



# CORVALLIS TOURISM THINK TANK

## STATE OF THE INDUSTRY

CORVALLIS, OREGON

FEBRUARY 7, 2008

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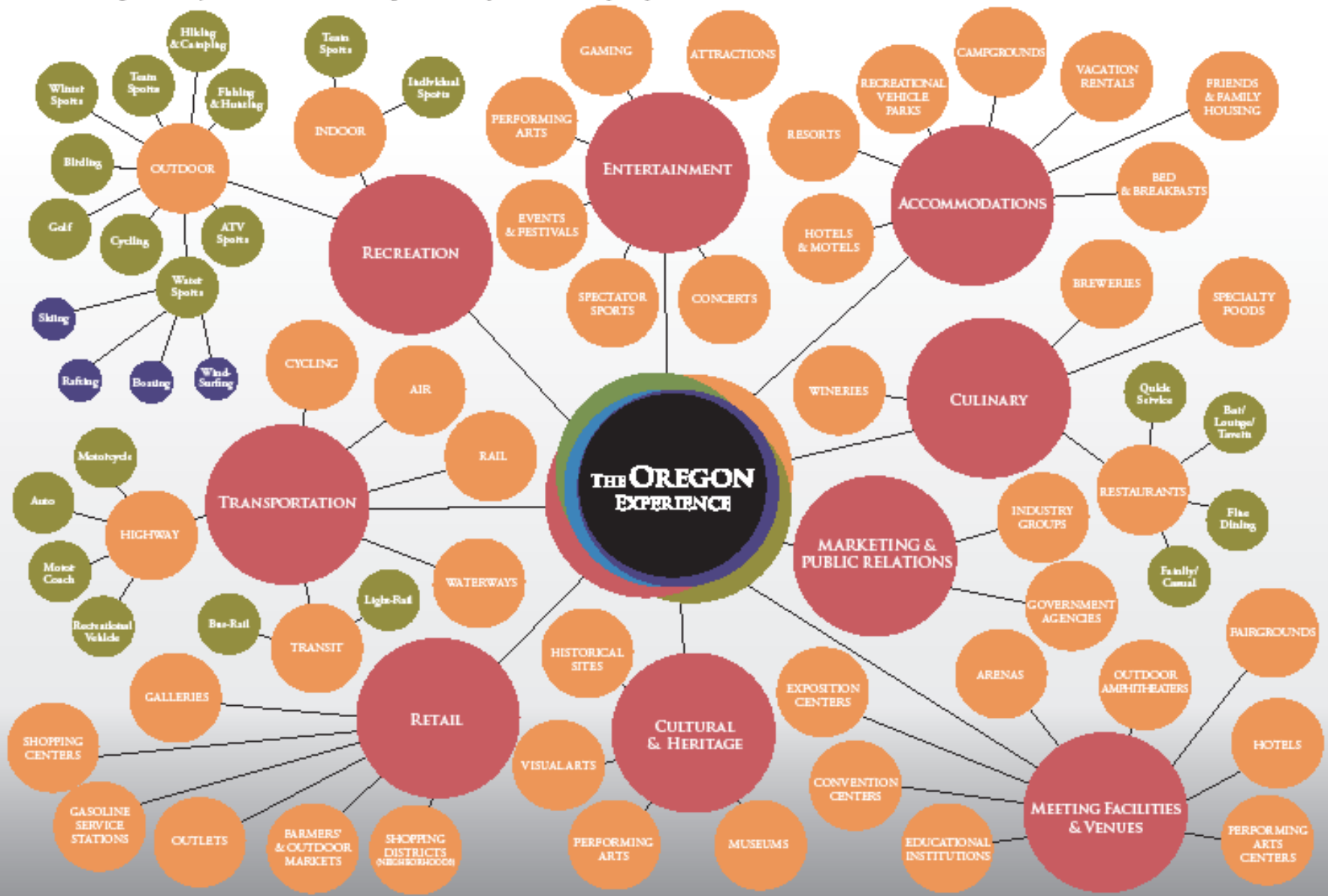
# WHAT IS OREGON'S TOURISM AND HOSPITALITY INDUSTRY?

