourism development. Examples of cooperation between tourism entrepreneurs in these communities include getting: (1) tourism businesses as a group to be open on Sundays and holidays, (2) tourism and tourism-related businesses to paint their buildings, (3) tourism business-persons as a group to be involved in organizing and promoting special tourism events, and, (4) tourism businesspersons to be willing as a group to give money to promote tourism.

8. Information and Technical Assistance for Tourism Development and Promotion

Up-to-date information on visitors is essential for successful tourism development and promotion. Also technical assistance regarding how to design a brochure and information about tourism grants and how to write them are especially important to rural tourism development because small communities usually cannot afford to hire experts or professional grant writers. Technical assistance and information for tourism development can also give local people the confidence and incentive to develop and promote tourism themselves. All these functions can be best served by regional tourism marketing.

9. Good Convention and Visitors Bureaus

Successful rural tourism development and promotion requires active convention and visitors bureaus that support the local identity. Their help and assistance is essential for individual tourism entrepreneurs who cannot afford the expertise on their own and cannot obtain this help from financially overextended local governments. In addition, convention and visitors bureaus act as a vital link between local government, local entrepreneurs and their regional counterparts by facilitating cooperation and coordination among and between the respective groups. Convention and visitor bureaus can lead the way to regional cooperation.

10. Widespread Support for Tourism

Finally, community support for tourism and the attitudes and hospitality of local tourism workers is essential for successful tourism. Community support for tourism and tourism employee behaviors and attitudes affect the way that tourists are treated and their impressions of the community. Community support and hospitable tourism employees are closely linked to word-of-mouth recommendations, one of the most valuable sources of travel information. The support of local residents affects volunteer work for tourism.

Summary

The literature clearly documents the importance of each of the 10 factors for successful regional tourism development. Many of the factors — good community leadership, support and participation of local government, strategic planning, coordination and cooperation between businesspersons and local leadership, and widespread support for tourism — are linked both to the region and the community and involve more than just individual businesspersons competing by themselves. While individual tourism entrepreneurs can obtain technical information and assistance on their own, getting such information and assistance is often cost-prohibitive for individual businesspersons and is more effectively done as a community effort. Convention and visitors bureaus have been created and can only be maintained with community support. Furthermore, tourism is place-oriented, and as such, the cultural identity of the areas surrounding a tourist attraction is essential. And, management and marketing of tourism often requires a regional effort because of the nature of tourism: the region (and its culture) as a whole

and its image must be marketed, not just one destination. Therefore, the regional approach to tourism development appears to be especially effective in supporting tourism development.

APPENDIX B: CHALLENGES FACING DESTINATION MARKETING ORGANIZATIONS¹

Destination marketing organizations such as convention and visitor bureaus (CVBs) are generally not-for-profit entities aimed at generating tourist visitation and increased interest for a given area. CVBs are generally responsible for developing a unique image of the area, coordinating most private and public tourism industry constituencies, providing information to visitors, and leading the overall tourism industry at a destination. Due to the complex and multifaceted nature of tourism and its players, CVBs face several challenges in formulating and implementing effective marketing strategies. For instance, the numerous stakeholders involved in determining the role and development of an area as a tourist destination have different interests and objectives, which ultimately must converge to support the destination.

In recent years, CVBs throughout the United States have been criticized for their inability to reinvent themselves in face of the radical changes occurring in their external environment. The first few years of the new millennium have brought extraordinary change and transformation. For example, political and environmental instability are forcing many tourism destinations to hire experts in disaster management planning, to respond to increasing human tragedies and natural calamities.

Arguably, the greatest agent for change in destination marketing is technology which adds new media and the means to represent the destination thereby. Also, recent studies have demonstrated that most CVBs have developed destination marketing programs but have yet to successfully tackle the challenge of developing co-operation in a way that is meaningful for electronic commerce. And, as King (2002: 107) points out, "...nothing short of a reinvention of destination marketing organizations (DMOs) will ensure they are able to keep abreast of and capitalize upon the revolution taking place". The goal of this appendix is to identify and discuss the various challenges facing CVBs in representing their destinations. Then, based upon extensive research, a series of factors or barriers affecting their success are discussed. It is argued that this discussion will provide an essential foundation for the development of policies supporting regional tourism development in Pennsylvania.

