

BLUE RIBBON PANEL on TOURISM
Briefing to Connecticut Speaker of the House
February 15, 2019

Please note: this memo represents the independent views and recommendations of the Blue Ribbon Panel on Tourism, provided to the Speaker of the House for consideration.

SUMMARY OF RECOMMENDATIONS

OVERVIEW

The Blue Ribbon Panel on Tourism was formed by Connecticut’s Speaker of the House, Joe Aresimowicz, to provide to the legislature tourism experts’ insights and perspective of the state and opportunities for improvement in our State’s tourism industry, as well as to offer policy recommendations aimed at delivering a sustainable, predictable reinvestment maximizing tax revenue for Connecticut.

The Panel’s goal was to recommend a fresh, innovative strategic model that would better market the Connecticut experience delivered by its excellent, unique and diverse assets across all geographical areas. To that end, the Panel held a series of meetings across the State to solicit ideas and solutions from as broad as possible a coalition of industry leaders, marketing professionals and stakeholders from all sectors. The Panel also examined “best practices” from other States’ and destinations’ marketing organizations through this process. In addition, the Panel was able to gather data, findings and recommendations from other groups in the State working on related topics. From this work, three major recommendations are provided for consideration:

I: SMART REINVESTMENT STRATEGY

II: OPTIMAL COLLABORATIVE EFFICIENCY

III: TOURISM MARKETING REINVESTMENT PRIORITIES

Ultimately, it is clear that there is common vision, consistency and agreement on all major recommendations of this Panel with those of the Arts, Culture and Tourism (ACT) Policy Committee, the Connecticut Tourism Coalition and the Connecticut Tourism Caucus. This Panel’s recommendations add detail and/or clarification to some of the recommendations of those groups and is not meant to replace any of them. Below is the report and recommendations from the Blue Ribbon Panel on Tourism to best accomplish shared goals and move tourism in Connecticut in a positive direction!

OVERVIEW - Action Items

Following are the action items explained in more detail later in this document. The Panel's recommendations reflect the sentiments of stakeholders that we heard through various public regional meetings.

The Blue Ribbon Panel on Tourism unanimously endorses and accepts the Arts, Culture and Tourism (ACT) policy committee recommendations presented by Governor-Elect Lamont's transition team.

I: SMART REINVESTMENT STRATEGY: Reinvest 25% of Lodging Tax revenue into the Tourism Fund (the Fund)

1. Define allocations 40% for arts & culture, 60% for tourism
2. The Lodging Tax itself must not be increased

II: OPTIMAL COLLABORATIVE EFFICIENCY

A) Appointed commissioner reporting directly to the Governor responsible for tourism, arts and culture.

B) A Council to oversee the State's reinvestment

1. Coordinate with Office of Tourism, marketing priorities (see III A-E below), and with other agencies (e.g. DOT, DEEP, DECD)
2. The Council to be modeled after the former Tourism Council in terms of representation and authority

III: TOURISM MARKETING REINVESTMENT PRIORITIES

A) Increase and fund five (5) visitor-relevant Regional Destination Marketing Organizations (DMOs) in line with current state marketing practice. The DMOs should be designed by consumer and visitor flow. At a minimum, maintain the three (3) existing DMOs in recognition of the public and professional sentiment.

B) Fund a Statewide Convention & Sports Bureau (CSB)

C) Open Welcome Centers

1. Open and staffed
2. Highway signage reading "Open" rather than closed.

D) Review marketing strategy, branding and slogan

E) Create a five (5) year strategic tourism plan

F) Ease DOT restrictions on highway wayfinding attraction signage

I - SMART REINVESTMENT STRATEGY

The Blue Ribbon Panel on Tourism unanimously endorses and accepts the Arts, Culture and Tourism (ACT) policy committee recommendations presented by Governor-Elect Lamont's transition team.

