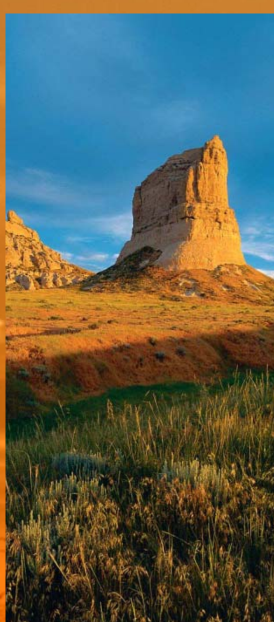
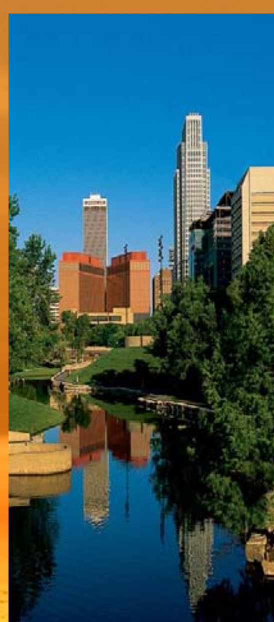
Nebraska Tourism Industry Strategic Plan

Presented to the:
Nebraska Tourism Commission

August 27, 2012

August 27, 2012

Ms. Kathy McKillip, MPA, MS
Director, Nebraska Tourism Commission
301 Centennial Mall South
Lincoln, Nebraska 68509-4666

Dear Ms. McKillip:

We are pleased to present the Nebraska State-Wide Tourism Industry Strategic Plan, drawing from the past eight months of extensive research and community outreach to help provide a foundation and direction for Plan research and recommendations. The opinions and comments from over 500 tourism, business and community leaders throughout the state have been incorporated into this Strategic Plan. Twenty-eight community forums and focus groups have been conducted statewide, in conjunction with extensive field research in every region of the state. Analysis of visitor perceptions, competitive destination impacts, and visitor industry assets throughout the state has been conducted and is reflected in this Strategic Plan.

In our travels, we have been privileged to experience the energy and character of the larger metropolitan areas, the historic small towns, scenic byways, highly unique natural beauty, adventure and wildlife, the opportunities to experience a western heritage unique to North America, and a history directly linked to the growth of the country. This combines with a spirit of self-reliance, openness and friendliness that helps define the character of Nebraska.

The formation of the new Tourism Commission represents an opportunity to create new approaches and to define new opportunities to grow the statewide tourism industry. We look forward to assisting you in applying the findings and recommendations contained within this Strategic Plan as you move forward.

Very truly yours,

CSL International   Marshall Murdaugh Marketing

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Table of Contents

Executive Summary

Over the past eight months, extensive research has been conducted to form a basis for a Nebraska State-Wide Tourism Industry Strategic Plan. The opinions and comments from over 500 tourism, business and community leaders throughout the state have been incorporated into this Master Plan. Twenty-eight community forums and focus groups have been conducted statewide, in conjunction with extensive field research in every region of the state. Extensive research into visitor perceptions, competitive destination impacts, and visitor industry assets throughout the state has been conducted and incorporated into the Master Plan.

A primary objective of this Plan is to provide guidance to the executive leadership and board of the new Tourism Commission as to how to allocate existing financial resources to maximize tourism levels and associated economic impacts. Recommendations as to measuring the impact of specific tourism initiatives are made, and consideration of the economic benefit or return on investment merits of future funding levels are given.

In our travels, we have been privileged to experience the energy and urban character of the larger metropolitan areas, the historic small towns, scenic byways, highly unique natural beauty, adventure and wildlife, an opportunity to experience a western heritage unique to North America, and a history directly linked to the growth of the country. The state of Nebraska could be described as the most diverse 520 miles in the country. This combines with a spirit of self-reliance, openness and friendliness that helps define the character of Nebraska.

Within the Strategic Plan, opportunities are presented that will lead to increased tourism activity and impact. But perhaps more importantly, the Strategic Plan helps define the attributes of the state that if properly marketed can elevate the perception of Nebraska in the minds not just of travelers, but of business leaders and other decision makers that can influence the direction of future business development. In this way, the Tourism Strategic Plan can serve as a critical and pervasive economic development tool that filters into virtually every aspect of growth in the overall Nebraska economy.

In practical sense, tourism isn't just a matter of a public agency spending public revenue to market a destination. In fact, thousands of business owners make their livelihood within the tourism industry, and a significant base of employment and tax revenue is supported by expenditures made by tourists. The Strategic Plan must ultimately therefore work to support and expand these businesses by removing barriers to success, by expanding positive awareness of Nebraska as a destination and by providing important planning support throughout every region of the state.

Reaching for tourism success is the objective and the challenge for the new Nebraska Tourism Commission. With its tourism budget of about $4.6 million dollars against the total $115 million dollar regional weight of its nearby Midwest/Great Plains competitors, it is certainly no simple task to cut through the competitive marketing clutter and produce top-of-mind destination awareness for potential Nebraska visitors that will lead to greater interest and resulting desire to visit.

To achieve these goals, it will be necessary to make best practice adjustments to internal workings and resource allocation at the Tourism Commission, to how the Commission interacts with the extensive network of tourism entities throughout the state, and to make investment in key areas of the state to enhance the tourism product.

This Executive Summary briefly describes key findings generated as part of the Plan research, followed by a series of recommended policy and development initiatives that we believe will serve to enhance the impact of the tourism industry in Nebraska, and lead to an improved tourism product. The full Plan should be read in its entirety to gain an understanding of the context and background underpinning each of the key findings and recommendations put forth.

A New Chapter in Nebraska Tourism Research

Several months ago the Commission Director authorized a major first step in strategic destination market planning. In June of 2012, the Nebraska Tourism Report from Equation Research, international leaders in the tourism research field, was produced, providing important information regarding visitor motivations as well as the demographic (age, income, trip party size, geographic location, trip frequency, etc.) and psychographic information (likes, desires, attitudes and interests) that guide successful program marketing and destination management. A total of 552 visitors within potential Nebraska travel markets were surveyed. Through it, we now have a detailed picture of the current and potential Nebraska visitor market in terms of attitudes, travel needs and interests, travel planning and behaviors. Selected findings are presented below.

- Travelers are not particularly familiar with Nebraska as a vacation destination. In addition, 71 percent of respondents say they have not seen or read any stories/articles about Nebraska over the past six months.
- Approximately 35 percent of those who say they are not likely to visit Nebraska in the next year cite a lack of interest, while 17 percent attribute it to a lack of knowledge about what Nebraska has to offer. Those who are likely to consider visiting Nebraska in the next year mainly attribute their interest to visiting family/friends.
- About 60 percent of travelers hope to relax/re-energize, get a good value for the money, and experience/experiment with new places/things on a leisure trip in 2012. These attributes come close to defining an important part of the Nebraska tourism assets.
- Natural beauty/scenery and a relaxing environment (approximately 70 percent) top travelers' list of ideal vacation offerings. However, only about 22 percent to 26 percent of respondents associate these traits with Nebraska. Clearly, added marketing and branding efforts are needed to highlight important unique and authentic defining features of the Nebraska tourism experience.
- Almost a quarter of recent Nebraska visitors say they would be very likely to recommend visiting Nebraska to friends/family, but 56 percent say they would not be likely to do the same. This is a concerning statistic, and further research is recommended into post travel perceptions.

Getting Started as a Commission – the Mission, Leadership and a Tourism Value Proposition

As a new organization, the Commission should prepare a concise mission statement and a set of specific objectives. A sample mission statement reads as follows:

"The Mission of the Nebraska Tourism Commission is to serve as the state's official tourism marketing organization, charged with expanding Nebraska's travel economy by generating increased visitors, resulting visitor expenditures, tax revenue and employment."

This type of mission should be memorialized by the Commission and incorporated in annual market planning documents including annual reports, on business oriented press releases, and revisited as part of future Strategic Planning processes.

The Nebraska Tourism Commission should continually be seen as the primary source for state-wide tourism information and guidance. The new Commission Executive Director should initially dedicate up to 25 percent of her time to outreach to the wide network of tourism organizations throughout the state in order to introduce and promote the new Commission, its resources, mission and commitment to growing the tourism industry in partnership with stakeholders throughout the state.

With respect to tourism assets, Nebraska offers perhaps one of the most diverse set of attractions in the country, inclusive of natural, historic, cultural and other assets (consider the diversity encompassed by the entertainment available in the metro areas, geological and fossil features in the northwest, the wagon trains in the southwest, historic downtowns in the southeast, and natural beauty and recreation in the northeast, not to mention sandhills, crane migration, river recreation and other tourism opportunities throughout the state). Beyond a simple list of attractions, Nebraska can be defined in terms of characteristics that include the heartland, independent, self-reliant, pioneer spirit, western heritage, surprising culture and entertainment, and hidden treasures.

Applying these features will allow for the creation of an appropriate marketing statement for the state. Consider, for example, the following.

"Nebraska is the old west, the great plains of American Indian lore and the adventures of Lewis and Clark. It's the scenic wonders and great outdoors of award-winning golf, amazing wildlife and the family fun of discovering new surprises and adventures around every corner, filled with year-round special festivals, fairs and celebrations. It's the dynamic sports, entertainment, culinary and cultural attractions offered in our cities and towns. That's why this is Nebraska…where the possibilities are endless."

This type of marketing statement should be endorsed by all stakeholders for its ongoing consistent usage. It should always be featured as introductory copy for the Commission's website, all consumer collateral materials including the annual travel guide, the Nebraska group tour planner, used at the bottom of press releases, for sales and trade show displays and wherever feasible as initial copy followed by secondary communications messages.

Policy and Planning Recommendations

Based on the extensive stakeholder outreach, visitor research and successes/failures experienced as part of other state tourism efforts, we have prepared a set of policy and planning recommendations designed to enhance the Nebraska tourism product, and to enhance the economic and tax revenue impact of tourism throughout the state. These recommendations are summarized below.

<u>1. Taking Nebraska on the Road</u>

We envision a three-city road show focusing on media who can generate top of mind Nebraska awareness, tour operators who actually produce tour programs for the leisure market and other important potential tourism segments. Nebraska travel stakeholders—principally attractions operators, CVBs, hoteliers and others would join the Commission's marketing team for a week of sales calls in several key cities. An evening reception, ideally featuring the governor, would be held to thank travel industry leaders/customers for their support. Follow-up efforts would be undertaken, along with invitations for travel writers and tour operators to come to Nebraska for site inspections and familiarization programs.

<u>2. Review and Assessment of the Official Nebraska Travel Guide</u>

We recommend the continued publication of the Travel Guide, however with a series of modifications as detailed in the Strategic Plan and focused on creating compelling and motivational graphics, copy and useful information that can increase conversion of potential to actual visitation. Going forward, we make the following recommendations regarding the future of the Nebraska Travel Guide.

1. Production designers and ad agency staff for future Nebraska guides should analyze and compare the current guide format/content to other successful state tourism guides now in use throughout the country. This should be done in a collaborative effort with the Commission staff.
2. Interviews with Nebraska leisure visitors (including interviews at the visitor welcome centers) should be conducted to provide opinions from those who rely on this guide the most. An annual Nebraska tourism stakeholder survey process should also be used to probe for feedback and suggestions specific to the Travel Guide.

<u>3. Develop the Nebraska Tourism Brand and the Visitor "Brand Promise"</u>

How does Nebraska promote its unbranded attractions and how effective is the existing brand tag line "Possibilities...endless" in helping to promote the tourism industry? The question has been raised often in internal Tourism Commission and stakeholder discussions. As previously noted, many state-wide stakeholders are uncertain as to the current state tagline, and in many cases, the "good life" tag line was preferred. We recommend that the Tourism Commission undertake an exercise to re-evaluate the brand/tag line for the state, with a particular focus on tourism and economic development efforts. Other state offices should be included in this process. While a single tagline for all state initiatives is an understandable goal, it may be possible to develop a series of effort-specific themes (for tourism, economic development, etc.) that while distinct, are all tied to a common concept.

4. PR and Internet Efforts as Part of a Realigned Program of Marketing Initiatives

The functions of PR support and web development (as well as other common advertising initiatives) which are all now vested with the ad agency vendor, should continue to be outsourced. However, the three functions of advertising, media PR and Internet development all require significantly different skill sets. As such, each program should be procured through separate requests for proposals of services. The PR or media publicity function must not be a reactive program, but rather a planned, proactive and ongoing initiative based on predetermined goals, strategies and work tactics to be achieved—along with measurable results. We are very pleased that the current Tourism Commission Director is now pursuing this type of approach in a first-of-its kind for Nebraska push into generating significant travel writer awareness. In fact, twenty to thirty travel writers, targeted for specific tourism sectors designed to benefit the industry in Nebraska, will be focusing on the metro areas within the next several months. Two other organized travel writer tours will take place at a later date throughout other parts of the state. Approximately $600,000 or approximately 30 percent of the current $2.0 million Commission advertising budget should be dedicated to PR efforts.

Today, the Internet has surpassed all communications processes and programs in its ability to provide travel information and influence vacation travel decisions. The development and implementation of a successful, performance based strategic website is required to ultimately generate greater consumer travel visits. The Tourism Commission should address several requirements to provide a more competitive program that can assure the production of more viable long term results. They include, in this order:

- Securing a professional Internet audit.
- Production of an Internet marketing plan.
- Ongoing professional oversight from third party experts.

The Tourism Commission currently uses eBrains, Inc. for mining visitors via the Internet. Based on our experience in the industry, this is the most effective vendor for such efforts. Approximately $100,000 of the current $2.0 million Commission advertising budget should be dedicated to web-based efforts.

5. Back to the Basics – Creating a Traditional Marketing Plan

With the exception of general staff job descriptions, the Commission does not maintain a business plan or other available documents that incorporate all planning, as well as the actual work to be achieved annually by the staff. A newly developed plan should include fundamental components including:

- Primary research that can best determine market opportunities for Nebraska tourism.
- Specific marketing work programs for the Commission and agency, along with anticipated timelines for implementation and anticipated performance productivity results.
- Communications messages, motivational attributes and destination positioning that are required for consumer marketing.
- The clearly defined destination brand and brand promise for Nebraska that is produced through consumer research.

The fully coordinated annual marketing plan should be prepared by the Commission with input of its vendors, and should provide direction for production of all principal activity and productivity to be achieved by the staff as well as by vendors, including advertising, PR and Internet development.

In the spirit of collaboration, the Marketing Plan should involve an advisory committee (potentially the members of the Nebraska Travel Association – NETA) and key stakeholders. Their input, particularly given their current efforts to broaden their organizational membership base, will be helpful in producing an inclusionary process while validating marketing initiatives that are implemented on their behalf.

6. Accountability and the Nebraska Tourism Effort

We recommend that the specific results produced by ongoing Tourism Commission marketing programs be carefully measured. While broad industry statistics are very useful to report, the performance of the organization should be judged primarily based on the success (or lack thereof) of the specific initiatives that are undertaken in order to generate travel awareness and visits. The following impact statement would describe the value associated with the efforts of the Commission. Once completed, the format for the statement might look something like this:

> *"Last year, operating with a marketing staff of _____and a $________ dollar marketing budget, the Nebraska Tourism Commission produced an estimated $________in new visitor dollars to the state, including _______________ overnight leisure visitors and event attendees. In addition, staff-generated media publicity valued at more than $_____________ reached (number) ____ potential visitors (expressed in circulation/readership) who are now considering Nebraska for future visits. Thus, on behalf of the State of Nebraska and its business partners, the Tourism Commission delivered a ____- to- 1 return (divide the return by the annual DMO budget) on investment of marketing dollars expended. Also, the Division's four-person consultancy team assisted in the development of __ major tourism market development projects throughout Nebraska last year that had a combined estimated total value of $___________."*

7. Assessing Stakeholder Concerns and Interests

We recommend conducting a Stakeholder Assessment Survey—designed to collect ongoing stakeholder input regarding the Tourism Commission and how well it is fulfilling the needs of its partners.

The optimal method for assessing tourism organization stakeholder levels of support and need is through a third-party online survey that provides anonymity. It offers the most accurate method of gaining participant input and guidance. Questions for this assessment should be designed to generate both quantitative and qualitative feedback on the value of existing Commission programs, and suggestions for future efforts. Responses should be segmented and provided by several areas, including hotels, attractions, CVBs, chambers restaurants, culture and arts, and others deemed appropriate for analysis.

8. Addressing Management Issues for the Nebraska Tourism Commission

With respect to Board structure and makeup for the Commission, we recommend that over time, the board member skill sets be clearly defined to include representatives from traditional local/regional destination marketing organizations (CVBs), as well as from private businesses operating in the tourism industry. These private businesses provide a real-world perspective on how tourism in Nebraska is trending, and what initiatives could best support entrepreneurs critical to growing the industry. Also, high level executives in non-tourism industries should be included in order to introduce high quality business practices into the organizations.

We have some concern in that owners of smaller businesses have significant time constraints, particularly during peak tourism seasons. Attending board meetings can result in real and unsustainable costs to the business beyond those that are travel related. Every effort should be explored within current legislation to institute a type of stipend to compensate small business owners for their needed contribution to helping guide the tourism industry for the state.

9. Tourism Signage

The Executive Director of the Tourism Commission has initiated important discussion with Department of Roads officials to begin addressing issues raised by the industry as to lack of adequate tourism signage. While recent state policy did not allow for modification to signs that are not considered in conformity with policy, several important changes have been adopted, including significant enhancements to signage along I-80 and other key highways, expanding of community tourism informational signage, and installation of 50 inch monitors in visitor centers throughout the state with opportunities for local tourism businesses to advertise, providing valuable access to a larger share of the visitor base in the state.

While the these changes are beneficial, there is no on-going mechanism to formalize a signage review and approval process. To address this, the tourism industry should be formally involved in tourism signage decisions through a joint Department of Roads/Tourism Commission committee formed to review all existing tourism sign regulations and applications. Continued progress should be made with respect to the blue and white information signs to be erected on a community-by-community basis in order to highlight Nebraska tourism businesses and attractions. This process could be evaluated by the committee described above. Finally, there are numerous bed and breakfasts, wineries and other private tourism businesses that are located in out of the way places throughout the state. Efforts should be made to allow these businesses to apply for permits to place directional signage in a manner conforming to agreed-on guidelines as to size, quality and other aspects.

10. Leveraging I-80 and Other Highway Traffic

There is a widely recognized challenge in drawing visitors off I-80 into the many areas of the state that offer significant unique and authentic experiences including the numerous scenic byways, historical sites, unique natural attractions and other Nebraska experiences. Recent tourism industry research specific to Nebraska clearly indicates a material negative perception amongst much of the traveling public towards the state, with many using descriptors such as flat, boring and lacking in interesting things to do. A drive through the state along I-80 therefore represents not just a lost tourism opportunity, but a mechanism that reinforces negative perceptions.

To mitigate these conditions, approximately five large-scale, fully digital displays could be placed at key points along I-80 throughout the state. The programmable signs would be of a high design quality, would not be viewed as unsightly highway clutter, and would depict scenes from Nebraska that await the visitor – Chimney Rock and the opportunity to ride the wagon trains, the crane migration, various festivals and events, historic downtowns, the various scenic byways, etc.

We understand that there will be concerns regarding such an approach; however, we believe that the value of advertising the state to millions of travelers, mitigating negative impressions reinforced by traveling I-80, and drawing traffic off the Interstate into the numerous surprising assets within the state, is significant enough to justify serious consideration of this option.

There are also several other opportunities to inform travelers along I-80 as to important tourism assets within the state. One approach used in Colorado and South Dakota for example, is to provide visitors with CDs that highlight state tourism, history, culture and other aspects in an entertaining manner. At a relatively low cost, the information contained on the CDs could be modified on a regular basis. A more aggressive approach could take advantage of the fact that many vehicles today are equipped with satellite radio capabilities. Consideration could be given to creating a Nebraska station that provides a variety of useful and entertaining programming.

11. Liability Issues

Many tourism industry business owners feel that the costs for liability insurance prevent them from entering into various lines of service including horseback riding, hands-on working farm/ranch operations, petting zoos and like enterprises. This should be a great cause for concern with respect to tourism given the fact that a distinguishing feature of Nebraska tourism is the potential for unique and authentic experiences. In our travels, we found numerous instances of entrepreneurs avoiding initiatives that would provide visitors attractive hands-on experiences.

We recommend that legislation, patterned after a statute passed in North Dakota that limits various liability aspects for businesses involved in providing hands-on experiences to visitors, be considered for Nebraska. Further, the Commission tourism consultant positions should be structured (with necessary personnel training) to provide assistance to business owners looking to enter the tourism industry.

12. Buy Nebraska Issues

Today, it is difficult for Nebraska bed and breakfast operations to sell Nebraska wine and food products. Current state legislation heavily restricts the sale of such products, and requires fairly expensive licenses if the business owners wants to pursue such an option.

A program of "Buy Nebraska" should be developed whereby bed and breakfast operations, as well as other tourism and non-tourism businesses as appropriate are encouraged to sell made in Nebraska products. With the extensive agriculture industry (including an emerging wine industry) part of the Nebraska brand, such a program would remove barriers to further expose the state and its products to visitors. Tourism Commission staff should work with industry representatives and legislative staff to craft and approve such a program.

13. Tourism Grant Programs

Currently, the Tourism Commission maintains a Tourism Marketing Grant Program, funded to a level of approximately $125,000 annually. In general, the notion of providing a series of independent $3,400 grants to various communities throughout the state is difficult to justify from a strategic perspective. However, the program has been very well received in small and mid-sized communities, and being awarded such a grant is a source of pride and a modest but useful amount of revenue for these communities. We have two sets of recommendations with respect to the grant program.

- First, at its current monetary level, it would be of value to require that multiple proximate communities combine their grant application for a larger, potentially more productive grant. For example, if the towns of Mullen, Burwell and Kearney were to jointly apply for a grant to advertise birding assets in the state, the value of the grant could be multiplied. Fewer, larger grants could then be easier to track from a productivity standpoint.
- Secondly, consideration should be given to a significant expansion of the program's dollar value, consistent with many other states in the region. Putting financial resources in the hands of local tourism industry stakeholders, under a well regulated, measurable program designed to strategically grow the tourism industry can likely be supported from a return on investment perspective. An expansion of grants could be administered jointly by the Tourism Commission and Game and Parks, with a $500,000 annual appropriation made initially towards an expanded tourism grant program, with the possibility of increasing this funding to at least $1.0 million annually in the future based on return on investment analysis. Controls on how the funds are allocated should include:
    - Requirements with respect to brand support, with approved projects using state brand standards in all promotional efforts to maintain state-wide message consistency.
    - Emphasis on regional cooperation, with several communities banding together to create a larger regional tourism effort.
    - Measurement requirements in order to support future return on investment calculations.
    - Requirements with respect to local financial participation through matching funds (public and/or private).
    - Requirements that funds emphasize a uniquely Nebraska asset that supports visitation.

14. Revisit the Regions

The Nebraska Tourism Commission currently segments the state into seven specific regions. It is our view that these regions may not fully capture the actual description or distribution of natural, historical and cultural assets within the state, and an effort to redefine the regions should be considered. For example, the designation of "Panhandle Region" does not fully describe the assets that exist from north to south within this region. Similarly, Frontier Trails doesn't accurately describe the primary tourism and event assets in Kearney, Grand Island, Hastings and other destinations in the region.

We recommend that the Tourism Commission meet with key regional stakeholders, including CVBs and private tourism business representatives, to reconsider the designation and boundaries for each of the current regions, and whether or not there is a more suitable approach to defining the various areas of the state.