- \$7.9 billion in travel spending in 2006
- 90,300 jobs for Oregonians in the industry
- \$1.9 billion in payroll and earnings annually
- \$299 million in state and local taxes annually
- Employed in restaurants, hotels, attractions, visitor information centers, chambers of commerce, convention and visitor bureaus, gas stations, charter boats, wineries, taxis, shopping centers, printers, art galleries and...
- Construction, manufacturing, agriculture – 40,000 additional jobs

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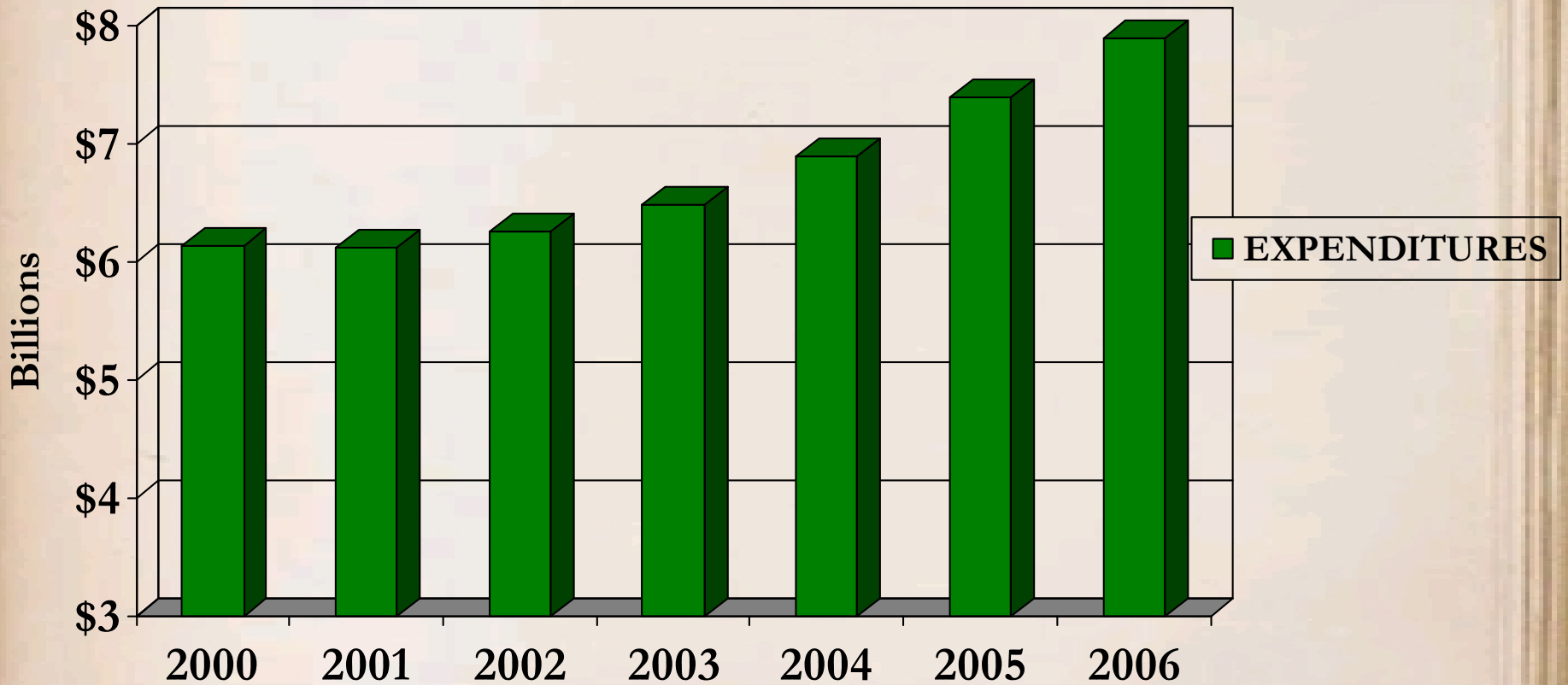
## TOURISM & HOSPITALITY INDUSTRY CLUSTER MAP

The Industry Cluster map is designed to be a visual narrative of the relationships or categories that make up an industry. It immediately demonstrates the strategic interdependence that defines an industry. The map can be developed on multiple levels to show additional corresponding relationships that support any given sector or the whole industry, (examples agriculture, real estate development, production and processing services). This specific map has been created to show what makes up the tourism industry from the standpoint of what the consumer experiences and what is actually marketed and sold. It is important to understand that the industry benefits as a whole when each of the categories is healthy and vibrant—it's what makes Oregon a destination point rather than a stop-over point





