

## Re-Imagining Destination Marketing Q&A

Q: Who do you have on your Board of Directors? Are they from each of the entities? How did you determine who to include?

A: Gary Sherwin - We have a Nomination Committee of board members who make the recommendations with the CEO as an advisor. The goal of the organization is to have a cross section of business leaders, not just hospitality people. For example, our police chief is on the board as well as the Chairman of Angels Baseball. Hotels are all represented but about half of the board are comprised of these non-tourism related interests. This helps keep the board focused more broadly than it would be if it were solely tourism focused.

Q: What if you have noncorporate and are only hospitality based?

A: Bill Geist - Of course, we all are different. My point is that those of us that can diversify our revenue streams must consider non-hospitality opportunities.

Q: How do you decide what takes priority in managing the work? Are there dedicated personnel to a particular organization for some of these efforts?

A: Gary Sherwin - Every entity we work with has to undertake a strategic planning exercise so that we have complete engagement and alignment with our staff. During this planning process, no one from our staff sits in the room because we want the entities to decide for themselves what they want accomplished. As long as we feel these entities want something that is achievable and aligned with our organization's skill sets, we will work with them. Our marketing team then reviews this plan and creates an action plan on how we can accomplish this work and how we can build alliances with our other business units. Based on the strategic plan, we develop the business plan than creates the programs. That's when we create timelines and allocate staff time to execute the programming.

Q: My assumption is that as this model was being developed, Gary was the main diplomat to help bridge the various entities and mitigate any turf wars, power struggles, and other barriers to this plan being successful. How much effort, if any, still needs to be invested to keep the structure firmly in place? How have you handled the injection of newcomers to one of the entities that may have other ideas on the best path forward?

A: Gary Sherwin - You are right. The CEO needs to have the trust and support of the community to make this happen. I did spend a lot of time with the various boards and individuals to make sure they understood what we were proposing. For our contract with our chamber, that process took almost two years because of the nature of their board. (They don't like change!) Once they were on board and a contract was developed, I could step away to a certain degree and let the marketing team deliver but you never disengage since the boards like to see you. I still attend some of their board meetings when it

is appropriate and make sure there are not any issues. I'm also a believer in board orientations for new members and we do that regularly so that there is organizational consistency, and these newcomers understand our role.

Q: How do you filter out events which are not "brand events" and avoid the smaller events from being upset they didn't make the cut?

A: Gary Sherwin - We define brand building events as events that clearly are aligned with our destination brand and can help the city effectively tell its story. Our film festival is fairly prestigious, but it isn't our biggest event tourism wise. But the media attention it gets nationally and internationally compensates for that, which is why we get involved. Having celebrities come to town and pose on the red carpet (with our logo behind them) is perfectly suited to our brand. On the other hand, the Susan G. Koman Race for the Cure, which is a race to support breast cancer awareness and a cure, (a wonderful cause) but it doesn't do much to help Newport Beach tell its story. We list them on our calendar and support them with the standard marketing, but we don't do much more than that.

Q: How many people make up your brand marketing team now that they are responsible for the marketing of all these entities?

A: Gary Sherwin - Pre pandemic, we had about a dozen people on our brand team and we lost about a third of them after the pandemic started. We are continuing to provide support for all our business units although on a reduced capacity right now due to overall budget concerns. As soon as it is financially responsible to do so, we will be restaffing to our previous levels.

Q: DMOs are not marketing organization today but considering marketing/promoting function (as Bill mentioned showing ads) DMOS are program managers, outsourcing all marketing and other important functions to outside agencies. Even brands are created by outside ad agencies for DMOs? Why not make tourism a part of Economic Development Organ, with a small group of 'tourism program managers'? This would be a more efficient and better governance model.

A: Gary Sherwin - The goal of this concept is to allow DMOs to do what they do best, which is marketing the destination. Economic Development organizations do a lot of things beyond marketing and they should continue to do them. What we are proposing is that DMOs can best offer their communities brand centric marketing efforts because they are trained marketing experts. In many cases, these ED agencies are trying to redevelop aging parcels and rejuvenate neighborhoods, which for most DMOs are outside their skill set. Marketing demands a different type of employee which is why they shouldn't be merged but they need to work together. Also, our organization has a full complement of marketing people with specialized skills such as social media management, digital production, and PR that few agencies would be able to provide even with a minimal staffing.

A: Bill Geist - I believe folding Destination Marketing / Tourism under Economic Development misses the

broader point that EDOs are designed with a targeted market in mind. DMOs talk to everybody. If anything, EDOs should be a division of the DMO.

Q: Question for Gary - how do you establish the rates you charge?

A: Gary Sherwin - It really depends on the scope of work for each business unit and how much they want done. Also, we look at their budgets. There is no formula. It just depends on whether they want more intensive work over a longer period. We then look at what staff will be working on each unit and whether we can recoup our labor costs to deliver the work. It is very similar to any marketing agency with a client except that we aren't looking to make a profit just cover our costs.

Q: Have you ever fired a client?

A: Gary Sherwin - No we haven't although we could if we needed to. If a client can't work with our agreed upon system (a formalized strategic plan and adherence to that plan) or if their budget went away, we would do that. Fortunately, that hasn't happened yet.

Q: Does Gary feel comfortable sharing the % breakout of funding from each vertical. Like is 60% of Newport Beach Inc funding come from VISIT Newport (hotel tax), and then so on. I'm curious as we are trying to figure out how to diversify our funding since we are like 90% hotel bed tax currently.

A: Gary Sherwin - Most of our funding, about 80%, is still coming from Visit Newport Beach. That will never change. The other funding gives us about 20% but we use those funds to pay for staff and overhead. This reduces some of our labor costs for Visit Newport Beach.

Q: Is the Brand Marketing Team a complete internal agency, or do you work with an outside agency?

A: Gary Sherwin - 90% of what we do including graphic design, digital and video production is all done in house. We use an ad agency for some media buys, and we have a company help with the technical back end aspects of our website, but otherwise we are turn key internally.

Q: How many people are in your marketing dept.? Did you add more when starting the umbrella organization?

A: Gary Sherwin - We added about five positions to our marketing team after this concept was born and most of those costs were covered by fees we charged our business units.