Challenges for Convention and Visitor Bureaus

Tourism has changed in fundamental ways which force CVBs to think differently and to adopt new approaches for dealing with their constituencies and customers. Six important destination-marketing challenges have been identified are discussed in the following sections.

Challenge # 1. Adapting to Technological Change

The challenge of technology lies in constantly learning the latest things and searching for the newest technologies that "supposedly" make the job of destination marketing easier. A recent

¹ This Appendix is based upon an article titled: Searching for the Future: Challenges faced by Destination Marketing Organizations. The Authors are Ulrike Gretzel, Daniel R. Fesenmaier, Sandro Formica and Joseph T. O'Leary and was published in the *Journal of Travel Research*, Volume 45, November 2006, pp. 116 – 126.

interview with a convention and visitors bureau director indicated that, "the question is where bureaus should find the time, the money, and the staff to keep up with technological changes while maintaining regular tasks and responsibilities." Emerging Internet technologies are not a simple substitute for existing technology. Websites have not replaced call centers, for instance; rather, Web presence often drives phone inquiries. In general, increased contact with customers through various channels leads to more brochure requests and results in rising postage and printing expenses because of the higher demands for collateral. Indeed, it is clear that most convention and visitors bureau directors are struggling with the fact that they employ technology to reach higher cost efficiency but, in reality, encounter a rise in overall marketing costs. There appears to be an overall consensus that DMOs can use emerging Web technologies to promote themselves. However, even if they do, their constituencies and their partners who are more comfortable with traditional advertising approaches and existing commission structures may keep them from adopting these new technologies.

Table 1. Challenges for Convention and Visitor Bureaus

<i>Challenges</i>	<i>Factors</i>
Adapting to Technological Change	<ul style="list-style-type: none"> • Lack of human and financial resources • Websites not catering to customers' unique needs
Managing Expectations	<ul style="list-style-type: none"> • Leadership role of DMOs in local communities • Growing number of constituencies • Communicating more effectively by recognizing changes in visitor behavior
From Destination Marketing to Destination Management	<ul style="list-style-type: none"> • More complex responsibilities • Increasing involvement in planning and development projects • Need to change bureau structures
Confronting New Levels of Competition	<ul style="list-style-type: none"> • Fight for market share with other destinations • Emergence of for-profit destination management companies • Compete for increasingly limited funding with other sectors
Recognizing Creative Partnering as the New Way of Life	<ul style="list-style-type: none"> • Partnerships beyond geographical boundaries • Lack of incentives for partnering • Need for creative partnering ideas
Finding New Measures of Success	<ul style="list-style-type: none"> • Use benchmarking • Increase accountability • Responsibilities and marketing tools have changed but evaluations still based on traditional methods

Challenge # 2. Managing Expectations

Communication appears to be the key to success in managing expectations. Not too long ago, many CVB directors thought that their constituency consisted of visitors, a few selected officials, and some local hoteliers. Today, CVBs have come to realize the importance of communicating

with a much broader group of stakeholders in a variety of ways. They typically face a growing number of constituencies, all wanting to be heard and represented. What communities and partners expect from the CVB is leadership. Big retailers, hotel chains, and service franchises have sometimes pushed small, independent local businesses out of the communities. These local business owners have traditionally fulfilled leadership roles and with their disappearance, many communities outside metropolitan areas face a substantial leadership deficit. Local governments are often limited in their ability to provide substitutes for this private industry involvement in community development because of legal constraints and opposition toward government involvement in business-related affairs. However, there is an enormous pressure on CVBs to close the leadership gap that emerged from changes in community structures.

CVBs also have to manage higher and increasingly diverse consumer expectations but they often have limited knowledge of travelers' needs and wants. "Gone are the 'good old days' when all DMOs had to do was to place an advertisement, wait for the labels to come in, and send out visitor guides", stated one bureau director in describing this new marketing challenge. The new consumer wants to be addressed in personalized ways and with customized messages that reflect individual preferences. Therefore, successful marketing requires an integration of the information derived from the conversations with consumers, especially complaints.

