What's at Stake When Promotion is Cut

KEY TAKEAWAY

Without effective promotion, states and cities cede the economic benefits to competing destinations and fall behind the competition. It is a mistake from which it takes many years to recover. And it is a mistake that is easily avoided when governments take a long view on their economic outlook.

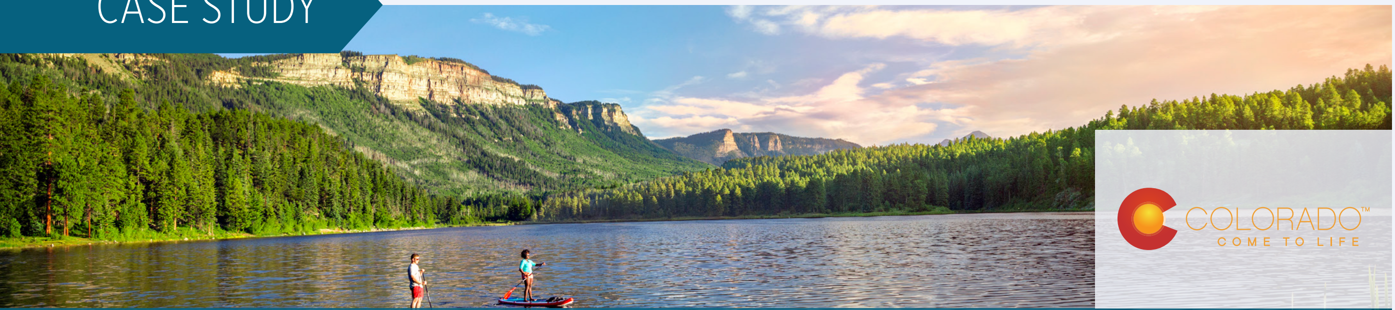
At every level, there are preexisting perceptions about public funds being spent on tourism promotion. Those with a vested interest in combatting "corporate welfare" question any amount of spending from public funds and assume it is wasteful. Further, the very nature and assets of the industry can be easily viewed as particularly appealing. Too often legislatures have their own agenda and are inclined to invest tax revenues generated from travel and tourism into initiatives not related to travel.

Unfortunately, many legislators, media and third parties are less educated about the economic benefits and revenue impact of investing in tourism promotion.

Like any product, destinations and brands require investment to remain relevant, attractive and competitive. When Colorado and Washington state lost their funding, the impact was both immediate and long-lasting. Fortunately, their respective legislatures eventually realized they had made a significant mistake and missed out on years of opportunity and set out to correct it.

CASE STUDY

PHOTO CREDITS: COLORADO TOURISM OFFICE

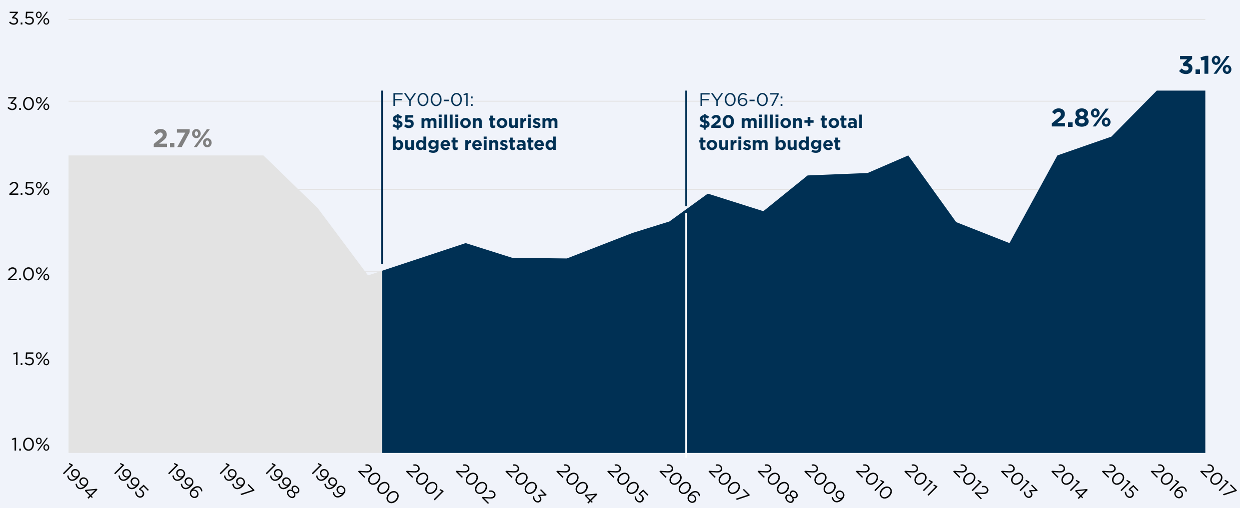


Colorado Climbs Back

Colorado took 21 years to regain their share of overnight leisure travelers after having their budget zeroed out. In 1993, Colorado became the first state to eliminate its tourism promotion budget. As a result, Colorado's domestic market share plunged 30 percent within two years, representing a loss of over $1.4 billion in tourism revenue annually. Over time, the revenue loss increased to well over $2 billion annually.[84]

It took until 2000 for the industry to convince lawmakers to reinstate funding with a modest $5 million budget. Now at close to $19 million, funding for the state tourism office has increased more than 100 percent in the last 10 years.