15. Land Acquisition and Infrastructure Strategy

There are numerous instances through Nebraska whereby it can be difficult for a visitor to access highly marketable natural and historic areas. We recommend that the Tourism Commission, working with Game and Parks, the Land Trust and other entities involved in tourism or land issues, embark on a program to identify specific parcels of land for which acquisition would benefit residents and visitors to the state. Similarly, these entities should enter into a coordinated effort to develop a set of interpretive centers, parking, trails and other capital projects on existing and acquired land that will greatly enhance access.

A realistic budget for acquisition and infrastructure development projects should be prepared. Opportunities to enter into public/private partnerships for acquisition/development projects should also be evaluated.

A comprehensive Tourism Infrastructure Plan, inclusive of project descriptions and preliminary budgets should be developed. We recognize that implementation of such a plan will necessarily have to be considered long-term, recognizing that not all acquisitions and development can be afforded, or will be available in the short term. However, formalizing such a plan will allow for a concerted effort to enhance access to important and marketable Nebraska tourism assets, thereby growing the opportunities for creating tourism related economic impact and tax revenue.

16. Evaluate Roles for Regional Tourism Consultants

The Tourism Commission currently maintains several positions designated as Regional Tourism Consultants, in some cases with a focus on specific sectors such as argi-tourism and eco-tourism. In our stakeholder research, three potential need areas were identified, as described below.

- Social media assistance, particularly with the convergence of destination marketing and social media, small and mid-sized markets do not have the resources or background to aggressively take advantage of this relatively low-cost marketing opportunity.

- Help with (not undertake) grant writing. The process can be cumbersome, and rather than reinventing the wheel in each community, a central resource with experience in this area would be valuable to many state-wide tourism stakeholders.
- Assisting entrepreneurs interested in creating hands-on access to unique and authentic Nebraska experiences. Ranches, farms, bunkhouses and related businesses looking to allow for more hands-on activities for the visitor are common examples that could be supported, provided the liability issues previously referred to are addressed.

We recommend that a report be developed that inventories the current set of services being provided by the Consultants, and that a survey of stakeholders be undertaken to evaluate associated value. The survey should also explore the value of new areas such as the social media, grant writing and entrepreneurial support services described above. There should be a regular process of service evaluation.

17. Visitor Welcome Centers

Nebraska currently provides for several staffed visitor welcome centers located primarily along I-80. These centers hosted a total of more than 150,000 state visitors last year. There are numerous un-manned centers and rest-stops throughout the state, as well as numerous locally manned community visitor welcome centers that welcomed travelers throughout the state. Staffing for the nine Visitor Centers is paid for by the Tourism Commission, while the Department of Roads maintains the physical structures and grounds. Recommendations associated with the visitor welcome center program are presented below.

- Maintain the manned statewide visitor welcome center program. Rename the Visitor Guides as Visitor Specialists.
- Evaluate opportunities to shift staffing responsibilities for Visitor Centers in larger market areas to the local community. They would have control over overall operations, under general brand, service and related guidelines set by the Commission.
- Work to incorporate unique interpretive centers into the visitor center, using the Kearney Visitor Center incorporated into the Crane Trust facility as a model. The Archway monument, although close to Kearney and York, offers an opportunity for such a center.
- Visitor specialists should be trained to identify the true interests of the visitor, and send them to locations not just in the region, but to other parts of the state. Formulate and deliver a new training module for travel specialist in presentation and written format.
- Consider developing an interpretive and visitor center west of Ogallala. Visitors coming east along I-80 are 120 miles into the state, and past several of the major attractions within the state, before they interact with a visitor specialist. The monumental signage concept described previously in this summary could help alleviate this lack of exposure; however, the visitor center concept is an important part of directing traffic into the state.

Tourism Funding Needs and Alternative Options

The current Nebraska Tourism Commission budget is approximately $4.6 million. This represents 4.0 percent of the $115.4 million spent cumulatively by states in the region (KS, IA, MN, ND, OK, MO, CO, MO, WY and SD), and ranks ninth among the 11 regional states reviewed. With budget increases in these surrounding states, Nebraska's share of total regional tourism spending will drop.

While we believe that many of the recommendations presented herein will serve to increase the tourism industry in Nebraska under a funding structure that holds the Commission budget constant, added Commission funding would likely enhance both the product and the level of visitation to the state.

We have considered the financial return aspects of increased tourism industry investment, focusing on the magnitude of tourism industry increases that would be required to support various added spending levels. For example, to support a $1.0 million increase to the Commission budget, an added $15.8 million in statewide tourism spending would be needed (assuming a 6.3 percent effective tax rate), representing a 0.4 percent industry expansion from current levels. Similarly, to support a $5.0 million budget increase, $79.2 million in added tourism spending would be needed to generate corresponding tax revenue, or a 2.1 percent expansion of the tourism economy.

In our view, a 2.1 percent increase in tourism related spending driven by enhanced sales, marketing and infrastructure investment is highly attainable. However, we also recognize that revenue collected under the current rate structure is already committed to various state and local priorities, and that reallocating these revenues could be very difficult to achieve.

We have therefore explored the implications for some form of internal tourism industry financial support to create added sales, marketing and infrastructure funding. In effect, the industry would be seeking to self-fund added investment to help grow the industry within the state.

In Nebraska, county lodging tax receipts totaled $13.9 million in 2010, with an associated tax base of $361 million. To generate an additional $5.0 million in lodging tax revenue, a rate of 1.4 percent would have to be added, assuming a constant $361 million lodging tax base.

As noted in the case studies presented in the full report, there is precedence for taxes to be assessed on other visitor sectors to fund tourism, including motor vehicle rentals, attraction sales and other visitor intensive businesses. Businesses such as restaurants and service stations also benefit directly from the tourism industry. To the extent the tax base used to generate increases in tourism sales, marketing and infrastructure funding is broadened, this would reduce any required rate increase.

While there are numerous legislative challenges, we recommend that research into the opinions and attitudes of Nebraska visitor industry businesses be conducted as to whether or not there is support for such a funding mechanism to support increased investment in tourism promotion. In addition, this topic should be raised and discussed at the annual Nebraska Travel Conference.

We should note that a $5.0 million increase in Nebraska tourism spending would allow for significant increases in marketing efforts and limited infrastructure investment such as signage, visitor center investment and enhanced grant program funding. Other recommendations contained herein related to land/easement acquisition and development/maintenance of trails, interpretive aspects, parking areas, restrooms, etc. would have to be funded separately, potentially through annual state economic development appropriations.

Evaluating Nebraska Lodging Tax Allocation

In Nebraska, there are various taxes applied to the sale of lodging room nights. These can include a one percent state tax, a two percent county visitor improvement tax, and a two percent county visitor promotion tax. Currently, nearly all counties asses the promotion tax, and 43 counties assess the full two percent visitor improvement tax. These county taxes alone generated $13.9 million statewide in 2010, *and $99.7 million over the past ten years*. Allocating these funds in a strategic manner designed to truly enhance the visitor industry product and impact should be a paramount goal.

For counties that have assessed the lodging tax allocated to visitor promotion, they must establish a visitors committee to advise the county board as to appropriate expenditures. According to the legislation, the funds are to "be used generally to promote, encourage, and attract visitors to come to the county and use travel and tourism facilities within the county." Separate legislation stipulates that the lodging tax assessed for visitor improvements "be used to improve the visitor attractions and facilities in the county."

The general guidance provided by the legislation is not interpreted uniformly throughout the state. In some cases, funds are spent on projects that may not have a direct bearing on supporting and growing the visitor industry. Further, there is little coordination among counties whereas such coordination could help to maximize the regional and statewide impact of the expenditures. There is a clear logic in insisting that lodging tax funds be invested directly in growing the tourism industry. First, it is the lodging industry that creates the opportunity to collect the tax, and this industry should therefore benefit directly. Secondly, by investing the funds back into the visitor industry, the lodging tax base will increase, thereby creating a cycle of increasing revenue.

We also note that the visitor committees established to guide fund expenditures do not have term limits for members, creating the potential for stagnation of creativity and new ideas for tourism growth.

Going forward, we believe that several changes are needed to the process for allocating lodging tax funds, particularly those earmarked for visitor improvements. These are described below.

- A clearer definition of lodging tax investment guidelines should be prepared that stipulates all funds should be allocated directly to projects or promotional efforts that increase the exposure of the Nebraska visitor industry, or enhance the Nebraska tourism product. Projects or promotional efforts should be directly linked to the ability to generate added room nights.
- Visitor Committee membership should be governed by a set number of terms, and visitor industry representation (from the local CVB, for example) should be ensured.
- A rigorous benefits measurement program should be used for each investment of funds made. Those investments (for events, infrastructure or other projects) for which it is not possible to demonstrate enhanced visitor industry activity should not be made or should be discontinued.

- The Tourism Commission should provide each county with the Tourism Infrastructure Plan referenced previously herein, which describes desired development projects throughout the state that are deemed beneficial to enhancing the tourism industry. This Plan could help guide various county tourism investments.

The funds generated from lodging taxes vary considerably from county to county. In Fillmore County, only $2,842 in revenue was generated, whereas Douglas County collected $5.1 million. It is imperative that the above recommendations be considered for those counties that have significant opportunities through the lodging tax to positively impact the visitor industry.

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Adams County Convention and Visitors Bureau

Buffalo County Visitor Committee

Cheyenne County Visitors Bureau

City of Nebraska City

Columbus/Platte Valley County Convention and Visitors Bureau

Kearney Visitors Bureau/Buffalo County Visitor Promotion Committee

Lincoln Convention and Visitors Bureau

Nebraska Department of Economic Development

Nebraska Game and Parks Commission

Nebraska Hotel & Motel Association

Nebraska Scenic Byways

Nebraska State Legislature

Nebraska Travel Association

Norfolk Area Visitors Bureau

North Platte/ Lincoln County Convention and Visitors Bureau

Omaha Convention and Visitors Bureau

Platte County Convention & Visitors Bureau

Sandhills Scenic Journey Byways

Sioux County Tourism

Western Nebraska Tourism Coalition

Chapter 1 Introduction, Definition and Economic Magnitude of Tourism

Over the past eight months, extensive research has been conducted to form a basis for a Nebraska State-Wide Tourism Industry Strategic Plan. The opinions and comments from over 500 tourism, business and community leaders throughout the state have been incorporated into this Master Plan. Twenty-eight community forums and focus groups have been conducted statewide, in conjunction with extensive field research in every region of the state. Extensive research into visitor perceptions, competitive destination impacts, and visitor industry assets throughout the state has been conducted and incorporated into the Master Plan.

A primary objective of this Plan is to provide guidance to the executive leadership and board of the new Tourism Commission as to how to allocate existing financial resources to maximize tourism levels and associated economic impacts. Recommendations as to measuring the impact of specific tourism initiatives are made, and consideration of the economic benefit or return on investment merits of future funding levels are given.

In our travels, we have been privileged to experience the energy and urban character of the larger metropolitan areas, the historic small towns, scenic byways, highly unique natural beauty, adventure and wildlife, an opportunity to experience a western heritage unique to North America, and a history directly linked to the growth of the country. The state of Nebraska could be described as the most diverse 520 miles in the country. This combines with a spirit of self-reliance, openness and friendliness that helps define the character of Nebraska.

Within the Strategic Plan, opportunities are presented that will lead to increased tourism activity and impact. But perhaps more importantly, the Strategic Plan helps define the attributes of the state that if properly marketed can elevate the perception of Nebraska in the minds not just of travelers, but of business leaders and other decision makers that can influence the direction of future business development. In this way, the Tourism Strategic Plan can serve as a critical and pervasive economic development tool that filters into virtually every aspect of growth in the overall Nebraska economy.

In practical sense, tourism is not just a matter of a public agency spending public revenue to market a destination. In fact, thousands of business owners make their livelihood within the tourism industry, and a significant base of employment and tax revenue is supported by expenditures made by tourists. The Strategic Plan must ultimately therefore work to support and expand these businesses by removing barriers to success, by expanding positive awareness of Nebraska as a destination and by providing important planning support throughout every region of the state.

Reaching for tourism success is the objective and the challenge for the new Nebraska Tourism Commission. With its tourism budget of about $4.6 million dollars against the total $115 million dollar regional weight of its nearby Midwest/Great Plains competitors, it is certainly no simple task to cut through the competitive marketing clutter and produce top of mind destination awareness for potential Nebraska visitors that will lead to greater interest and resulting desire to visit.

To achieve these goals, it will be necessary to make best practice adjustments to internal workings and resource allocation at the Tourism Commission, to how the Commission interacts with the extensive network of tourism entities throughout the state, and to make investment in key areas of the state to enhance the tourism product.

This Strategic Plan is organized into the following sections:

1.1 A General Definition of Organizational Success

If a state tourism destination is to achieve optimum success, one important requisite should be an effective, strategic state tourism office run like a business and operated as a destination marketing organization, which, regardless of size and budget, effectively operates on behalf of its constituents.

How, then, should we interpret success within the tourism industry? What is the profile of today's successful tourism organization, and how can an organization define goals that represent true increases in state-wide impact? In our judgment, there are three major areas or success criteria, which, when considered collectively, provide generally agreed-upon and recognized requisites for evaluating today's successful organization.

Criterion I: Performance Success
A tourism organization should have a specific, repeatable process for determining the appropriate set of marketing initiatives, estimating tourism impact for each initiative, and for measuring the results of each initiative against original goals. In this way, a tourism organization can create a well-researched, measurable framework that defines the level of success of the organization and allows for re-calibration of future initiatives in order to maximize impact.

Criterion II: Best Practices for Marketing and Management
The tourism organization provides marketing, management, and operational excellence through its financial oversight, market research and planning, and introduction of best practices for business execution. Specific initiatives that should continually be undertaken include the following.

- Executive management and key managers should regularly attend industry conferences and training sessions.
- Annual surveys of industry stakeholders should be conducted to assess the impact of specific Commission initiatives, and to solicit feedback to inform future initiatives.
- Conduct on-going staff and program performance evaluation, professional staff development, and employee compensation and recognition.
- Executive leadership and the board should routinely undertake community partnership and alliance-building efforts to galvanize tourism industry interests, stretch resources, and leverage success.

The success of an organization can in part be defined by the extent to which marketing, management and operational initiatives draw from industry best practices, staff input, and market-wide outreach.

Criterion III: Community Leadership
The tourism organization should be the recognized state leader for effective tourism development. Today's tourism organization should be well regarded throughout the state for its leadership position. Government and other major stakeholders (i.e., hotels, attractions, art and cultural institutions, related businesses, and other associations) should look to the tourism organization as their senior partner and the focal point for state tourism destination management and marketing, planning, coordinating community stakeholder efforts, research, and long-range visioning.

The tourism organization's role is that of a major voice of the industry, the inspiration and the chief advocate for tourism issues—closely monitoring and managing key marketing issues affecting the state, such as the need for competitive market funding, sustainable tourism issues, infrastructure development along with other visitor amenities and service issues. The success of a tourism organization can in part be defined by the extent to which the organization achieves the stature described above.

Evaluating Success
Methods for evaluating the tourism organization's performance can be achieved through a combination of processes described later in this Plan that focus on quantifiable performance criteria, stakeholder assessments, and surveys of industry travel intermediaries including meeting planners, travel writers, and tour operators who work with the tourism organization.

By following the principal components of this strategic plan, we believe the Nebraska Tourism Commission will successfully fulfill the operational requirements of the optimum state tourism destination marketing organization.

1.2 Definition of Tourism

There are numerous definitions of tourism or of a tourist that can be found throughout the world. The World Tourism Organization defines tourists as people "traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes." Other organizations attempt to use a travel distance, length of stay or other measure to define tourism.

From an economic impact generating perspective, the notion of "net new" can be considered when defining a tourist. While somewhat of a narrow definition, it does help to quantify the economic impact generated within the state that would not occur without the tourist stay. This definition would certainly capture the traveler from out of state, coming to Nebraska for leisure purposes. It would also capture the Nebraska resident that chooses to spend time in Valentine, for example, as opposed to traveling to the Ozarks. Nebraska also benefits from the net new spending generated by visitors passing through the state, primarily along I-80.

It is also very relevant to consider that a resident of Omaha spending several days in Kearney represents an important economic benefit for hotels, restaurants, gas stations, retail outlets and other businesses in that area. By supporting these industries, the ability to accommodate the needs of "net new" visitors is enhanced.

For purposes of this Strategic Plan, our focus is on initiatives that will improve the impression of Nebraska in the minds of the traveler, improve the processes used by the Tourism Commission to attract visitor market share, and that will improve the tourism industry infrastructure. In this way, regardless of the strict definition of tourism, the net new impact of the industry can be enhanced by attracting new visitors and by retaining spending by residents that currently leaves the state.

1.3 The Magnitude of the Tourism Industry Nationally and in Nebraska

The United States Travel Association (USTA), led by Dr. Doug Frechtling, has developed an internationally accepted model to estimate tourism spending in particular regions and states, and on a national level. The model is considered conservative in that studies of specific regions or states generally indicate higher impacts than those generated by the USTA model. The USTA impact estimates, present annually for over 30 years, "are the product of U.S. Travel Association's Travel Economic Impact Model (TEIM), a proprietary economic model developed expressly to indicate the expenditures, employment, payroll, and tax revenue generated by travel away from home in the United States. The domestic component of the TEIM is based on national surveys conducted by U.S. Travel Association and other travel related data developed by U.S. Travel, various government agencies, and well-known private travel and research organizations each year.

In 2010, the most recent year for which national data exists, visitors accounted for $758.7 billion in direct spending in the U.S., increasing by 7.7 percent from the 2009 spending level of $704.4 billion, and reversing two years of decline due to difficult economic conditions and fuel prices. Travel-generated tax revenue throughout the country in 2010 approximated $117.6 billion, with travel related employment reaching 7.4 million jobs.

The annual spending impact of tourism in the state of Nebraska is estimated by the USTA at $3.7 billion, generating $582.8 million in annual tax revenues and supporting 43,900 jobs. According to the U.S. Bureau of Labor Statistics, there were 975,700 residents employed in Nebraska as of May of 2012. Based on these statistics, travel related employment accounts for approximately 4.5 percent of total state employment.

As will be discussed in a later section, the tourism organization budget for Nebraska at approximately $4.6 million, ranks ninth among 11 regional states, and is just over one-half the regional market average for tourism spending. The level of state tourism financial support relative to tourism economic impact is likely lower than many other economic sectors, and as will be identified throughout this Strategic Plan, there are numerous opportunities to better allocate the existing financial resources, and sound investment ideas that would require an enhanced budget.

Chapter 2 The Tourism Commission Mission and Industry Leadership Role

As a new organization, the Nebraska Tourism Commission should prepare a concise mission statement and an associated set of specific organization objectives. Therefore, as an initial first step in this Strategic Planning process, guidelines are presented for preparing the mission statement for the new Commission. The mission should reflect its clear reason for existence—and why it operates on behalf of the state and the tourism industry. All future business planning and development that follow should subscribe to it as the foundation of purpose. Therefore, it is critical that there be clarity and consensus around the Mission.

As part of the Strategic Plan development process, we have conducted a review of other tourism organization mission statements to assess opportunities for what the Nebraska mission should be, and what it should specifically contain. Ultimately, the Mission Statement for the Nebraska Tourism Commission should be:

- concise, clear and brief—no more than a sentence or two in length, so that it can be easily stated, serving as a basic foundation for more specific initiatives. It should focus solely on the reason for its existence and the fundamental goal it is designed to achieve. Market segments and the marketing process to be deployed can be described later in the marketing plan.
- market-driven and supportive of achieving higher or incremental volumes of business. This confirms that the Commission achieves, as a result of its work, quantifiable performance impacts in firm numbers and later forecasts them for future delivery as part of a traditional marketing and business plan. This, after all, is what destination marketing is all about.

Although there is no formalized mission statement of purpose for the former Nebraska Tourism and Travel Division, its intended purpose is clearly reflected in other state government acts that created the operating program and statewide lodging tax for establishing a visitor promotion cash fund:

"To attract visitors to Nebraska and further the use of travel and tourism facilities in Nebraska."

This purpose provides a solid foundation for development of the following suggested mission statement for the new Tourism Commission:

"The Mission of the Nebraska Tourism Commission is to serve as the state's official tourism marketing organization, charged with expanding Nebraska's travel economy by generating increased visitors, resulting visitor expenditures, tax revenue and employment."

This mission should be memorialized by the Commission and incorporated in annual market planning documents including annual reports, on business oriented press releases, and revisited as part of future Strategic Planning processes.

Once the Mission Statement is defined, it is important to identify and clarify the fundamental broad-based objectives that cascade from the Statement and fulfill the entire scope of work of the Commission. Therefore, for existing and potential future programs to be considered for inclusion in the overall Strategic

Plan, they should fit within the parameters of key objectives. Following review and input from staff and stakeholders, these six fundamental objectives have been created that flow from the new Mission Statement:

1. Generate positive awareness of the State of Nebraska as a destination of choice for targeted leisure travel, meeting, sports and other relevant segments.
2. Stimulate interest and desire on the part of consumers to take action and visit – in essence, create a marketable storyline (not just a laundry list of attractions) that is unique with respect to the assets of Nebraska.
3. Increase the magnitude of the state's tourism business stakeholders and community constituents.
4. Proactively support the development of additional tourism products and services to enhance the visitor experience.
5. Maintain research, marketing and informational resources for Nebraska's tourism industry stakeholders and businesses.
6. Create positive awareness, support and participation in the tourism industry and the marketing programs of the Commission through advocacy and collaboration.

For future market planning, these objectives should be supported by ongoing work plans, strategies and tactics that comprise an annual marketing plan for the Commission. A suggested marketing plan model is outlined later in this Strategic Plan.

2.1 Vision for the Tourism Commission

With guidance from Nebraska tourism leaders, we seek to answer this question: How do we best describe the Tourism Commission and its relationship to the diverse public and private entities that intersect directly or indirectly with the tourism industry?

We asked staff and stakeholders throughout the process to look ahead five years to envision a strategic, productive tourism organization. In response, stakeholders described their aspirations for the future tourism program, and their viewpoints and their comments were incorporated as future requirements for this resulting Vision Statement. Stakeholders listed these attributes and benefits of the future organization, as follows.

- Has a forward looking advisory committee and staff that embraces and fully considers the views of the broader industry.
- A marketing program effort that consistently produces new and more business results for all stakeholders.
- Operates with candor, transparency and best business principles in a full partnership with government and community business interests.
- Is the state's respected leader for tourism development.

- Enjoys strong partnership support and marketing participation of stakeholders and organizations.
- Operates with a competitively funded program providing required manpower and marketing resources to achieve success.

The required attributes were then combined and incorporated to describe the Vision of the emerging Nebraska Tourism Commission, described below.

With leadership support of the State and our industry partners, guidance from our governance board and through innovative performance from the staff and our stakeholder relationships, we will continue to emulate and exceed the industry's highest professional standards and industry best business practices in a spirit of leadership, candor and effective communications…Building the Nebraska brand and its promise for visitors…Delivering enhanced sales and service excellence for our clients and customers…and with dedicated marketing budget and manpower resources, we will strive to achieve the greatest possible return for the State of Nebraska and all its residents.

This vision statement provides a strong, positive commitment for the future. Like the mission statement, it should be prominently shared while also featured in marketing and annual planning documents. In the future, the vision statement should be revisited as part of the organization's long range strategic planning process for ongoing possible refinement and updating.

2.2 Developing a Voice of Leadership for Nebraska Tourism

The Nebraska Tourism Commission should continually be seen as the primary source for state-wide tourism information and guidance. The new Commission Executive Director should initially dedicate up to 25 percent of her time to outreach to the wide network of tourism organizations throughout the state in order to introduce and promote the new Commission, its resources, mission and commitment to growing the tourism industry in partnership with stakeholders throughout the state. The initiatives described below are designed to help achieve this objective, and should also be thoroughly detailed in the annual marketing plan.