Challenge # 3. Moving from Destination Marketing to Destination Management

There has been recognition that the rising number of constituencies creates a dramatic increase in the complexity of CVB responsibilities. Less than twenty years ago the definition of the acronym "DMO" was "destination marketing organization". Today, DMOs are increasingly referred to as "destination marketing and management organizations". DMO activities are no longer limited to marketing an area to the traveling public. To an ever higher degree, DMOs find that, unlike somebody marketing a product for XYZ Company with specifically defined responsibilities restricted to marketing tasks, they are in a position where they have to be responsible to both the buyer and the local communities they represent. A recent interview with a convention and visitors bureau director emphasized that she sees the bureau's role as involving "...not only marketing an experience but also doing whatever can be done to ensure that the deliverable product is enjoyable and of high quality". Assisting in the development of attractions, events and other components of the service industry while searching for the lodging services that make the destination the best are now as much part of the bureau's job as the traditional advertising tasks. Economic development and bricks-and-mortar tourism development are increasingly part of the activity-mix of CVBs.

Challenge # 4. Confronting New Levels of Competition

Convention and visitor bureaus increasingly compete with destinations outside of their region for market share. Competition in this respect refers to the challenge of setting a specific destination apart from other places in terms of the experience it provides and the value for the customer dollar it offers. As a consequence, increased competitive pressure and effective counter-strategies using branding, niche marketing, and database management have become the focus of many association meetings and advertising forums.

Another important challenge is that competition does not only occur in the form of rivalry in the marketplace but is increasingly characterized by a struggle to compete for local resources and funds. Changes in the economy, mostly driven by the drop in business travel due to corporate finance problems, have put many DMOs in difficult financial situations. At the same time, state, county, and city governments are desperately looking for additional money to meet their own financial responsibilities. Thus, DMOs are challenged with managing their already small budgets while protecting their funds from other governmental uses to serve the needs many communities are struggling to meet.

Challenge # 5. Recognizing Creative Partnering as the New Way of Life

There are many barriers to overcome on the road to successful partnering. For instance, egos and personalities often get in the way of establishing partnerships. Also, thinking in terms of political boundaries prevents many CVBs from engaging in innovative partnerships. They tend to work on their own interests instead of trying to find out what the customer is really interested in. Most travelers are not aware of city and county lines and tend to bundle places and activities based on the travel experience they seek rather than on what is offered in a specific administratively-defined area. The basis of new, creative forms of partnering is to find out what this experience is travelers expect from their trip and how far they are prepared to travel for a certain type of experience.

Challenge # 6. Finding New Measures of Success

The need for CVBs to prove a return on investment is more critical today than ever before. However, substantial work has yet to be done in terms of educating the local communities and other bureau stakeholders about effective marketing. For instance, while regional alliances have been adopted by some CVBs for marketing purposes, funding that the individual communities provide is still measured by such things as how many times their name appears in visitor guides. Thus, the challenge of regional tourism development with respect to performance measures lies in finding ways to translate common results into individual measures of success.

Responding to the Challenge

There are many issues that affect the ability of the CVB to address the challenges they face. CVB directors need to recognize they are “change agents” who can manage change based upon the model of “Master Developer Thinking.”

In residential development, Master Developer Thinking involves thinking about the many uses of the residential area, what the interactions are among these uses, and what kind of synergies can occur. More specifically, it aims at developing and integrating community components and ensuring that the environment is attractive and serves the needs of its residents. It further focuses on providing strong quality of life attributes and on attracting targeted resident segments by offering everything that is needed to pursue a certain lifestyle. In addition, master developers

proactively think about how businesses that support the desired uses can be attracted to the local community.

Ideally, these goals should also be realized by CVBs, with the difference that CVB strategies are broader and include not only residents but also visitors as well as businesses within the specific destination. Thus, master developer thinking resembles systems approaches proposed for destination planning but assumes a greater and more proactive involvement of the CVB in the actual implementation of plans and emphasizes business principles rather than the politics that often govern destination planning efforts.

In the past, many CVB's have engaged in destination management based only on broad zoning, development by chance, limited integration, little cohesion, and a very fragmented vision. Some CVBs have at least defined districts or village cores and provide some coordination; however, their approach is still largely reactive. In contrast, Master Developer Thinking is holistic and proactive and focuses on careful management of the many disparate parts that contribute to the quality of the experience at the residential area/destination. Although Master Developer Thinking is far from being widely adopted by CVBs, there are at least a couple of examples that indicate that some destinations are moving in the right direction.