# VISITOR EXPENDITURES 2000-2006

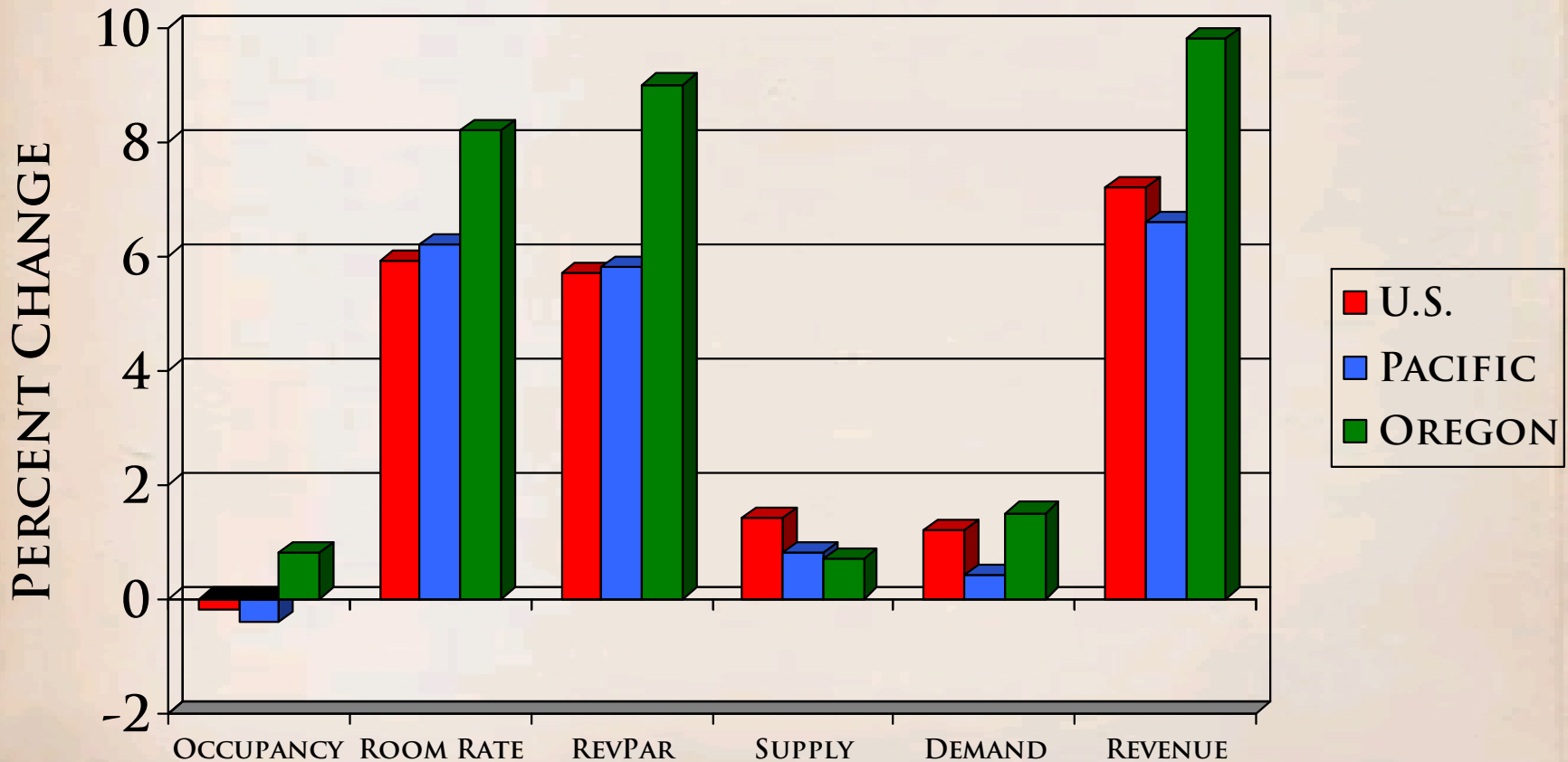


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# LODGING SECTOR PERFORMANCE 2007 VS 2006

(SMITH TRAVEL RESEARCH)



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# INVESTING IN OREGON'S TOURISM INDUSTRY

- Pre-2004, Oregon's tourism budget was:
  - 46<sup>th</sup> lowest of the 50 states
  - Oregon was losing market share to other states
- Fact: Oregon needed an economic stimulus



# THE OREGON TOURISM INVESTMENT PROPOSAL

- Statewide: 1% Statewide Lodging Tax implemented in 2004
- Local lodging taxes:
  - Existing local rates and allocations for tourism were “grandfathered”
  - Increases in local tax rates with at least 70% dedicated to tourism are allowed



# TRAVEL OREGON

The **Oregon Tourism Commission** dba **Travel Oregon** is the official state agency charged with marketing the entire state of Oregon as a visitor destination.