<u>Create Stakeholder Awareness and Interest in Support and Participation for Commission Programs and Services</u>

This can be achieved in part by issuing a dedicated monthly electronic newsletter to stakeholders. The Commission Director has begun to create these types of communications, and ongoing subject matter should include:

- Major initiatives produced/launched—including advertising, media publicity, collateral publications and other marketing programs and results.
- Tourism-produced and distributed leads for potential business.
- Trade show and public show participation and results.

- A save-the-date column for upcoming marketing meetings and stakeholder opportunities.
- Calendar of marketing events—marketing plan launch, upcoming roundtables scheduled, etc.

A number of competitive newsletters are available for comparison and emulation (one excellent version is the Greater Miami CVB weekly newsletter). Some are produced on-line through a "partners-only section of the website." To maximize interest and readership, we recommend a special email disseminated version.

<u>Use Tourism Forums for Gathering of Stakeholder Input and Conveying Important Commission Initiatives</u>

The Commission holds an annual Travel Conference that is generally well attended, and offers an opportunity to share achievements and goals with respect to the tourism industry. In addition, there are numerous state and regional organizations that impact the tourism industry, including:

- Nebraska Tourism Alliance
- Nebraska Association of CVBs
- Department of Roads
- Nebraska Game and Parks Commission
- Nebraska Restaurant Association
- Nebraska Hotel/Motel Association
- Nebraska Historical Society
- Nebraska Arts Council
- Nebraska Land Trust
- Nebraska Environmental Trust
- Nebraska Land Foundation
- Nebraska Golf Association
- Chambers of Commerce
- Wineries and Grape Growers Association
- Scenic Byway organizations
- Numerous regional tourism organizations (i.e., Northwest Nebraska High Country, Southeast Nebraska Tourism Council, etc.)

In some cases, these and other tourism oriented organizations host annual meetings. In many other cases, the gatherings may be informal and/or held with a conference call. The current Commission Director has participated in many of these meetings and calls, and as a result, is establishing the Commission as a clear leader and support organization with respect to state-wide tourism related initiatives. This process, while very demanding and time consuming, should continue. Over time, other Commission staff (and in some cases board members) can share the burden of participating in these events; however, given the changes that have taken place, and the new direction that the Commission will ask the industry to follow, the Director should take a high-profile, public role in the industry through outreach to key organizations.

Reinforce the Impacts and Benefits of the Tourism Industry Throughout the State

This requires dissemination of press releases regarding annual production and distribution of the state economic impact figures from the U.S. Travel Association and other relevant economic impact data. An informational one page piece entitled "Nebraska Tourism: its positive role in economic impact and economic development for the state" should be produced annually that covers this economic data (all paragraphs should show footnoted data references). This material can also be featured in the above referenced newsletter. The analysis should include the following components:

- Why Nebraska tourism is a fully supportable financial investment: reviews the thousands of jobs in Nebraska that are directly supported by tourism spending, along with taxes paid by visitors that save Nebraska households additional taxation each year.
- Nebraska's visitor profile: provides a profile of the annual visitor, total visitor numbers, length of stay, spending totals compared to previous years, state market share compared to the nation, and as compared to past periods.
- Nebraska Tourism Commission Performance: reviews information used to produce the value statement found in this Plan, including tour bookings, conversion of leisure visitors from advertising and the web, media publicity produced, impact of the Visitor Centers, and total quantifiable economic dollar returns from these combined annual initiatives.
- Description of tourism related infrastructure development within the past year.
- Description of how state tourism assets have benefitted business relocation efforts.
- Other relevant market data: could include an annual barometer of state tourism indicators such as major airport arrivals, annual interstate traffic counts, hotel occupancy taxes, total restaurant receipts or jobs employed, attraction attendance, etc.

Managing Relationship with the Media

To the extent that there are media questions pertaining to the tourism industry within the state and/or nationally, the Commission Director should be seen as the first source for information. Working with the Commission PR position, the Director should inventory media that cover the tourism industry, and reach out to assure them that the Commission will make every effort to provide reliable and timely feedback to any questions that may arise. This effort and availability should encompass a state-wide focus, and is not designed to replace local tourism leadership which focuses on issues within their own markets.

Note that general guidelines for Commission board roles, responsibilities and policy guidelines are presented as Appendix 1 presented under separate cover.

Chapter 3 Defining the Nebraska Visitor Through Primary Tourism Research

Like other successful tourism marketing programs of competing states, Nebraska produces incremental tourism business for its stakeholders through what is known as a "consolidated marketing process", acting as an umbrella cooperative, representing all components of the visitor industry including hotels, attractions, restaurants, convention facilities, tour operators, attractions, transportation carriers, retail and others who are vitally important to visitors.

The tourism marketing program employs what is traditionally known as the AIDA cycle for achieving consumer visitation for such programs, inclusive of advertising, media publicity, the Internet, direct sales, trade shows, travel publications, visitor information services and other initiatives by 1) stimulating the customer through programs that produce destination *awareness*, leading to 2) customer *interest*, 3) *desire* to visit, and ultimately 4) *action* in making the decision to purchase and visit.

Through comprehensive tourism research, we can define the consumer that travels for a myriad of trip purposes, and which segments of the traveling public should be focused on as part of the Commission's marketing efforts. As part of this Strategic Plan, we strongly recommend a program of primary research designed to measure consumer opinions and potential for travel to Nebraska. This research should be repeated annually to determine the profile of the optimum visitor and then apply financial resources in direct proportion to those priority markets. Research is also essential to measuring the effectiveness of on-going Commission marketing efforts and in making strategic, market-based adjustments to specific programs.

We have discussed with the executive leadership of the new Commission various opportunities to better define the potential Nebraska traveler. Based on these discussions, several months ago the Commission Director authorized a major first step in strategic destination market planning. In June of 2012, the Nebraska Tourism Report from Equation Research, international leaders in the tourism research field, was produced, providing important information regarding visitor motivations as well as the demographic (age, income, trip party size, geographic location, trip frequency, etc.) and psychographic information (likes, desires, attitudes and interests) that guide successful program marketing and destination management. A total of 552 visitors within potential Nebraska travel markets were surveyed. Through it, we now have a detailed picture of the current and potential Nebraska visitor market in terms of attitudes, travel needs and interests, travel planning and behaviors.

As previously noted, annual updates of this research will be critical in both measuring the results of Commission initiatives, and in providing important guidance for future initiatives. A summary of key findings is presented here, with the full study included as Appendix 2 to this Strategic Plan (under separate cover).

<u>The economy is a major factor in both past and future travel</u>

- Past year travel behavior was heavily influenced by monetary concerns, with 53 percent of respondents saying they chose less expensive accommodations/destinations and spent less money on their vacation overall, and 27 percent saying they took shorter trips.
- Gas prices are the chief factor (65 percent) determining whether or not people will travel in the next year, followed by cost of living increases, inflation, current status of the economy overall, and rising food prices (all over 40 percent).

- Almost 50 percent of travelers say they spent 2-4 nights at their destination on their last trip, tying back to their desire to save money and take shorter (weekend/long weekend) trips.
- On their last leisure trip, travelers' mean transportation spend was $549, and other mean trip spend was $1,042. Thirty-seven percent of travelers say they spent less than $500 in total other expenses.

Online vacation search engines/planning sites/booking engines are very useful for future trip planning

- Sixty percent of respondents said they used search engines to plan their most recent trip, while 56 percent mentioned travel/other websites, and 48 percent cited the use of booking engines (i.e., Travelocity, Orbitz).
- When asked for open ended/unprompted responses about travel/other website usage for their last trip, 87 percent named these types of websites. Similarly, and again unaided, 84 percent say they use these sites when considering travel information/reservations.

Travel Destinations

- Florida is the state most travelers have visited since January 2010 (42 percent), followed by Texas (35 percent), and Colorado (33 percent). Twelve percent of respondents visited Nebraska in that same time frame, comparable to the 15 percent that had visited South Dakota and Oklahoma, with 11 percent visiting Wyoming, 10 percent visiting Montana and 8 percent visiting Idaho.
- Florida tops the list of vacation destination states that travelers are very/somewhat familiar with in terms of what it has to offer (84 percent). Nebraska is less well known as a vacation destination (31 percent), not significantly different than Iowa and Arkansas (both at 37 percent), Oklahoma at 36 percent, Montana at 35 percent and Idaho at 27 percent. In addition to a lack of advertising awareness for Nebraska in the past 6 months, 71 percent of respondents say they have not seen or read any stories/articles about Nebraska in that same time period.
- This level of familiarity with vacation destinations is likely associated with advertising, as respondents most remember seeing ads for Florida (43 percent), Colorado (29 percent), and Texas (36 percent) in the past 6 months--compared to four percent for Nebraska, six percent in Idaho and Iowa, and five percent in Kansas.
- It is useful to note that advertising viewing for states such as Montana, Oklahoma and Arkansas was three to four times higher than for Nebraska, although this did not yet translate directly into significantly greater familiarity of the state as a vacation destination.
- Approximately 35 percent of those who say they are not likely to visit Nebraska in the next year cite a lack of interest, while 17 percent attribute it to a lack of knowledge about what Nebraska has to offer. Those who are likely to consider visiting Nebraska in the next year mainly attribute their interest to visiting family/friends (40 percent). While about one-third of people have a positive impression of it, about the same number feel somewhat negative toward it. Forty-five percent feel it's lacking momentum as a vacation/leisure travel destination.
- Unaided, 24 percent of people say they lack information about what makes Nebraska a different vacation destination.
- Unprompted, 18 percent feel the state is boring and/or lacks things to do.

- It is clear that Nebraska marketing and branding efforts will have to both increase awareness, and to some degree change existing perceptions of the state.

The Motivation for Travel – and the Opportunity for Nebraska

- About 60 percent of travelers hope to relax/re-energize, get a good value for the money, and experience/experiment with new places/things on a leisure trip in 2012. These attributes come close to defining an important part of the Nebraska tourism assets. The following chart captures this concept, highlights both the motivational factors for traveling (Ideal Vacation Offerings) and the corresponding impression of Nebraska as a destination.

	Ideal Vacation Offerings	Perceived Nebraska Vacation Offerings
Natural beauty/scenery	72%	22%
Calm/relaxing environment	70%	26%
Scenic mountains	63%	4%
Nice national parks	54%	6%
A good array of events/festivals	41%	6%
Rivers and lakes for recreation	41%	14%
Scenic photography for the natural outdoors and historic places	40%	16%
Diverse historical sites/history museums	36%	12%
Expansive wilderness and wildlife viewing	36%	16%
A great sense of adventure	33%	4%
Openness/nice open spaces*	30%	47%
Nice boating/canoeing lake and river activities	28%	7%
World class zoos that are hard to find in most places	21%	15%
Old West heritage	17%	19%
Great golf courses to play for any skill level	16%	3%
Fun winter activities like alpine or backcountry skiing and snowmobiling	15%	2%
Native American culture	15%	19%
Archeological sites/digs to explore	14%	3%
Plenty of good camping/RV-ing options	13%	13%
Authentic adventure in the Great Plains	9%	22%
Unique dude ranches as an alternative place to stay	9%	5%
Some of the best fly fishing/fishing available	8%	2%
Good hunting opportunities	6%	14%
Diverse birding	6%	5%
Other	7%	8%
None of the above	2%	22%

- Natural beauty/scenery and a relaxing environment (approximately 70 percent) top travelers' list of ideal vacation offerings. However, only about 22 percent to 26 percent of respondents associate these traits with Nebraska. Clearly, added marketing and branding efforts are needed to highlight important unique and authentic defining features of the Nebraska tourism experience.

- Nebraska is seen more as offering open spaces (47 percent), ease of travel to/within the state (42 percent), and as having welcoming residents/atmosphere (34 percent).

- Most descriptions of Nebraska's vacation offerings are quite motivating to people as reasons to consider a future visit to Nebraska, especially the Omaha Zoo, 'where the west was won', and the 'Nebraska Migration', but ongoing awareness is low.

- About two-thirds of Nebraska visitors say their most recent trip met their expectations, and 30 percent say it was much/somewhat better than they expected.

- Almost a quarter of recent Nebraska visitors say they would be very likely to recommend visiting Nebraska to friends/family, but 56 percent say they would not be likely to do the same. This is a concerning statistic, and further research is recommended into post travel perceptions.
- When asked an open ended question about what they liked best about their experience, 53 percent of recent Nebraska visitors noted activities, outdoors, recreation (e.g., the Omaha Zoo, Downtown Omaha, etc.).
- When asked an open ended question about what they liked least about their experience, 39 percent of recent Nebraska visitors said something about the driving, lack of activities or landscape.
    - Twelve percent did not like long distances driven between towns, 11 percent commented on a lack of things to do, and eight percent thought it was flat/lacked scenery.
    - Fourteen percent had complaints about the weather.
- These statistics again point to a need to more effectively market and brand the key Nebraska tourism features.

This research begins to provide a foundation to the Commission and its vendors for the appropriate allocation of marketing resources. These efforts will clearly be needed to increase awareness as to the unique attractions within Nebraska, and to mitigate various negative perceptions held within the traveling public that are counter to actual conditions within the state.

Chapter 4 – Recommendations for the Nebraska Tourism Marketing Program

The purpose of this chapter is to define several specific initiatives that the Commission should undertake as part of its overall tourism marketing efforts. In the following chapter, we define a recommended approach for creating an annual Marketing Plan that encompasses and organizes the breadth of the Commission's efforts.

As part of the tourism strategic planning process, it is important to take stock of today's turbulent economic conditions which have spelled exceedingly tough times for the travel industry—attendant job losses, curtailing trips or staying closer to home and spending less, while triggering other resultant losses in the spending cycle. The negative impacts can be substantial and long term. However, it is critically important to remember that this period of economic downturn is also a time to strengthen and solidify tourism development by focusing on this extremely important marketing axiom:

It is during economic downturns that tourism organizations have a significant opportunity for increasing destination market share.

Market share does not shift significantly during good times when the total "economic pie" traditionally grows and most destinations compete for their share, which is sufficient to sustain existing tourism business infrastructure. Instead, shifting can take place during times of economic downturn—with lower average daily hotel rates (ADR), less hotel room nights sold and corresponding reductions in bed tax collections and associated destination marketing budgets.

That situation creates a downward pressure on some tourism organization budgets—and when competitors can enhance either their budget or their programming, they drive an increased customer awareness and resulting market share in relationship to the competition. We see this dynamic in practice, with states such as Colorado temporarily eliminating their state tourism budgets, before accepting analyses demonstrating a positive financial return on investment for such expenditures. Today, even in the face of reduced state revenues, numerous states are increasing their tourism budgets. Several brief case studies are illuminating.

> <u>Colorado</u> – In 1993, the state of Colorado eliminated their tourism marketing budget. Based on careful research by Longwoods (included as Appendix 3 under separate cover), "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 $2.0 billion yearly. In the important summer resort segment, Colorado dropped from first place among states to 17th." In 2000, funding was restored at a $5.0 million level. Longwoods research "tracked the effectiveness of the state's tourism campaigns over the next few years, and demonstrated an ROI of over 12:1. More recently, the state provided an additional $3.7 million in revenue to supplement the gaming-funded tourism budget resulting in a budget increase from $12.0 million in 2011-2012 to $13.7 million for 2012-2013.

> <u>Wisconsin</u> – The tourism budget for 2010 was approximately $9.9 million. The state increased this budget by $5.0 million over the 2011-2012 biennium. In approving the increase, Governor Walker

stated "At any time when the economy is tough, you have to hunker down and advertise," to a group of about 900 travel industry professionals who gathered for the conference. "You've got to reach out and bring more people in."

Michigan – Perhaps no state has been hit as hard as Michigan during the on-going economic downturn. Yet even with a significantly reduced state budget, the Governor in 2009 authorized the one-time doubling of the state tourism budget to $30 million. This was provided largely in support of the successful "Pure Michigan" advertising campaign. Longwoods International was retained to analyze the resulting return on investment, and concluded that for every dollar spent on the campaign, and additional $3.00 was returned to the state treasury in the form of taxes generated by expenditures made by incremental visitors. The Longwoods study is included as Appendix 4 under separate cover.

Washington State – In July of 2011, the state legislature voted to eliminate funding for state tourism efforts (the budget had been reduced to $1.8 million from $7.0 million the previous year). Two developments have helped sustain tourism efforts in the state. First, Seattle implemented a $2.00 surcharge on hotel room sales, helping to fund a $6.5 million advertising campaign for the metro area. Secondly, private industry, local CVBs and other tourism entities (through the Washington Tourism Alliance) set a goal of raising $7.5 million to support a state-wide marketing campaign. The Alliance has, in effect, absorbed the tourism responsibilities of the previous state funded organization. It is too early to assess the effectiveness and sustainability of this model.

Through the research presented herein, we know that for Nebraska the following conditions exist.

- There are assets in Nebraska that are unique, authentic, and speak to some of the most significant motivating factors for leisure travel in the country.
- There is limited customer awareness of Nebraska's wide array of visitor amenities, resources and services, and perceptions of Nebraska don't fit well with the true diversity of tourism attributes in the state.
- The budget for tourism spending is relatively low when considering expenditures made in many of the competitive destinations.

This is an important time for Nebraska tourism, both from the perspective of the opportunity to aggressively pursue a greater share of the leisure market, and with respect to the new Tourism Commission just getting underway. The recommendations presented throughout this section are designed to enhance the top-of-mind awareness among the target audience, to enhance the internal operations of the Commission, to identify opportunities to coordinate the various tourism entities in operation throughout the state, and ultimately to increase the overall economic impact of the tourism sector within the state.

Within this chapter, we begin (Section 4.1) with an effort to define a "marketing statement" for Nebraska Tourism. This is an attempt to create a one-paragraph motivational statement that begins to answer the question "why would someone want to visit Nebraska?" In sections 4.2 to 4.6, we present specific recommendations for resource re-allocation and policy initiatives that support the marketing statement, and should be implemented or considered to better drive tourism impact and return on investment.

4.1 Motivate the Nebraska Customer with a New Nebraska Marketing Statement

Consumer research concludes that potential visitors are optimally motivated by a set of specific “big name” tourism assets, coupled with a description of the character of the destination that is motivational. Consider the specific asset of Disney World, with the motivational character defined as “the happiest place on earth”. A well established, and believable, marketing statement requires several key initiatives:

- The defining of major ranked consumer appeals or tourism assets guided by research.
- The definition of destination characteristics tied to what is truly unique and authentic and that effectively separates the state from other competitors in the eyes of the consumer.
- A description of the actual experiences that a destination can provide that are unique, authentic and that are motivational to the visitor.

4.1.1 Tourism assets

With respect to tourism assets, Nebraska offers perhaps one of the most diverse set of attractions in the country. The following list is not all-inclusive, but is designed to exemplify this diversity, and also the challenge in positioning the state in terms of overall tourism messaging.

The Fossil Freeway/Agate Fossil Beds National Monument
College World Series
Wildcat Hills & Nature Center
Fort Robinson
Nebraska Football
Scotts Bluff – Chimney Rock – Oregon Trail
Omaha Zoo
Crane migration
Sand Hills
Old Market (Omaha) – Hay Market (Lincoln)
Mahoney State Park
Lake Calamus
Lake McConaughy
Ponca State Park
Durham Museum
Niorbrara, Loup and other state rivers
Star gazing
Wessels Living History Farm (York)
Omaha Children’s Museum
Chances “R”
Classic Car Collection in Kearney
Nebraska’s BIG Rodeo (Burwell)
The Scenic Byways
Archway Monument
Museum of the Fur & Trade (Chadron)

North Platte Valley Farm & Ranch Museum
Josyln Art Museum
Hunting and fishing (many unique opportunities)
Strategic Air and Space Museum (Ashland)
Historic downtowns throughout the state
"Carhenge" (Alliance)
Omaha Opera
Boys Town
Award winning golf
Festivals of every size and type
Homestead National Monument
Arbor Lodge State Historical Park

4.1.2 Destination characteristics

Based on extensive stakeholder input generated through first-hand interviews and focus groups conducted throughout the state, as well as visitor feedback generated through the Equation Research study, we have compiled the following as examples of Nebraska's principal destination characteristics that have the ability to interest and motivate travel decisions.

The Heartland
Independent, self-reliant
Pioneer spirit
American Trails
Natural wonders
Lewis and Clark
They have shouts, we have whispers
The good life
500 most diverse miles in the country
Western heritage
American Indian
The simple life
Warm and inviting
Leisurely pace
Hidden treasures
Free spirit

By grouping the list of specific tourism assets with these more descriptive elements, the potential marketing statement for the state comes closer into focus, separating Nebraska from other tourism destinations. To complete this translation into a compelling marketing statement, it is important to add yet a third element, reflective of the fact that visitors generally seek unique and authentic, often hands-on experiences when they travel.

4.1.3 Experiential travel and Nebraska

With respect to the Nebraska "Big Things" or experiences, it is fortunate that the national (and indeed international) travel industry is in an emerging era of experiential travel. There's a new paradigm on the horizon for leisure travel today, as people are increasingly seeking out trips which provide new, valuable experiences that raise their consciousness, develop new skills and actually change their lives.

The U.S. Travel Association has labeled it "enrichment travel." Others refer to it as "immersion" or "experiential" travel, and confirm that there's an emerging trend with these recent research findings:

- More than half of visitors recently polled expressed interest in taking an educational trip, and nearly a quarter said they were more interested in this than they were five years ago.
- The quarterly Longwoods Travel USA® survey confirms that over four out of ten American vacationers are now confirming the "experience travel" choices, according to Dr. Bill Siegel, CEO and founder of Longwoods International.

The travel industry is beginning to respond to this growing trend in a number of ways. And in our judgment, enrichment travel offers Nebraska special opportunities in re-imagining the way people view travel—not just through "road trips" but by altering the way they think and enjoy their visitor experiences that is much more meaningful.

Tour operators have taken note. "We're evolving and developing product to meet the demands of a brand new market of seasoned, educated, well-heeled travelers who demand and desire more than stopping, standing and staring," says Randy Julian, former Chair of the National Tourism Association.

It is important to consider how the application of Experiential Tourism could work for Nebraska. This new trend of enrichment travel affords excellent opportunities in Nebraska for individual renewal—where visitors can experience something personal and lasting—and potentially life changing. However, making this strong, visceral connection with the consumer takes new creative skills and a fresh look at Nebraska's visitor appeals and offerings. The technique calls for creating exciting descriptors, graphics that dramatically put the visitor right in the middle of the travel product—and convey strong sensory appeals that aren't often found in communications messages to travelers.

It is true that in Nebraska, a visitor can truly have unique and authentic experiences. Consider the following:

- Horseback riding – not just in a generic sense, but through some of the most beautiful and historic scenery in the country.
- Stand in the world's largest indoor desert, and then America's largest indoor rainforest.
- Ranching and farming – watch, learn and ride – participate in the workings of a cattle ranch.
- Ride in a covered wagon, literally on the trail that brought the settlers west.
- Spend a night or more in an old west cowtown bunkhouse set in a western Nebraska prairie.
- Experience the calm and grandeur of the Sandhills, including amazing wildlife, stargazing and national forest lands.
- Spend a night in a beautiful bed and breakfast, tour first-class wineries, and then stroll through one of the many historic downtowns located throughout the state.
- The crane migration – standing in the middle of what seems like millions of migrating cranes – an amazing sight and sound experience.

At this point, we have more clearly defined Nebraska tourism appeal from the perspective of the specific list of tourism assets, the character of the state, and the unique and authentic experiences that Nebraska has to offer. Finally, in creating the marketing statement, we suggest adhering to the following guidelines.

- Consider building on the growing and positive equity of the current theme, Nebraska's Endless Possibilities. The theme requires universal application from the tourism office as well as its principal stakeholders. Alternatively, further brand development research could be considered to support a new tag line. Note that many participants in the stakeholder interviews had a positive response to re-launching "The Good Life".
- Wrap Nebraska's heritage appeal around the state's major motivational attributes or "big name" attractions/motivators that are based on consumer preferences confirmed by research. It is these big name sites and appeals that collectively have the greatest potential to attract the largest number of visitors to Nebraska. Later, other less well known ancillary appeals are also provided in consumer publications, on the web and through media publicity, but these "Big Name" motivators must lead the way. We note that there are opportunities to further incorporate this important heritage tourism aspect in

current marketing and advertising efforts.