Colorado's Share of U.S. Overnight Leisure Trips



Source: Longwoods International

The state moved back into the top-10 tourist-drawing states in the U.S. for the first time in more than 20 years in 2016.[85] Colorado's share of the national tourist market climbed to 3.1 percent, moving it up from the 13th-most-visited state in America to number nine.[86] The last time Colorado cracked the top 10 states for traveler market share was 1994—the year after the state decided to eliminate funding for tourism marketing.[87]

CASE STUDY Colorado Climbs Back

PHOTO CREDITS: COLORADO TOURISM OFFICE

Visitation increased 37 percent from the dip during the Great Recession in 2009 to 2016.[88] During that same time, travelers have grown nationally by just 17 percent. **In 2016 alone, the state attracted 82.4 million visitors who spent $19.7 billion and generated $1.2 billion in local and state tax revenue.[89] Directly supporting 165,000 jobs and the state's number two employer, travel is essential to the Colorado economy.[90]**

The Colorado Tourism Office and the Tourism Industry Association of Colorado have successfully continued to justify investments in tourism promotion and maintain their competitive advantage. **Not only does the state market the Colorado experience to visitors, but they are also involved in stimulating the economies of more rural areas of the state through their award-winning 'Come to Life' campaign.** Colorado is the only state with a dedicated fund supporting the promotion and development of agritourism.[91] The state recently dedicated another $500,000 in FY18-19 to continue investments in destination development.

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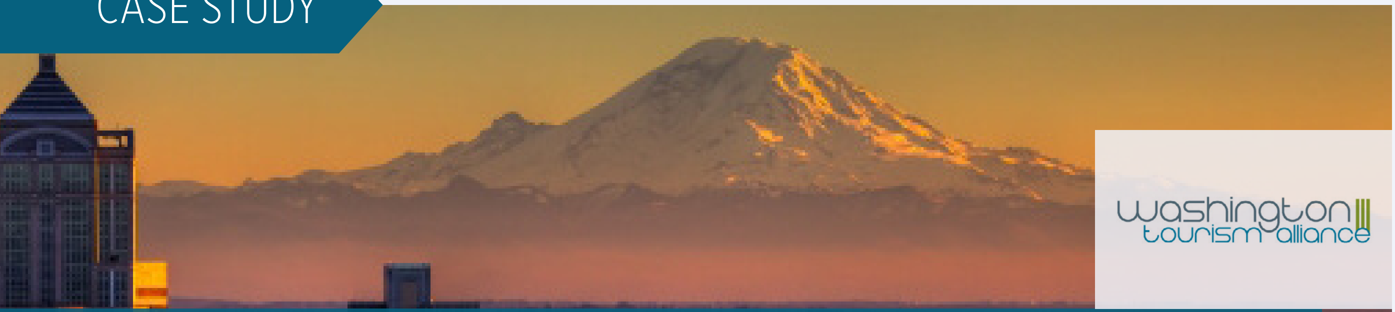
Directly supporting **165,000 jobs, travel is Colorado's #2 employer**

Tourism is big business, and businesses require investment in order to succeed. The return on investment on tourism spending has been proven many times over to pay dividends. It is a lesson Colorado learned the hard way, but a mistake the state will not make twice.

CASE STUDY



Washington Makes its Case

In 2011, the Washington state legislature shut down the state tourism office due to the economic recession.

While the Washington state tourism budget remained zeroed-out, the state was losing out to its competition. Neighboring state budgets in Oregon reached $21.5 million in 2016-17, increasing close to 100 percent since 2010-11, while Montana's budget increased 36 percent to $19 million in 2016-17.[92]

After seven years of grassroots campaigning and negotiations, the Washington Tourism Alliance (WTA), the nonprofit advocacy group established to sustain the state's official travel website and publish an annual visitor guide, successfully advocated to create a new industry-led tourism marketing program. With public and private funding, the legislature established the Washington Tourism Marketing Authority (WTMA) as the governing body and identified a nonprofit marketing organization to run the tourism program. Governor Jay Inslee signed the bill into law in March 2018.