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## TRAVEL OREGON'S KEY OBJECTIVES

- Drive consumer visits to Oregon
- Unite the Tourism and Hospitality Industry behind a common purpose, focused on broader strategic outcomes for both the industry and the state



# TOURISM DEVELOPMENT

- Tourism & Hospitality Consortium
- Governor's Conference on Tourism
- Niche Market Development
- Rural Tourism Studio
- Matching Grant Program
- Scenic Byways
- Industry Communication
- Policy & Research
- Q CARE Program
- Welcome Centers

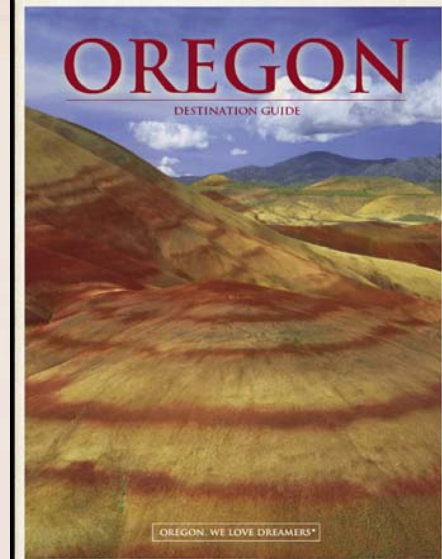


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# INTERNATIONAL STRATEGIES

- In-country representatives
- Public relations
- Research trips
- Tour operators
- Receptive tour operators
- Travel agent education
- Trade shows
- Cooperation with air carriers



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## THE RESULTS: INTERNATIONAL

- Research Trips Hosted 2003-2007, 154 trips with 486 total tour operators and journalists
- Media Impressions: Over 100 million impressions valued at over \$11 million
- Tour Operator Product: 212 brochure listings which include statewide product and itineraries
- Over 5000 Trained Travel Agents in Europe
- Media Circulations for Japan: 2003-07, over 300 million valued at over \$6 million
- Media Circulations for Mexico: 2005-07, over 200 thousand valued at over \$700 thousand

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# DOMESTIC MARKETING OBJECTIVES

- Engage consumers in the Oregon Brand
- Build awareness that Oregon is the must-see, perfect vacation destination
- Motivate consumers to actively seek more information
- Help with vacation planning
- Help translate interests into a sale
- Engage consumers with our brand and build long-term relationships with them

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# CONSUMER MARKETING PROGRAMS

- **Media/Advertising**
  - Year-round, image building campaign
- **Public Relations & Publications**
  - Media outreach and production of visitor guides
- **Promotions, Broadcast & Sponsorships**
  - Oregon Bounty, Bite of Oregon, etc.
- **Interactive**
  - website, blog, e-newsletter
- **Fulfillment**
  - Guide distribution, website & 800 # requests, and BRCs



# HOW WE COMMUNICATE THE BRAND

- **Tell stories** – Wide breadth of stories about Oregonians that capture the depth and uniqueness of the Oregon experience
- Tell consumers what it's like in Oregon, not just what it looks like here
- To be successful we think our stories must be:  
**Experiential. Inviting. Unique.**