Examples at the level of visitor centers include the Independence Visitor Center in Philadelphia, the Inner Harbor Visitors Center in Baltimore and the Lincoln Library in Springfield, Illinois; each of these visitor centers attempts to go beyond the brochure rack and the static environment that visitor centers typically provide. They actively try to touch visitors, engage them, tell stories, manage visitor flows, and integrate their services with retail components. The goal is to make the center the first stop of a visitor to the city because it provides concierge assistance, reservation services, ticketing for area attractions, informational touch screens, exhibits, and retail facilities.

Another example is Peoria, IL, where the convention and visitors bureau enhances the Peoria experience for visitors by packaging and creating themes around different visitor experiences and making those packages accessible through personalized Web functions and direct booking possibilities on the CVB Website. In Pawtucket, RI new tourism components are proactively recruited to the community by providing tax exemptions, revised building codes, relocation assistance, a new Pawtucket Performing Arts Center and a 3-week festival to attract visitors.

Master Developer Thinking requires organizational changes which are typically difficult to accomplish. In addition, political challenges are often perceived as barriers to adopting a more proactive and holistic approach to destination management. Most importantly, there is often a lack of resources and expertise that keeps many CVBs from actively engaging in destination management. Bureau strategic plans clearly define product development as one of the biggest challenges, yet it is usually the first thing to be cut in a budget crisis. Constituencies are biased toward immediate results and often do not understand that adopting a broader management role means investing over a longer period of time. Also, the idea of destination management itself is still very new to many of the bureaus. It requires a new set of skills that CVBs traditionally do not possess.

It is also important to recognize that Master Developer Thinking goes beyond just building infrastructure. It is, most importantly, about managing the various components in a community and linking the different players to create the best experience for visitors and residents alike. The question is what will happen to bureaus that are not redefining their approach towards providing high quality visitor experiences in this way. Is there still going to be space for traditional destination marketing? It is argued that no CVB can afford to stand still as the private sector is waiting to take over their competencies. It seems that CVBs have no choice but to continuously monitor themselves to see whether they have to change. Master Developer Thinking is about constantly reassessing what is currently being done, thus providing CVBs with a framework for strategic planning, which is more often than not missing from the bureau agendas.

Managing Change

Managing the future means reflecting on where we are, where we have been and, most importantly, where we are going. Providing leadership in the course of defining possible strategies to encounter change requires bringing along those who lag behind, by providing education and training, and stimulating loyalty and passion. Leadership is about asking the right questions at the right time. Even though the answers to those questions might not be available at the time, asking questions is important for finding out where destinations should go. The process of searching for the future is what is essential.

Understanding visitor experiences is one key element in successful destination marketing. It is crucial to know what expectations people have in order to create, manage, enhance, and/or reinvent the experiences people have at the destination. Further, such innovative destination management requires a strategic orientation and a holistic approach as well as proactive investments and participation of the CVB in their community.

Relationships are another key to success in the tourism industry; however, different ways of organizing are necessary to manage the ever growing number of constituencies. Technology can provide an answer as it allows for linking people to people, point to point to improve communications. Technology can be used to keep stakeholders better informed. Technology is also essential in providing bureaus with the strategic intelligence they need to fulfill their many new responsibilities and to succeed in their role as an information provider and coordinator.

Learning forms the core of an organization's ability to adapt to a rapidly changing environment. It is the key to identifying and exploiting opportunities more rapidly and completely than the competitors. A learning organization is an organization that continually expands its capacity to actively influence and/or create its future. Only CVBs with an ability to learn quickly and to translate that learning into action rapidly will be able to gain competitive advantages in a high-velocity marketplace. The fundamental changes in destination marketing organizations must be managed carefully. Since the challenges facing CVBs are ever evolving and new challenges occur "at the speed of thought," these changes should be directed towards increasing organizational flexibility and openness to change.

Becoming a learning organization is vital for establishing competitive advantages in the new economy. The profound change occurring in the new economy involves a rethinking of who partners and competitors are and how networks with other organizations can increase organizational capacity to learn. As part of this 'rethinking effort,' the framework for effective communication within the tourism industry is based upon the realization that more traditional directed approaches have given way to 'conversations' where the consumer is actively involved. Thus, success in the new economy requires a major in approach as well as in technology itself. Clearly, the future of any destination marketing organizations rests with its ability to embrace change and use it as a force to build and enhance relationships within the region.

References

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