In order to accelerate CT's economic growth, we recommend appropriate reinvestment in arts culture and tourism in order to tap for the benefit of all their proven and significant ROIs. In particular, we recommend:

A) Reinvest 25% of Lodging Tax revenue into the Tourism Fund (the Fund)

1. Define allocations from the Fund to be:

40% for arts & culture-related reinvestment

60% for tourism-related reinvestment

B) Apply lodging tax to all paid lodging in the state equitably and apply admissions tax to secondary businesses.

The Blue Ribbon Panel Proposal:

- Will provide predictable, sustainable funding closer to competitiveness.
Note: Data shows that neighboring States reinvest a combined \$86M dollars on tourism marketing and reinvest in the arts nearly twice what CT does per capita.
- Will not increase overall State spending.
- Reinvests from Lodging Tax revenue just 15 percentage points more than is currently reinvested.
Note: \$19M at current rate of return. The full 25% reinvestment proposed is expected to reinvest \$31M of Lodging Tax revenue into the ACT Fund.
- Will generate \$150 million additional tax revenue.
Note: Data shows ROI of \$3 to \$1 for tourism and \$7 to \$1 for arts and culture.
- Will increase jobs in the industry and in other industries, and increase the overall economy
- Will also invest in community revitalization that will have neighborhood-level impact

Reinvest 25% of Lodging Tax revenue into the Tourism Fund.

When the Lodging Tax was introduced, it was promised that proceeds would be reinvested in tourism. Currently, only 10% is reinvested. The Panel's recommendation is to increase the share to 25%. In any case, the scale of the highest-in-the-nation Tax itself is already counter-productive and must not be increased.

- 1) 25% of the Lodging Tax revenue to be reinvested into the Fund
The Panel does not recommend any increase in or diversion of other current taxes.
- 2) The Lodging Tax itself must not be increased.

II - OPTIMAL COLLABORATIVE EFFICIENCY

In order to optimize arts, culture and tourism's proven significant ROIs, reinvestment must be both a priority and well-managed. The business and dynamics of the arts, culture and tourism are unique but given their interdependence are perceived as a single industry. The State would benefit from focused leadership and vision. In particular, we recommend re-establishing:

A) Appointed commissioner reporting directly to the Governor responsible for tourism, arts and culture.

B) A Council to oversee the State's reinvestment. Business success depends on two primary disciplines:

- 1) Offering products customers want
- 2) Efficient, effective communication to let them know

Similarly, for Connecticut's *business* of arts, culture and tourism, achieving optimal returns requires responsible reinvestment in both product and marketing. As such, the division of responsibility and the funding concept underlying the proposed 40%/60% allocation aligns with:

- 1) Arts and Culture's focus on sustaining our existing assets and the development of compelling new product and events in the arts, culture, film, history, historic preservation, etc.
- 2) Tourism's focus on the marketing of the assets above and others such as outdoor recreation, amusements, R&R, etc.

Certainly, these two organizations depend on each other and will work closely together.

The recommended solutions will:

- Define primary responsibilities
- Enhance intra-departmental efficiencies, collaboration, and transparency
- Streamline function and oversight of the Tourism and Arts and Culture offices
- Reduce duplication and administrative expenses, and clarify roles and responsibilities
- Enhance on-going inter-agency cooperation by elevating to other direct-report agencies
- Ensure the Governor can fulfill his key role as the face of Connecticut arts, culture and tourism (visitor host and industry advocate) by keeping him fully, directly apprised and engaged.

II-A) Appointed Executive-level leadership

Key to successfully reaping the significant potential returns of arts, culture and tourism is that its leadership report directly to the Governor and the Governor appointing Unclassified Executive-level leadership.

Appoint Commissioner

- a) Re-establish the former Culture and Tourism Commission.

