

ORGANIZATION NEXT

Strategic Recovery Plan for
Destination Organizations





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Dear Reader,

No one could have predicted the devastating impacts Covid-19 would have on our industry. This strategic recovery report is intended to help guide destination organizations in their planning efforts for the next 6-18 months.

OrganizationNEXT has three major objectives:

- Identify key potential strategies for destination organizations and other community groups to adopt in recovery efforts
- Demonstrate the evolving roles of destination organizations that make them critical in their communities
- Outline potential scenarios for the hospitality industry and major factors affecting the timing and extent of recovery

Our findings and recommendations are based on a survey of more than 350 organizations in 20 countries around the world. The recommendations apply to organizations and destinations of any size and type.

It is our sincere belief that readers will find OrganizationNEXT useful to develop a customized Strategic Recovery Plan for their destination organization and community. We want to express our gratitude to our Advisory Panel of key industry leaders (page 33) who have provided invaluable advice and assistance during this project.

Yours truly,

A handwritten signature in dark ink, appearing to read 'Paul Ouimet'.

Paul Ouimet
Partner, President
MMGY NextFactor

A handwritten signature in dark ink, appearing to read 'Adam Sacks'.

Adam Sacks
President
Tourism Economics

Summary

OrganizationNEXT: Defining the Road to Recovery

In the wake of Covid-19, destination organizations are rebuilding their visitor economies in three general phases: response, recovery and resilience.

MMGY NextFactor and Tourism Economics developed the **OrganizationNEXT Strategic Recovery Plan** to help destination organizations move from the response to recovery phases through the next 6-18 months.

We've been engaging hundreds of destination leaders during the last four months to understand and evaluate their specific strategies in three major focus areas:

1. Community Building

Aligning public-private sector strategies and elevating community collaboration

2. Customer Engagement

Reassessing target markets and defining how to best message leisure and business travelers

3. Organization Sustainability

Ensuring destination organizations are relevant in the medium and long-term

We then fielded a survey in May 2020 with the most popular strategies and asked destination leaders to prioritize them in order of importance. More than 350 participants in 20 countries provided the aggregate rankings starting on page 10.

The results provide a snapshot of the industry's response to the pandemic in May. We will be fielding

two more surveys in late July and September to track how destination organizations are evolving their strategies as their visitor economies recover.

For many destination organizations, the pandemic is forcing them to rethink everything. They've drastically narrowed their scope of operations because of reduced resources and the almost total shutdown in demand.

At the same time, many organizations have embraced a larger role in their communities, where they're working more closely with local elected officials, community and resident groups, and business associations than ever before.

OrganizationNEXT addresses all of these systemic shifts in our industry in order to provide strategic direction moving forward.

Today, MMGY NextFactor and Tourism Economics are working with all sizes of destination organizations, their boards of directors, local stakeholders, and community groups to help them align and prioritize the strategies that will be the most effective for their specific destination.

Key to this process, it's imperative for destination organizations to define their 2020 recovery road map within the context of their long-range goals. When our global visitor economy moves beyond Covid-19 eventually, what will it look like? How destination executives answer that by focusing today on rebuilding their communities for tomorrow will guide the future of our industry for generations.

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OrganizationNEXT Project Team

Project Lead

Greg Oates – MMGY NextFactor

Team Members

Paul Ouimet – MMGY NextFactor
Adam Sacks – Tourism Economics
Jim McCaul – MMGY NextFactor
Cheryll Girard – MMGY NextFactor
Jordan Young – InterVISTAS
Chris Davidson – MMGY Global
Cheryl Schultz – MMGY Global
Chelsea Bachman – MMGY Global

Introduction

The OrganizationNEXT Strategic Recovery Plan

The devastating impacts of the Covid-19 pandemic have not been evenly distributed. The global visitor economy has been hit disproportionately hard by the crisis in destinations across all economic and geographic strata.

According to the World Travel & Tourism Council in June 2020, more than 197 million jobs in the global travel and tourism sector are at risk this year, representing \$5.5 trillion (US) in GDP.

Destination organizations have been dramatically impacted. Our research shows that nearly 6 in 10 (59%) of organizations expect their budget to decrease by more than 25% in the next fiscal year. Another 3 in 10 expect budget decreases between 1-25%.

Because of this, the vast majority of destination organizations have had to reassess their entire operations and make unprecedented changes.

Today, there's a new reality where organizations have both drastically reduced resources and a long list of industry and community needs. To move forward, destination management teams must work with their boards of directors and key stakeholders to develop a very clear and concise set of strategies to navigate a highly fluid and unpredictable future.

We believe, however, that any strategic planning work in the next 6-18 months should also consider the destination's long-term needs within the context of the broader community. Doing so will enhance the resilience of the organization and elevate its relevance in the community when visitors return in volume.

The **OrganizationNEXT Strategic Recovery Plan** was developed to help destination organizations pivot from the response to recovery phases by prioritizing the most effective strategies for their specific organization in the next 6-18 months.

In 2021, we will be updating the DestinationNEXT Futures Study, produced in collaboration with Destinations International. That will have a much broader scope defining how destination, community and economic development organizations are aligning their strategic plans to guide the long-term resiliency of their communities.

The survey data in this document was collected in early May 2020. It needs to be analyzed in the context of that time when destination organizations were still operating in a state of triage.

In order to show how destinations are evolving through 2020, we will be fielding two more OrganizationNEXT surveys this year with the same questions, supplemented with new queries, to track shifting strategic priorities across the global visitor economy.

A New Normal

During the early days of the pandemic, Maura Gast, Executive Director of Visit Irving in Texas, put the future into focus. "Right now, our communities are dependent on our first responders," she said. "But in six months, nine months, they're going to be dependent on our economic responders, and that's us."

Covid-19 Crisis/**Opportunity**



Today, destination organizations are collaborating with their local government and community organizations more intentionally than ever before to help support local business continuity. Based on conversations with hundreds of industry leaders in recent months, the consensus among them is that this alignment between the public and private sectors represents a new normal for the entire sector.

“I think the (destination marketing and management) world will change forever,” Tom Norwalk, President and CEO at Visit Seattle, said in Skift. “We’ll be doing business differently – more agile, smaller, laser-focused on what’s critically important to build economic development through travel.”

This new normal that everyone is talking about today has actually been with us for a few years now. Leading organizations from Visit California to Tourisme Montréal to Holland Tourism have been developing innovative strategies in recent years that align their visitor industry more closely with their destination’s broader economic and community goals.

This evolution from destination marketing to destination management is a strategic expansion

from promoting communities to building communities. That in turn provides much richer visitor experiences, destination stories, and business opportunities to help promote and differentiate the brand in an increasingly commoditized global marketplace.

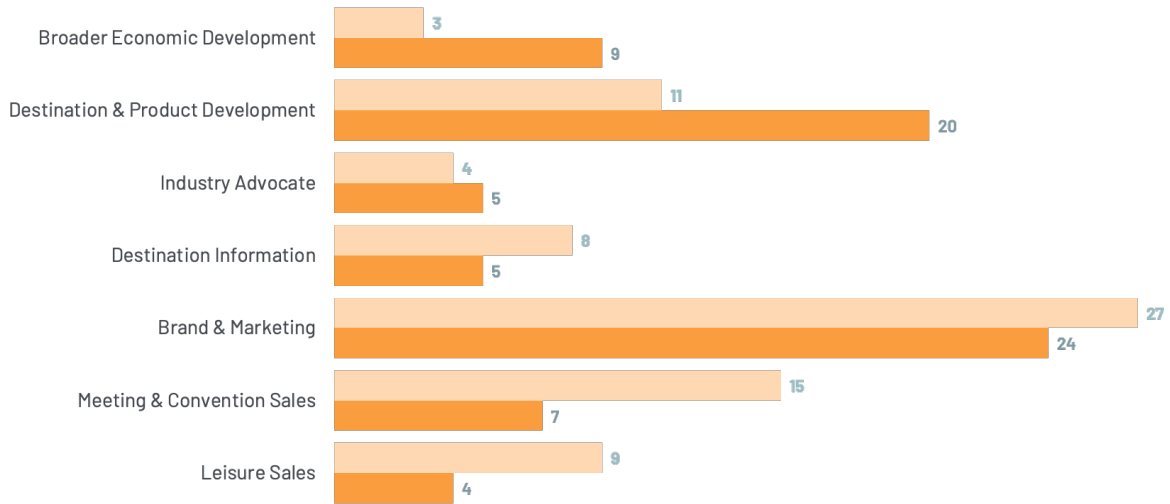
In February 2020, MMGY NextFactor participated in the annual MMGY Global Mojo Summit, bringing together municipal and state tourism organizations across the U.S. to explore the future of the industry.

As the charts show on the next page, there were considerable shifts between what destination leaders say are their key roles and performance indicators now, and what they think they’ll be in future years.

