



Meeting Date: May 6, 2019

Agenda Item: 5a

Report No. SEDA-19-02

Status: General Orders

Purpose: Destination Marketing

Background Summary

In July 2018, Stillwater Economic Development Authority (SEDA) and Visit Stillwater (VS) agreed to engage an accounting firm to review VS financial performance under the service agreement. SEDA and VS established mutually acceptable review criteria (“agreed upon procedures”--AUP). SEDA representatives subsequently met with the accounting firm to confirm understanding of the engagement and parties involved. The AUP report was issued to staff by the accounting firm on October 9, 2018.

SEDA’s objective with regard to the VS AUP was twofold.

1. A determination of a return on the investment (ROI) of the hotel tax; and
2. A clear indication of how the funds were spent to achieve tourism development and visitor services.

The VS AUP and VS financial statements provide an indication of how the hotel tax funds were spent, but do not give any meaningful information pertaining to ROI.

Request for Qualifications

SEDA published a destination marketing request for qualifications (RFQ) on October 25, 2018 that outlined Stillwater’s current use of a Convention and Visitors’ Bureau/Destination Marketing Organization. The RFQ stated that the City “understands the importance of PROMOTING activities, events and opportunities to extend the stay of visitors, INCREASE the infusion of visitors, MARKET unique opportunities for visitor spending, and DEMONSTRATE an appropriate Return on Investment” and is “looking for forward-thinking organizations that understand the modern tourism industry, the changes it faces with increasing use of internet and social media, and methods to successfully leverage those changes”. Responses were due by December 14, 2018. Questions received by potential respondents include an inquiry about the need to come to Stillwater for meetings. The response was as follows: “The RFQ selection process requires an in-person interview with the top organizations. We see

it as difficult to provide acceptable service if an organization is unable to have a regular presence in Stillwater.” Eleven submissions were received and evaluated by city staff and two members of the community. Companies scoring in the top three, along with VS, were extended an invitation for an in-person interview. Staff interviewed two companies and VS.

Interviews

1. VI Marketing and Branding

VI was represented by the following:

Matt Morgan	Jacquelyn LaMar
Valerie Trammell	Tim Berney
Steve Sturges	

VI is an Oklahoma City based marketing firm. VI is currently providing marketing services to the Oklahoma Tourism and Recreation Department. VI’s efforts are focused on the specific interest of potential travelers and the identification of key locations, attractions, and activities to align with those interests. Services include strategic planning, market research, media planning, messaging development, video and creative production, programmatic video and display, over-the-top video, social media ads, native advertising and campaign management, optimizations, and reporting.

VI’s experience with community marketing involved the city of Peculiar, Missouri. VI was hired to position Peculiar as an attractive destination for developers, commercial real estate firms, site selection professionals, industrial companies, residential tenants and commercial tenants all while generating buy-in from local residents and stakeholders. Services provided included primary and secondary research, brand development, graphic identity development, rich media development and execution, website development, collateral production, video production, social media and public relations.

VI’s strategy centers around assessing the visitors coming to Stillwater and tailoring a marketing strategy to that profile. Since no two communities are the same, VI uses their proprietary process to uncover a marketable identity that will appeal to residents and visitors alike. VI utilizes data analytics to develop and evaluate the marketing strategies for effectiveness and return on investment. These ROI metrics are developed early in the engagement and involve the input of VI and the City. It became clear during this interview that VI would develop the marketing strategy and implement the marketing plan. When asked about their presence in Stillwater, the response was that sales was not a service that VI provided, and that Stillwater would need Visit Stillwater to answer the phone and make the sales, set up the events as needed, provide customer service, etc. VI bills on an hourly basis according to the staff involved and the scope of the project. VI has two staff members who recently lived in Stillwater for over ten years. Staff believes these VI employees could provide valuable insight to a marketing plan.

VI is currently conducting destination marketing for the Oklahoma Department of Tourism. Staff at the Oklahoma Department of Tourism report that VI is very creative and is in the fourth contract year with the department. Staff does relate there have been some “growing pains” in contractual issues, which have stabilized with a new project manager.

2. Engage

Engage Strategies was represented by the following:

Mike Bento
Mike Boyd
Dustin Floyd

Engage Strategies is a consortium of marketing professionals based in Washington DC. The representatives present included two from the DC area and one from South Dakota. This firm developed a community marketing strategy for Gardiner, Montana. Interesting discoveries included that what the public saw as community and area attractions differed from what the citizens saw as community and area attractions. Engage marketing development strategy was similar to VI's – determine the nature and interests of the visitors and develop a marketing campaign targeting those groups. Like VI, Engage uses data analytics to develop and evaluate the marketing strategies for effectiveness and return on investment in addition to reporting on mutually agreed upon metrics. Engage also indicated the need for a sales force in Stillwater to handle the events and visitors that the marketing plan attracts. Marketing plan development was estimated at \$120,000 with negotiation for the implementation of the marketing plan.