Reporting to this Commissioner:

- Tourism CMO
- Arts and Culture Executive

II-B) Council for Reinvestment Oversight

A Council formed of experts representing relevant industries and constituencies would be essential to providing both programmatic guidance and oversight of funds allocated to the tourism and arts and culture organizations. This group would provide specific and ongoing recommendations to optimize and leverage local, state and federal reinvestment. In particular, we recommend re-establishing:

1. Coordinate with Office of Tourism, marketing priorities, and with other agencies (e.g. DOT, DEEP, DECD)
2. The Council to be modeled after the former Tourism Council in terms of:
 - Oversight/budget authority
 - Composition (e.g. appointments and qualified industry representation – see next page)

Informed by the perspective of national best-practices, the Council would oversee, review and develop any needed revisions to the current system that distributes State funds to the arts, culture and tourism communities.

The Council will establish an informed oversight of the State's reinvestment to:

- Identify resources and maximize efficiency and ROI of those resources
- Optimize responsiveness to the industry
- Stimulate job creation, economic growth and community vitality.
- Build consensus
- Oversee competitive grant-making and the use of line-items
- Initiate bonding and development of a CT Cultural Facilities Fund
- Establish guidelines for, as well as review and approve the State's investment of, a share of the annual budgets of Regional Destination Marketing Organizations, Welcome Centers and Convention and Sports Bureau (these organizations will generate private funds complementing that invested by the State).

- Coordinate with other State Agencies to facilitate promotion of our State’s assets
 - e.g. DOT: License plates to include “www.CTVisit.com”
 - Highway signage for attention and wayfinding to nearby attractions

II-B1) Tourism Council Composition

Recommended is a Council with membership to include marketing, tourism and business experts from across the State and the industry.

For example: Developed from the former Tourism Council’s composition model, Council membership should include subject-expert perspective of the different audiences of the three major inter-related categories defining the tourism industry;

- 1) Assets (eg. natural and built attractions, events)
- 2) Visitor Services (e.g. lodging, dining, shopping, information/hospitality)
- 3) Infrastructure (e.g. transportation, communication, conveniences).

Given this goal of representativeness, proposed is a 27-member Council including:

Nine (9) members appointed by the Governor, one each of whom will represent:

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|-------------------------------|--|--------------------------|
| 1. Lodging | 4. The Arts | 6. Heritage tourism |
| 2. Metro Chambers of Commerce | 5. Event or Attraction representing Cultural Diversity | 7. DEEP |
| 3. A Tourist Attraction | | 8. DOT |
| | | 9. Airline industry rep. |

Six (6) members; one (1) each of whom appointed by each of the following six legislators:

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|---|----------------------------------|
| (A) By the senate president pro tempore | (D) By the house speaker |
| (B) By the senate majority leader | (E) By the house majority leader |
| (C) By the senate minority leader | (F) By the house minority leader |

A Legislator-appointed member will represent one of the following industries:

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|-------------------------|------------------|---------------------------|
| 1. Agritourism | 5. Events | 9. Outdoor Recreation |
| 2. Convention/Colosseum | 6. Attractions | 10. Museum |
| 3. Destination Shopping | 7. Lodging | 11. Tour & Travel Company |
| 4. Dining | 8. Marine Trades | |

Twelve (12) members selected by their respective organizations

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|-----------------------------------|-------------------------------|-------------------------------|
| 1. Foxwoods Resort & Casino | 6. Gr. New Haven DMO | 11. CT Restaurant Association |
| 2. Mohegan Sun | 7. Mystic Country DMO | 12. CT Bus Association |
| 3. Coastal Fairfield DMO | 8. Convention & Sports Bureau | |
| 4. Litchfield Hills DMO | 9. CT Lodging Association | |
| 5. River Valley /Gr. Hartford DMO | 10. CT Airport Authority | |

III - TOURISM MARKETING REINVESTMENTS

A marketing strategy has the goal of capturing attention and then facilitating a decision (information, support). In the case of Connecticut, audiences include consumers, businesses and organizations both within our State and from elsewhere with varied degrees of awareness and understanding of our product, and ways they go about learning about a destination and deciding. A truly strategic plan would leverage from our audiences' perspective both a Statewide campaign and specialized attention to several unique regions, audiences, products and experiences. In particular, we recommend re-establishing properly funded:

- A) Regional Marketing (see below)
- B) Statewide Convention & Sports Bureau (CSB)
- C) Welcome Centers
- D) Review of Branding and slogan
- E) Ease DOT restrictions on highway wayfinding signage

These recommendations, with Council oversight, will ensure proper reinvestment in these unique marketing assets.