- Describe these attributes/appeals by applying the emerging new leisure consumer trend for experiential and enrichment travel that is now being followed by more than four of ten leisure visitors today.

Applying these steps will allow for the creation of an appropriate marketing statement for the state. Consider for example, the following.

"Nebraska is the old west, the great plains of American Indian lore and the adventures of Lewis and Clark. It's the scenic wonders and great outdoors of award-winning golf, amazing wildlife and the family fun of discovering new surprises and adventures around every corner, filled with year-round special festivals, fairs and celebrations. It's the dynamic sports, entertainment, culinary and cultural attractions offered in our cities and towns. That's why this is Nebraska…where the possibilities are endless."

This type of marketing statement should be endorsed by all stakeholders for its ongoing consistent usage. It should always be featured as introductory copy for the Commission's website, all consumer collateral materials including the annual travel guide, the Nebraska group tour planner, used at the bottom of press releases, for sales and trade show displays and wherever feasible as initial copy followed by secondary communications messages.

Going beyond the marketing statement, we have produced some sample, descriptive copy—the kind that tells Nebraska's exciting tourism story through many of its "big name" recognized appeals that can best attract visitors. Several of these types of statements should be selected for use in each ad, based on consumer research, and then rotated as required in future advertising flights:

Discover the world's largest indoor desert, and the country's biggest indoor rainforest—just two of many adventures at the Omaha Zoo, acclaimed as one of America's most spectacular wild animal playgrounds.

Step back in time where the west was won in Nebraska. Begin your adventures along the Lewis and Clark Scenic Byway with its western history and American Indian culture, amidst majestic bison, waterfowl of every description, wooded bluffs and historic waterways.

Explore our Great Outdoors. With rolling hills and pine- studded views and vistas throughout Nebraska's fabled Great Plains. Discover why award-winning designed golf courses have shaped our rolling landscape into one of America's premier golf destinations.

Catch your breath in sheer amazement as you witness the great Nebraska Migration— an astounding ten million cranes, swans, pelicans, ducks and geese that fill the skies — one of nature's most awe-inspiring experiences anywhere.

Experience the special charms of Nebraska's easy-to-get-to-know historic cities and towns that are right-sized for easy access with unique dining, shopping and good times.

No matter when you visit, check out the hundreds of year-round special events that have become unique Nebraska traditions—from rousing square and round dancing that will set your toes to tapping, to outdoor fairs, festivals and local celebrations that promise a warm Nebraskan welcome every time.

It's all here, right now, with surprises around every bend in the road…Where Nebraska possibilities are endless.

It is important to note that there are challenges to overcome in bringing the Nebraska experience "to market", including the costs to secure liability insurance, lack of a "buy Nebraska" program, and the need for basic business and social media assistance at the entrepreneur level. These challenges, and ways to address them, will be discussed later in this Plan.

4.2 Review and Assessment of the Official Nebraska Travel Guide

Last year, 400,000 copies of the comprehensive 180-page Nebraska color Travel Guide were produced to fulfill consumer requests, primarily through advertising and other distribution points such as travel shows. Doing so is intended to help fulfill a primary ongoing objective of the Tourism Commission that was mentioned earlier in this plan:

To stimulate interest and desire on the part of consumers to take action and visit.

The total $465,000 cost for the guide's annual production and duplication is significantly offset by $200,000 in net annual advertising revenue from Nebraska travel guide business participants (after a $25,000 fee is paid to the advertising agency for ad sales solicitation). The resulting actual unit cost for each guide is approximately 66 cents, and mailing costs are approximately $1.00.

Further reduction in costs for this principal travel guide could be achieved somewhat through reductions in total pages, unit size and weight, but all would limit the important coverage now being provided to hundreds of valuable state tourism business partners—and resultantly potential visitors—through this collateral vehicle. Nor is there currently a viable alternative for replacing this necessary motivational information. Under these circumstances, there would likely be great and ongoing consternation from stakeholders (and more importantly, a potential degradation in the ability to market the state) if this guide was modified with their resulting exclusion.

The production of the Guide also results in photography that is available for other marketing initiatives at no additional production costs. Most other state guides are also of this general size and substance, and this is particularly true of major nearby regional competitors.

Given these conditions, we recommend the continued publication of the Travel Guide, however with a series of modifications. While the Travel Guide provides an extensive amount of useful visitor information, it is arranged in a manner that is affected by layout challenges, a need for improved prioritization of visitor information, enhanced copy points and photographs in order to improve its effectiveness in motivating the consumer.

Major creative and marketing challenges and opportunities are summarized with these observations and recommendations for the guide:

- The cover photo is compelling and dramatic. A brief cover cutline should identify the site and its location for readers instead of doing so inside the guide under the internal Table of Contents where it must be sought out. Nebraska's Tourism theme, "possibilities…endless." offers a positive message as well as a subliminal call to action to visit the state's diverse visitor offerings—and it should also prominently appear on the magazine cover and not be placed deep inside the guide. Also, the cover should note that this is "the Official Nebraska Tourism Guide."
- The most important priority message to be first delivered in the guide should be the new tourism marketing statement for Nebraska (previously discussed) that highlights the state's major visitor appeals that would then be featured in brief pages to follow with exciting copy and photos. There is an opportunity to engage and motivate the reader at this preferred location in the publication. Currently, the "Rediscover the Road Trip" call to action is featured here—but for first-time state visitors, it is more important to initially influence consumers through motivational travel appeals rather than to offer a road trip to places that they don't yet know about, or are not ready to consider in their planning processes.
- Upon opening the guide, readers should not first see advertising, but rather have a positive "sense of arrival" to Nebraska that welcomes their attention. We recognize that ad placement here pays a premium, but the more important concern is to make the most positive, motivational impression with consumers who are most apt to also be scouting out other state travel destinations. This introductory section should first explain how to access the entire guide featuring Nebraska attractions being enjoyed by visitors. Currently, the inside cover state map is busy and somewhat confusing, making sites and points of interest difficult to find. In addition, a smaller companion line map, with designated locations of the visitor centers, should encourage travelers to "make your first stop one of our many seasonal Visitor Welcome Centers where our travel counselors look forward to helping you plan your Nebraska adventure." (The Visitor Centers should always be referred to as "Visitor Welcome Centers").
- Major, broad-based Nebraska visitor appeals should be provided next in priority order. Based on consumer research, each appeal should be prioritized, then briefly introduced in quick to read, one-page or less sections that include family fun, outdoor recreation, golf and fishing, food, festivals, shopping, historical markers, Omaha/Lincoln and others.
- Next, the seven regions of the state (as defined today, or modified based more on like attractors) should be featured with expanded sections for each of them. Each regional section now begins with a two-page photo spread. Enhancements should be made to create memorable, active photos with compelling descriptive photo in-set copy that captures the regional personality and introduces potential visitors to the diverse travel opportunities that await them.
- Section headlines throughout the guide, such as "prepare to be wowed", used to describe the appeal of Indian lore (a word-play on powwow) and "are you ready to rock?" (Introducing trekkers to rock formations) are somewhat old fashioned approaches that should be re-worked. Also, as opposed to listing the tourism amenities, compelling copy points should be applied to consistently

highlight sensory appeals and experiences. Photos with captions that help the reader envision the actual experience they could participate in should be used to a greater extent.

- For future Guides, it is recommended that photographers be chosen based on their track records of consistently achieving superlative, memorable visual images that can positively affect visitors—and only these photographers should be hired going forward.
- Given the extensive content, the Travel Guide can be perceived as having somewhat of a crowded appearance that can be difficult to navigate. Efforts to de-clutter the Guide, providing for more consistent type-faces, colors, charts, lines around photos and color blocks for each section should be made. This will enhance the reader's experience allowing them to more quickly and efficiently locate information and attractions of particular interest to them.

As part of this assessment, we also ordered the other forty-nine state travel guides for review. Our objective was not to select the best guide for Nebraska's emulation; in fact, we think the process and remarks in this section provide a better direction for aesthetic and communications success. Instead, we sought out what appeared to work best in various state guides that also might have application for future Nebraska Visitor Guides. Here are our findings:

- Several guides impress the reader with colorful and dramatic photography with many featuring visitors who appear to be truly enjoying themselves. These attributes could be emphasized in the Nebraska guide.
- Other guides quickly tell visitors how to get around, with inviting introductory sections and mentions of stopping first at their welcome centers (South Carolina, South Dakota, New Mexico, Wisconsin, Minnesota, Alabama, Wyoming and Idaho). We also endorse this concept for Nebraska.
- Some upfront maps are particularly useful including Pennsylvania. Montana's guide uses an even larger fold out map.
- The experiential/enrichment travel trend is noted and explored fully in several state guides such as Alaska's which proclaims, "Alaska becomes a part of you forever." On the cover of the North Carolina guide, "Catching up is more important than keeping up" is prominently displayed.
- Creatively produced regional travel sections are found in many guides including those for Maryland, Montana, New York, Hawaii, and Minnesota. All should be considered for ideas and concepts that could contribute to the Nebraska Guide.
- Some states also provide special state travel planner sections, as found inside the Ohio and Mississippi guides.

We have made all of these guides available to the Tourism Commission staff—and they should order copies of each annually, noting the postage requirements, and the time it took to receive the packages (including other publications such as maps and special event guides).

Other recommendations regarding the future of the Nebraska Travel Guide include the following.

1. Production designers and ad agency staff for future Nebraska guides should analyze and compare the current guide format/content to other successful state tourism guides now in use throughout the country. This should be done in a collaborative effort with the Commission staff.
2. Interviews with Nebraska leisure visitors (including interviews at the Visitor Welcome Centers) should be conducted to provide opinions from those who rely on this guide the most. An annual Nebraska tourism stakeholder survey process (discussed later) should also be used to probe for feedback and suggestions specific to the Travel Guide.

4.3. PR and Internet Efforts as Part of a Realigned Program of Marketing Initiatives

Today's most successful destination marketing programs focus on their alignment of resources relative to strategies that produce the greatest potential visitor generating impact—a critical need going forward for the Commission. In this section, we address appropriate resource allocations for two primary components of a sound marketing initiative; public relations and Internet initiatives.

In the future, the functions of PR support and web development (as well as other common advertising initiatives) which are all now vested with the ad agency vendor, should continue to be outsourced. However, the three functions of advertising, media PR and Internet development all require significantly different skill sets. As such, each program should be procured through separate requests for proposals of services (with a process outlined in a later section). A more detailed set of priorities and initiatives for both the PR and Internet program is presented throughout the remainder of this chapter.

4.3.1 Nebraska travel motivation using PR / media publicity

It is important to recognize that destination brands are best built through media publicity and not through advertising. The best-selling book, "The Fall of Advertising and The Rise of PR" explains this best: it is because of the high consumer acceptability of PR as the most believable of all communications media. Thus, messages that appear on editorial pages and in stories—not purchased advertising—get much higher marks with consumers for credibility. Our task, therefore, is to build the Nebraska brand with PR, and then support it through advertising, the Internet and other marketing initiatives.

To assure success, the public relations media publicity function must not be a reactive program, but rather a planned, proactive and ongoing initiative based on predetermined goals, strategies and work tactics to be achieved—along with measurable results. There is no more effective marketing opportunity for Nebraska tourism than the media publicity initiative of influencing potential customers to visit.

Through this new initiative, the Commission will have the capability to produce millions of positive media impressions annually with potential travelers that are worth more than the dollar amount of its entire budget. It should be accomplished by a two-tiered collaborative approach that is now missing between the vendors responsible for PR and the Commission.

- First, there should be a pro-active in-house plan of ongoing publicity development. The PR management position should represent a high-level component within the organization, with defined responsibilities and (as with all positions) annual measurement of performance against goals.
- Secondly, there should be a collaborative PR program provided by a professional publicity firm that specializes in travel and tourism—and has a long term track record of success in working with travel writers—principally those members of the society of American Travel Writers who will provide optimal coverage for changing consumer attitudes and stimulating interest in visiting Nebraska.

It is important to clearly set out the oversight apparatus for the PR efforts. This should begin with coordinated meetings with the agency (retained as part of a new RFP process) to determine specific work programs to be achieved and the formalized delineation of those responsibilities between agency and Commission staff. Then the PR plan of work would also be produced as part of the division marketing plan.

Working with the PR agency, this integrated plan should include detailed objectives, strategies, tactics and work programs, including the need to influence leisure consumer awareness, interest and desire to visit Nebraska as a destination of choice.

It is not the purpose of this Strategic Plan to fully define the future PR approach. However, there are several strategies and objectives that we believe should be followed, as described below.

Strategies:

- Develop an introductory program for Nebraska targeting regional and national media. This would draw from the Visitor Profile analysis recently approved by the Commission Executive Director and conducted by Equation Research, stakeholder research conducted as part of this Plan, and any future branding research conducted. A "pitch" to key media players as to the desirability of Nebraska as a leisure destination (emphasizing the unique and authentic experiences) should be developed.
- Deliver an ongoing schedule of telemarketing calls from the staff, designed to introduce Nebraska to writers who have the best potential opportunity to reach the consumer market. Through conversations with writers we can quickly:
    - determine the writer's knowledge and interest in Nebraska.
    - get to know the writer on a more personal level.
    - provide new information for the writer and add them to the arsenal of new media services for future cultivation.
    - consider site inspections or group familiarization opportunities for appropriate writers.

- Develop an ongoing series of media publicity releases for the leisure market through various targets and tactics that provide constant information to meet diverse customer needs.
- Produce an annual outreach program for writer visits.
- Develop and disseminate a new Nebraska Press Kit (including an on-line product) to writers and many of the existing on-line travel resources.
- Develop and implement a new photo CD and new system for providing photos to editors.
- Develop and increase the coordination of the Nebraska PR effort with other partners including governmental (i.e. Game and Parks), local CVBs, and private entrepreneurs.
- Develop a PR approach to target and influence meetings, sports and other event market awareness, interest and desire to visit Nebraska as a destination of choice. There are numerous markets throughout the state including Omaha, Lincoln, Grand Island, Kearney, Sidney, and several others off the I-80 corridor that rely on events for a significant share of room night generation.
- Monitor effectiveness of the PR publicity program through research and evaluation. This is a key to success, and there are numerous methods that are being considered by the new Tourism Commission to track annual performance of the PR program.
- Use the PR efforts to engage media in promoting and supporting any future Nebraska destination branding programs.

There are currently about 550 active professional members of the Society of American Travel Writers (SATW). They include many of the top media people that PR should be personally conversing with and getting to know--and not just through press releases or by website support. They include freelancers, travel editors, staff writers, photographers, and TV and radio journalists.

By making just four completed telephone calls daily, the media staffer can reach twenty of these writers a week, eighty a month, and every single SATW writer in about seven months. Add to that the important regional media located within a three hundred-mile radius of Nebraska, and the state can efficiently communicate with and influence its entire primary market of media opportunity in less than twelve months. That cycle of ongoing calls should also be continuous. The result will be far greater awareness, interest, and potential coverage for Nebraska than is currently being produced.

A critical component of a successful PR effort involves onsite writer familiarization, which is just as essential for Nebraska tourism as it is for the food writer who actually dines in the restaurant, the sports writer who watches the game and the cultural writer who views the performance—allowing travel writers to share their personal experiences with readers that best motivate them to make future travel decisions. We would even say that given the current perceptions of Nebraska among much of the traveling public, the actual hands-on participation by the travel writer in many of the Nebraska experiences is essential to the overall PR effort.

Conventional wisdom has incorrectly concluded that the most effective method for writer familiarization is through implementation of individual site inspections or with small parties of writers that give each writer their own special focus and concentration on their intended interests without having to share story ideas with others. However, that strategy, used in Nebraska in the past, is extremely time consuming and expensive to replicate if your intention is to produce high volumes of media coverage—particularly from in-depth travel articles.

It is much more effective to organize larger assemblages of journalists for each of their specialties—sometimes in excess of 20 to 25 writers per tour. The key to the success of this approach is individually tailored itineraries designed to meet the individual needs of each writer. This requires a disciplined and effective planning process including detailed and segregated tour experiences that intrigue each writer and fulfill their special needs. Accomplishing this labor intensive process also requires increased special assistance and hand-holding for each writer from the PR firm's staff, but the results for this process can consistently be positive and extremely productive.

For Nebraska, this approach provides the optimal, cost efficient way to develop media tours by ultimately reaching millions of potential visitors in its targeted national and regional markets. For example, in a single five-day media visit, some 20 to 25 journalists can produce approximately 50 pieces of major feature coverage about a destination. However, it is a program that requires the skill sets of the seasoned PR firm in support of staff efforts. Specific elements include the following.

- Group media tours will provide approximately fifty DMO business partners the opportunity to be featured in major editorial coverage about the destination and drive business to their lodging properties, restaurants, attractions or other activities.
- Media tours with four to eight optional activity tracks occurring simultaneously allow many tourism industry members (beyond a destination's most recognizable and iconic products) to participate. This also allows each journalist to customize their visitation experience and provides for a more intimate and non-competitive editorial research experience. In many cases, the local and regional attractions and CVBs will pay a portion of the cost for hosting the media.
- A skillfully developed media tour should provide sponsored air transportation, lodging, meals and all activities.
- Many destination marketing organization don't understand that it is possible to coordinate media tours with all on-site set up and all sponsorship arrangements made by the PR firm. An important prerequisite is that the PR firm must first get to know the destination and its tourism industry partners well enough to develop intricate media tour itineraries, set up the tours and pitch the destination effectively to the targeted journalists.
- The most successful tourism marketing organizations that undertake programs of this type coordinate several media tours in the course of a year during different seasons. This gives the destination an opportunity to highlight various types of seasonal offerings and involves a larger number of tourism industry partners. The resulting editorial coverage is more broad-based, appearing continually over the course of a year.

Going forward, we recommend three seasonal tours plus a program of onsite PR management support for 1) the proposed Nebraska Road show and 2) staff support to develop its PR development/ media publicity function. While results will have to be carefully verified post trip, we estimate that the three familiarization tours as described will produce estimated annual media coverage:

- Valued at between $750,000 and $1,500,000 in earned media, based on the purchase of advertising lineage purchasing costs.
- With total media circulation/readership of between four million and twenty million readers/viewers.

This program has been missing from past Nebraska efforts; however, we are very pleased that the current Tourism Commission Director is now pursuing this approach in a first-of-its kind for Nebraska push into generating significant travel writer awareness. In fact, twenty to thirty travel writers, targeted for specific tourism sectors designed to benefit the industry in Nebraska, will be focusing on the metro areas within the next several months. Two other organized travel writer tours will take place at a later date throughout other parts of the state.

As previously noted, an RFP should be developed for on-going PR firm support through a multi-year contract. Firms must have access and membership to the Society of American Travel Writers, the most important market for media publicity generation and placement. Components of the proposal should include anticipated media results to be achieved in circulation publicity and resulting value, and major case histories for other destination clients.

4.3.2 Nebraska travel motivation using Internet initiatives

Today the Internet has surpassed all communications processes and programs in its ability to provide travel information and influence vacation travel decisions. Without question, it is the most critical component today for destination marketing. And it requires the latest technology and best business applications to deliver results for Nebraska, including the following.

- Produce more customer awareness, destination interest and influence more travel buying decisions.
- Efficiently produce more visitors at lower costs.
- Measure and evaluate performance success and return on investment.

Today, the Nebraska website has only about 500,000 annual unique visitors, compared to many states enjoying unique visitors in the six to ten million range. The development and implementation of a successful, performance based strategic website is required to ultimately generate greater consumer travel visits. But this demands a high degree of ongoing professional diligence and best practices applied by an expert tourism Internet firm that can consistently maximize the website for the state.

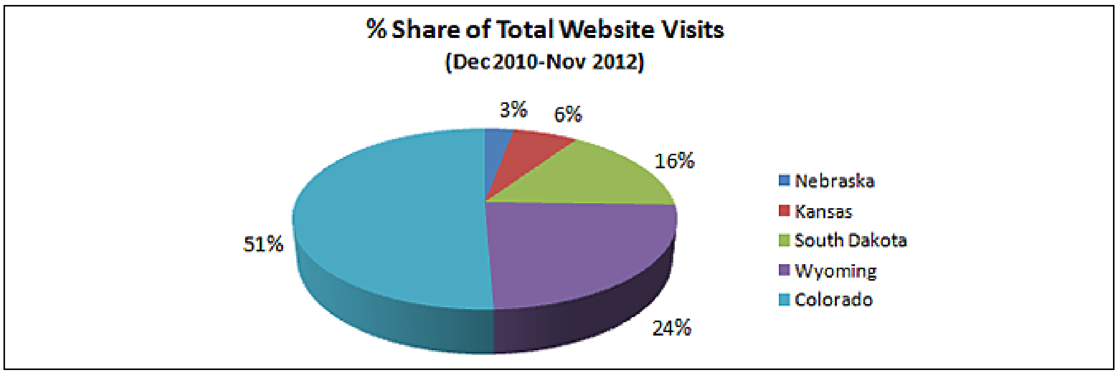
As part of this strategic planning process, it is important to assess the performance of the current Visit Nebraska Website. To accomplish this, we asked USDM.net, the long-term technology provider for the U.S. Travel Association, to provide a top- line assessment for www.visitnebraska.gov.

Their key performance findings, provided in January 2012, show that the website is underperforming and not currently able to achieve an appropriate regional share of state travel website visits. Nor is the Nebraska tourism site functional in engaging the visitors who do make it to the site.

We believe that the web management program requires a substantial change, inclusive of a more aggressive strategy for long term performance success. Key performance measurement findings and insights are presented as part of the following exhibits.

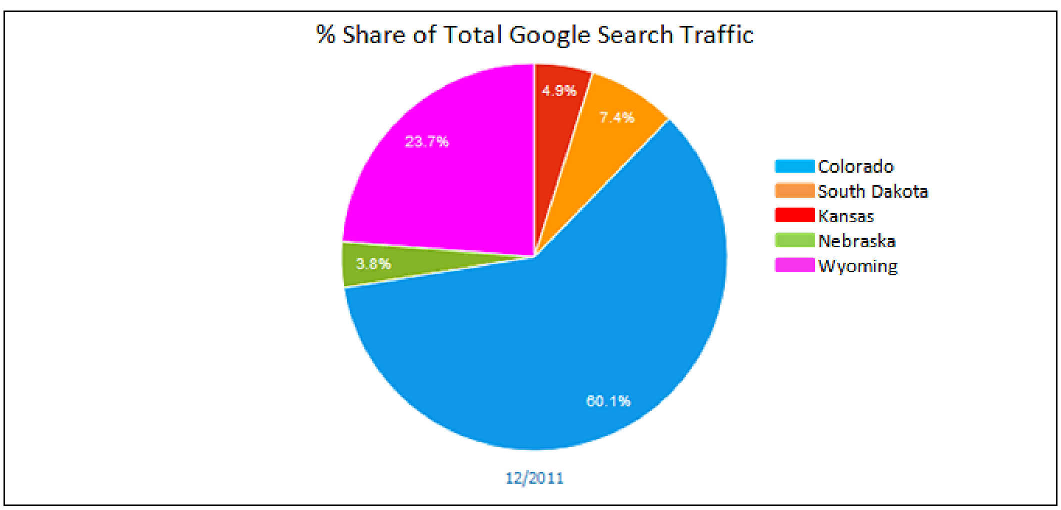
Website Traffic Comparison – Nebraska Loses When Compared to Competitors

The state gets only a three percent share of total website visits (to Nebraska, Wyoming, South Dakota, Kansas and Colorado combined).