Covid-19 is accelerating those shifts. Many destination leaders now stress that the pandemic is a catalyst to rethink how our industry can once again enjoy robust growth, but in ways that build stronger, more equitable and more resilient communities.

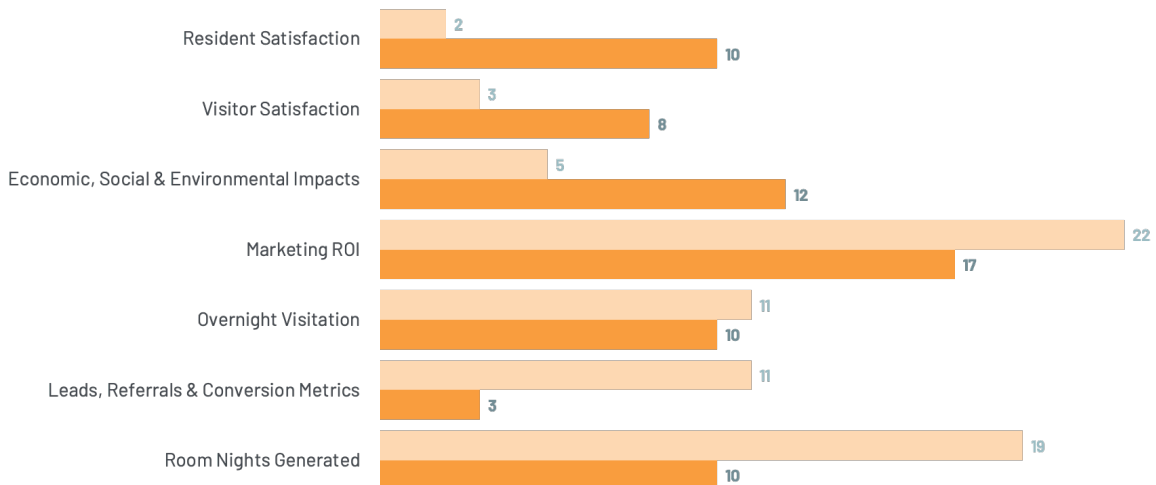
As Emmanuelle Legault, VP of Marketing & Strategy at Tourisme Montréal, said, “If we don’t manage to make travel more purposeful, then we haven’t learned anything from this crisis.”

- What are your current top three roles?
- What do you believe your primary roles will be in 3 years ?



Data gathering for OrganizationNEXT began at the MMGY Global Mojo Summit in New Orleans in early February 2020, before the outbreak of Covid-19 was on the industry's radar in North America. A small sample group of 40 state and municipal destination leaders were asked how they envisioned their roles and KPIs would evolve in the next 3-5 years.

- What are your current top three KPIs?
- What do you see as the top three KPIs in five years?



Work Plan

Phase 1: **Advisory Panels**

MMGY NextFactor established an Advisory Panel of more than 30 destination leaders, including a cross-section of CEOs, CMOs and other professionals to provide the most diverse viewpoints possible regarding strategies to address the Covid-19 pandemic. (Panel members listed on page 33.)

Together, the Advisory Panel members and MMGY NextFactor developed the 19 recovery strategies for Community Building; 17 for Customer Engagement; and 17 for Organization Sustainability.

We then conducted more than 20 focus groups and 50 one-on-one interviews to help refine those strategies and ensure their applicability for the next 6-18 months.

Phase 3: **Key Takeaways**

The results of the global survey were shared with Advisory Panel members to develop key takeaways and recommendations for destination organizations of all sizes and budgets.

The comprehensive review process ensured all of the strategies are relevant and scalable as organizations proceed through the recovery of their visitor economy in their specific community.

Phase 2: **Global Survey**

A survey was sent out to destination organizations around the world in late April. MMGY NextFactor asked participants to rank the importance of each of the 53 strategies related to their specific region. The survey closed on May 18.

More than 350 respondents from 20 countries participated. A profile of respondents and their feedback is provided in the next section.

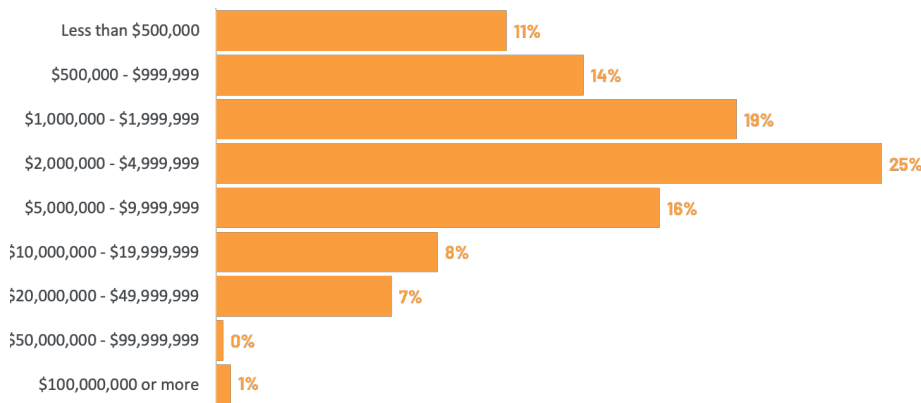
350+ Respondents
20 Countries

Phase 4: **OrganizationNEXT**

MMGY NextFactor and Tourism Economics analyzed the survey results and developed new scenario modeling to provide destination leaders as much insight into both the present day and near-term future as possible.

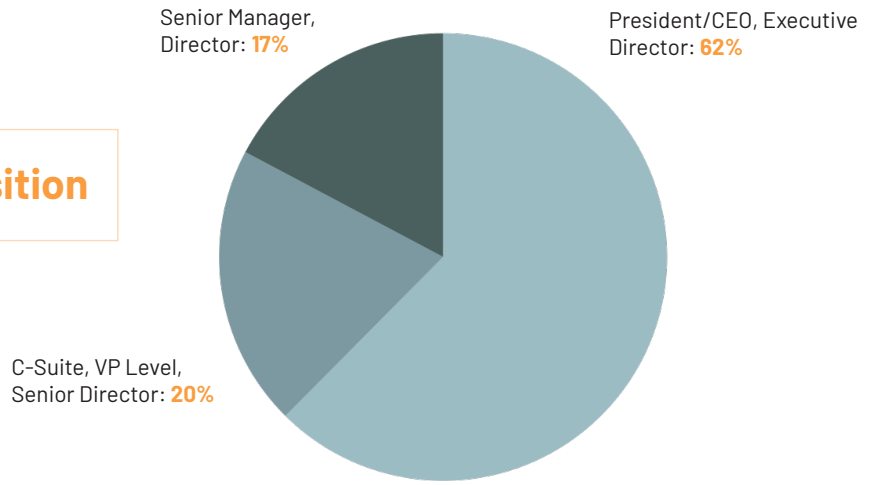
These initial survey results for summer 2020 provide a baseline for two subsequent surveys that will be fielded later this year.

Survey Profile

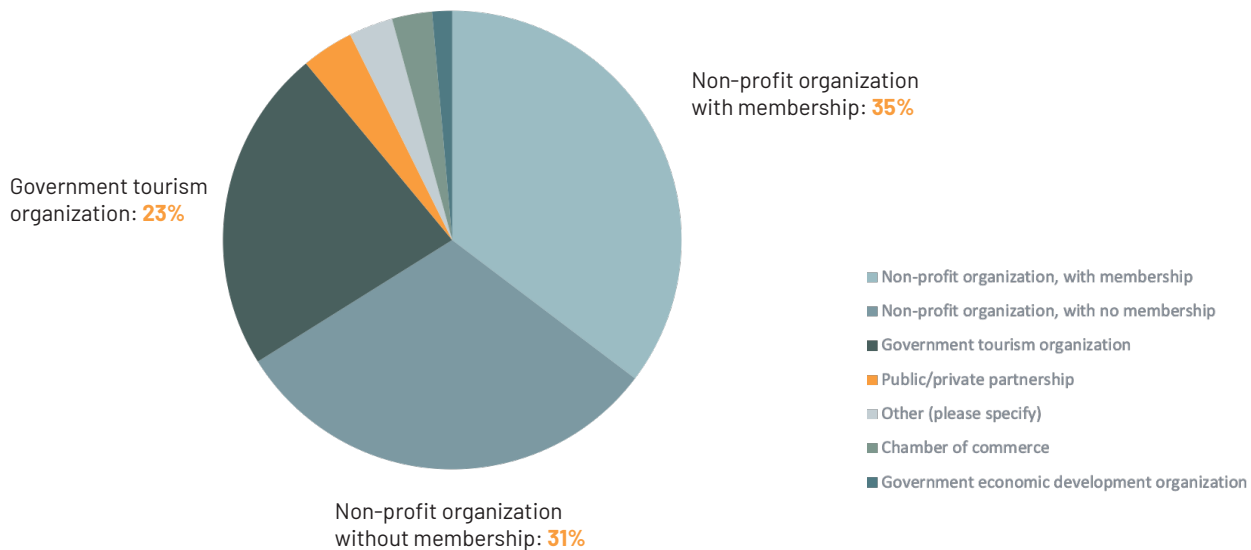


Budget Size

Executive Position



Organization Structure



3 Strategic Focus Areas

These three focus areas provide destination organizations the most impactful strategies to lead the recovery of their visitor economies in the next 6-18 months.