In addition to the four priorities above, there is a long list of other potential marketing reinvestments that show great promise. The Council will consider the merits of these others as time and funding allows, proposing its reinvestment portfolio in an annual rolling 5-year plan. The shortlist of other items to be considered includes, for example:

- Agritourism
- Camping
- Challenge Grants (for Product/Event Development, etc.)
- Group Marketing/Motor Coach
- Historic Sites
- Regional synergy (e.g. DNE)
- International markets
- Other Special Activities
- Outdoor Recreation
- Printed Publications (e.g. Maps, Brochures, Vacation Guide)
- Ticketed Events

III-A) Regional Marketing

Current “best-practices” across the U.S. and internationally demonstrates that Statewide marketing alone is neither as effective nor as efficient as the synergy of strategies supported by regional organizations.

1. Five (5) Regional Destination Marketing Organizations (Regional DMOs) will:

a) Be defined by visitor-experience

The State's Office of Tourism currently describes five unique areas as Litchfield Hills, Coastal Fairfield, Greater New Haven, River Valley/Greater Hartford and Mystic Country. As these are already visitor-experience-centered and promoted as such, the Panel's recommendation is to define the five Regional DMOs accordingly.

b) Leverage public/private partnerships in order to:

- Enhance the visitor experience and that of organizations in their region
- Multiply marketing funds to be deployed
- Save overhead expenses by identifying and partnering for administrative purposes with appropriate organizations and resources in their region.

c) Have Board representation of its region's product and constituencies

- Each represented town's Mayor/1st Selectman or designee
- A nine-member (9) Executive Committee

Including at least one representative of each of the five major measured economic impact categories; Attractions, Lodging, Dining, Transportation and Shopping plus four of their choosing. Each member would have a three-year term (staggered so as to eventually result in turnover of 1/3 of members every year).

d) Receive variable funding based on relative economic impact

- \$400,000 minimum with an economic impact supplement based on the region's proportion of the total Statewide economic impact up to \$1,500,000, and an additional supplement for those responsible for Welcome Center management.

Note: An Economic Impact Study should be updated every four years
(most recent was 2015)

e) Have monthly meetings with the Council, the Office of Tourism and other Regional DMOs to avoid redundancy and to integrate and coordinate statewide, regional and local (city and town) promotion of interests (e.g. themes, audiences, experience categories), noting that many of these cross "boundaries" of Regional DMOs' geographies. As an example of integration and coordination, Regional DMOs would facilitate their assets' and events' representation on www.CTVisit.com.

- f) Be accountable to the Council's limits to the share of budget spent on administrative/overhead expenses (e.g. a dollar amount or percent) with the goal of channeling as much of the State's reinvestment as possible towards marketing activities.
- g) Play an active role in helping sustain existing local assets and events and the development of fresh ones.

III-B) Statewide CSB

A Statewide Convention & Sports Bureau (CSB) is a public/private partnership focusing on certain unique and valuable audiences; those of professional planners of meetings, conventions, sporting events and tours to bring business and consumer customers to the State.

- 1) A Statewide CSB is recommended to be properly funded at a \$1,000,000 level in order to:
 - Build awareness (in-person outreach, trade shows, fam tours, etc.)
 - Competitively bid for events
 - Facilitate events
 - Attract private investment to multiply available funds
- 2) Have Board representation by experts representing both geography and industry
e.g. Regional DMOs, Cities' CVBs, Meeting Planners, Group Tour businesses
- 3) Will be overseen by the Council
- 4) Will work with and leverage other State, Regional and local organizations' efforts to attract and serve both the professional audiences above as well as their customers (businesses and consumers attending CSB events).

