



# Experience Scottsdale Contract Renewal

Study Session June 11, 2020

# Town Hired Destination Marketing Consultant to Assist in Negotiation

- Request Proposals from DMO Consultants to:
  - Develop Future Performance Metrics
  - Analyze Return on Town's Investment
  - Compare Experience Scottsdale with other Destination Marketing Organizations (DMOs) in the Country

# Hired DMOProz (Bill Geist and Terri White)

## Scope Included:

- Interviews with key stakeholders, community and elected leaders
  - In-person face-to-face meetings over 3-days (Resorts, Gov, Community Leaders)
- Evaluation of programming against existing contract metrics
- Review performance of earned media/PR, success in attracting meetings and conventions, and leisure marketing visibility for PV
- Analyze success in securing bed tax revenue
- Compare Experience Scottsdale with other DMOs



# New World Since March, 2020

- Interviews with Experience Scottsdale and General Managers
  - March 2-4, 2020
- MLB suspended Spring Training March 19, along with every other major sporting event, school closures
- Governor limited gatherings to no more than 10
- Restaurant dining rooms closed by Executive Order
- Legislative bills suspended due to COVID-19; Tourism Marketing Assessment program bill a casualty
- Occupancy fell to 5-8% in high season/highest month of revenue
- Resorts reservations rebound for Memorial Day Weekend
- Social unrest, protests and vandalism close Fashion Square
- Statewide curfew imposed; restaurant and bars that had opened after COVID-19 restrictions lifted face new struggles