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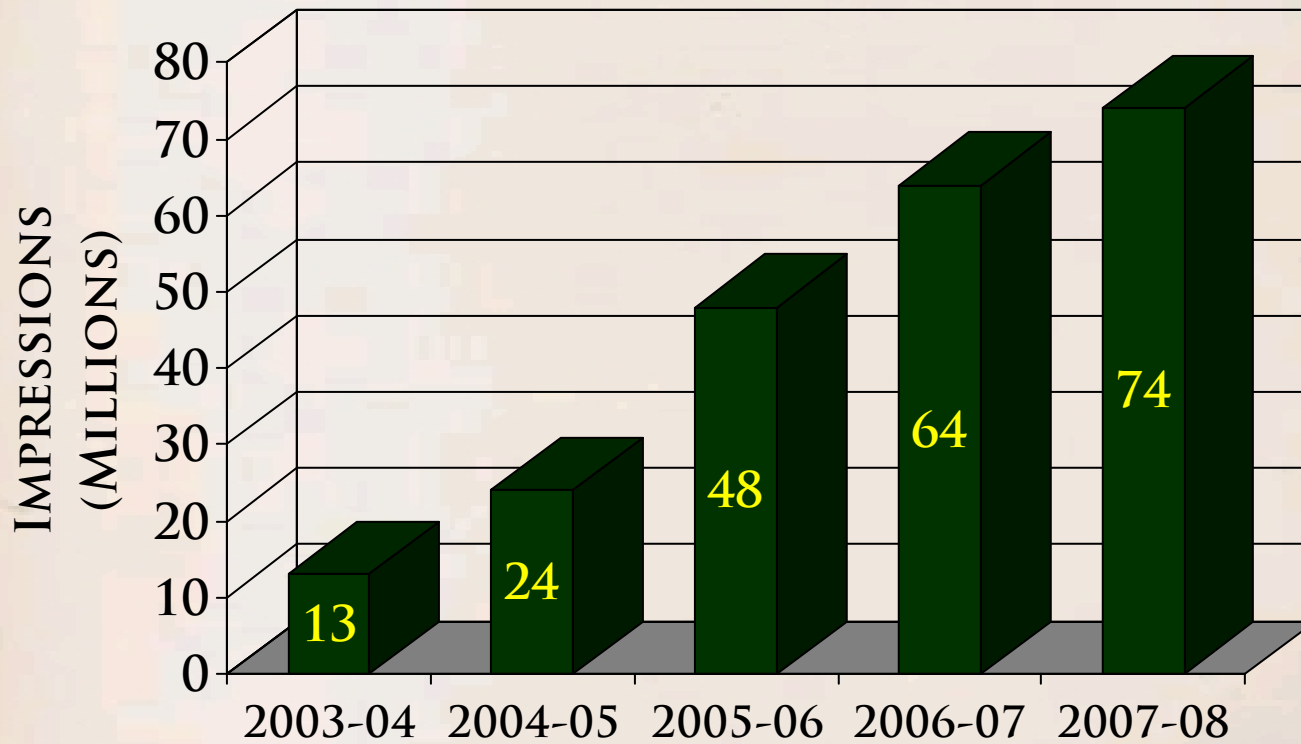
# "BOOK OF OREGON"



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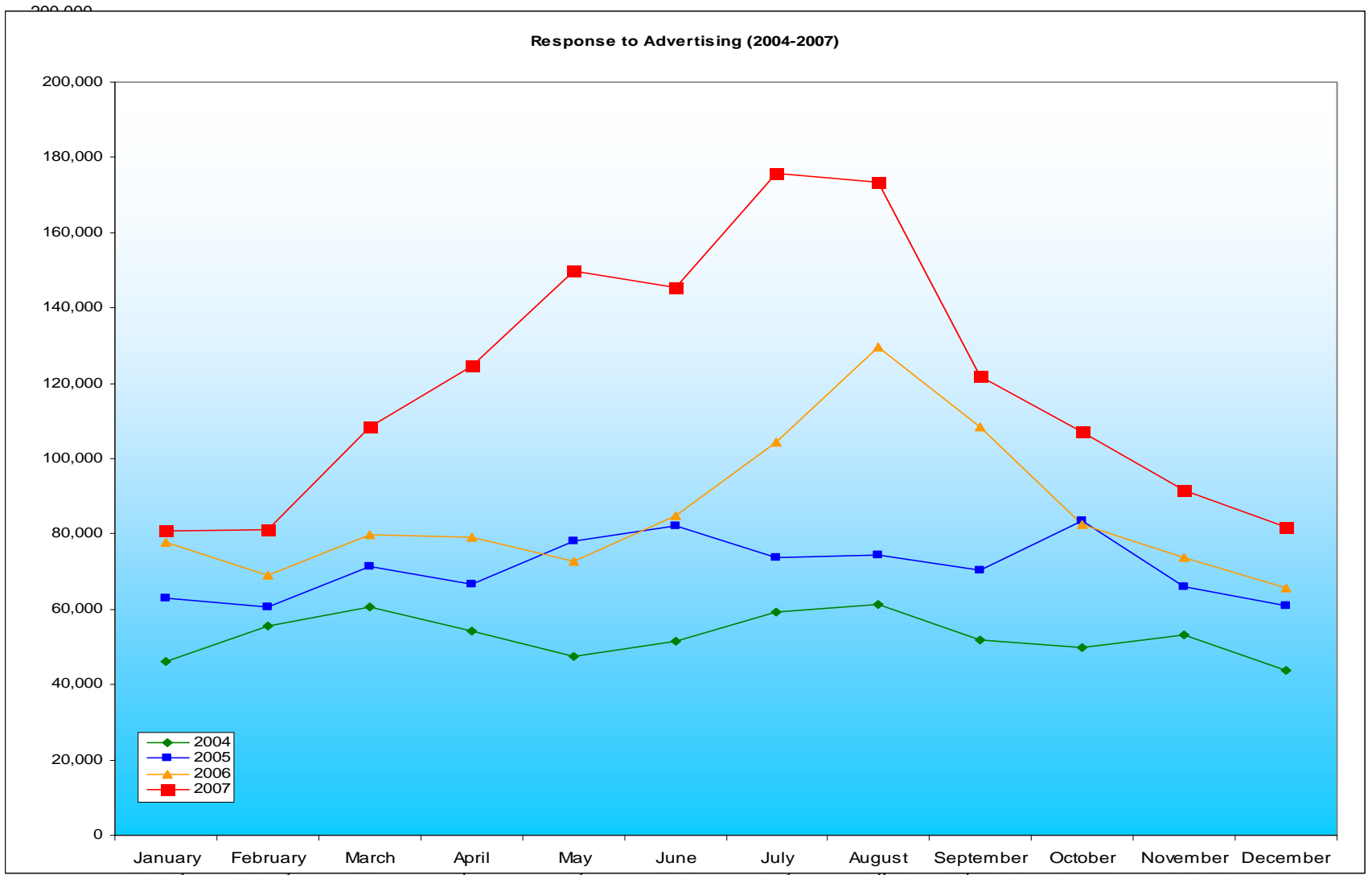