III-C) Welcome Centers

Welcome Centers serve at least two unique audiences; those who would otherwise simply drive-through the State, and those who were moved to visit and are, based on their expectations from experience in other States, counting on finding ideas and/or information to enhance their visit. In either case, for many their visit to our Welcome Center is their "first impression" of our State as a place to visit, live and/or work, and our opportunity to steer them to experiences we know they will enjoy and "virally" spread the word.

1. Connecticut's Welcome Centers should be reopened

- a) Centers staffed during peak travel hours for hospitality/information (HI) services.
- b) Centers open extended hours (ideally 24/7) for restroom and self-service HI services (e.g. collateral, signage, technology).

Note: DOT will continue to be responsible for facility operation and maintenance.

- 2. Hospitality/information services to be managed, staffed and materials stocked by CT Office of Tourism or Regional DMOs.

Note: Negotiations will be initiated with DOT to allow volunteer staffing

Note: Regional DMOs responsible for Welcome Center(s) in their service area may receive supplemental funding dedicated for this purpose.

- 3. Remove highways' "Closed" signage immediately

Note: If hours of operation must be posted, post hours open rather than closed.

III-D) Branding and Slogan

After a promising start on the wind of short-lived reinvestment, our current brand, slogan, strategy and tactics have each been unfairly blamed for "poor results." In fact, the State's Office of Tourism and its vendor agencies have done a heroic job responding to uncertainty and continuous budget cuts, to optimize their egregiously limited funds. In fact, all blame for dissatisfying results sits squarely on those who tied their hands. Even so, elements were conceived in 2015 and given the benefits of continuous improvement, even the best ideas should be regularly reviewed. Importantly, any change should promise a measurably better outcome. Members of the Blue Ribbon Panel felt strongly that one branding message and slogan for both economic development and tourism probably would not work due to the fact that they have completely different audiences. The Panel agreed that final decisions should be left to the marketing and tourism experts.

- 1. A committee of marketing and tourism experts, overseen by the Council should be convened:

- a) Perform a fresh, unbiased review of formative and performance research

Note: Engage fresh market and marketing research as needed.

- b) Consider needs and perspectives of both major audiences:

- i. Consumers (appealing to prospective visitors)

- ii. Tourism industry (appealing to those who should embrace it)

- c) Develop the next-generation marketing strategy

- i. Leveraging state-of-the-art concepts, practices and technology.

To be clear, the Panel is not recommending any specific marketing brand, slogan, strategy or tactics, or even that any be changed per se. Rather, it is expecting that the collective wisdom of diverse, vested experts of the Council will oversee development by the Office of Tourism and its vendor agencies an optimum marketing plan within its budget that leverages both fresh ideas and those proven to work.

III-E) Ease DOT restrictions on highway wayfinding signage

Considering our visitors' and travelers' reliance on them, responsible and helpful wayfinding signage is an essential aspect in the promotion of tourism. The Federal Highway Administration allows for special signs on limited access highways indicating attractions and services of lodging, food, information and fuel. Our Department of Transportation has erected a number of these signs along Connecticut's highways but many remain blank with no establishments posted. This gives the unintended and counter-productive impression to our visitors and travelers that there is literally nothing in the area. The Panel recommends:

1. DOT should ease restrictions on highway wayfinding signage
 - a. Review current standard interpretations with an eye toward adopting other states' greater flexibility and visitor/traveler utility.
 - b. Train Office of Tourism to prepare attractions' and services' applications

Note: In our recent meetings we have heard that the rules imposed by DOT are so restrictive that it is difficult or impossible for a business to gain access to these signs. It is understood that the rules for placement emanated from the standards established by the American Association of State Highway and Transportation Officials. While Connecticut, it seems, has used a more literal interpretation of those standards, other states have felt free to interpret the standards more liberally in order to provide easier access for businesses with the goal ultimately of greater helpfulness to our visitors and travelers.