Google Search Traffic Comparison - Nebraska Loses When Compared to Competitors

Nebraska gets only a four percent share of total Google search traffic (to Nebraska, Wyoming, South Dakota, Kansas and Colorado combined).



Visitor Engagement - Overall Visitor Engagement on the Nebraska Web Site is Low, Indicating Unqualified Traffic That Will Not Convert to Real Visitors to the State

Visitor engagement looks at how many times your web visitors came back to your site, how long they stayed on the site and how many pages they viewed. In general, we want to see that people came to your site and looked at several pages, taking advantage of the engaging and motivational content. This indicates an engaged visitor, but also a qualified visitor versus junk traffic.

Overall, visitor engagement on the Nebraska website is low. Specific results include the following:

Average Number of Visits per Person: Not Engaged
Visitors come to the Nebraska website fewer than 1.1 times on average per month.

Average Length of Stay: Not Engaged
Visitors stay on the Nebraska website for 1 to 3 minutes on average.

Average Pages per Visit: Somewhat Engaged
Visitors view four pages on average each time they visit the Nebraska website.

Based on this analysis, the division should address several requirements to provide a more competitive website program that can assure the production of more viable long term results. They include, in this order:

Issue1. Securing a Professional Internet Audit
Securing optimal Internet performance should begin with a professional audit and assessment. Such a program from a top tourism industry technology expert should review comparative destination websites and their results, thoroughly evaluate the effectiveness of the current Nebraska tourism site and provide a plan of clear directional guidance for the future. Costs should be in the $5,000 to $7,500 range.

Issue 2. Production of an Internet Marketing Plan
Once the assessment is concluded, Nebraska can best assure long term competitive success by developing a strategic Internet marketing plan. This critically important initiative should be produced to enhance success through further optimizing the destination's web presence, building greater awareness, boosting traffic, maximizing customer relationship programs, encouraging online transactions and delivering performance tracking and reporting. Costs should not exceed $10,000 and could perhaps be bundled with the audit recommended above. Principal deliverables would include:

- Target audiences by various segments, interests and preferences
- Online brand assessment of market share of activity relative to competition
- Goals, objectives and metrics for performance planning and delivery
- Annual search engine marketing plan
- Annual display advertising plan

- Annual online PR plan
- Annual social marketing plan
- Annual mobile marketing plan
- Potential online media schedule to create new awareness for the website
- Online email campaigns
- Text marketing campaigns

Also high on the list is a comprehensive Registered User Program developed today for a number of destination websites. The program objective is to cultivate, over time, new consumer interest in visiting the destination through email newsletters and other techniques sent from the website. It should be feasible for the registered user program to produce email subscribers and repeat visitors to the website over time that could later reasonably produce new destination visitation at the conversion rate of at least 50 percent.

Given the unanticipated natural beauty, history and the many unique Nebraska experiences, we envision a special website section titled, "This is Nebraska: A pictorial look at Nebraska's Scenic Beauty." This 1 ½ minute streaming video should be built out to include:

- Twenty different color photos, all produced by leading Nebraska photographers, and arranged in a sequence of slow dissolves every five seconds.
- Background original music produced by a local college or high school orchestral group (a competition might be developed for choosing this element).

<u>Issue 3. Ongoing Professional Oversight From Third Party Experts</u>
Following development of the recommended annual Internet marketing plan, the state should contract with third party website expert support to oversee and manage the Internet program. This program requires firms with significant track records of achievement in destination technology. Annual costs are anticipated to be in the $40,000 to $50,000 range, not including any special projects that may be recommended.

Internet advertising has a strong advantage over traditional magazine, newspaper, TV and radio advertising because of its ability to rapidly and accurately track and convert actual destination visitors. It can also be much more efficient given that it is where over 80 percent of travel is researched and planned today. Online ad programs today can reliably produce consumer inquiries at costs of only about $2.50 to $5.00, and greater volumes of actual visitors can be consistently produced via the Internet for far less than through a traditional print campaign.

The Tourism Commission currently uses eBrains, Inc. for mining visitors via the Internet. Based on our experience in the industry, this is the most effective vendor for such efforts. Combining the visitor mining efforts with the strategies outlined in this section will provide substantial upgrades to the Nebraska tourism visitor motivation efforts, and we believe will, at a very low cost, materially and positively impact tourism generation levels.

4.4 Increasing Advertising Partnership Support

The Commission currently uses the third party ad agency for soliciting supportive tourism business ads from tourism industry stakeholders to appear in targeted publications adjacent to state tourism ads. For example, if the state purchases a half page ad it will offer business partners the opportunity of "piggy-backing", allowing up to five small ads to be placed on the same publication page.

We suggest expanding on this concept by exploring a new magazine special travel section for Nebraska Tourism, with maximization of ad support from tourism partners, and reaching potential new visitors with effective and inclusive presentations and messages. To accomplish this, travel publications, as recommended by the ad agency, should be solicited by them to develop proposals for Nebraska travel supplements or sections. A good test would be Midwest Living Magazine. The proposals should provide provisions of "advertorial support" based on the amount of advertising purchased. All proposals received by the ad agency would be evaluated and either endorsed, modified or rejected with agreements to support the sections with an anchor ad from the Commission.

The publisher would be required to commit to a fixed number of pages, with Nebraska agreeing to a fixed commitment. (Example: Nebraska would commit to a minimum of a ½ page ad, and the publisher would commit to a minimum 3-page section with an ad to edit ratio of no more than 50/50. If the publisher agrees to run the section and does not sell the 50/50 ad editorial ratio, they would still be required to produce the section, but with fewer ads and more editorial.

Once state tourism endorsement has been achieved, the publications would then contact Nebraska travel industry partners to gain their interest and support. Publications would also be invited to attend the annual state tourism conference to meet with industry partners about these opportunities. As the program is produced, the ad agency would track the total leverage support provided by the industry, which serves as a success measurement for the program that should also confirm program reach and frequency for the attained market.

This concept has been an extremely productive program for the states of Virginia and Florida. However, the potential liability in this approach for Nebraska is the relative limited size of its tourism budget. The concept should first be tested and later expanded based market potential. With a larger budget, the end result would be an expanded program of advertising through the leveraging of private sector support, providing a larger and more visible umbrella of marketing support for the state.

4.5 Develop the Nebraska Tourism Brand and the Visitor "Brand Promise"

How does Nebraska promote its unbranded attractions and how effective is the existing brand tag line "Possibilities...endless" in helping to promote the tourism industry? The question has been raised often in internal Tourism Commission discussions. As previously noted, many state-wide stakeholders are uncertain as to the current state tagline, and in many cases, the "good life" tag line was preferred.

We recommend that the Tourism Commission undertake an exercise to re-evaluate the brand/tag line for the state, with a particular focus on tourism and economic development efforts. Other state offices should be included in this process. While a single tagline for all state initiatives is an understandable goal, it may be possible to develop a series of effort-specific themes (for tourism, economic development, etc.) that while distinct, are all tied to a common concept. In this section, we layout guidelines that should be followed as part of a brand/tag line effort.

For background, in destination tourism marketing, branding or brand identity is described as:

The total sum of the words, images and associations that form the customer's perception of the destination. "The brand", therefore, is the conveyed personality of the visitor's experience.

For true program effectiveness, the destination brand must permeate the entire state because the brand is not based solely on individual attractions, amenities and services, but rather on the collective visitor product. This must include Nebraska's tourism product reputation, the people who serve visitors, the programs they produce and deliver, and the look and feel of all it. To be effective, branding must be everybody's job, from the Governor to the service station attendant.

Successful branding efforts can provide measurable benefits including the following:

- Providing clearly defined points of differentiation to distance the state from competitors in the minds of visitors.
- Creation of a "promise" that frames the destination experience from the visitors' perspective as the basis for decision making and planning.
- Improved image as new brand initiatives revitalize the destination.
- Creation of new opportunities for the development partnerships and alliances between private businesses and public organizations.
- Enhanced competitive positioning and market share.
- Increased visitor financial contribution.

4.5.1 Guidelines for successful brand development

Here are the recommended seven guidelines of a successful brand initiative, according to the respected industry resource, "Destination BrandScience".

1. Front-Load total buy-in. From the outset, leadership and key stakeholders have to believe wholeheartedly and enthusiastically in the approach, or the destination brand will fall short of its anticipated goals.
2. It is not about advertising; your brand is a strategic asset. To become a distinctive, one-of–a-kind destination brand that wins the hearts and minds of visitors requires an integrated strategic approach to brand development. Brands are more than names, symbols or slogans. A genuine

brand is the "internalized sum of all impressions received by visitors and prospective visitors, resulting in a distinctive position in their "mind's eye" based on perceived emotional and functional behavior." Advertising and promotion are important, but only after a distinctive promise is developed. Remember, from the visitor's perspective, a destination brand is all about the experience.

3. Adhere to a set of principles. Establish a set of brand values and principles to guide behavior and decision making.
4. Stand out to stand apart. The destination brand platform must be built on a set of attributes and factors that distinguish it from competitors in the minds and perspectives of visitors, influencers and stakeholders.
5. Brand proponents are critical. To ensure total commitment and support at the most important levels of government, everyone throughout the community from the very top to the very bottom becomes a proponent for the brand. No one person alone can champion the cause. It takes the team to ensure that all messages are aligned with the promise.
6. Consistency, consistency, consistency. Staying true to the road map by following the designated course of action and messages is the path to attaining destination brand goals.
7. Live the promise. A genuine destination brand is a pact with visitors. Successful brands keep their commitments with visitors and enthusiastically deliver on the promise throughout the entire community.

As implementation of the Nebraska brand moves forward, we recommend that these efforts permeate a wide variety of governmental agencies. If you're a potential visitor or a business looking to relocate (and attract/retain quality staff), Nebraska, more so even than most states, needs to "reshape" brand perceptions that exist which characterize the state as "flat, boring, corn and football". In fact, in one of our focus group and stakeholder research sessions, we learned that a large international corporation was considering a major investment in a central Nebraska city. It is our view that a successful state-wide tourism branding effort can directly challenge misperceptions about the state, and replace them with a set of images that highlight unique and authentic Nebraska attributes, even in the minds of business relocation specialists. This will not only increase acceptance of Nebraska as a leisure destination, but will also enhance efforts to grow the state economy and industry in numerous other ways.

Today, the tag line "possibilities…endless" (which is not the same as the brand) is front and center on the Department of Economic Development website, and on most primary tourism material. Other departments that have an important role in attracting outside companies and individuals to the state have different emphasis, including the following.

- Nebraska Game and Parks – "The Official State of Nebraska Website"
- Nebraska.gov – "The Official Nebraska Government Website"
- Nebraska Chamber of Commerce – "The Voice of Nebraska Business"
- Nebraska Business Development Center – No defined tag line

This is not an uncommon condition in many states, and Nebraska has an opportunity to take a leadership role in coordinating the messages in the national competition for travelers and businesses.

4.5.2 The preferred model for destination brand development

Our recommended process for destination branding is produced by Believable Brands' Gary Sherwin, based on the book Destination BrandScience © that he co-authored. The brief descriptive outline includes:

- Step 1 – Brand Analysis and Research – Formal brand research of visitors/non-visitors and stakeholder interviews. Review of existing brand position and execution of a community wide brand summit.
- Step 2 – Brand Benchmark – Review of research data to determinate key destination attributes and emotional connections among visitors and stakeholders.
- Step 3 – Brand Promise – A clear definition and description of the destination's emotional and functional benefits that will serve as the "guiding star" for all future brand development and marketing efforts.
- Step 4 – Brand Enrichment – Creation of the specific steps necessary to bring the destination brand to life. This will include working with the ad agency on logo and tagline development as well as recommending possible service training programs and infrastructure development.
- Step 5 – Brand Future – Suggestion of strategic partnerships that can leverage the destination brand among the community and grow its brand equity.
- Step 6 – Brand Blueprint – Development of a formal working document that highlights all of the activities described above and that will serve as the reference tool for all community presentations and for staff referral.

Once this process is completed, changes to websites, social media, printed material, letterhead and other aspects of these relevant agencies should be implemented in order to create a compelling and coordinated brand message.

4.6 Reintroduce Nebraska Tourism to America's National Marketplace: "Taking Nebraska on the Road"

The most successful destinations are the ones that are most serious in taking the time and effort to aggressively court the tourism customer through work with travel intermediaries—principally travel writers, tour operators and meeting planners who can best influence the marketplace.

Nebraska can quickly join that destination leadership assemblage, and ramp up its top of mind awareness with clients through a new roadshow that takes the industry on the road by calling on these important travel ambassadors, many of whom are housed in New York City, Washington, DC and Chicago.

We envision a three-city road show for this initiative, focusing on media who can generate top of mind Nebraska awareness, tour operators who actually produce tour programs for the leisure market and small meetings planners for further cultivation and development of this market segment, along with national travel leaders in DC.

Nebraska travel stakeholders—principally attractions operators, CVBs, hoteliers and others would join the Commission's marketing team for a week of sales calls in each city. Then an evening reception, ideally featuring the governor, would be held to thank travel industry leaders/customers for their support. Follow-up efforts would be undertaken, along with invitations for travel writers and tour operators to come to Nebraska for site inspections and familiarization programs.

Working with a committee from the Tourism Commission, an onsite PR firm or meeting planner should be selected to coordinate all functions, including site selection, seasonal times, mailing lists, onsite coordination, program, sales call solicitation, budget and stakeholder participation cost parameters, etc.

Chapter 5. Creation of a Traditional Annual Marketing Plan to Guide Commission Efforts

With the exception of general staff job descriptions, the Commission does not maintain a business plan or other available documents that incorporate all planning, as well as the actual work to be achieved annually by the staff. Snitily Carr, the current ad agency of record, has produced the 2010-11 Strategic Marketing Plan. There are several fundamental strategic marketing elements that should be incorporated into a new annual marketing plan, such as:

- Primary research that can best determine market opportunities for Nebraska tourism.
- Specific marketing work programs for the Commission and agency, along with anticipated timelines for implementation and anticipated performance productivity results.
- Communications messages, motivational attributes and destination positioning that are required for consumer marketing.
- The clearly defined destination brand and brand promise for Nebraska that is produced through consumer research.

This information should be made available through a fully coordinated annual marketing plan. It should be prepared by the Commission with input of its vendors, and should provide direction for production of all principal activity and productivity to be achieved by the staff as well as by vendors, including advertising, PR and Internet development.

This best practice process for destination market planning can accomplish much more than provide a road map for future initiatives. It can forge strong state-wide alliances, foster team spirit and strengthen common purpose throughout the Commission and the tourism industry. It should reach for performance success across all offices and programs, produced with full team support and a belief that the final plan belongs to everyone on the staff.

In the spirit of collaboration, it should involve an advisory committee (potentially the members of the Nebraska Travel Association – NETA. We note that NETA continues to work to broaden its membership base with outreach to the service sector, cultural, entertainment/attractions, hospitality and other sectors that impact or are impacted by the tourism industry. This breadth of industry coverage provides an important platform on which to test and review Commission initiatives. The resulting industry feedback can help shape future Commission efforts, ensuring that they are fully supportive of efforts to grow the Nebraska tourism industry.

5.1 Recommended Annual Marketing Plan Model

We recommend that Commission staff view other plans from competing states. Virginia's plan is much more of a public document, produced in colorful graphics with detailed sections on market data. However, for actual plan implementation, we suggest the following best business practice format:

- The executive summary should encompass two to four pages. Prepared by the director or chief marketing officer, it should succinctly point out that the plan resulted from collaborative dialogue and input from state-wide industry stakeholders.
- Explain Nebraska's consolidated marketing process by which new visitor business can best be attracted through coordinated group action rather than through individual actions. Thus, the Commission acts as an "umbrella" cooperative, representing all components of the visitor industry (hotels, attractions, restaurants, event facilities, tour operators, attractions, transportation carriers, service stations, retail and others who are vitally important to visitors). This destination sales team approach makes the Commission more effective in carrying out a comprehensive, unified marketing program to benefit the state.
- List recent accolades bestowed by the industry on your operation or on individual staffers.
- Within the Introduction, include marketing mission, vision statement, then outline the strategic process to deliver a research based, customer-focused, market-driven and brand oriented program that produces quantifiable performance success.
- List major objectives that cascade from the mission statement.
- Include a section on destination branding, positioning and the marketing communications messages used for motivating consumers.
- Describe marketplace complications—all the impediments or roadblocks to success, including perceived complications.
- Describe marketplace opportunities—show where the new doors to success can be opened.
- Describe major challenges—competitive destinations and their sets of advantages; other marketing budgets that impact your program's ability to create customer share of mind and market and; additional negative influences.
- Section on individual program inputs including:
    - A brief mission for each role.
    - A section on national trends affecting work.
    - The current year's sales achievements.
    - Provide a page of planned highlights for the new year.
    - List sales goals in firm numbers, comparing them to the work of the current year.
    - List each market segment, each departments own marketplace complications, their competitive analysis.
    - Follow this with each major strategy to be undertaken, the primary target audiences to be reached and the tactics or work programs to accomplish each strategy.

- Provide a comprehensive marketing calendar—listing all major strategies by month, containing:
    - Trade shows, sales forums and sales missions (when and by whom).
    - Major scheduled media relations publicity to be produced.
    - Advertising and direct mail to be placed.
    - Publications /collateral to be produced.
    - Other partnership opportunities, grant deadlines, etc.

- Provide a line item budget of major expenditures by function, including income funding sources.

5.2 Developing the Goal Setting Process

The setting of performance goals guides the staff to achieve higher performance for the future, and it is a requisite of the most successful, forward thinking tourism organizations. The process initially begins following the measurement of prior year results.

To prepare upcoming yearly goals, staff should subscribe to this description of S-M-A-R-T goals that are: Specific, Measurable, Attainable, Realistic and Timely. Goals, of course, are only required when they can be effectively managed to achieve results produced by the staff. For example, goals would not be established for achieving specific numbers of visitors at the visitor welcome center, or for specific total numbers of website visitors. In these cases and others, the staff has no direct ability to affect positive goal outcomes and performance.

For the most effective goal forecasting and delivery system, individual staff should be encouraged to initially develop measurable goals from the bottom up, using the benchmarking report and other market data, competitive information and market funding parameters as guides. This approach provides staff members the opportunity to envision their own targets and commit to delivery. Then a collaborative effort should be conducted with management for any goal adjustments in relationship to current market support and market conditions.

Future goals should never be set in stone. Weak market conditions during the year may require an ongoing periodic, realistic reassessment and the lowering of annual goals. Correspondingly, reaching an intended annual goal early in the year—say by the third quarter—should call for a re-adjustment upward.

In addition to the quantitative performance deliverables, staff qualitative goals can be incorporated annually as part of each employee's job description and then listed in the marketing plan. They can be included as requisites for staff completion for the year ahead and should be referred to as personal performance objectives. Examples may include program development, increasing contact lists, completion of special training programs, etc.

5.3 Achieving Statewide Stakeholder Buy-In

One potential challenge for state tourism programs is that of occasional parochialism and competitiveness of competing destinations throughout their states. This sometimes occurs because unlike other DMOs such as convention and visitor bureaus or local tourism offices, state tourism programs represent multiple destinations and diverse communities. Some communities have viewed this as a competitive dynamic rather than as an inclusive process, and are therefore, sometimes reticent to participate in consolidated state marketing efforts because of concerns that they may lose business to other portions of the state. Two approaches can help ameliorate that concern:

1. Transparent ongoing reporting of quantifiable business that is generated in the future by the state tourism program. Doing so will provide greater justifications for community participation in the consolidated program because of enhanced performance results that are produced and shared by the division.
2. General understanding that tourism stakeholders must partner to keep business in Nebraska; that if a particular customer decides to choose one destination over another, it is a level consolidated playing field, comprised of multiple choices that can ultimately produce more business for everyone over time, rather than encouraging that business to go elsewhere and be booked in another state.
3. A tourism impact statement (discussed in section 6.1) should be produced annually to provide the quantifiable return on investment from the Tourism Commission.
4. The roll out of the new annual marketing plan (previously discussed) to industry should be treated as a major milestone, launched during the annual state Travel Conference.
5. The Travel Conference should include the following outreach opportunities:
   - Collaborative program opportunities, such as media publicity familiarization tours, the anticipated Nebraska Road Show and Nebraska travel sections (see next section on leveraging) should be reviewed, and interested participants can sign up to participate.
   - Educational opportunities should be presented including:
     - How to produce new tour packaging for Nebraska, presented by a national expert such as the chair of the National Tour Association
     - Building top of mind awareness through media publicity, presented by the president of the Society of American Travel Writers
   - Task forces, or subjects for collaborative solutions, can be introduced, such as visitor service needs and solutions.

Through these measures, the creation of the annual marketing plan as well as follow-through efforts throughout the year can include the broadest segment of tourism organizations and businesses possible.

5.4 Third Party Vendors and the Annual Marketing Plan

As mentioned earlier, three supportive primary marketing initiatives should be initially addressed with three separate outsourced RFPs to begin tourism's new market planning process.
They are:

1. Advertising, or paid media, including both traditional advertising and Internet based advertising.
2. Public relations services–or earned media—and principally media publicity that is designed to produce new top of mind destination brand awareness for Nebraska tourism that delivers brand identification and resulting visitation.
3. The Nebraska tourism website—Nebraska's primary portal for soliciting visitation—beginning with a comprehensive assessment and resulting performance plan for achieving optimal results in harvesting visitors.

In recent years, about $2 million dollars, or approximately 44 percent the Commission's $4.6 million annual budget has been allocated to outsourced marketing—primarily through traditional advertising, with an estimated $125,000 for Internet and PR services. This percentage for outsourced marketing should continue until the state can deliver a larger, more competitive tourism marketing budget that can further increase market reach to potential visitors through media and website marketing. With any future budget increase, this program of outsourced marketing should take on a larger role and future budget allocation percentage. In the meantime, these funds should now be more effectively realigned through combined programs that can best produce greater performance results, with attendant RFPs for these three services:

<u>1. Public relations services -- $600,000, or about 30 percent allocation of the above $2 million:</u>
RFP to select a major, nationally recognized public relations firm with a significant track record of achievement in tourism development with destination clients and an ongoing affiliated membership with the Society of American Travel Writers—key travel intermediaries to be influenced. These programs should include a minimum $300,000 contract program for outsourced PR including a comprehensive PR plan for Commission staff implementation, media familiarization programs, and a social media program. Also, $200,000 is earmarked for Nebraska travel presentations in major markets such as Chicago, New York and Washington, DC—during year one only.

<u>2. Website development -- $100,000:</u>
RFP to select a nationally recognized web marketing and Internet expert firm for the comprehensive assessment of the site in relationship to industry standards and needs, along with an Internet marketing plan for the web, both totaling about $15,000, and a resulting service contract for future web development and special projects in the $75,000 to $85,000 annual range.

<u>3. Advertising -- approximately $1,400,000:</u>
This third RFP should be sent to Nebraska advertising agencies with knowledge and experience in tourism development and Nebraska's tourism industry. Thirty percent of this $1.4 million amount, totaling approximately $420,000 should be allocated to Internet media that can produce optimal numbers of visitors. A program from eBrains, for example, could potentially produce 7- to 8-to-1

cumulative tax revenue return on visitor spending and performance as follows: $52.5 million in direct visitor party spending, excluding transportation costs, and $3.3 million in visitor related tax revenues assuming 6.3 percent visitor related taxes (tax percentage based in part on USTA estimates of tourism spending and tax revenue for Nebraska).

Today, 76 percent of all visitor leisure travel planning is done online, according to the US Travel Association, and Google Research reports that 85 percent of leisure travelers cite the Internet as their primary planning source. Nebraska has achieved its greatest tourism ad success through Internet marketing and this should be resultantly expanded.

In addition to the above expense items, approximately $60,000 should be targeted for Nebraska brand development efforts. These efforts will represent the initial implementation of brand building efforts through a dedicated RFP process.