# IMPRESSIONS AMONG 25-64 TARGET



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# Response to Advertising (2004-2007)



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## THE RESULTS: ROI

Research in our regional markets indicates our campaign is working...

- Research estimates that \$1.31 spent on media generates a new trip to Oregon
  - The “Oregon. We Love Dreamers. Campaign” is 21% more efficient in generating trips than our last campaign
- Research estimates that \$1.00 spent in media generates:
  - \$159 in visitor spending
  - \$6 in new state and local tax revenue

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Source: Longwoods International research commissioned by Travel Oregon



## LOOKING AHEAD - ECONOMY

- Economic Factors
  - ARM's
  - Gas prices
  - Credit constraints, Mortgage Equity
  - Unemployment



## LOOKING AHEAD - ECONOMY

- Consumer Confidence
  - 87.9 (1985 = 100)
  - 90.6 December 2007
  - Present Situation Index
    - Increased to 115.3 from 112.9
  - Expectations Index
    - Decreased from 75.8 to 69.6



## LOOKING AHEAD - ECONOMY

- Sperling: “Economic downturn still to come for U.S.”
- Conerly: “It’s a recessionette”
- Mitchell: “An interlude of slow growth, but not a recession.”



## AND SO...LODGING SECTOR

- Declining U.S. occupancy more than offset by rising room rates (PKF Hospitality Research)
  - Threat of recession=softening of business travel
    - Moody estimates threat at 14%
  - Leisure travel remains fairly constant
- Reductions in Demand and ADR are rare
  - Only 2x since 1988
  - Both declined in 2001
- Continued job growth buoys the economy



## AND SO...MEETINGS

- MPI and AmEx Study
  - 19% spike in attendance
  - Webcasts will grow, but not displace
  - Concerned about economic downturn
  - Corporate planners expect 27% in budgets
  - 19% list environmental concerns among top trends



## AND SO... TRAVEL TECHNOLOGY

- Technology Rules - PhocusWright
  - 30% of travelers want offers while traveling
  - Travel MetaSearch brings price pressure-  
Farecast
  - Get Social
  - On-plane Wireless – American, Virgin
  - Older Travelers On-line



## AND SO...THE CONSUMER

- Transformation not cancellation
  - 29% take fewer trips
  - 16% select less expensive lodging
  - 12% shorten trips
  - 11% travel closer
  - 7% changed destination
  - 2% brought fewer people

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## AND SO...THE CONSUMER

- Value...not price
- Green...but not at a price...yet
- Social, transparent, trustworthy
- Packaging – dynamic, personal
- Seeking connections – family, friends, place
- Getting more comfortable booking on-line



THANK YOU!

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