1. Community Building

How destination organizations support the efforts of their community and resident groups defines how they're valued in their communities by locals and elected officials. Also, the quality of engagement with government and economic development leadership will help drive destination performance and elevate quality of life now and in the future.

2. Customer Engagement

Every destination organization is developing and sharing health and safety protocols, and they're all gauging signals to reassess how, when and where to message leisure and business travelers. At the same time, organizations must also elevate their brand messaging to engage wary customers with diminished spending power.

3. Organization Sustainability

The next couple of years will see a rethinking of how and why destination organizations operate with a new emphasis on strategies rooted in public policy, while still focusing on driving overall growth. We'll also see a shift in KPIs related to resident sentiment; visitor satisfaction; and economic, socio-cultural and environmental sustainability.

Community Building

In March 2020, Visit Fort Worth was one of the first destination organizations to launch resident-focused initiatives to support local restaurants, artists, musicians and other makers. In support, the City of Fort Worth sent out press releases and social media updates to raise awareness among local residents. Other organizations like the Downtown Fort Worth Business Improvement Association did the same, helping drive more than 30,000 viewers per day to just the restaurant update page alone. Today, Visit Fort Worth's Instagram audience is over 60% local.

The organization was able to react so quickly with citywide support because it had long established itself as a shared community resource. Visit Fort Worth works closely with the Mayor's Office and local community organizations to develop new business opportunities and drive equitable economic development.

According to Mitch Whitten, Executive VP of Visit Fort Worth, "Our community, including how everyone works together so well, is why people come to Fort Worth."

The top Community Building strategies are somewhat expected, including the importance of having a seat at the table with local government for destination recovery strategy, as well as working with industry partners to deliver health and safety standards.

Everyone, however, is now discussing #3 much more emphatically: "Promote the value of tourism to my community."

Destination organizations have been doing that for years, promoting how the visitor economy provides jobs, increases the tax base, and funds local infrastructure and amenities. Now, more organizations are developing resident surveys and direct resident-facing messaging that promotes destination experiences and community events to locals the same way they do for visitors.

For example, Discover Saint John in New Brunswick, Canada produced its "Discover the Wins" video for locals in an effort to acknowledge that residents create the community vibe and cultural DNA that makes people want to visit the seaside city.

"Our tourism industry is speaking about our lifestyle and community values," said Saint John Mayor Don Darling. "They're selling what it feels like to live here as a temporary local, and that sentiment translates directly to population growth and business attraction. It's the very thing we need most in this region."

Mayor Darling believes that local collaboration during Covid-19 will have long-term impacts for visitors.

"The ingenuity of our tourism industry and community throughout the crisis has been amazing, and I believe we'll see new ways to experience our destination that will benefit both visitors and residents," he said. "We're seeing more outdoor eating, more street patios and public spaces, and more emphasis on city parks and cultural events that's changing how we experience the city. I think there's a lot of opportunity coming out of this because our tourism industry and community have responded beautifully."

Likewise, Dutchess Tourism in upstate New York helped develop community partnerships with local public and private organizations to pool information and resources. The new Dutchess Business Notification Network provides a great case study for rural and midsize destinations, highlighting the value of aligning local government, tourism and community leaders to ensure everyone knows what everyone else is doing.

"We're just trying to keep our service people employed," said Mary Kay Vrba, President and CEO of Dutchess Tourism. "Everyone knows we're stronger together as a community. We're really lucky we have that spirit of cooperation when we're relying on each other so much."

Strategy Rankings: **Community Building**

1. Ensure my organization and the industry is at the table for recovery planning conversations and efforts	4.8
2. Work with industry partners and stakeholders to reopen the visitor economy with clean and safe visitor experiences	4.74
3. Promote the value of tourism to my community	4.67
4. Engage industry stakeholders to build unified processes and protocols for reopening visitor economy	4.57
5. Strengthen strategic relationships with elected and appointed officials	4.56
6. Ensure recovery plans include examination of long-term strategies and outcomes for the community and visitor economy	4.55
7. Align more closely with economic development organizations and private sector companies	4.26
8. Play a larger role in building and amplifying community pride	4.23
9. Expand the content being promoted by my organization to extend beyond traditional members and partners	4.19
10. Expand advocacy role to ensure industry businesses and workers are valued and taken care of	4.15
11. Ensure my organization's policies on ethics and other practices to align with community values	3.98
12. Expand outreach programs in our local community to broaden networks to include unlikely or unusual allies	3.95
13. Work with relevant and targeted stakeholders to address social sustainability (e.g. inclusivity, resident pride, support less-advantaged communities, support the arts and creative economy)	3.93
14. Work with relevant and targeted stakeholders to address economic sustainability issues (e.g. support SMEs, support service workers, diversify markets)	3.89
15. Work with health officials to develop health and cleanliness standards/certifications for the industry	3.86
16. Play a larger role in delivering education and training materials to the industry	3.7
17. Develop resident sentiment survey to guide recovery strategy and long-term planning	3.69
18. Work with relevant and targeted stakeholders to address environmental sustainability (e.g. sustainable practices, encourage responsible tourism, shape visitation patterns)	3.62
19. Play a larger role in event creation to stimulate demand	3.47

“If we don’t manage to make travel more purposeful, then we haven’t learned anything from this crisis.”

– Emmanuelle Legault, VP of Marketing & Strategy, Tourisme Montréal

Takeaways: **Community Building**

- Community building is the most urgent area to focus on in immediate term, because the strategies focus on everyone coming together to pool resources and knowledge for the benefit of all residents and visitors.
- Ensure strong alignment on priorities across all government agencies, community groups and destination organizations, which requires everyone to extend their reach beyond their traditional silos.
- Destination organizations should be at the table with government, industry and community stakeholders during conversations about reopening the economy throughout the entire recovery.
- Develop new frameworks to address economic, socio-cultural and environmental impacts in order to be more relevant and impactful as a shared community resource.
- Build stronger partnerships with organizations that have highly engaged resident audiences to promote the value of tourism and the destination organization’s role in local community and economic development.
- Consider long-term community building strategies and outcomes throughout the recovery period to help build coalition in the destination around a shared vision for the future.

Customer Engagement

Since the Covid-19 fallout in early 2020, every destination organization has focused on three questions regarding customer messaging: What are the signals showing when to resume messaging; what are the specific source markets to engage first; and what should that messaging look like?

Destination leaders are pulling fresh clusters of data from airlines, hotels, OTAs, Google and other platforms to address the first two questions. Regarding the type and tone of messaging content, most destinations have been bringing together their public and private stakeholders to develop and communicate shared messages about health and safety protocols.

However, based on recent Google surveys in May 2020, consumers are saying they're prioritizing options for full refunds (not vouchers) and the availability of discounts first, followed by assurances of health and safety.

As organizations move through the early recovery stages, they will need to continually develop new content and customer engagement strategies to differentiate the destination and target a customer base with diminishing spending power.

Industry-wide, today, organizations are promoting experiences in open outdoor spaces ranging from parks to newly pedestrianized streets. However, we anticipate that some strategies in OrganizationNEXT will rise in priority through 2020/21, such as #10: "Develop messaging to reinforce the community's values in the new normal." Likewise #14: "Develop a content strategy to showcase local heroes, makers and influencers" who represent those values.

Tourism is the sharing economy of ideas, and today, community = brand. How organizations can define their community DNA, and how visitors can plug into that, is what will differentiate the brand and drive engagement and conversion coming out of Covid-19.

"Repeat visitors don't view themselves as tourists," said Daniel Fesenmaier, Director of the Eric Friedheim Tourism Institute at University of Florida. "They return because they want to feel like they're part of a community."

Jeff Miller, President and CEO at Travel Portland, explains that his organization is selling exactly that: the opportunity to engage the creative people who help define the community experience.

"We were farm-to-table before it was called that," he said. "We've been making microbrews forever. We've built amazing public transportation. It's really in the DNA of Portland. People always talk about how we're going to do things differently here. So what's next? We think it's going to be our maker culture that continues to differentiate us."

Another important strategy, destination organizations are reaching out to collaborate with others on new marketing initiatives. For example, Travel Portland, Visit Seattle and other organizations in the region are co-developing drive market strategies to entice visitors to stay longer and see more of the West Coast.