As each of the three above programs for PR, advertising and website development are produced, their annual planning requirements and resulting performance deliverables should be folded into the newly developed Nebraska Tourism Annual Marketing Plan.

A recommended preferred marketing plan outline was detailed previously in this section. It can either be produced by staff or developed by a number of third party providers with staff input and stakeholder collaboration.

Other budgetary line items should include:

- Customer analyses—for meeting planners, travel writers and tour operators as outlined earlier at a total cost of $10,000.
- Creating a Director of Marketing position (annual salary/benefit costs should be determined based on department salary structure and industry compensation levels). This senior management position–the director of marketing and support staff—is recommended to support and manage delivery of this senior level marketing work of both staff and major vendors, including the advertising agency. It is a traditional position that appears in most state tourism offices.

5.5 Assessing Stakeholder Concerns and Interests

Following the first full year of collaborative input as outlined above, we recommend conducting a Stakeholder Assessment Survey—designed to collect ongoing stakeholder input regarding the Tourism Commission and how well it is fulfilling the needs of its partners.

The optimal method for assessing tourism organization stakeholder levels of support and need is through a third-party online survey that provides anonymity. It offers the most accurate method of gaining participant input and guidance. Questions for this assessment should be designed to generate both quantitative and qualitative feedback on the value of existing Commission programs, and suggestions for future efforts.

Specifically, five major categories should be rated by participants, which include detailed questions that address how well the organization is performing in relationship to:

1. fulfilling the mission of the Commission in support of stakeholder interests
2. promoting the destination through various strategic and tactical initiatives
3. quality customer service
4. community outreach and awareness
5. organizational leadership for visitor-related economic development.

The survey should be provided to all industry stakeholders, working through the numerous tourism industry organizations previously listed in this Plan. The resulting confidential responses by stakeholders would be returned directly to the firm that conducts the survey. Responses should be segmented and provided by several areas, including hotels, attractions, CVBs, chambers restaurants, culture and arts, and others deemed appropriate for analysis. Costs for the stakeholder assessment survey should be in the $5,500 range.

Chapter 6 Nebraska Tourism Commission Accountability

Often times, the value and performance of a tourism marketing operation is measured by broad statistics such as hotel occupancy, airport arrivals and attractions attendance. When the economy is strong, these measures can rise, in many cases for reasons that are outside the control of the tourism marketing organization. Conversely, during down economic cycles such as that currently being experienced, these broad industry measures can suffer, even if the tourism organization is performing in a superior manner.

As a result, we recommend that the specific results produced by ongoing Tourism Commission marketing programs be carefully measured. While the broader industry statistics are very useful to report, the performance of the organization should be judged primarily based on the success (or lack thereof) of the specific initiatives that are undertaken in order to generate travel awareness and visits.

The Tourism Commission, through its mission and objectives, fulfills important work for the industry that other organizations, agencies and associations cannot replicate.

- Through consolidated destination marketing initiatives in support of the wide network of private tourism related businesses, the Commission helps create jobs and produces state and local tax revenue that may materially reduce the requirement for additional resident supported taxes.
- The Commission is at the forefront of supporting an industry that not only caters to visitors, but to virtually all Nebraska residents as well. The restaurants, attractions, cultural and historical assets within the state serve to enhance a quality of life that could not be maintained without the financial support of the visitor industry.
- The Commission's support of the tourism industry serves as a platform on which economic development officials can emphasize quality of life/worker amenities as part of business relocation efforts. This may be particularly impactful in Nebraska, which suffers from somewhat of a negative perception with respect to these aspects.

While all of these impacts are real and relevant, the principal requirement for successful Commission performance is the quantifiable production of performance results in response to its marketing efforts. Most tourism industry leaders view destination performance challenges this way:

> In a perfect world…a tourism marketing organization would know exactly how many of its destination's visitors were motivated to come solely by its efforts, and which of its marketing efforts were responsible for that visitor. However, the destination marketing organization and its community tourism industry don't exist in a perfect world. Instead, potential visitors are constantly bombarded by myriad stimuli (the tourism office, its industry partners, national sales offices, the media, and so on) that it becomes impossible to say that a visitor was motivated 100 percent by the Commission and only by that organization.
>
> In practice…when addressing the issue of visitors generated and their positive economic impacts, the tourism marketing organization should, at the very least, have in place monitoring and research programs that identify visitors and visitor spending *that were clearly and significantly generated by its efforts*.

Therefore, the Tourism Commission, working with outside vendors that specialize in program results measurement, should adopt a conservative approach when determining the number of visitors generated by its efforts to ensure that its stated return on investment is credible and can stand up to external scrutiny.

The Tourism Commission currently produces a wide range of marketing initiatives including advertising, Internet programs, website development and social media, public relations and media publicity, trade and consumer shows, research, management training material development, visitor welcome centers, stakeholder support and consultancy services, collateral development, etc. In addition to modifications to these efforts discussed elsewhere in this Plan, what is now required is a comprehensive management reporting system that monitors and communicates the performance effectiveness of its ongoing work.

6.1 Developing an Annual Impact Statement

Assessing the value of the Commission's future performance should involve answering several questions, such as: What is the dollar for dollar return on the funds spent by the Commission in fulfillment of its mission? And what specifically does the Commission deliver in terms of new visitors, economic impact and employment?

The following impact statement would describe the value associated with the efforts of the Commission. Once completed, the format for the statement might look something like this:

> *"Last year, operating with a marketing staff of _____and a $________ dollar marketing budget, the Nebraska Tourism Commission produced an estimated $________in new visitor dollars to the state, including _______________ overnight leisure visitors and event attendees. In addition, staff-generated media publicity valued at more than $_____________ dollars reached (number) ____ potential visitors (expressed in circulation/readership) who are now considering Nebraska for future visits. Thus, on behalf of the State of Nebraska and its business partners, the Tourism Commission delivered a ____- to- 1 return (divide the return by the annual DMO budget) on investment of marketing dollars expended. Also, the Division's four-person consultancy team assisted in the development of __ major tourism market development projects throughout Nebraska last year that had a combined estimated total value of $___________."*

To produce an impact statement, the Commission will determine through a new measurement system, the actual number of visitors and their economic results for the year produced through division marketing, along with the return on investment. This would include:

- Visitors converted from State tourism advertising, the website and other sources (so far, independent conversion research studies from Nebraska advertising programs have confirmed annual production of an estimated 62,000 visitor parties, 267,000 paid lodging nights and $30 million in resulting economic impact). Our preliminary estimates indicate there is also the potential for an additional $10 million to $20 million in conversion visitor results through ad programs not yet analyzed. Also, we believe that the website could be responsible for attracting approximately $5 million in current annual visitor expenditures, to be confirmed through a recommended analysis of

Nebraska Tourism website unique visitors. The visitor welcome center program may also produce positive room night generation and resulting economic impacts, and efforts to measure this impact (described later herein) should be undertaken.

- The production of new group tour business booked that was derived by Commission-generated tour sales leads (last year's 176 tour operator leads are estimated to have produced at minimum $750,000 in new impacts), along with overnight stays and economic impacts produced through visitor center counseling, and potentially new conference or sports marketing business generated by state marketing initiatives.
- Also included here would be new estimates for the value of positive media publicity produced once this program has been fully initiated. This could produce about two to four million in dollar value of media publicity if purchased, as compared to costs for comparable advertising lineage.

This type of impact statement for Nebraska tourism provides a very powerful response to the Commission's mission statement. Although it only includes the "tip of the iceberg" in marketing value to the state, and does not address many other important aspects of achievements including branding, business support, grant development, etc., it does provide a reliable statement of major annual return on investment for all stakeholders. Throughout this section of the Plan, we provide sources of well accepted, rigorous impact measurement tools.

6.2 Monitoring the Commission's Performance With a New Tracking System

Throughout the tourism industry nationally, governmental officials have expressed greater interest in receiving accountability and return on investment analyses for ongoing tax dollar supported marketing initiatives, assuring that these public funds are wisely spent to produce measureable results. The destination marketing industry—and many of its destination marketing organizations, including state tourism offices—are responding to these needs through the development of new performance tracking standards and methods for accountability.

Applying emerging industry measurement metrics in Nebraska could produce answers to questions such as:

- How many visitors to Nebraska were actually produced specifically by the Commission's efforts?
- What is the economic value that these visitors provided for the state's economy?
- What is the value of media exposure generated by Commission efforts?

These are among the fundamental questions that will be answered through a wide variety of measurement tools that have been developed nationally and that have gained wide acceptance in the industry. These tools can be used to support the development of an ongoing reporting process that includes brief monthly statements of impact, as well as a year-end summary that compares results to those of past years.

This new Performance Tracking Report becomes the measurement response to the Mission Statement. It should singularly be the most important tool used for measuring ongoing performance and as a guide in future goal-setting. It should be disseminated to principal constituents as appropriate, used to develop the annual marketing plan, and highlight annual reports and other communications programs.

The fundamental Commission processes, supported by rigorous performance measurement, can be summarized as follows:

- Set specific goals for each Commission marketing initiative.
- Measure actual results and compare to goals.
- Consider under and over-performance in evaluating the value of new initiatives, adjustments to current initiatives, and elimination of poor performing initiatives.

The report's marketing measures should be provided in the following two categories:

1. *Marketing Activity* - Includes quantified measure of such product delivered, including literature distributed, visitors serviced at the visitor information centers, sales calls made, leads provided, reports written and issued, etc.

2. *Marketing Performance Productivity* – As noted, measurement of actual results associated with specific Commission initiatives is essential. Whenever feasible, performance productivity measures should be forecast and stated as goals to be delivered. So should activity, such as sales leads generated, which can then convert to business booked. Next, take these steps:

   - Group and list the performance productivity measures.
   - For each of these productivity measures, provide estimated economic impacts. Some tourism organizations produce annual estimates of economic results from these programs based on their own in-house studies that are generated by the same staff that were also compensated for delivering the program results—a process that is at best suspect and not recommended.
   - In most situations, we recommend the best practice of contracting with third-party independent research firms to assure validation of estimated results. This can include market research companies, universities with a proven track record of producing research studies, accounting firms or consultants who specialize in projects requiring a research component.
   - Include detailed footnotes for each estimate of performance return, with explanations that help stakeholders understand the methods employed to produce the results.

In measuring performance productivity, the following categories should be considered:

1. Leisure Visitors Produced

   This represents a very broad segment of the visitor base. Visitation levels impacted by Commission advertising programs, Email fulfillment, 1-800 calls, etc. should be carefully measured in terms of:

   - visitor/visitor parties produced
   - room nights generated
   - estimated economic impact

These impacts can be measured by an independent third party conversion study validation. A major developer of these studies is Dr. James Petrick of Texas A&M University. We recommend contacting the University to pursue program measurement assistance.

The website is also an important resource in attracting and informing visitors. There are numerous methods for measuring the impact of the Commission website on visitor impact. One analysis method, developed by Destination Analysts at: ROI@destinationanalysts.com, quantifies the effectiveness of the website, including a demographic and psychographic profile of website users, as well as an analysis of their travel intentions and behaviors. This type of data helps to improve consumer decision making regarding content development and guide future advertising efforts. It takes a minimum six-month survey period to collect adequate sampling, and a full year is considered ideal in order to capture any seasonality in destination travel patterns. Destination Analysts anticipates that for every 1,000 unique visitors to the web site, estimated annual economic impact generated for the destination would be in the $16,000 range.

2. New Group Leisure Tour Programs Booked

Group tours represent an important source of impact for Nebraska destinations and tourism related businesses. Current Commission efforts are underway to increase the number of group tours, and a Commission-managed process can be developed to measure this impact and impact of future efforts. The measurement process involves use of a customer relationship management (CRM) system that tracks all contact with tour operators and related parties, and records whether the tour activity took place within the state. Outreach to the tour operators is required to confirm the number of visitors, duration of stay and room night generation.

3. Positive Media Publicity Impressions Produced of Travel Stories to Influence Travel Decisions

There are numerous efforts that can be undertaken by the Commission to create positive publicity for Nebraska as a visitor destination. Several important initiatives recommended herein are already being implemented by Commission leadership. Third party vendors should be used to help facilitate various media efforts and to track results in terms of:

- Readership (circulation)/viewers/listeners
- Resulting dollar value as estimated in costs for advertising lineage

The PR firm selected by the Commission, as well as the website and advertising firm, will assist in creating a social media initiative for the Commission. These vendors will also provide impact measurement tools. Destination Marketing Association International (DMAI), the umbrella organization for tourism and convention marketing organizations nationally, is also developing new industry performance/measurement standards, which should be reviewed for applicability to the on-going program management needs of the commission.

4. The Regional Tourism Consultant Team: Calls, Program Development Initiatives & Value

This includes value produced by the four existing Nebraska Tourism Commission development consultants: Agri-tourism and Southwestern region; Byways, Tourism Development and Northwest Region; Eco-tourism and Central Region; and the Eastern Region. These consultants assist in local and regional tourism marketplace development, providing marketing program consultancy support to Nebraska's tourism industry.

Value measurement should include but are not limited to the following categories:

- Number of tourism stakeholder meetings held.
- Number of total programs reviewed/planned /executed.
- Specific tourism development projects for which assistance was provided.
- Listing of collateral, advertising, PR/publicity, event planning and client familiarization projects for which assistance was provided.
- Educational and training programs held.

This program requires each Regional Tourism Consultant to consistently validate each ongoing meeting with regional partners, listing each program supported and including its dollar value either monthly or quarterly, and certainly by year's conclusion. To assure validation, the tourism research analyst should monitor results.

Unlike the Commission's other three development consultants (supporting the byways, Agri-tourism and southwestern development) the eco-tourism effort is unusual in that it interfaces and works primarily with individuals and not organizations. Thus, it appears difficult to determine that program's ongoing value in terms of quantitative development value. Without accurate measurement, we cannot conclude they are verifiable for this effort. Therefore, we recommend that the Commission should create a new macro focus for this program that deals primarily with tour operators instead of individual travelers—working to develop eco-tourism package programs for multiple visitors that would serve to promote greater impact as compared to the current program focus. If this proves infeasible, we recommend that this eco-tourism initiative be transitioned to agricultural development, economic development or extension services.

5. Visitor Welcome Center

Visitor welcome centers in Nebraska cater to thousands of visitors annually, and are an expected and important part of the Commissions efforts. However, no consistent method is currently used to measure visitor welcome center impact, creating uncertainties as to the value of the Centers relative to the annual costs. To measure visitor center impact, we recommend contracting with a state college or university with experience in survey efforts and impact analysis to conduct exit interviews with a large sample of visitors as they exit the Centers. Questions asked should focus on:

- Any increase in planned Nebraska stay due to the visitor welcome center exposure.
- Likelihood to extend either the current stay or a return state pass-through.

- Impression of Nebraska as a visitor destination (relative to previous perceptions).
- Specific Nebraska attractions that have the potential to impact stay.
- Related impact variables.

These data can then be used by the college or university to quantify the impact of the visitor center program.

6. Stakeholder Partnership In-kind Services Achieved in Dollar Equivalency

   Department staff should prepare an estimate of in-kind dollar value, and these estimates should be audited by the finance department. In addition the number of support programs should be inventoried (including advertising provided for visitor guide, hosted travel writers, airfare, client accommodations, other advertising, partner function support, etc.)

7. New Events Booked

   A newly developed Event Impact Calculator from DMAI measures the economic value of an event and calculates its return on investment to local taxes. The program for DMOs has been developed by Tourism Economics, an Oxford Economics company. The models are based on city and state-specific data, various types of events and other criteria, and are updated annually.

6.3 Clearly Report Tourism Commission Marketing Activity

Finally, as part of the comprehensive reporting of Tourism Commission activities and quantifiable results, we recommend that the following specific Commission marketing activities should be included:

- Sales calls made to tour operators, travel writers, event planners, etc.
- Trade shows attended
- Consumer inquiries generated and serviced
- Collateral publications distributed
- Media publicity press releases issued
- Media inquiries serviced
- Unique website visitors/user sessions, page views and registered users/newsletter subscribers
- Visitors serviced at information centers
- Inquiries processed (by category, including advertising, the web, etc.)
- Familiarization tours conducted with meeting planners, tour operators, travel writers, etc.

Chapter 7 Tourism Infrastructure and Policy Recommendations

Our consultants have travelled the state, carefully reviewing existing attractions and other elements of Nebraska tourism infrastructure. This outreach to industry stakeholders has given us a unique perspective into aspects of policy and product that may be impeding the ability to enhance the visitor industry impact and increase tourism market share.

In this chapter, we summarize specific recommendations that we believe will increase overall tourism impact within the state. Given the diversity of landscape, attractions, and big city/small town elements, the recommendations in some cases will focus on specific industry segments, and at other times, will address the broader Nebraska tourism industry.

7.1 Major Tourism Signage and Family Media Effort

The state of Nebraska, through the Department of Roads, controls highway signage policy and enforcement. Representatives of the Department indicate that they adhere closely to federal regulations, and that deviating from these can jeopardize federal highway funding.

As we have observed the overall roadside signage conditions, there are clear benefits to creating a "clutter-free" environment, one that is actually supportive of elements of the Nebraska brand (clean, outdoors, relaxing, etc.). At the same time, there is concern amongst many tourism industry stakeholders that:

- tourism signage along major highways are in a poor state of repair, and may not be designed with messages that motivate a traveler to visit Nebraska attractions.
- it is difficult to procure directional signage for tourism businesses and attractions, and numerous existing signs have become inaccurate as businesses have closed or moved.

The Executive Director of the Tourism Commission has initiated important discussion with Department of Roads officials to begin addressing these issues. While recent state policy did not allow for modification to signs that are not considered in conformity with policy, several important changes have been adopted, including the following.

- Signage along I-80 and other key highways will be replaced as necessary, creating a consistent messaging designed to enhance visitor industry impact. Approximately 47 signs are slated for replacement, including those that highlight the State Capitol, Sandhills and other state-wide attractions.
- On a city-by-city basis, starting with Alliance, tourism informational signage will be allowed and installed by the Department of Roads. This will provide the visitor with a greatly enhanced ability to access attractions unique to local communities throughout Nebraska. The cost paid for by the City of Alliance approximates $18,000, and is a very modest investment in an important component of tourism infrastructure.

- The Department of Roads is installing 50 inch monitors in visitor welcome centers throughout the state, with a primary purpose of supporting the Amber Alert program and providing road condition information. On one-half of the monitor space, local tourism businesses will have an opportunity to advertise, providing valuable access to a larger share of the visitor base in the state.

As part of the Plan research, we have reviewed these policy and infrastructure changes in the context of approaches taken in other states, as summarized in the following case studies.

7.1.1 Case studies

<u>Iowa</u>

The limits of signage control by state regulation extend as far as visibility allows from the highway in rural areas. Inside city limits, the limits of control extend 660 feet from the right of way line. The Iowa Department of Transportation makes every effort to develop policies in conformance with the Federal Highway Administration (FHA) regulations.

"Off premise signs" are limited to land/areas that are zoned either industrial or commercial. This can include farm/agricultural land, depending on how it is zoned. Opportunities for conforming sign locations along Iowa interstates are limited due to the rural character of much of the interstate system in Iowa. However, new signage opportunities are created when new areas are developed commercially.

Many billboards were erected in agricultural areas prior to passage of Iowa's Billboard Control Law in 1972. Sign owners have applied for and received permits to keep signs in place as (grandfathered) nonconforming signs. If the permit fees are paid each year and the billboards are not modified or reconstructed, the billboards may remain in existence. There are programs designed to allow signs in rural areas that are not zoned industrial or commercial *if the sign is to promote tourist attractions*.

The IADOT does not approve signage for attractions. The review and approval is conducted by a separate Tourist Signage Committee, which includes representatives from the following organizations:

- Iowa Tourism Board
- Department of Natural Resources
- Department of Agriculture
- Department of Transportation

The Tourist Signage Committee was formed in the early 1980's and meets monthly (both in person and via conference call) to review applications for signage. They might review anywhere from one to ten applications per month.

Another option for attractions signage is to be listed on the "official signs" which are the blue and white signs located on the roadside that lead visitors to restaurants, gas, etc. Approval for listing on these signs is dependent on factors such as historical significance, annual visitor count, etc. Examples of such attractions include:

- Museums
- Historic sites
- Natural attractions
- Tree farms
- Pumpkin patches
- Wineries

The erection of billboards is prohibited along any state or nationally designated scenic byway.

In cities, billboards must be located a minimum of 250 feet from any other billboard facing the same direction. In rural areas, billboards must be located a minimum of 500 feet from any other billboard facing the same direction. In rural areas, new billboards are prohibited *beyond* 660 feet, if they are visible from the interstate. However, billboards in the city limits built beyond 660 feet from the interstate right-of-way line are not subject to control.

Kansas

Kansas Department of Transportation (KDOT) works closely with the Kansas Department of Wildlife, Parks and Tourism to permit and regulate signage throughout the state. KDOT also works closely with the Federal Highway Administration to make sure that they adhere to their guidelines.

An entity applying for signage permits would apply through the Department of Wildlife, Parks and Tourism. Applications are reviewed/approved on a case-by-case basis. There are several individuals in this office that make decisions as to what classification the applicant fits into and how many signs (up to three) are allowed. Once an application is approved, KDOT works with local maintenance groups to identify signage sites. Most signage is placed within 15 to 30 feet of the roadway.

Neither KDOT nor the Kansas Department of Wildlife, Parks and Tourism collect annual permit fees. The Kansas Department of Wildlife, Parks and Tourism regulates and monitors signs for adherence to state guidelines. KDOT is responsible for issuing code violation warnings and for removal of non-conforming signs.

Attractions can also qualify to be listed on official Tourism Oriented Destination signs (blue) that alert drivers to nearby amenities, such as:

- Hotels
- Restaurants
- Attractions

These Tourism Oriented Destination signs are managed by a third party consultant (Kansas Logos). Kansas Logos was retained to free up KDOT staff for other responsibilities. Kansas Logos reviews applications for Tourism Oriented Destination signs and collects annual rental fees from various attractions and amenities. Annual rental fees average $480. KDOT receives a percentage of this fee (generally 10 to 20 percent), which is remitted to the Kansas Travel and Tourism office to help market the state to visitors.

South Dakota

All signage laws are patterned after FHA regulations. Legal "conforming" billboards must be in areas that are zoned either commercial or industrial. There are no set back restrictions with regard to how close (or far) the signs must be from the roadway.

Many non-conforming signs were erected prior to 1985, when the current laws were passed, located throughout the state along areas that are not zoned either commercial or industrial. Perhaps as many as two-thirds of the billboards along I-90 are non-conforming. Such non-conforming signs are "grandfathered" in and must remain the same size. They are allowed to remain, as long as the permits are renewed and no major structural changes are made (the signs can be maintained, and very few such signs lose their non-conforming rights). Illegal billboards are monitored by local and DOT officials and are removed by the DOT.