WTA's success was the result of seven years of engagement with legislators, a sustained statewide advocacy campaign and refinement of the new tourism promotion legislation and funding model. Private and public stakeholders collaborated to create a network of allies. The legislation supports communities across the state by including a commitment to rural tourism and destination development. Through this process, rural stakeholders came to understand the importance of cities as gateways into the rest of the state.

The new state tourism marketing program will be funded from the state's general fund as well as private sector investment. Lodging facilities, car rentals and restaurant sales taxes will provide $1.5 million in funding in 2019. A 2:1 private-sector match is required to access the general fund monies.

By not investing, Washington missed out on more than just visitors. If the state had continued to invest and maintained their share of visitors, the tax revenues generated, jobs supported and household savings would have been significantly greater.

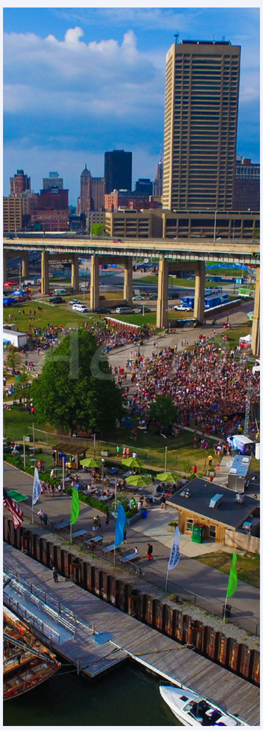
CASE STUDY

PHOTO CREDITS: VISIT BUFFALO NIAGARA

When Governors Get It: The Buffalo Billion

Draconian cuts to tourism budgets have proven time and again to be ineffective and harmful to a city or state's long-term economic health. There are, however, many local and state governments that see clearly the value of destination marketing and do not cut, but instead enhance their tourism budget. In those places, it is not about recovering what was lost, but growing what there is to be found.

The value of a legislature and governor that understand the value of travel, from visitors to economic development and beyond, cannot be understated. New York state understands and respects the power of travel—far beyond just Manhattan.



A town once known as a shipping and steel town or just a stopover on the way to Niagara Falls, Buffalo, NY is reinventing itself. Grain silos and public buildings with iconic architecture transformed into hotels, restaurants, breweries and art centers are making headlines and promoting Buffalo as an authentic city with unrivaled civic pride.

New York's Governor Cuomo committed $1 billion in investment to the Buffalo area economy in 2012 to generate new investment and economic activity. Tourism was included in the Governor's investment plan as a key sector to drive future growth.[93] **While the 'Buffalo Billion' kick-started the transformation of the Western New York economy, the local destination marketing organization—Visit Buffalo Niagara—capitalized on revitalization and renewed civic pride by promoting the redeveloped city to visitors, meeting planners, potential residents and businesses.**

Targeting the next generation of visitors, Visit Buffalo Niagara wanted to ensure millennials in the surrounding areas did not have the same negative stereotypes as previous generations. Under the umbrella of the Unexpected Buffalo marketing campaign, 'Find the Unexpected' targeted millennials in Toronto during the summer of 2017 aiming to generate intrigue, curiosity and awareness of Buffalo through a

CASE STUDY

When Governors Get It: The Buffalo Billion

variety of popular media channels. Experiences appealing to millennials were highlighted through social media and 15-second videos on YouTube, generating 266,000 views over the course of the campaign and attracting more than 7,000 visits to FindTheUnexpected.com. The Unexpected Buffalo campaign was a resounding success, according a Texas A&M University study revealed more than 105,000 visitor parties spent more than $1,000 on average totaling $108 million.[94] **For every dollar Visit Buffalo Niagara invested in outreach, they returned $84 in economic impact to the community.[95]**

Over the past five years, as a result of increased investments from the county, coupled with grant funding from New York State, Visit Buffalo Niagara has seen small, yet impactful, growth in their overall marketing budget to the tune of 7.3 percent. In addition to this increase in funding, further marketing efforts, valued at $1.3 million annually, have been made possible thanks to a recent collaboration between the City of Buffalo, Seneca Gaming Corporation and Visit Buffalo Niagara.

Visit Buffalo Niagara's media relations efforts achieved new records in 2017. As a result of hosting journalists and a variety of bloggers and influencers, more than 130 articles were placed in top publications such as *Thrillist, USA Today, Lonely Planet,* the *Globe and Mail* and the *Toronto Star*.[96] Most recently, **Buffalo was named to the 52 Places to Travel in 2018 by the *New York Times.***

Through its tourism promotion efforts, Visit Buffalo Niagara creates a cycle of economic benefits in which increased sales and bed tax revenues can be reinvested into the community.