Visit California has invested heavily in the drive market for years with its Road Trip Republic campaign to disperse visitors beyond the hub cities. With air travel curtailed for the near future, the state organization is enhancing drive market media across its platforms to capture visitors during their research/travel phases.

Lastly, destinations are exploring a much wider definition of wellness tourism, including mental and emotional wellness, life coaching, work/life balance, stress reduction and transformational travel. Customer engagement opportunities around holistic wellness are infinite, with many travelers emerging from their hibernation eager to explore how travel can help them live more intentional lives.

Strategy Rankings: Customer Engagement

1. Evaluate target markets and evolve marketing strategies to attract more resilient travelers (e.g. drive-market, leisure, VFR)	4.63
2. Promote and highlight nature, parks, and outdoor experiences	4.55
3. Develop messaging related to health and safety to reassure visitors	4.5
4. Monitor data signals and trends to inform recovery timing and messaging (e.g. public health data, consumer sentiment, search, booking)	4.46
5. Expand content and messaging filters to ensure appropriate tone	4.4
6. Expand marketing outreach and campaigns to target local audiences	4.36
7. Repackage current content relevant to new audiences and demands	4.29
8. Collaborate with other industry organizations to expand audience reach (e.g. other regional destination organizations)	4.23
9. Focus marketing strategies on generating earned media in lieu of paying for media exposure	4.18
10. Develop messaging to reinforce the community's values in the new normal	4.16
11. Reassess business events market and target new groups (e.g. smaller, regional)	4.11
12. Adapt destination imagery to incorporate visuals with fewer people/crowds	4.05
13. Promote and highlight mindfulness and wellness experiences	3.9
14. Develop a content strategy to showcase local heroes, makers and influencers	3.87
15. Invest resources in building a library of virtual experiences to inspire future visitation	3.84
16. Utilize client input to inform recovery messaging and timing (e.g. Client Advisory Board)	3.78
17. Work with technology platforms and partners to expand capabilities to deliver hybrid meetings (in-person meetings with virtual component)	3.68

“Our community, including how everyone works together so well, is why people come to Fort Worth.”

– Mitch Whitten, Executive VP, Visit Fort Worth

Takeaways: Customer Engagement

- Tourism is the sharing economy of ideas, and today, community is the brand. The community DNA of the destination will be a more significant differentiator than ever coming out of Covid-19.
- There is a long list of important strategies to consider regarding how visitors can explore outdoor spaces and navigate public places in safe ways to drive engagement during the recovery phase.
- While health and safety is paramount, new data shows that visitors are prioritizing fully refundable and value-added experiences during the research and booking phases.
- Ensure strong alignment around customer engagement priorities across the entire visitor industry so everyone is sharing and updating the same messaging with visitors in real time about how to navigate the destination.
- The most important priorities: Re-evaluate key target source markets; Rely on objective data to customize messaging and timing; Determine how to differentiate local nature and outdoor experiences; Deliver clear messaging around health and safety.

Organization Sustainability

Destination organizations have been seriously impacted by the precipitous drop in transient tax funding from the hospitality sector. This will be exacerbated by the slow return of large meetings and events.

As illustrated in the charts on the following page: 30% of organizations report that their budgets will decrease by 25% or less; 42% say the drop will be in the range of 25-50%; and 17% responded that their budgets will be less than half of last year's total.

The number one priority in Organization Sustainability highlights how destination organizations must work more strategically with their hospitality sector. That was the only strategy that ranked higher than 4.5 out of 5 in this section.

During the early response to Covid-19, destination organizations worked with their hotels and other key stakeholders to develop uniform health and safety protocols to build consumer trust, as well as sharing impact data on employment and economic losses.

Now, during the early recovery phase, many destination organizations are exploring options to secure stimulus funding. They're also expanding their focus to gauge resident sentiment and understand how locals feel about welcoming back visitors, and from where.

Looking ahead, destination leaders are developing scenarios to benchmark the anticipated speed of the recovery, with additional options predicting best and worst-case scenarios to provide their communities with an overall perspective on what the future might look like.

The Black Lives Matter movement and protests this spring and summer could have a systemic, long-range impact on the future of the North American visitor industry. Destination leaders are now re-evaluating and expanding their inclusivity initiatives, and they're elevating the conversation about race in both their organizations and their communities.

Al Hutchinson, President and CEO at Visit Baltimore, wrote in LinkedIn in June, "We must do more listening and less talking. Regardless of race or color, let's work through this painful moment together and come out on the other side as a stronger community."

Hutchinson was one of 21 Black destination CEOs and VPs who signed an open letter in June 2020, defining how to make "a new, better, highly evolved, inclusive travel industry a reality in 2020."

All of these major shifts taking place in 2020 are accelerating the need for organizations to expand their roles in destination stewardship. There's a lot of discussion now about how the visitor industry needs to define new KPIs, so destination organizations can be more relevant in their communities.

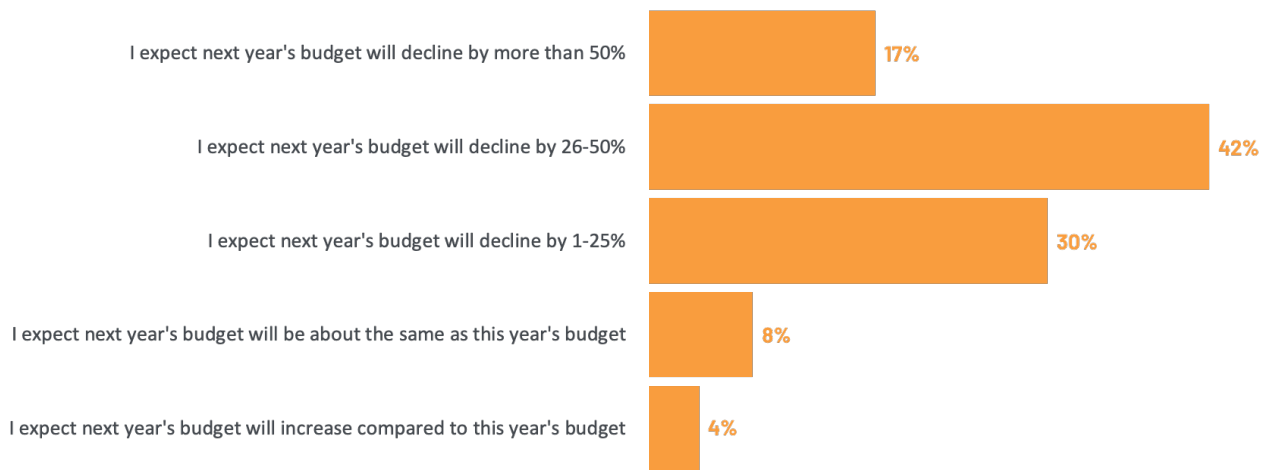
"We've defined our industry as a tactic – marketing," said Royce Chwin, President and CEO of Travel Alberta, and the new incoming CEO of Tourism Vancouver. "What is our new north star? What are our new KPIs? Whatever they are, I think they have to be rooted in public policy."

Jeff Miller, President and CEO of Travel Portland fully supports that idea, acknowledging how he sees municipal governments becoming more engaged with the travel and tourism sector. "I've had more calls with elected officials in the last two months than ever before regarding layoffs and how we're responding to the crisis," he said. "The government element, in terms of how we work with our local officials, is critical to our destination's recovery strategy."