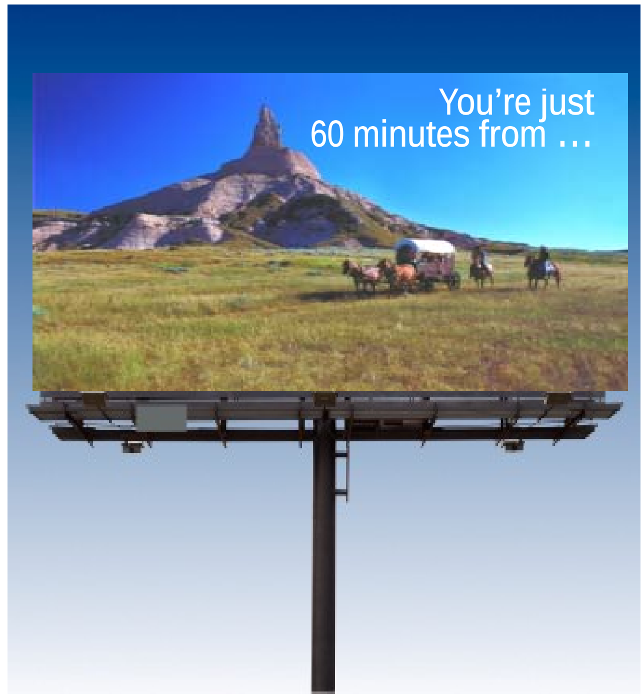
Case Study Takeaways

There are several relevant findings associated with the case studies presented above that should be considered in the context of the important progress recently made with respect to tourism signage in Nebraska, including the following:

- While the recent decisions to re-work existing statewide tourism signage is very beneficial, there is no on-going mechanism to formalize a signage review and approval process. To address this, the tourism industry should be formally involved in signage decisions through a joint Department of Roads/Tourism Commission committee formed to review all existing tourism sign regulations and applications.
- Continued progress should be made with respect to the blue and white information signs to be erected on a community-by-community basis in order to highlight Nebraska tourism businesses and attractions. This process could be evaluated by the committee described above.

- There are numerous bed and breakfasts, wineries and other private tourism businesses that are located in out of the way places throughout the state. Efforts should be made to allow these businesses to apply for permits to place directional signage in a manner conforming to agreed-upon guidelines as to size, quality and other aspects.

7.1.2 Large-Scale Interstate tourism signage and family media efforts



There is a widely recognized challenge in drawing visitors off I-80 into the many areas of the state that offer significant unique and authentic experiences including the numerous scenic byways, historical sites, unique natural attractions and other Nebraska experiences. Hundreds of thousands of potential state visitors simply pass by, unaware of the opportunities that exist within the state, in many cases less than an hour from the Interstate.

We view the traffic on I-80 as one of the largest un-tapped opportunities to generate additional statewide visitation. Even if a small share of travelers venture into the state at some point (even on a later trip) due to enhanced advertising efforts, the impacts could be significant. Average daily traffic flow along I-80 varies significantly by section, averaging between 7,000 and over 40,000 vehicles per day.

Recent tourism industry research specific to Nebraska clearly indicates a material negative perception amongst much of the traveling public towards the state, with many using descriptors such as flat, boring and lacking in interesting things to do. A drive through the state along I-80 therefore represents not just a lost tourism opportunity, but a mechanism that reinforces negative perceptions.

There is no easy answer to this issue, and numerous suggestions were registered during the extensive outreach and focus group process. Several ideas, described below and on the following pages, that emerged should be considered for follow-up by the Commission.

<u>Large-Scale I-80 Tourism Signage Program</u>

Approximately five large-scale, fully digital displays could be placed at key points along I-80 throughout the state. The programmable signs would be of a high design quality, would not be viewed as unsightly highway clutter, and would depict scenes from Nebraska that await the visitor – Chimney Rock and the opportunity to ride the wagon trains, the crane migration, various festivals and events, historic downtowns, the various scenic byways, etc.

The displays, as large as perhaps 40 to 50 feet by 15 to 20 feet to achieve a monumental quality, would not be used extensively for commercial purposes, but primarily to advertise Nebraska tourism. In fact, any commercial use should be tied to promotion of visitor industry attractions and businesses.

The five signs could be programmed to coordinate advertising for a particular destination or event. The digital displays would be linked by satellite to a central location where the images could be changed at any time.

Imagine travelling along the non-descript terrain of I-80, and monumental signage with text announces that you're less than 60 minutes from…, with the image of Chimney Rock and the opportunity to ride the wagon trains, or the world's largest indoor rainforest, or a major festival is taking place in a nearby town. It may not be that the traveler will venture off the Interstate on a moment's notice, but the seed is planted, and on a return trip, the likelihood of capturing the visitor could increase significantly.

We have interviewed one of the largest digital signage companies in the world to discuss the potential and cost of such an initiative. Each digital display apparatus would cost between $200,000 and $300,000, with the steel structure costing between $40,000 and $75,000. Installation would cost $6,000 to $8,000 per sign. Costs for running electricity to the site would have to be incurred, and would depend on the location of the sign. Monthly operating costs are estimated at $500 per sign. Annual maintenance contract costs approximate $4,000 to $5,000 per sign.

The total purchase and installation costs for five such signs (two displays per sign) could range between $2.3 million and $3.4 million, with cumulative annual operating and maintenance costs ranging from $100,000 and $110,000. Some of these costs could be offset through tourism partner advertising.

We understand that there will be concerns regarding such an approach; however, we believe that the value of advertising the state to millions of travelers, mitigating negative impressions reinforced by traveling I-80, and drawing traffic off the Interstate into the numerous surprising assets within the state, is significant enough to justify serious consideration of this option.

Methods of Conveying Nebraska Visitor Information

There are several opportunities to inform travelers along I-80 as to important tourism assets within the state. One approach used in Colorado and South Dakota for example, is to provide visitors with CDs that highlight state tourism, history, culture and other aspects in an entertaining manner. At a relatively low cost, the information contained on the CDs could be modified on a regular basis. A more aggressive approach could take advantage of the fact that many vehicles today are equipped with satellite radio capabilities. Consideration could be given to creating a Nebraska station that provides a variety of useful and entertaining programming. Either through a CD or a satellite approach (or both), the following types of programming could be provided:

- Stories of the old west in Nebraska, the crane migration and the sandhills, the bustle of the big cities of Omaha and Lincoln, and the many other historic, natural and cultural state-wide assets – perhaps commissioned from the Johnny Carson School of Theatre and Film. Patterned on the old skits of the 30’s and 40’s, the segments could be informative, entertaining, and effective in drawing interest to various areas of the state.

- Traditional information on road conditions and weather.
- Games and trivia.
- Informational programming discussing such topics as history, ecology, agriculture, natural sciences, the animal kingdom, geography, etc. that are unique to Nebraska.

The monumental visitor industry signs referenced above could regularly announce the satellite station to visitors traveling along the Interstate and other highways, and some of the regional and state-wide promotional material could also include reference to the station. University students could also be used as program hosts as needed.

There is certainly no easy answer to the challenge of drawing visitors off the Interstate, and the challenge has been discussed at length for many years. It is our view that a non-traditional measure or measures, such as those outlined above, will be needed to accomplish this goal.

7.2 Liability Issues

Many tourism industry business owners feel that the costs for liability insurance prevent them from entering into various lines of service including horseback riding, hands-on working farm/ranch operations, petting zoos and like enterprises. This should be a great cause for concern given the fact that a distinguishing feature of Nebraska tourism is the potential for unique and authentic experiences. In our travels, we found numerous instances of entrepreneurs avoiding initiatives that would provide visitors attractive hands-on experiences due in large part to liability insurance costs.

The issue of liability insurance cost constraint has been discussed numerous times at the state level in the past. The state of North Dakota has also addressed this issue, reaching agreement on a policy as described below.

The 2011 North Dakota legislature passed, and Governor Dalrymple signed into law, legislation designed to make it easier, safer and more affordable for rural residents to share the experiences of their farms and ranches with visitors. North Dakota HB 1142 limits the liability of agri-tourism providers for injuries that result from conditions that are considered beyond the control of the agri-tourism professional. The liability protection found in this legislation does not exclude the need for liability insurance. Rather, it may make agri-tourism insurance more affordable and available, two obstacles that have prevented potential operators from offering agritourism.

To be eligible for this protection, agri-tourism operators must be registered with the North Dakota Department of Commerce-Tourism Division. There is no cost to register and the registration is valid for five years. A registered agri-tourism operator shall post in a conspicuous location on the premises and include in each written contract pertaining to an individual's participation in agri-tourism a notice indicating that under the laws of this state, the registered agri-tourism operator is not liable for any injury to or for the death of a participant if the injury or death results from an inherent risk.

Except as otherwise provided, a participant assumes all inherent risks of agri-tourism. In any action for damages arising from an individual's participation in agri-tourism, a registered agri-tourism operator may plead assumption of risk by the participant as an affirmative defense.

The North Dakota Tourism Division recently reclassified a marketing position into a tourism development position. This person is now responsible for working with farms, ranches and other entities looking to enter the tourism industry, assisting them with “connecting the dots” (i.e., writing business plans, developing marketing strategies, etc.). This position is also responsible for administering the grant programs overseen by the Division.

We recommend that legislation, patterned after the North Dakota statute outlined above, be considered for Nebraska. Further, the Commission tourism consultant positions should be structured (with necessary personnel training) to provide assistance to business owners looking to enter the tourism industry.

7.3 Buy Nebraska Initiative

Today, it is difficult for Nebraska bed and breakfast operations to sell Nebraska wine and food products. Current state legislation restricts the sale of such products, and requires fairly expensive licenses if the business owners wants to pursue such an option.

Some states have taken a different perspective, viewing the sale of home-grown products as an important aspect of economic development. In Iowa for example, a $25 dollar annual license allows the bed and breakfast the ability to sell Iowa wine. Like Nebraska, Iowa has a growing wine industry, and this program is a very useful tool in promoting this sector.

In our view, a program of “Buy Nebraska” should be developed whereby bed and breakfast operations, as well as other tourism and non-tourism businesses, as appropriate, are encouraged to sell made in Nebraska product. With the extensive agriculture industry (including an emerging wine industry) part of the Nebraska brand, such a program would remove barriers to further exposure of the state and its products to visitors. Tourism Commission staff should work with industry representatives and legislative staff to craft and approve such a program.

7.4 Tourism Grant Programs

Currently, the Tourism Commission maintains a Tourism Marketing Grant Program, funded to a level of approximately $125,000. The Program last year provided 37 grants averaging less than $3,400. The majority of grants were provided for advertising, Internet development and other marketing needs. Following Nebraska’s general profile of communities, the greatest share of grants was received by medium and smaller size communities. All recipients are required to provide a 25 percent match in dollars and in-kind resources, which only leverages a total of $31,250 annually from the entire program.

In general, the notion of providing a series of independent $3,400 grants to various communities throughout the state is difficult to justify from a strategic perspective. However, the program has been very well received in small and mid-sized communities, and being awarded such a grant is a source of pride and a modest but useful amount of revenue for these communities. The use of the funds has to be reported in the grant application; however, it is difficult, time consuming and not a highly productive use of staff time to follow up on the performance and results of each grant, given the limited dollar amounts.

We have two sets of recommendations with respect to the grant program.

- First, at its current monetary level, it would be of value to require that multiple proximate communities combine their grant application for a larger, potentially more productive grant. For example, if the towns of Mullen, Burwell and Kearney were to jointly apply for a grant to advertise birding assets in the state, the value of the grant could be multiplied. Fewer, larger grants could then be easier to track from a productivity standpoint.
- Secondly, consideration should be given to a significant expansion of the program's dollar value, consistent with many other states in the region. Putting financial resources in the hands of local tourism industry stakeholders, under a well regulated, measurable program designed to strategically grow the tourism industry can likely be supported from a return on investment perspective.

There are examples of tourism marketing and infrastructure grant programs in several nearby states that may serve as a model for a future Nebraska program should additional funding become available. These are summarized below.

<u>Iowa</u>

The state maintains a grant program in which each of three regions in the state (East, Central, West) receive $108,000 in matching funds to put towards tourism. This is a somewhat larger version of the current Nebraska Tourism Grant program.

Iowa also maintains the Community Attraction and Tourism (CAT) Program which financially supports the development of projects that promote recreational, cultural, educational or entertainment attractions. Funding for the CAT program is provided through an appropriation by the Iowa legislature, which is expected to total $5 million in fiscal year 2013. By law, this grant money must be the last money into the project, thereby promoting local and/or private investment into attraction and tourism development. One-third of the funds available through the CAT program shall be allocated to projects in cities with populations of 10,000 or less, and/or counties that are among the 33 least populated counties in Iowa.

CAT funding may not constitute more than 50 percent of the total project costs. A need for CAT funding must be shown after other financial resources have been committed for the proposed project. The project must demonstrate substantial regional or statewide economic impact.

Wisconsin

The Wisconsin Department of Tourism maintains a $1.0 million Joint Effort Marketing Grant Program. Under this program, the Department of Tourism will reimburse up to 75 percent of a project's first year promotional costs (but no more than 50 percent of the total budget). For some JEM categories, the program offers grant support during the second and third year of a project. Eligible JEM projects are reimbursed up to 50 percent of the promotional costs for the second year and 25 percent of the promotional costs for third year recipients.

To be funded, projects must show that they will generate an increase in visitors and make a positive economic impact in the local area. The advertising plan must be consistent with the current statewide marketing plan and target visitor markets that are beyond the local area. The plan encourages projects that are creative and beyond the scope of what are normally offered by the organization.

Eligible JEM promotional expenses include: e-mail marketing campaigns, magazines, newspapers, radio, TV, Internet, direct mail, PR/media kits, and billboards. Examples of expenses JEM will not reimburse include operational costs (staff salaries, travel costs, facility rental, insurance, etc.), local advertising, posters and flyers that are not direct-mailed or street banners.

In addition the Department of Tourism budgets $200,000 for marketing the Milwaukee Public Museum, $25,0000 for marketing the Milwaukee Symphony Orchestra, and $200,000 for marketing cultural and arts within the Native American Tribes. A $120,000 allocation is also made to both convention and sports event marketing, and a $500,000 allocation is made to a film tax incentive fund.

It should be noted that each of these programs can be funded given the significant Tourism Department financial resources, reaching $13 million in the current year.

North Dakota

The North Dakota Tourism Division administers several grant programs in addition to their annual budget of approximately $5.1 million, including:

- The Tourism Expansion Grants ($100,000 annually) support new or expanding tourism or recreation facilities or designated development areas primarily through infrastructure projects. For every dollar of grant money being requested, the sponsor must provide one dollar. Grants can range from $5,000-$24,000 in any given year. Recipient can receive grants from the program for no more than three consecutive years, and funds can only be used for buildings and equipment. Priority is given to projects that leverage funding from various public or private sources; grant funding that completes a project rather than "seed money" to start a project; projects that have a particular urgency (i.e., the proposed project, if not completed within the next 18 months, will not happen); projects that retain visitors based on cultural, historical, or interpretive significance; projects with the potential to draw substantial attendance.

- The Marketing Grant Program ($100,000 annually) has funds available for individual businesses, communities and tourism marketing organizations wanting to promote North Dakota tourism-related programs or projects for the 2013 season. The program may be a recipient of a Tourism Marketing Grant for no more than 3 consecutive years or a maximum of $15,000 in total funding in multiple years. Priority is given to applications with an e-marketing, technology or innovative goal as well as learning based vacations. Matching funds must be utilized for the purpose of promoting a regional experience, activity or place unique to the state. At least 75 percent of marketing activities resulting from the grant must be promotional, focused on providing travel information. Communication must focus on illustrating unique North Dakota experiences in support of the state's tourism branding, "North Dakota Legendary," to maximize brand equity. Applications must demonstrate integration of the North Dakota Tourism Division logo, website and slogan in all communications materials. The applicant must indicate a plan to measure the impact of the promotional tactics resulting from the grant.
- The Events Grant Program has funds available for communities and event promoters wanting to regionally promote their 2013 tourism-related event. Event must be two or more days in length, be an annual event or an event with national significance, be a unique event (e.g., no Fourth of July, Labor Day, etc. celebrations), have visitor appeal and growth potential, cannot be religious or political in nature. The applicant must indicate a plan to measure the impact of the promotional tactics resulting from the grant, and there must be local support. Communication must focus on illustrating unique North Dakota experiences in support of the state's tourism branding, "North Dakota Legendary," to maximize brand equity. Applications must demonstrate integration of the North Dakota Tourism Division logo, website and slogan in all communications materials. The maximum grant is $5,000 and there must be matching funds.

In addition, the North Dakota Agricultural Products Utilization Commission (APUC), not administered by the Tourism Division, provides a Nature Based Agri-Tourism Grant totaling $100,000 annually for enterprises designed to bring people to rural North Dakota to engage in a recreational, sport, educational or labor assisted sales (self-harvesting) activity. The maximum grant award is $10,000 and the program does not fund ongoing operational expenses for existing operations. Projects are encouraged to work together and apply for grant dollars to promote an entire region, thus, multiple businesses are given high priority.

Takeaways

It appears that the investments being made by the State of Nebraska in tourism infrastructure development and marketing support are significantly below those being made in other regional states. Consideration should be given to a program of grants administered jointly by the Tourism Commission and Game and Parks that focuses on initiatives designed to introduce tourists to the unique and authentic Nebraska experiences. To be effective, we make the following suggestions:

- A $500,000 appropriation be made initially towards an expanded tourism grant program, with the possibility of increasing this funding to at least $1.0 million in the future based on return on investment analysis.

- Controls on how the funds are allocated should include:
  - requirements with respect to brand support, with approved projects using state brand standards in all promotional efforts to maintain state-wide message consistency.
  - emphasis on regional cooperation, with several communities banding together to create a larger regional tourism effort.
  - measurement requirements in order to support future return on investment calculations.
  - requirements with respect to local financial participation through matching funds (public and/or private).
  - requirements that funds emphasize a uniquely Nebraska asset that supports visitation.
  - limits could be placed on the number of consecutive years a project could receive funding.

The program's financial resources could be segmented into infrastructure and promotional efforts, or a single fund could be allocated based on the merits of the project applicants.

It is important to note that there are numerous very important applications for a well-funded tourism infrastructure program. A recent study commissioned by the Nebraska State Historical Society and the Department of Economic Development, and conducted by the University of Nebraska Bureau of Business Research has identified 220 existing heritage museums throughout the state, along with over 1,000 historic sites. In our travels throughout the state, we have found that these heritage sites and museums are largely volunteer operated and maintained, and annual operating budgets are minimal. This can impact the hours of operation, the quality of the exhibits and the ability to maintain a viable structure for the exhibits. At the same time, museums and sites dedicated to aspects of American history and culture that are also uniquely Nebraskan serve to support the unique and authentic visitor experiences available in the state. A well-funded grant program that could support investment in these assets should be very seriously considered.

7.5 Revisit the Regions

The Nebraska Tourism Commission currently segments the state into seven specific regions as described below.

- Panhandle Region
- Prairie Lakes Region
- Sandhills Region
- Frontier Trails Region
- Pioneer Country Region
- Metro Region
- Lewis and Clark Region

It is our view that these regions may not fully capture the actual description or distribution of natural, historical and cultural assets within the state, and an effort to redefine the regions should be considered. For example, the designation of "Panhandle Region" does not come close to describing the assets that exist from north to south within this region. Similarly, Frontier Trails doesn't accurately describe the primary tourism and event assets in Kearney, Grand Island, Hastings and other destinations in the region.

We recommend that the Tourism Commission meet with key regional stakeholders, including CVBs and private tourism business representatives, to reconsider the designation and boundaries for each of the current regions, and whether or not there is a more suitable approach to defining the various areas of the state.

7.6 Land Acquisition and Infrastructure Strategy

We have been told that Nebraska has the lowest proportion of public to private land of any state in the country. While this can help support property tax generation, it can create challenges for the visitor. Examples of these challenges include the following.

- If you are staying at a hotel or lodge in the Crawford area, it is impossible to ride horse to Fort Robinson due to the lack of public access or right of ways/ easements.
- The landscape near Lake Calamus is very dramatic and beautiful, a potential antidote to the perceptions of Nebraska as flat – yet virtually all this land is in private hands, preventing the visitor from fully enjoying this natural experience.
- The Sandhills are marketed as an international natural wonder, yet it can be the case in some areas that to physically experience the sandhills, one has to access a dirt road, cross over a barbed wire fence, and risk walking onto private land to actually claim that they have "experienced the sandhills". We also note that on the Nebraska Tourism website, the primary reference to Sandhills relates to golf. While there are several areas in which to access the sandhills region such as McKelvie National Forest and access points along the Snake River, we believe that added opportunities would enhance the ability to leverage the area for tourism.

It would not be difficult to identify strategic areas or even parcels thorough the state that could provide for important visitor access into Nebraska's natural assets. We are encouraged by four examples of aggressive efforts to acquire these types of parcels, and secure them for public access.

- Wildcat Hills - Private business leaders have initiated a land conservancy program that to date has acquired 24,000 acres of highly unique and beautiful land in western Nebraska. It is unlikely that travelers along I-80 could even image the landscape that exists a short hours drive away. The land is now open the public for hiking, hunting and camping. Much of the land is still used for cattle operations, with revenue used to support land maintenance and future acquisition.
- Niobrara Valley Preserve – 56,000 acres along a 25 mile stretch of the Niobrara River in Brown and Keya Paha Counties in north central Nebraska. The preserve combines diverse terrain including hills, river valleys and an introduction to the sandhills region.

- Crane Trust Nature and Visitor Center – encompassing nearly 10,000 acres of land central to the annual crane migration. The existence of the Trust and the Visitor Center ensures an amazing and highly unique and authentic experience for visitors on a permanent basis. Access to sites along the river, often times in private hands, can be assured into the future.
- The 11,000 acres of land in Cheyenne Buttes that were recently protected through a Nebraska Land Trust purchase (using Nebraska Environmental Trust funding) for easements that restrict any future development that would harm the natural or historical significance of the land. The easements allow for building of public access and interpretive centers; however, funding for such initiatives as well as on-going maintenance is not currently available.

Funding for land acquisition and/or easements that support the tourism industry represents a significant investment, well beyond the means of the Tourism Commission. We recommend that the Tourism Commission, working with Game and Parks, the Land Trust and other entities involved in tourism or land issues, embark on a program to identify specific parcels of land for which acquisition would benefit residents and visitors to the state. Similarly, these entities should enter into a coordinated effort to develop a set of interpretive centers, parking, trails and other capital projects on existing and acquired land that will greatly enhance access.

A realistic budget for acquisition and infrastructure development projects should be prepared. Opportunities to enter into public/private partnerships for acquisition/development projects should also be evaluated. The development of a marina in the Calamus Lake and Recreation Area (discussed during the stakeholder focus group process, and previously explored by Game and Parks) exemplifies potential opportunities for such partnerships.

A comprehensive Tourism Infrastructure Plan, inclusive of project descriptions and preliminary budgets should be developed. We recognize that implementation of such a plan will necessarily have to be considered long-term, given that that not all acquisitions and development can be afforded, or will be available in the short term. However, formalizing such a plan will allow for a concerted effort to enhance access to important and marketable Nebraska tourism assets, thereby growing the opportunities for creating tourism related economic impact and tax revenue.

7.7 Evaluate Roles for Regional Tourism Consultants

The Tourism Commission currently maintains several positions designated as Regional Tourism Consultants, in some cases with a focus on specific sectors such as argi-tourism and eco-tourism. These individuals work closely with local attractions and CVBs to evaluate advertising and marketing opportunities. In our stakeholder research, three potential need areas were identified, as described below:

- Social media assistance, particularly with the convergence of destination marketing and social media, small and mid-sized markets do not have the resources or background to aggressively take advantage of this relatively low-cost marketing opportunity. The selected advertising, PR and web firms selected as vendors to the Commission could also provide expertise in this area.

- Help to guide (not take over) grant writing, given the opportunities at the federal level for significant funding. The process can be cumbersome, and rather than reinventing the wheel in each community, a central resource with experience in this area would be valuable to many state-wide tourism stakeholders.
- Assisting entrepreneurs interested in creating hands-on access to unique and authentic Nebraska experiences. Ranches, farms, bunkhouses and related businesses looking to allow for more hands-on activities for the visitor are common examples that could be supported, provided the liability issues previously referred to are addressed.

Given the limited resources of the Tourism Commission, it is very important that the services being provided by Commission staff to stakeholders throughout the state be maximized in terms of value in generating economic impact. This is certainly not to say that the services being provided by the Consultants today are not of high value, they are indeed. At the same time, a continual evaluation of the needs/services dynamic is important.

