

May 30, 2006

TO: Honorable Mayor and City Council Members

FROM: Denny L. Arnold, City Manager

SUBJECT: Tourism – TML Conference

I attended a TML Conference on April 20th and 21st in Austin on the subject of tourism and its value to a community. The advance program looked promising and the information gained from the conference exceeded my expectations. Since the conference, I have gathered some comparable data about tourism programs in other cities.

The TML Seminar was facilitated by Dr. Peter Tarlow, President, Tourism and More, Inc., widely known as a tourism expert. Speakers at the conference included the City Managers of Boerne, Brownwood, Corpus Christi, Bryan and McAllen, all acquaintances of mine and all very creditable and successful as City Managers. Other speakers included the Fire Chief of San Marcos; a police lieutenant from College Station; an assistant executive director of the East Texas Tourism Association; and Doug Harman, President and CEO of the Fort Worth Convention and Visitors Bureau for the past 17 years and prior to that City Manager of Fort Worth. The City officials were on the program to tell of success stories in their communities, what works or doesn't work in promoting tourism. The professional tourism speakers' purpose was to emphasize do and don't techniques in developing a good tourism program for your community. It was a good blend of speakers put together by TML. The audience in attendance consisted of a good mixture of city managers, council members and tourist bureau officials from all over the state.

One of the basic goals I set, of info to be gained from the conference, was a simple definition of tourism, or who can be considered to be a "tourist." One realization that I discovered was that our use of the name "Convention and Visitors Bureau" is partly a misnomer. The terms "visitor" or "tourist" are virtually synonymous. The "convention" part of the title is the misleading part, which I'll explain later.

One very basic and important message of the conference was that you must advertise or promote your city and you must know your market, otherwise stated as: know the strengths of your community and advertise those strengths to a particular market.

A simplified definition of "tourist" is someone that lives more than 50 miles from the community to

which they are traveling, regardless of their reason for visiting a community. If they stay at least 4 hours, then they are spending dollars for meals. New money earned someplace else and spent in our community (tourist dollars) circulates 2.5 times before it leaves the community, and to reiterate, it matters not that those dollars are from attendees at the Arnold family reunion, a tour bus of Victoria's historic homes, a playoff football game or a small convention. Dollars spent in our city have the same effect.

Victoria is not a convention destination. We do not have facilities conducive to holding conventions. Small conventions such as regional Lions Clubs, regional antique car conventions, etc., can be lured here, but in general neither our Community Center nor the Holiday Inn can accommodate a very large group. Hence my earlier statement that the word "convention" in the title of our Convention and Visitors Bureau is mis-understood or mis-leading. The "visitors" part is the more important part.

Some key points that I learned from some of the tourism expert presenters at TML are listed in the following quickly taken notes, not necessarily in any priority order:

Concepts of Tourism

What is the product?

- experiences
- recreation
- memories

Memories

The number 1 product is memories – people forget facts, but remember feelings

The further from reality the more monetary value it has

The number 1 way of getting information is word of mouth

Goal – keep people in your community at least 4 hours (encompasses 1 meal)

You need to sell what your customers want

Product – what your community has that others don't

Don't be a gateway – be a place

Tourism is not part of Economic Development-IT IS Economic Development

Think Regionally, Think Collaboration

It is easier to keep a tourist than get one!

Newcomers and businesses are tourists to an area **FIRST**

Tourism is about disposable income

Texas tourism relates to the Cowboy

Grandparent/Grandchildren tourism is fastest growing segment

Women make most of the decisions about travel destinations

I have reviewed the budgets of at least 12 other C & V Bureaus in other Texas cities, ranging from small cities (such as Boerne and Rockport) to larger operations such as Lubbock and Fort Worth, the latter being one of the most successful in Texas. The main source of revenue for C & V Bureaus is hotel/motel tax, with some having other sources such as memberships and cooperative advertising (with this being mostly a pass-through revenue to pay for a specific function or event). I asked about 5 questions in a survey of cities, with one of these questions being: what percentage of the total hotel/motel tax collected by the city goes into the C & V function, and what percentage of each C & V operation is spent on general advertising of the City (as opposed to special events)? The City Managers of Boerne and Rockport told me that their hotel/motel tax revenue is over \$200,000/annually and it all goes back into the C & V budget. Fort Worth C & V has a budget in the millions of dollars and they receive 50% of the hotel/motel tax from the City. The percentage of total budget that various C & V operations spend on general advertising seems to range from 25% to 35%. I have the survey results if anybody would care to read them.

Our contract with the Victoria Chamber gives them \$183,100 to operate the C&VB function. The C&VB spends 29% (\$53,950) on general advertising, or 31% after you deduct the \$7,200 that the Chamber keeps for administering the program.

Several years ago we reviewed the C&VB operation, during luncheon meetings, with Bob Martin and Mona Foust. I told you at that time that as far as I knew they ran a good operation, but with the budget they had (at that time approximately \$140,000), it might be unfair to expect them to perform miracles. As I have recently re-examined the C&VB operation in Victoria, and have applied what I learned at the TML Conference, I am even more convinced that our operation is on the right track and well run. If I were the Chamber (and I will share this report with Phyllis Hunt), I would request more of the hotel/motel tax revenue and earmark it for general advertising of Victoria.

I mentioned Doug Harman, President and CEO of the Fort Worth C & V Bureau, earlier in this report. He was a very successful City Manager in Fort Worth when he resigned to take over the operation of the C&VB. He has turned Fort Worth into a major tourist center and operates one of the most successful programs in the country. We (City Council and staff) have enjoyed some memorable conferences in Fort Worth, but the memory of the City is what we carried home, not just what we learned in the conference sessions. I have attached a "Trends in Tourism" paper, written by Doug Harman, for your reading.

The courtesies extended by citizens of Victoria to visitors to our city help create a good image of our City and send people home (whether it be from a family reunion, historic home tour or a City-sponsored softball tournament) with good memories of Victoria. Our first responder police and fire/EMS personnel are great ambassadors for our City.

Our C&VB can and does work to promote getting tourists to come here and in making them want to return. That was one of the main lessons I learned at the TML seminar of the function of a C&VB. Our C&VB is flexible to work with any individual or group that wants to make Victoria its tourist destination, regardless of their reason for coming.

DLA:rm
Attachment

xc: Phyllis Hunt