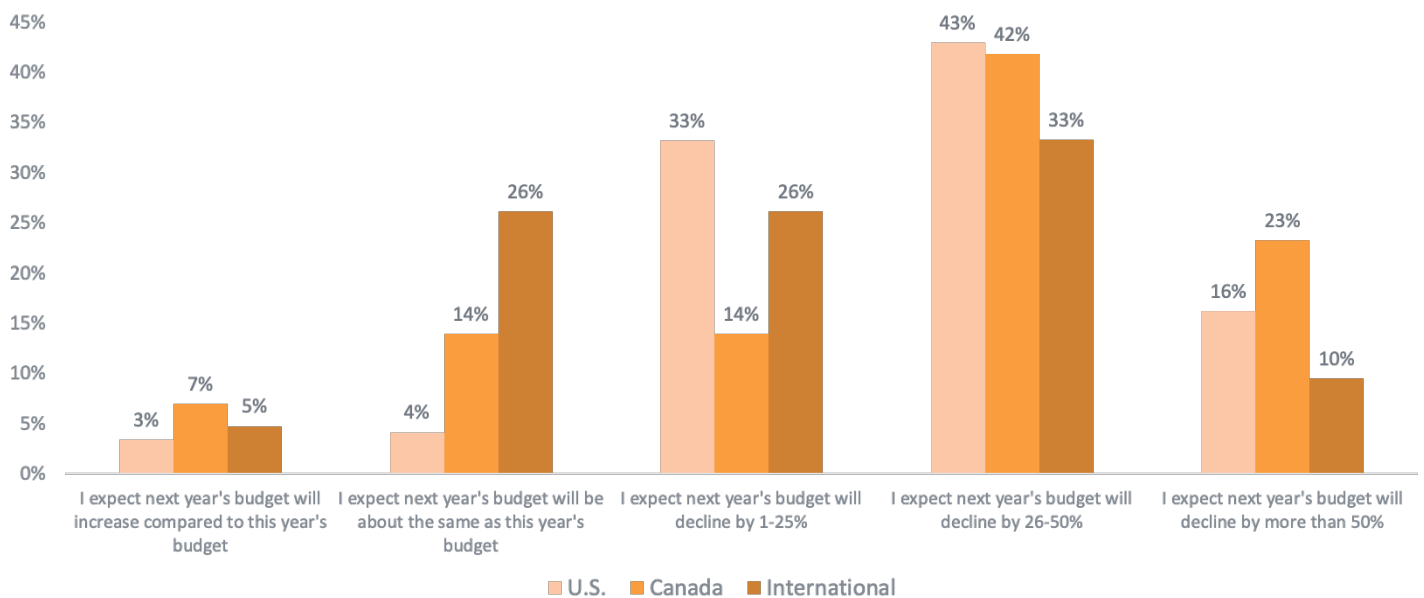
As expected, the strategies relating to assessing KPIs for economic development, community advocacy, resident sentiment, customer satisfaction, and economic, social and environmental sustainability ranked lower overall in May 2020. As organizations move through their recovery initiatives, we anticipate those strategies to rank higher in subsequent OrganizationNEXT surveys later this year.

These OrganizationNEXT survey results show the dramatic losses in budgets for destination organizations internationally.

Budget Change



Geographic Variance



Strategy Rankings: **Organization Sustainability**

1. Work strategically with hotel partners to ensure industry recovery and resilience	4.56
2. Identify potential reopening and recovery scenarios to guide strategy and priorities	4.48
3. Reassess organizational roles and activities of the organization to identify priorities and potential adjustments	4.31
4. Expand advocacy and education role to protect funding sources and relevance	4.29
5. Collaborate with other organizations to determine opportunities for shared resources and efficiencies	4.26
6. Assess organization structure to prioritize key roles and essential programs	4.24
7. Assess reserve funding requirements and policies	4.18
8. Assess organizational skill sets necessary to implement recovery strategy	4.13
9. Assess KPIs related to economic development (e.g. recovery, jobs, taxes)	3.92
10. Assess KPIs related to visitor satisfaction	3.91
11. Review organization mission, vision and values to guide organization through the recovery and resilience phases	3.91
12. Use lessons learned from remote working to examine office flexibilities and efficiencies	3.9
13. Pursue emergency government financial assistance funding	3.86
14. Assess KPIs related to community and advocacy (e.g. resident satisfaction)	3.85
15. Pursue new private funding sources (e.g. partnerships, sponsorships, crowdfunding)	3.7
16. Assess KPIs related to sustainability (e.g. off-peak visitation, dispersal)	3.69
17. Pursue new public funding sources (e.g. direct government allocation, new tax, capital recycling)	3.68

“The government element, in terms of how we work with our local officials, is critical to our destination’s recovery strategy.”

– Jeff Miller, President & CEO, Travel Portland

Takeaways: **Organization Sustainability**

1. With so many demands in the short to medium term, it’s best for destination leaders to focus on accomplishing a shorter list of high priority strategies, versus trying to address everything.
2. Begin to develop new key performance indicators in alignment with local elected officials and community organizations.
3. Ensure strong alignment on priorities across regions and organization types to leverage the collective resources and energies of other sectors.
4. Community advocacy has never been more critical to help onboard residents as destination ambassadors.
5. Develop and share new initiatives to improve inclusivity and equality across the visitor industry.
6. The most important priorities: Work closely with critical hospitality partners to rebuild visitor economy; Consider various scenarios to guide longer-term strategy; Reconsider and prioritize key roles and essential programs; Collaborate with other organizations to improve efficiencies.

Evolving Roles

The future of destination marketing and management will emphasize greater engagement in public policy in the long term. We heard this repeatedly during the development of OrganizationNEXT. In the short to medium term, the chart below shows how destination leaders prioritized their organizations' roles in May 2020. All of them rank 4 out of 5 or higher, so they've all been deemed important during the pandemic recovery.

As expected, brand/marketing efforts are the highest priorities for destination organizations today, followed by being a destination information resource, which is critical during a crisis.

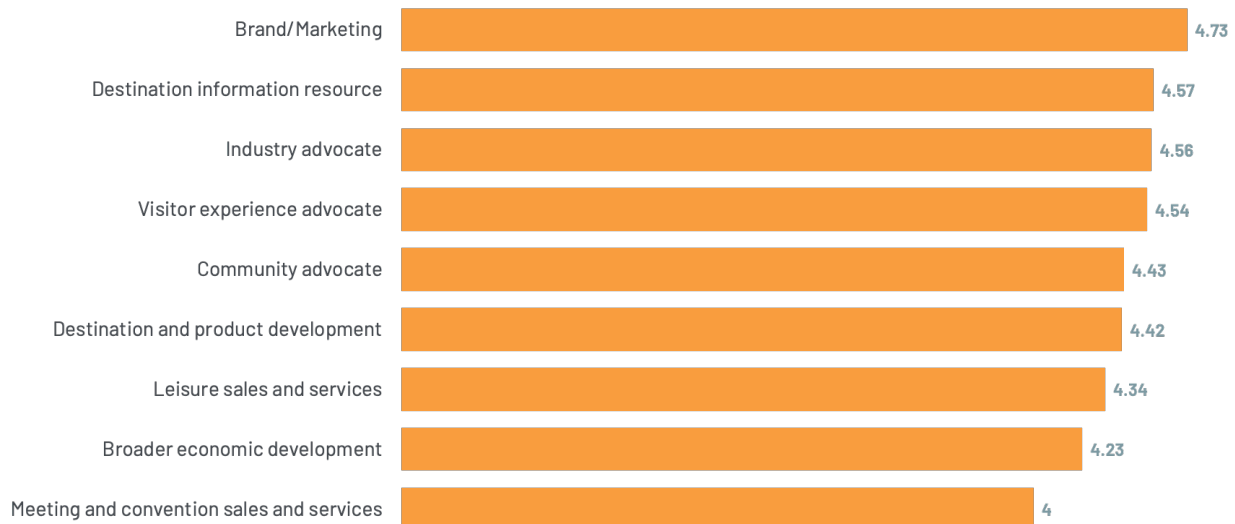
However, broader economic development is valued less right now than other roles, with destination organizations laser focused on immediate needs. That's an interesting comparison to data from the MMGY Global Mojo Summit in February (page 7), where participants envisioned their roles will focus more on broader economic development in the future.

Industry, visitor and community advocacy are all ranked high as destination organizations expand how they promote the value of the visitor economy, and who they promote that to. Across the board, destination leaders are striving to engage local residents to understand what they do, support what they do, and ultimately, help what they do by becoming destination ambassadors.

As well, many destination executives stressed that the pandemic should be a catalyst for our industry to rethink how it benefits communities.

"There needs to be a national conversation about how tourism supports the greater economic, socio-cultural and environmental vibrancy of our cities," advocates Ted Lee, interim President and CEO at Tourism Vancouver. "Everyone is working on recovery, but what are we trying to recover? What is the new normal for travel and tourism? Should we aim to return to where things were, where all known vulnerabilities and inefficiencies exist, or is there something better to be had? I think it should be the latter. The question is, what is that and how do we get there?"

Rank importance of destination organization roles in the future



Planning for the Rebound

**Adam Sacks, President
Tourism Economics**



**TOURISM
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An opening reflection

Inevitable. This one word defines our view on the recovery of travel. As I reflect on 25 years of measuring, analyzing, and forecasting travel around the world, I can recall numerous times when the demise of travel was a popular pundit talking point. After 9/11, “People won’t fly again in the same numbers.” During the great financial crises, “Meetings will never return to their former glory.” These predictions have not aged well. Confidence was restored and travelers came back.

Around the world, we have seen this same narrative play out dozens of times. SARS, Middle East unrest, terrorist attacks, tsunamis, earthquakes, and hurricanes have all buffeted our industry. During any crisis, it is natural to wonder if this is the one that represents a sea change or a “new normal.” But history would advise us all to not forget that travel prevailed through every crisis to date, moving from survival to recovery to flourishing each time.

This is the first and most vital premise to our current forecasts: Travel will fully recover.