3. Visit Stillwater

Visit Stillwater was represented by the following:

Cristy Morrison	Ival Gregory
Jessica Kincannon	Colin Campbell
Nicole Horn	Chris Norris
Scott Lemming	

Visit Stillwater's proposed plan of work and scope of services included marketing and communications, meetings and event sales, meetings and events client services, enhanced visitor experiences, partner and industry relations, destination and economic development partnerships, and administration. Strategies listed under the various objectives included website design and maintenance, publication of the annual visitors' guide, citywide calendar of events, attendance at trade shows, event proposal response, incentive grants and event sponsorships, visitor bags and promotional items, support of local museums and attractions, visitor information center, and destination development.

Visit Stillwater provided "annual reports from multiple destination marketing organizations across the country and would fully emulate any number of metrics and key performance measures which the City sees as valuable. Metrics that are not collected through existing partnerships can be accumulated through further investments in data collection partnerships". Visit Stillwater was willing to have agreed upon performance measures stated in the contract.

Visit Stillwater does not have a fee structure or hourly rates for the above services. As in the past, Visit Stillwater would contract for a specific amount to "accomplish each and every aspect of the comprehensive marketing, sales and services plan and to serve as the local resource and community expert for visitors, local partners, and businesses". There would be no break in service associated with Visit Stillwater. When asked about a broader marketing reach, Visit Stillwater responded that with sufficient funding, a contract with a national digital marketing firm would achieve that task.

Discussion

Staff was very impressed with VI and Engage. Both firms are capable of developing and implementing a comprehensive marketing campaign designed to achieve pre-determined performance measures.

VI is located in Oklahoma City and has several employees who are familiar with Stillwater. VI would enter the engagement with an understanding of the community and our core values. When discussing performance measures, VI indicated that hotel occupancy rates would be one of the suggested measures of ROI. VI has worked with Visit Stillwater previously and could see some sort of arrangement going forward for specific services from VS.

Engage is located in Washington DC, but plans to be present in Stillwater during the research phase of the marketing plan development. Engage did extensive research on Stillwater quoting statistics from the most recent CAFR and events reported in the newspaper. Engage commented that the past and current budgets for visitor development significantly exceeded their expectations. Engage expressed concern that their approach be respectful of Visit Stillwater and the work they have performed; however, Engage expressed the opinion that a visitor center has a limited appeal and that a visitor's guide should operate at a breakeven point and is beneficial only in limited circumstances.

Visit Stillwater's presentation reinforced staffs' understanding that their forte is marketing local events but provided little evidence of the development and implementation of state and national tourism marketing campaigns. Visit Stillwater believes their ability to draw conferences and events is limited by Stillwater's lack of adequate meeting space with on-site hospitality venues. When the discussion turned to performance measures, Visit Stillwater felt that hotel occupancy rates were not a good indicator of ROI. Visit Stillwater would focus more on the economic impact of the events held in Stillwater than on direct visitor data.

During the interview stage, staff became aware that similar discussions were going on in Muskogee, OK, Broken Arrow, OK and Dallas, TX regarding the ROI of tax dollars invested in visitor development and recruitment.

Staff surveyed several surrounding communities looking for comparisons of structure, funding, and city involvement. The information is compiled in the attached chart.

The RFQ was broad and included not only local marketing but regional and national marketing response expectations. Although there were no specific requirements, the need for a local presence to accommodate local tourism initiatives became relevant quickly.

Both VI and Engage noted the local component that would not be addressed by their firms. With the completion of the interviews, staff realized the need for the two components of tourism development and visitor services. No single group interviewed were persuasive regarding their individual ability to adequately cover both the tourism development component and the visitor services component.

Conclusions

Either VI or Engage can deliver an acceptable marketing strategy and assist in the implementation of the strategy. Staff recommends VI over Engage due to the familiarity with Stillwater and previous interaction with Visit Stillwater. Visit Stillwater's forte in sales and event assistance to visitors/groups coming to Stillwater would further the marketing campaign developed by VI. Further, staff research into tourism marketing reveals industry debate over print versus digital advertising and over brick-and-mortar visitor centers versus virtual visitor centers. Clearly the industry is in transition.

Options

1. Negotiate a full contract with Visit Stillwater for specific deliverables with specific performance measures.
2. Negotiate contract with Visit Stillwater for specific deliverables with specific performance measures limited to local marketing and sales services. Negotiate with VI for state and national tourism marketing strategies including development of a marketing plan and implementation assistance of the plan.
3. Negotiate with VI for state and national tourism marketing strategies, including development of a marketing plan and implementation assistance of the plan, utilizing existing city staff to provide sales and event coordination.
4. Determine that tourism marketing strategies require further process and consideration. Appoint a board or committee comprised of Stillwater residents, subject matter experts, and staff to recommend a path forward.

Reviewed by: Paula Dennison, Assistant City Manager

Reviewed by: Melissa Reames, Deputy City Manager

Submitted by: Norman McNickle, City Manager

Attachments: Spreadsheet of community comparisons of structure, funding, and city involvement