We recommend that a report be developed that inventories the current set of services being provided by the Consultants, and that a survey of stakeholders be undertaken to evaluate associated value. The survey should also explore the value of new areas such as the social media and entrepreneurial support services described above. There should be a regular process of service evaluation.

7.8 Visitor Welcome Centers

Nebraska currently provides for several staffed visitor welcome centers located primarily along I-80. These centers hosted a total of more than 150,000 state visitors last year. There are numerous un-manned centers and rest-stops throughout the state, as well as numerous locally manned community visitor welcome centers that welcomed travelers throughout the state. The eastern most center is located in Omaha, with the western most center located in Ogallala. This loose knit inventory of visitor welcome centers and rest areas offers an opportunity for increasing new tourism business for Nebraska that could significantly benefit all of its communities.

For background, throughout the national tourism industry, visitor center travel counselors (or Tourism Guides as they are referred to in Nebraska) are recognized for their roles in enhancing the value of the visitor's experience and encouraging repeat visitation. Less understood is their significant role as an economic development initiative that can actually produce increased visitor length of stay and resulting visitor receipts.

Some communities have now learned that when their travel counselor specialists guide and help plan the customer's experience, they can consistently build new profits for their areas by extending travel visits while providing significant value to the customer. A simple planning model is required that shows counselors how to work with the visitor in first determining their needs and then providing an extended itinerary based on the visitor's specific needs, thereby extending length of stay. In so doing, Travel Guides help deliver more unanticipated new room night reservations, more tickets to attractions and restaurant meals.

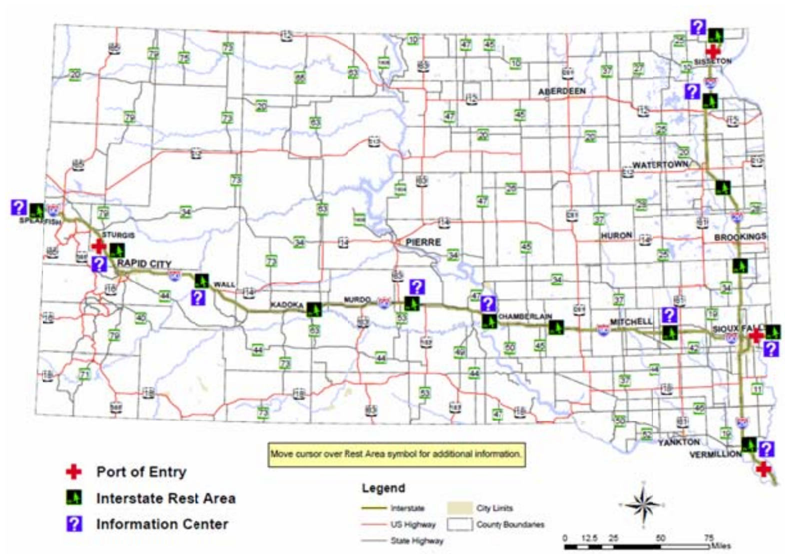
In Nebraska, staffing for the visitor welcome centers is paid for by the Tourism Commission, while the Department of Roads maintains the physical structures and grounds. There are a number of recommendations associated to the visitor welcome center program that are presented below, with supporting case studies following:

- Maintain the manned statewide visitor welcome center program. Rename the Visitor Guides as Visitor Specialists.
- Evaluate opportunities to shift staffing responsibilities for visitor welcome centers in larger market areas to the local community. They would have control over overall operations, under general brand, service and related guidelines set by the Commission.
- Work to incorporate unique interpretive centers into the visitor welcome center, using the Kearney Visitor Center incorporated into the Crane Trust facility as a model. The Archway monument, although close to Kearney and York, offers an opportunity for such a center.
- Use the visitor welcome centers as "wallet retention operations". The goal should be for no visitor to leave the state without exploring and spending. As noted above, the visitor specialist will work to identify the true interests of the visitor and send them to locations not just in the region, but to other parts of the state.
- Formulate and deliver a new training module for travel specialists in presentation and written format. An introductory section should include the Nebraska Tourism Division's mission statement, and also the mission for the visitor welcome center (which should include: increasing visitor length of stay and resulting dollar expenditures). After building a rapport with the visitor, guidelines for successful counseling should include helping pull together experiences they want to visit, as well as experiences they may not be aware of but that are consistent with their interests.
- Consider developing an interpretive and visitor welcome center west of Ogallala at some point in the future. Visitors coming east along I-80 are 120 miles into the state and past several of the major attractions before they interact with a visitor specialist. The monumental signage concept described previously in this Plan could help alleviate this lack of exposure; however, the visitor welcome center concept is an important part of directing traffic into the state.

We have evaluated the visitor welcome center approaches in several regional states, and have prepared the following case studies.

South Dakota

The South Dakota Department of Tourism operates a total of 12 Visitor Information Centers located along Interstates 90 and 29 throughout the state, as presented below:



Many of the Information Centers can be identified by the large stone tipis, supportive of a common theme or brand. The Information Centers are operated under a partnership with the South Dakota Department of Transportation, with SDDOT maintaining the grounds and paying for all utilities (similar to Nebraska). The Department of Tourism operates the Visitor Information Centers located within rest areas, paying for seasonal staff. From mid-May to mid-September, a crew of more than 70 travel counselors staff the Interstate Information Centers. Three of the Centers are staffed through the end of pheasant hunting season, which runs through October.

There is a minimum of two staff members at each location for safety reasons, and some of the busier centers have three staff available on weekends. Staff are paid $9 to $12 per hour and there is a re-hiring process every year. There is no history of these staff claiming unemployment during the off-season.

"South Dakota Stories" is a set of four CDs: History, Scenic Highways and Byways, The Great Outdoors and Native American Heritage. The CDs cover several driving routes, highlighting sites, attractions and much about South Dakota history and Native American culture. The travel CDs can be rented at any of the South Dakota Information Centers, or you can download MP3s and bring them along.

The content included in this program would be similar in some ways to the programming for a Nebraska satellite radio station recommended for consideration earlier in this Plan.

Iowa

There are 19 Welcome Centers throughout Iowa. Of these, four (located along the Interstates) are maintained by the Department of Transportation and managed by the Iowa Tourism Office, which provides for two staff at each center at an annual salary of between $25,000 and $35,000. The remaining 15 are supported by local communities.

The 15 local community Welcome Centers are generally positioned alongside an existing attraction, such as the Sergeant Floyd Riverboat Museum. Each of these receive varying levels of financial support from the Iowa Tourism Office for development costs (which are matched with local contributions). Contributions have ranged from $20,000 to $650,000. The Iowa Tourism Office pays no staffing or operational costs for these facilities.

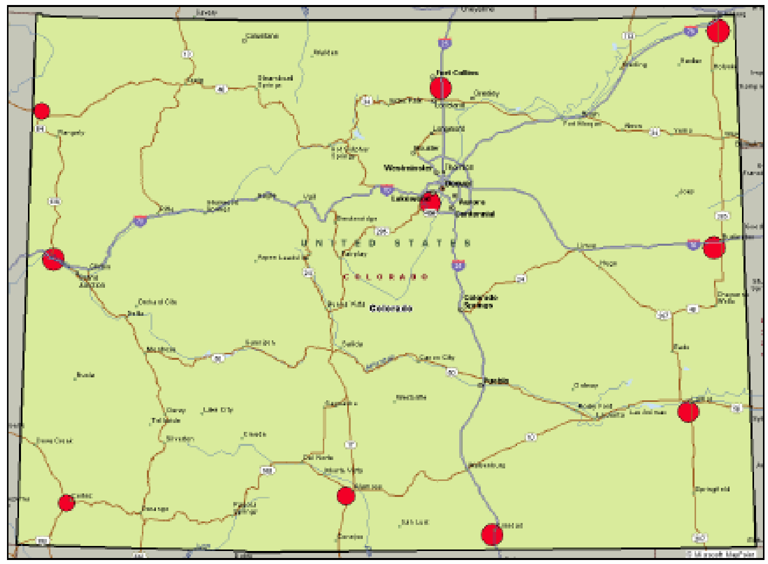
Kansas

Kansas has two state-owned Travel Information Centers that provide maps, directions and brochures regarding attractions, events and accommodations, and advice about the best places to visit in Kansas. There are also

16 community owned Travel Information Centers located throughout the State. Restrooms, drinking water, free coffee, gift shops, picnic areas and pet exercise areas are available at some centers. Each of the community owned Travel Information Centers are held to various requirements in order to be a part of the statewide network. They are self-supported and receive no funding from the Kansas Department of Wildlife, Parks and Tourism.

Colorado

There are a total of 11 official Colorado Welcome Centers located throughout the state. There is no "standard" model for ownership and operation of the Centers. Eight of the facilities are state owned, with some of these located within or adjacent to rest areas (along major interstates). In this case, the Colorado Tourism Office pays operational costs in terms of utilities, etc. The remaining three are community owned and operated, and receive support from the Colorado Tourism Office in the form of paying salary costs for their manager.



All of the 11 Welcome Centers report to the Colorado Tourism Office and are staffed by a manager and volunteers. Managers are full-time and are paid $27,000 to $45,000 per year. Managers have a travel budget and must attend two annual meetings. There are no paid staff beyond the manager; however, there is a network of volunteers statewide. Markets such as Fort Collins have 150 volunteers, while smaller communities such as Dinosaur have approximately 20. Volunteers attend regular training programs.

Visitors that reported increasing their length of stay in Colorado because of information received from the Welcome Centers stayed an average of 2.6 additional days. Just under one-in-four visitors added activities to their trip, and more than one-in-three obtained information for a future trip. Nearly 55 percent reported learning about something new to see or do in the state.

Chapter 8 Evaluating Tourism Funding Needs and Methods

The current Nebraska Tourism Commission budget is approximately $4.6 million. This represents 4.0 percent of the $115.4 million spent cumulatively by states in the region (KS, IA, MN, ND, OK, MO, CO, MO, WY and SD). With budget increases in these surrounding states, Nebraska's share of total regional tourism spending will drop.

As previously noted herein, the U.S. Travel Association (USTA), led by Dr. Doug Frechtling, has developed an internationally accepted model to estimate tourism spending in particular regions and states. The model is considered conservative in that studies of specific regions or states generally indicate higher impacts than those generated by the USTA model.

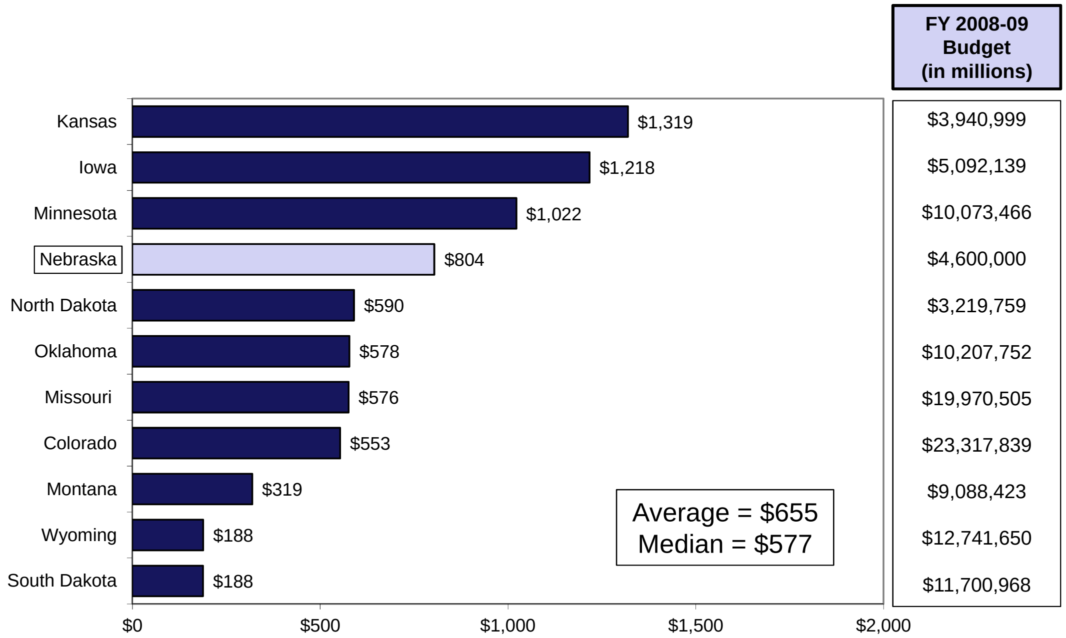
On a positive note, the tourism related spending in the state of Nebraska is estimated at $3.7 billion as presented below.

Direct Tourism Spending – Regional Competitors

Colorado	$12.9 billion
Missouri	$11.5 billion
Minnesota	$10.3 billion
Iowa	$6.2 billion
Oklahoma	$5.9 billon
Kansas	$5.2 billion
Nebraska	**$3.7 billion**
Montana	$2.9 billion
Wyoming	$2.4 billion
South Dakota	$2.2 billion
North Dakota	$1.9 billion

We note that while the share of regional tourism organization spending in Nebraska is 4.0 percent, the share of tourism impact is 5.7 percent. The chart on the following page shows the direct tourist spending per dollar spent by the state tourism organization for the regional states.

In-State Direct Spending per Budget Dollar Expended – Nebraska and Regional States



Note: Average and median calculations exclude Nebraska.
Source: U.S. Travel Association, 2012

As noted above, the $804 in tourism impact per Tourism Commission dollar spent ranks high, and above the average of $655.

As noted earlier in this Plan, the budget for the Nebraska Tourism Commission ranks 9th among the 11 regional states reviewed. The best business practices and recommendations provided in this Plan will significantly help level the competitive playing field. Further, it is our view that a larger investment in Nebraska tourism sales and marketing, directed in a manner called for in this Strategic Plan, could provide a positive return on investment when considering the resulting tourism generated tax revenue.

For important background information, a summary of tourism funding sources in several other regional states is presented below.

<u>Minnesota</u>
The approximate $8.4 million annual budget is 100 percent funded from appropriations from the state general fund.

<u>Wisconsin</u>
The approximate $17.0 million annual budget comes from the following.

- 75 percent is provided from Native American gaming – gaming is mandated by law to provide payment to the state based on their total revenue, and a portion of this is allocated to tourism.

- 25 percent is provided from appropriations out of the state general fund.
- Both sources are appropriated by the Legislature and subject to change at their discretion. Very strong lobbying factions from the visitor industry help to ensure that the allocation stays in place.

South Dakota

The approximate $11.5 million budget comes from a 1.5 percent Promotion Tax (generating $8.3 million), and a Deadwood gaming tax ($3.2 million, under which the Department of Tourism receives 40 percent of an 8 percent tax on Deadwood gaming). The Promotion Tax was increased from 1.0 percent in 2009.

The tax is applied to the following types of businesses on a year-around basis:

- Hotels and Lodging Establishments
- Campgrounds
- Motor Vehicle Rentals
- Recreational Equipment Rentals
- Recreational Services
- Spectator Events
- Visitor Attractions

There is also a provision in the statute such that for various visitor-intensive businesses (deriving 50 percent or more of their annual receipts during the months of June through September), only receipts during this period are taxed. These businesses typically include gift/craft shops and antique stores.

Iowa

The approximate $3.7 million budget (down from $5.1 million in 2008/09) is funded from:

- Gaming appropriation – specific percentage of total revenues allocated to regional advertising; amounted to approximately $900,000 in a recent year; the percentage allocated can and has been changed (decreased) in recent years with great flexibility.
- Private funds – donations, website advertising and other revenue, etc.; amounted to approximately $500,000 in a recent year.
- Remaining funds come from a General Fund allocation appropriated annually by the State Legislature; subject to change based on a variety of factors including state of the economy, consideration of other programs, etc.

North Dakota

The approximate $5.1 million annual budget (increased from approximately $3.2 million in 2008/09) is entirely funded with a discretionary allocation from the state general fund.

Summary
As noted above, many state tourism organizations simply receive an annual appropriation from the general fund. Gaming is another somewhat common source of funding. South Dakota provides the most innovative example of using funds raised from tourism industry establishments to fund corresponding marketing efforts. In essence, those businesses that benefit from tourism are taxed to fund industry sales and marketing efforts. We have been involved in numerous visitor generating projects whereby the majority of industry were in support of aggregating funds to be spent strategically to generate added customer spending. The government's ability to tax these entities is then seen simply as a mechanism to aggregate the funds, which in the case of Nebraska, would be directed by an industry-controlled entity (the Tourism Commission).

While we believe that many of the recommendations presented herein will serve to increase the tourism industry in Nebraska under a funding structure that holds the Commission budget relatively constant, added Commission funding would likely enhance both the product and the level of visitation to the state.

We have considered the financial return aspects of increased tourism industry investment, focusing on the magnitude of tourism industry increase that would be required to support various added spending levels. The following chart highlights the percentage increase in the current tourism base (as measured by USTA) that would be required to support various increases in the Nebraska Tourism Commission budget.

Analysis of Tourism Industry Increases Required to Support Various Commission Budget Increases

	Nebraska Tourism Budget		Nebraska Tourism Related Spending	Percentage Increase in Tourism Impact Needed to Support Budget Increase
Current	$4,600,000		$3,700,000,000	
		Added Commission Budget	Required Added Tourism Spending	
	$5,600,000	$1,000,000	$15,833,977	0.4%
	$6,600,000	$2,000,000	$31,667,954	0.9%
	$7,600,000	$3,000,000	$47,501,931	1.3%
	$8,600,000	$4,000,000	$63,335,907	1.7%
	$9,600,000	$5,000,000	$79,169,884	2.1%

As noted above, the current Commission budget is approximately $4.6 million, with a total tourism economic base of approximately $3.7 billion. To support a $1.0 million increase to the Commission budget, an added $15.8 million in tourism spending would be needed (assuming a 6.3 percent effective tax rate), representing a 0.4 percent industry expansion from current levels. Similarly, to support a $5.0 million budget increase, $79.2 million in added tourism spending would be needed to generate corresponding tax revenue, or a 2.1 percent expansion of the tourism economy.

In our view, a 2.1 percent increase in tourism related spending driven by enhanced sales, marketing and infrastructure investment is highly attainable. This would demonstrate that, at existing tax rates, industry expansion could generate added tax revenue (both state and local) sufficient to equate to a significant increase in the Commission budget. However, we also recognize that revenue collected under the current rate structure is already committed to various state and local priorities, and that reallocating these revenues could be very difficult to achieve.

We have therefore explored the implications for some form of internal tourism industry financial support to create added sales, marketing and infrastructure funding. In effect, the industry would be seeking to self-fund added investment to help grow the industry within the state.

In Nebraska, the county lodging tax receipts totaled $13.9 million in 2010, with an associated tax base of $361 million. To generate an additional $5.0 million in lodging tax revenue, a rate of 1.4 percent would have to be added, assuming a constant $361 million lodging tax base.

As noted in the case studies, there is precedence for taxes to be assessed on other visitor sectors to fund tourism, including motor vehicle rentals, attraction sales and other visitor intensive businesses. Businesses such as restaurants and service stations also benefit directly from the tourism industry. To the extent the tax base used to generate increases in tourism sales, marketing and infrastructure funding is broadened, this would reduce any required rate increase.

While there are numerous legislative challenges, we recommend that research into the opinions and attitudes of Nebraska visitor industry businesses be conducted as to whether or not there is support for such a funding mechanism to support increased investment in tourism promotion. In addition, this topic should be raised and discussed at the annual Travel Conference.

We should note that a $5.0 million increase in Nebraska tourism spending would allow for significant increases in marketing efforts, and limited infrastructure investment such as signage, visitor center investment and enhanced grant program funding. Other recommendations contained herein related to land/easement acquisition and development/maintenance of trails, interpretive aspects, parking areas, restrooms, etc. would have to be funded separately, potentially through annual state economic development appropriations.

Chapter 9 Evaluating Nebraska Lodging Tax Allocation

In Nebraska, there are various taxes applied to the sale of lodging room nights. These can include a one percent state tax, a 2 percent county visitor improvement tax, and a 2 percent county visitor promotion tax. Currently, nearly all counties asses the promotion tax, and 43 counties assess the full 2 percent visitor improvement tax. These county taxes alone generated $13.9 million statewide in 2010, *and $99.7 million over the past ten years*. Allocating these funds in a strategic manner designed to truly enhance the visitor industry product and impact should be a paramount goal.

For counties that have assessed the lodging tax allocated to visitor promotion, they must establish a visitors committee to advise the county board as to appropriate expenditures. According to the legislation, the funds are to "be used generally to promote, encourage, and attract visitors to come to the county and use travel and tourism facilities within the county." Separate legislation stipulates that the lodging tax assessed for visitor improvements "be used to improve the visitor attractions and facilities in the county."

The general guidance provided by the legislation is not interpreted uniformly throughout the state. In some cases, funds are spent on projects that may not have a direct bearing on supporting and growing the visitor industry. Further, there is little coordination among counties whereas such coordination could help to maximize the regional and statewide impact of the expenditures. There is a clear logic in insisting that lodging tax funds be invested directly in growing the tourism industry. First, it is the lodging industry that creates the opportunity to collect the tax, and this industry should therefore benefit directly. Secondly, by investing the funds back into the visitor industry, the lodging tax base will increase, thereby creating a cycle of increasing revenue.

We also note that the visitor committees established to guide fund expenditures do not have term limits for members, creating the potential for stagnation of creativity and new ideas for tourism growth.

Going forward, we believe that several changes are needed to the process for allocating lodging tax funds, particularly those earmarked for visitor improvements. These are described below.

- A clearer definition of lodging tax investment guidelines should be prepared that stipulates all funds should be allocated to projects or promotional efforts that directly increase the exposure of the Nebraska visitor industry, or directly enhance the Nebraska tourism product. Projects or promotional efforts should be directly linked to the ability to generate added room nights.
- Visitor Committee membership should be governed by a set number of terms, and visitor industry representation (from the local CVB, for example) should be ensured.
- A rigorous benefits measurement program should be used for each investment of funds made. Those investments (for events, infrastructure or other projects) for which it is not possible to demonstrate enhanced visitor industry activity should not be made or should be discontinued.
- The Tourism Commission should provide each county with the Tourism Infrastructure Plan referenced previously herein which describes desired development projects throughout the state that are deemed beneficial to enhancing the tourism industry. This Plan could help guide various county tourism investments.

There is very little consistency nationally as to how lodging or hotel taxes are allocated. Good examples of visitor industry tax policies include the following.

Minnesota

Communities in Minnesota are allowed to impose a tax of up to three percent on the gross receipts from hotel, motel and resort sales, provided the revenue is used fund a local convention or tourism bureau for the purpose of marketing and promoting the city or town as a tourist or convention center.

Idaho

A statewide lodging tax is assessed, to be used as follows:

- Forty-five percent to statewide programs targeted to international and domestic consumers, tour operators, travel agents, travel journalists, and film industry marketing.
- Forty-five percent distributed to non-profit local and regional tourism development organizations in the form of grants for travel and convention promotion.
- Ten percent for administrative costs.

Texas

State tax code stipulates that communities can levy a Hotel Occupancy Tax, provided the funds are used for the following.

- Convention centers and visitor information centers
- Registration of convention delegates
- Advertising, solicitations and promotions that directly promote tourism and the hotel and convention industry
- Promotion of the arts that directly promote tourism and the hotel and convention industry
- Historical restoration and preservation activities that directly promote tourism and the hotel and convention industry
- Sporting event expenses that substantially increase economic activity at hotels

The provisions in the Texas legislation that stipulate funds are to be used to directly support the tourism and convention industry are very important. The word "directly" helps to focus the use of funds away from a myriad of uses that stretch the notion of benefiting the tourism industry. This concept is incorporated into the recommendations for Nebraska presented above.

In Nebraska, the funds generated from lodging taxes vary considerably from county to county. In Fillmore County, only $2,842 in revenue was generated, whereas Douglas County collected $5.1 million. It is imperative that the above recommendations be considered for those counties that have significant opportunities through the lodging tax to positively impact the visitor industry.