Why scenario planning is vital

With this foundational premise in place, we turn to the questions of when and how will this recovery take place. An understanding of the dynamics of recovery are critical to strategic planning. Travel companies of all kinds are facing important decisions regarding operational capacity, marketing timing, messaging content, market focus, personnel, and infrastructure cost. These decisions must be informed by reasonable forecasts of when travelers will return, who they are, and where they will come from.

Decisions that should be informed by DMO scenario planning:






How can scenarios help DMOs?

1. Effectively communicate the baseline – and the potential uncertainty – to stakeholders
2. Move the decision and planning process forward. Decision makers can focus on preparing strategies for reasonable possible futures, rather than stalling at “What could happen?”
3. Prioritize sales and marketing steps

This section lays out our approach to developing scenario forecasts and shares key outcomes of our current models.

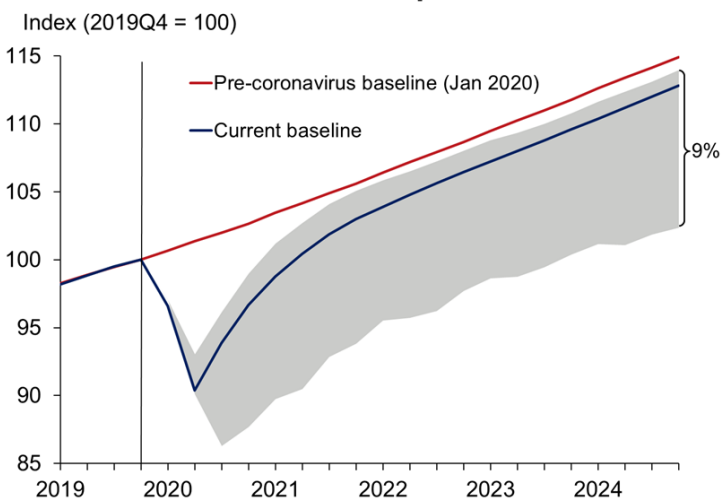
Fundamental assumptions that define the recovery

Tourism Economics forecasts of the travel recovery around the world are based on three sets of assumptions. For each of these assumptions, we identify what we believe to be the most likely outcome – the baseline outlook. A downside and an upside scenario are also important, recognizing the uncertainty surrounding each assumption.

Pandemic timeline 	Policy response 	Economic outlook 
Baseline assumptions		
<p>Virus remains a defining factor through the first quarter of 2021.</p> <p>Flattening the curve is largely successful though regional outbreaks and second waves occur.</p> <p>Progress in the development of therapeutic treatments is incremental.</p> <p>A vaccine becomes available in early 2021.</p>	<p>Easing of lockdown measures continues through the summer months.</p> <p>Renewed lockdowns in response to virus outbreaks will be less severe, more localized, and shorter in comparison to those imposed in the spring of 2020.</p> <p>International borders will be slow to reopen around the world. While regional borders (e.g. intra-Europe) and defined international travel bubbles will facilitate some crossborder travel, many borders will remain closed until late 2020.</p>	<p>Global economy is in recession, with a 5% drop in GDP expected this year as lockdowns cause consumption, investment, and trade to seize. However, the recovery will be brisk in the second half of 2020 due to pent-up demand.</p> <p>In addition, the recovery will be fueled by historic government intervention in the form of fiscal stimulus and monetary easing.</p> <p>Still, the recovery path for the world economy will remain below pre-crisis levels.</p>

The downside scenario reflects the possibility of a significant virus second wave that requires a return to lockdown measures (which even in this case would likely not be as severe for economic and political reasons). The upside scenario considers the possibility of a weakening virus, accelerated medical breakthroughs, and a more significant economic recovery than anticipated in the baseline scenario. It should be noted that Oxford Economics weights the downside risks as more substantial at this current point in time. While the difference between the downside and upside global GDP outlook is 9% by 2022, the balance of risks skews heavily to the downside.

Global GDP: distribution of plausible scenarios



Defining the recovery

Tourism Economics runs various forecast models on a regular schedule throughout the year. We have increased the frequency of updates to provide clients with the most current view possible. The forecasts cited below are drawn from the most recent results from the following models:

- Global Travel Service (180 countries)
- Global City Travel (309 cities)
- International State Travel (50 states)
- STR/TE lodging forecasts (US model)

Key findings

1. The global travel industry is facing a roughly three-year recovery period. Certain markets and destinations will recover more quickly but the overall industry has a long hill to climb to reach 2019 levels of demand.

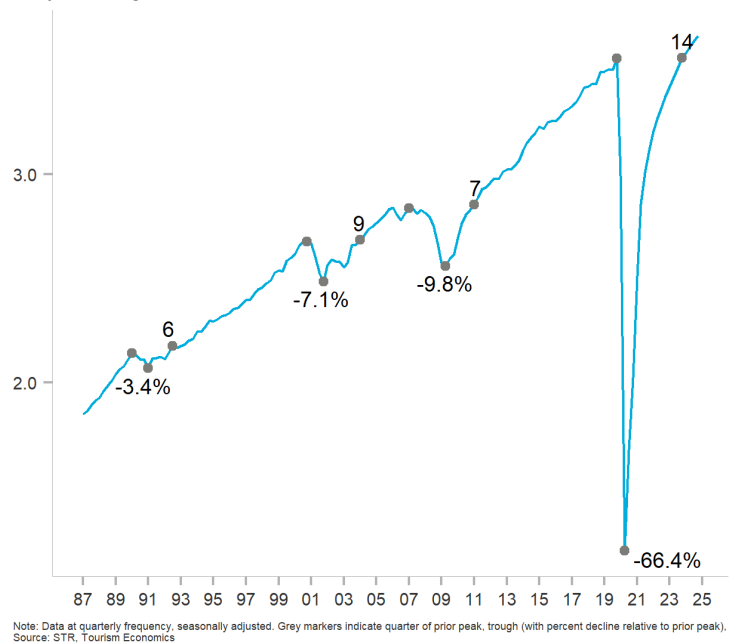
The adjacent chart shows the current STR/ Tourism Economics forecast for US hotel room demand. After a nearly 10% room demand drop in 2009, it took seven quarters to reach its prior peak. It took nine quarters after the 2001 recession and 9/11. Our current models anticipate 12-14 quarters for full recovery in US hotel room demand.

2. Prices will take longer to rebound. Destinations, hotels, and attractions will be driven to generate demand over the next nine months with price as a key lever. As a result, the volume of travel will recover at a faster rate than yield. Prices have already fallen sharply and will take years to recover. This has always been true during travel recovery periods. Most recently, it took three years for US hotel rates to recover to pre-recession levels after the great financial crisis.

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Demand during recessions

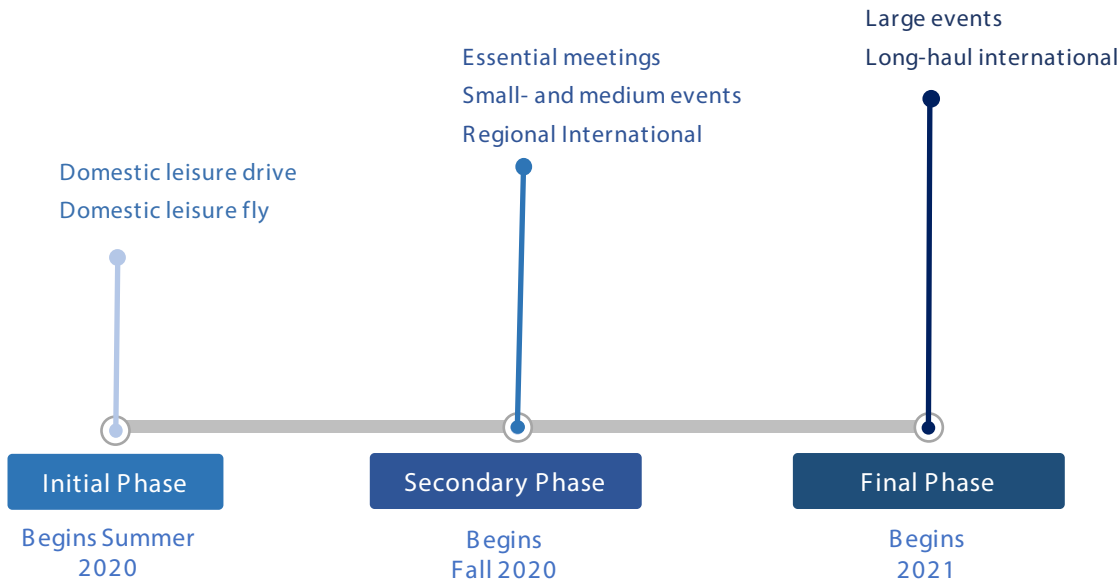
Daily room nights in millions, total US



Key findings continued

3. Recovery will come in waves. We expect the first set of gains in the second half of 2020 as leisure travel plans coincide with relaxing of lockdowns. The recovery will further accelerate in spring and summer of 2021 as fear of travel abates and international travel picks up. By the end of 2021, we expect hotel room demand to have recovered 88% of its 2019 levels. The last wave of growth will require more time as the economy rebuilds, supporting leisure (and especially) corporate and group travel recoveries. This brings us to mid- 2023 when travel has fully recovered its prior peak.
4. The worst is behind us. We are already in the rebuild phase as travel activity has begun picking up tentatively around the world, albeit from incredible lows. There may be setbacks, including the effects of a coronavirus “second wave” but these are very unlikely to produce lockdowns to the extent or duration as experienced in the spring of 2020. The reaction of travelers to a second wave is also likely to be less severe given the effects of familiarity and continued medical progress with regards to treatment and a vaccine.
5. There will be winners. Over the next nine months, the travel deck will be reshuffled. Travelers will take to the road more than the sky. Regional destinations will be chosen over long-haul international. And destinations that can provide low density experiences will be preferred over more congested locations. A destination’s recovery will be largely defined by market exposure to those markets that are poised to rebound.

The recovery can be organized into three phases, reflecting when key traveler segments are likely to return in significant numbers.

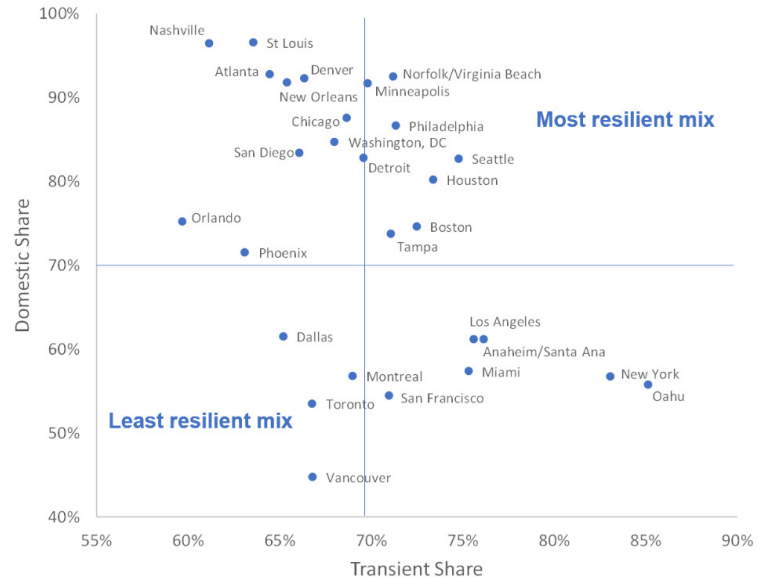


Destinations with a high reliance on international travel and large groups are at risk of a longer recovery period. Those destinations with greater proximity and access to domestic leisure markets will recover more quickly. These recovery phases should define DMO strategies and tactics for the coming year. The performance of a destination in the near term will largely be defined by how successfully it can orient toward those traveler segments that are expected to recover more quickly.

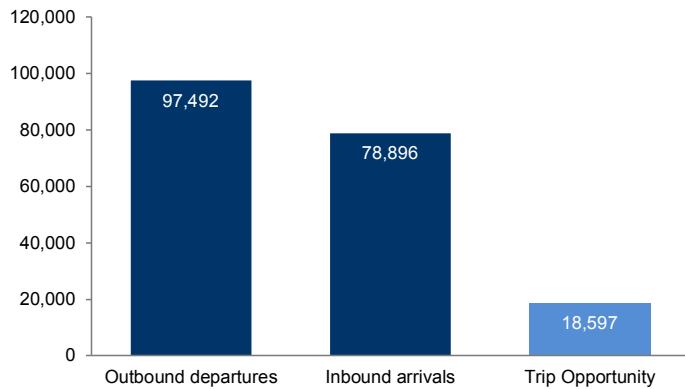
The charts on this page illustrate the importance of DMO market positioning and re-positioning.

The adjacent chart highlights the composition of hotel room demand by US city. The left axis shows the share of room demand generated by domestic markets. The bottom axis shows the share of room demand generated by transient (non-group and contract) guests. Destinations in the upper right are positioned as especially resilient with a relatively high exposure to domestic AND transient guests. Those in the lower left quadrant are at risk from a higher than average exposure to international and group hotel guests. But this is not a static reality. Destinations can accelerate their recovery by pivoting toward traveler segments that lead the rebound.

Hotel room demand by customer type
Share of 2019 room nights sold



US Balance of Travel (2019, trips)
Thousands

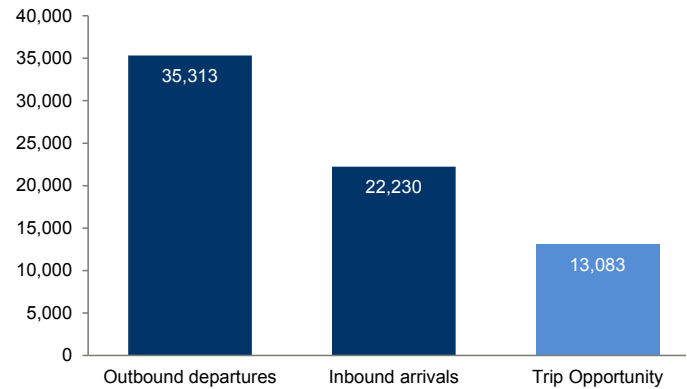


Source: Tourism Economics

With international travel as the hardest hit (and slowest to recover), destinations have a unique opportunity to make up for these losses by retaining outbound travel.

In 2019, US residents took 97 million outbound international trips while the country hosted 79 million visitors. This implies that if US destinations can successfully convert would-be outbound trips into domestic trips, this represents a net positive

Canada Balance of Travel (2019, trips)
Thousands



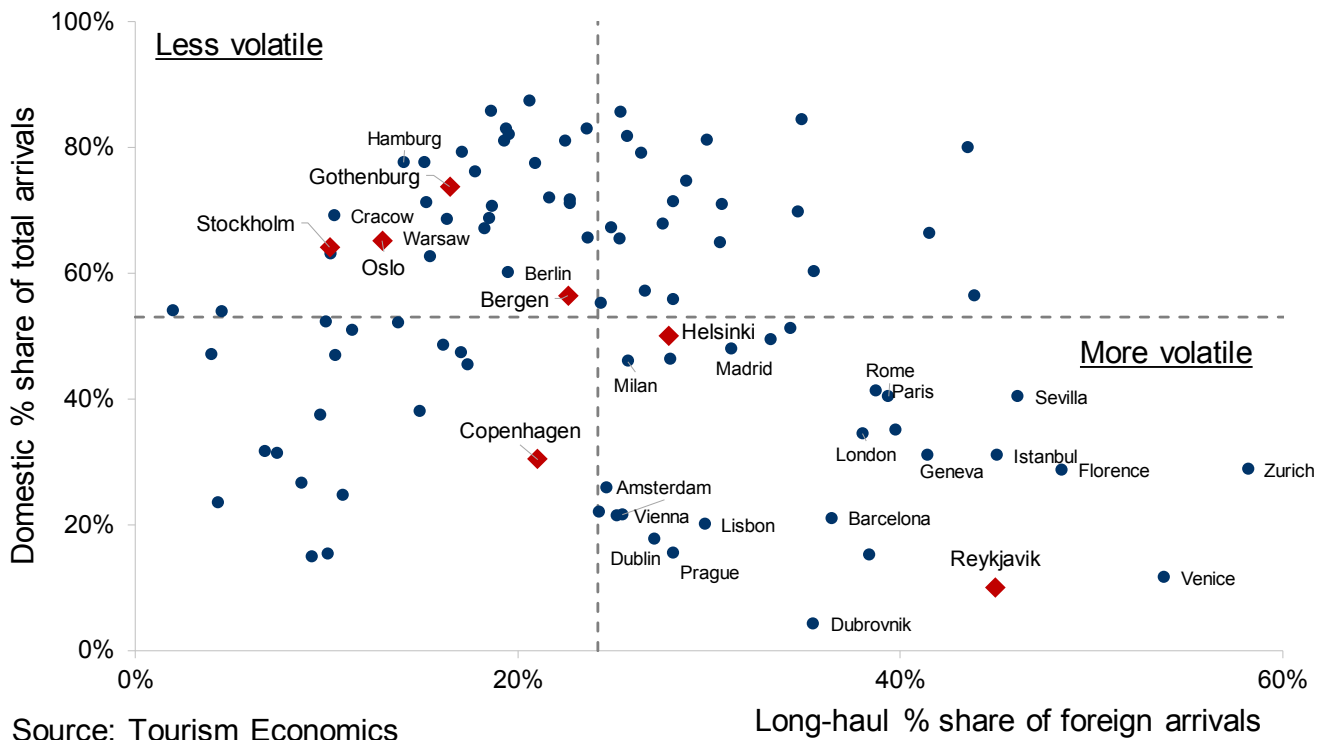
Source: Tourism Economics

opportunity of 18.6 million trips. (On a spend basis, this represents a 10% loss since inbound visitors to the US spend more per trip, but the offset potentially is still significant.)

The situation in Canada is even more pronounced with outbound travel registering 59% above inbound in 2019. Since outbound travel is likely to be as hard hit as inbound, effective marketing strategies can largely offset losses in international travel.

Cities in Europe are faced with similar realities. The below chart compares the domestic share of total arrivals and the long-haul (origins outside Europe) share of foreign arrivals. In this rendering, the most resilient quadrant is the upper left, where a destination is more exposed to domestic visitors and regional international visitors. Those destinations in the lower right quadrant face the immediate task of increasing their focus on domestic and intra-European travelers.

European city reliance on domestic and long-haul arrivals, 2019



Source: Tourism Economics

The implications of all this are clear. Destinations must quickly pivot to those markets that will emerge in the first phase of recovery and also position themselves to invest in traveler segments as they begin to recover in the second and third phases. Destinations that quickly achieve initial gains will help protect and preserve small businesses that are vital to longer-term destination success.

This connects to the ultimate aim of scenario planning: to inform real decisions. And perhaps never before have destination marketing organizations been faced with a more critical array of decisions to make in an environment of scarce resources.

But armed with well-founded recovery scenarios, DMOs can begin the work of rebuilding based on an understanding of the timing and nature of a recovery that is indeed inevitable.

Appendices

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- A. **Country Rankings: Community Building**
 - B. **Country Rankings: Customer Engagement**
 - C. **Country Rankings: Organization Sustainability**
 - D. **OrganizationNEXT Advisory Panel**

Country Rankings: Community Building

	US	Canada	Int'l
1. Ensure my organization and the industry is at the table for recovery planning conversations and efforts	1	1	1
2. Work with industry partners and stakeholders to reopen the visitor economy with clean and safe visitor experiences	2	4	2
3. Promote the value of tourism to my community	3	3	7
4. Engage industry stakeholders to build a unified process and protocols for reopening visitor economy	5	5	3
5. Ensure recovery plans include examination of long-term strategies and outcomes for community and visitor economy	6	2	6
6. Strengthen strategic relationships with elected and appointed officials	4	6	9
7. Align more closely with the economic development organizations and private sector companies	8	9	5
8. Play a larger role in building and amplifying community pride	7	8	17
9. Expand the content being promoted by my organization to extend beyond traditional members and partners	10	7	12
10. Expand advocacy role to ensure industry businesses and workers are valued and taken care of	9	15	14
11. Ensure my organization's policies on ethics and other practices to align with community values	12	13	10
12. Expand outreach programs in our local community to broaden networks to include unlikely or unusual allies	11	14	18
13. Work with relevant and targeted stakeholders to address social sustainability	13	12	19
14. Work with relevant and targeted stakeholders to address economic sustainability	15	10	13
15. Work with health officials to develop health and cleanliness standards and certifications for the industry	14	19	4
16. Play a larger role in delivering education and training materials to the industry	16	17	16
17. Develop resident sentiment survey to guide recovery strategy/long-term planning	17	11	15
18. Work with relevant, targeted stakeholders to address environmental sustainability	18	16	13
19. Play a larger role in event creation to stimulate demand	19	18	11

Country Rankings: Customer Engagement

	US	Canada	Int'l
1. Evaluate target markets, and evolve marketing strategies to attract more resilient travelers (e.g.: drive-market, leisure, VFR)	1	1	3
2. Promote and highlight nature, parks, and outdoor experiences	2	3	10
3. Develop messaging related to health and safety to reassure visitors	3	5	1
4. Monitor data signals and trends to inform recovery timing and messaging (e.g. public health data, consumer sentiment, search, booking)	4	2	7
5. Expand content and messaging filters to ensure appropriate tone	5	6	4
6. Expand marketing outreach and campaigns to target local audience	6	4	5
7. Repackage current content relevant to new audiences and demands	7	7	9
8. Collaborate with other industry organizations to expand audience reach (e.g. other regional destination organizations)	10	8	2
9. Focus marketing strategies on generating earned media in lieu of paying for media exposure	8	15	12
10. Develop messaging to reinforce the community's values in the new normal	9	12	14
11. Reassess business events market and target new groups (e.g. smaller, regional)	11	13	8
12. Adapt destination imagery to incorporate visuals with fewer people/crowds	12	11	15
13. Promote and highlight mindfulness and wellness experiences	13	10	17
14. Develop a content strategy to showcase local heroes, makers, and influencers	15	9	13
15. Invest resources in building a library of virtual experiences to inspire future visitation	14	16	16
16. Utilize client input to inform recovery messaging and timing (e.g. Client Advisory Board)	16	14	6
17. Work with technology platforms and partners to expand capabilities to deliver hybrid meetings (in-person meetings with virtual component)	17	16	11

Country Rankings: Organization Sustainability

	US	Canada	Int'l
1. Work strategically with hotel partners to ensure industry recovery and resilience	1	4	1
2. Identify potential reopening and recovery scenarios to guide strategy and priorities	2	1	2
3. Reassess organizational roles and activities of the organization to identify priorities and potential adjustments	4	2	5
4. Expand advocacy and education role to protect funding sources and relevance	3	6	10
5. Collaborate with other organizations to determine opportunities for shared resources and efficiencies	7	3	3
6. Assess organization structure to prioritize key roles and essential programs	5	5	12
7. Assess reserve funding requirements and policies	6	11	17
8. Assess organizational skill sets necessary to implement recovery strategy	8	10	7
9. Assess KPIs related to economic development (e.g. recovery, jobs, taxes)	10	15	7
10. Use lessons learned from remote working to examine office flexibilities and efficiencies	9	13	18
11. Assess KPIs related to visitor satisfaction	12	16	4
12. Review organization mission, vision and values to guide organization through response, recovery and resilience phases	11	14	15
13. Assess KPIs related to community and advocacy (e.g. resident satisfaction)	13	8	16
14. Pursue emergency government financial assistance funding	14	7	11
15. Pursue new private funding sources (e.g. partnerships, sponsorships)	15	17	9
16. Assess KPIs related to sustainability (e.g. off-peak visitation, dispersal)	16	9	14
17. Pursue new public funding sources (e.g. direct government allocation, new tax, capital recycling)	17	12	13

OrganizationNEXT Advisory Panel

Adam Sacks

President, Tourism Economics

Annette Rummel

President & CEO, Great Lakes Bay Regional CVB

Bettina Reventlow-Mourier

Deputy Convention Director,
Wonderful Copenhagen

Cassandra McCauley

Executive Director, Stakeholder Engagement &
Destination Development, Tourism Calgary

Catherine Callary

VP Destination Development, Ottawa Tourism

Craig Davis

President & CEO, VisitDallas

Dasha Runyan

VP Sales, Richmond Region Tourism

David Gilbert

President & CEO, Destination Cleveland

Deb Archer

President & CEO, Destination Madison

Don Welsh

President & CEO, Destinations International

Gabriel Seder

Senior Director of Advocacy Policy,
Destinations International

Gregg Talley

President & CEO, Talley Management Group

Hannah Belsito

VP Destination Development & Community,
Destination Cleveland

Jack Johnson

Chief Advocacy Officer, Destinations International

Jay Burress

President & CEO, Visit Anaheim

Jeff Miller

President & CEO, Travel Portland

John Groh

President/CEO, Rockford Area CVB

John Lambeth

President & CEO, Civitas

Kensuke Sakurai

Director of Destination Development & Strategic
Tourism Initiatives, Akita Inu Tourism, Japan

Leslie Bruce

President & CEO, Banff & Lake Louise Tourism

Martha Sheridan

President & CEO, Greater Boston CVB

Mary Kay Vrba

President & CEO, Dutchess Tourism

Maura Gast

Executive Director, Visit Irving

Maureen Haley

Director of Strategic Tourism Initiatives, Visit Houston

Melissa Riley

VP Convention Sales & Services, Destination DC

Minto Schneider

President & CEO, Explore Waterloo Region

Mitch Whitten

Executive VP, Visit Fort Worth

Nancy Small

CEO, Tourism Richmond

Paul Nursey

CEO, Destination Greater Victoria

Rachel Benedick

EVP Sales & Services, Visit Denver

Richard Reasons

President, Simpleview

Scott White

President & CEO, Greater Palm Springs CVB

Shelly Green

Past President, Discover Durham

Tammy Blount-Canavan

Executive Vice President, FiredUp Culture

Victoria Clarke

Executive Director, Discover Saint John

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