# DMOProz

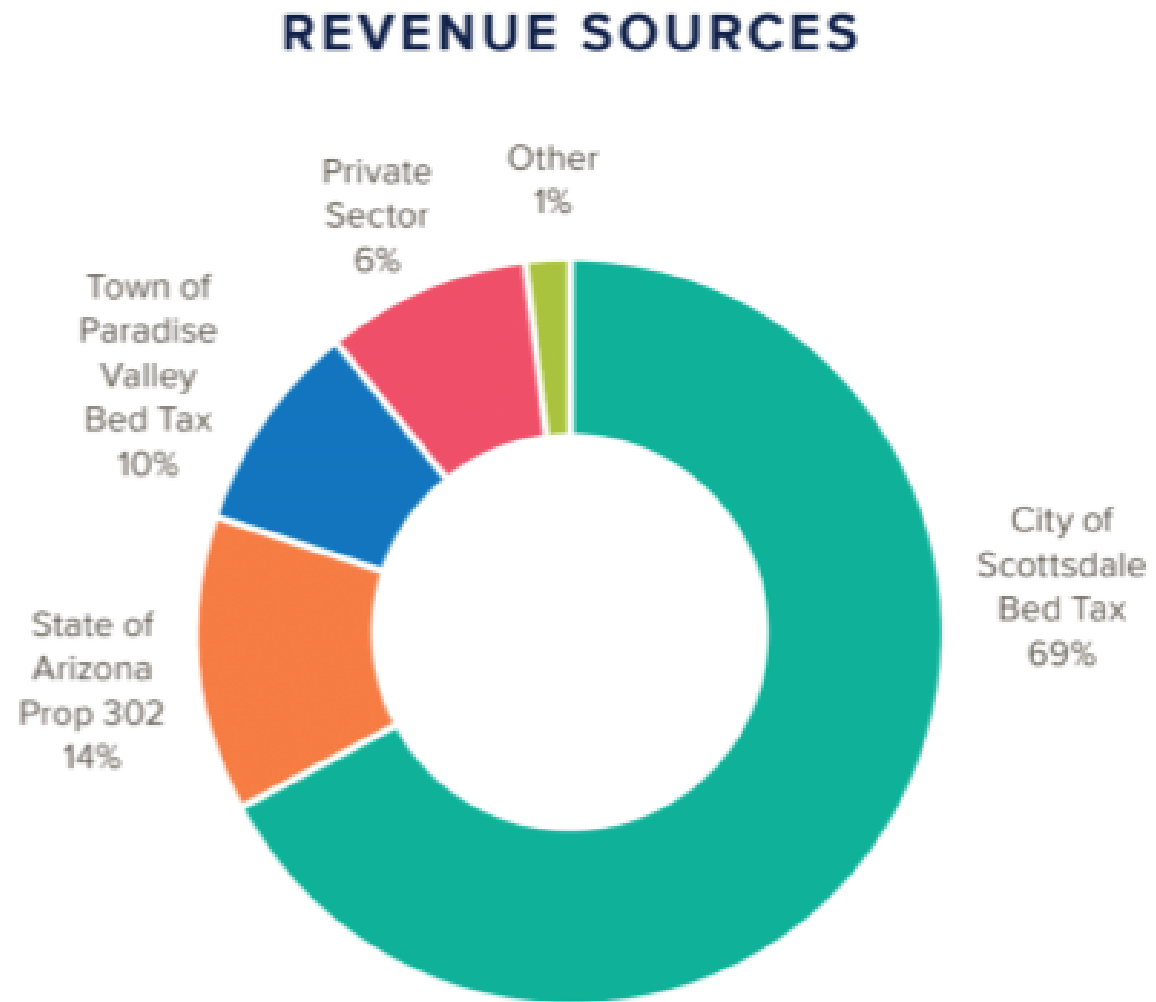
## Bill Geist and Terri White

AN ANALYSIS OF THE EFFICACY OF EXPERIENCE SCOTTSDALE FROM A  
PARADISE VALLEY PERSPECTIVE

# Resort Community Investment In Regional DMO

- The larger community has broader name recognition
- The larger community possesses a significantly larger DMO budget than the smaller community would be willing to invest in destination marketing
- The resort community has similar characteristics with the larger community
- On a national scale, the median amount of Room Tax that is invested in American DMOs is 36.7% (this includes budgets from \$200,000 to over \$100 million). For DMOs in Experience Scottsdale's budget category, that number increases to 54%.
- Both Scottsdale and Paradise Valley are fairly close to national averages.

# Sources of Experience Scottsdale's \$15M Budget

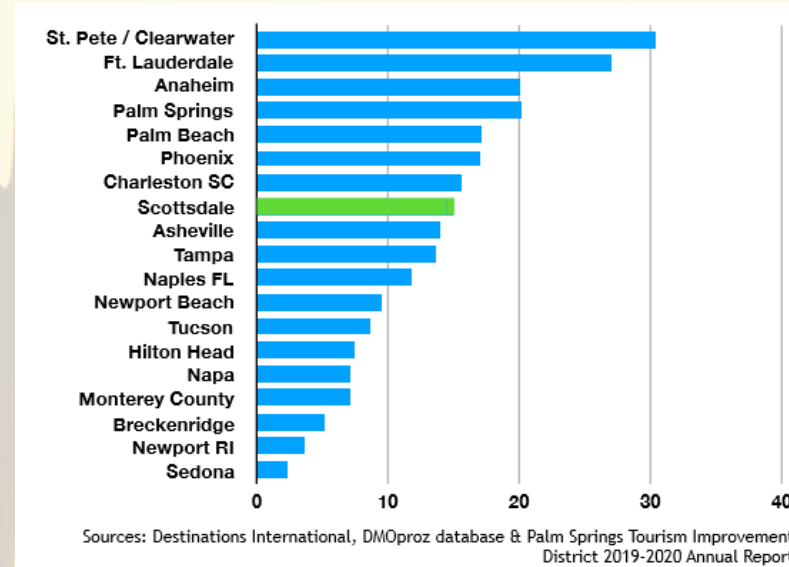


Source: Experience Scottsdale FY 18-19 Annual Report

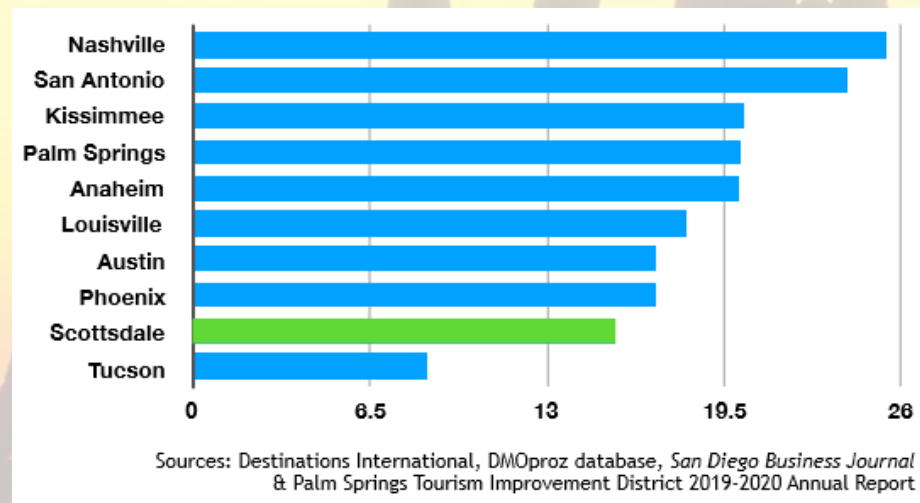


# Comparisons to other DMOs

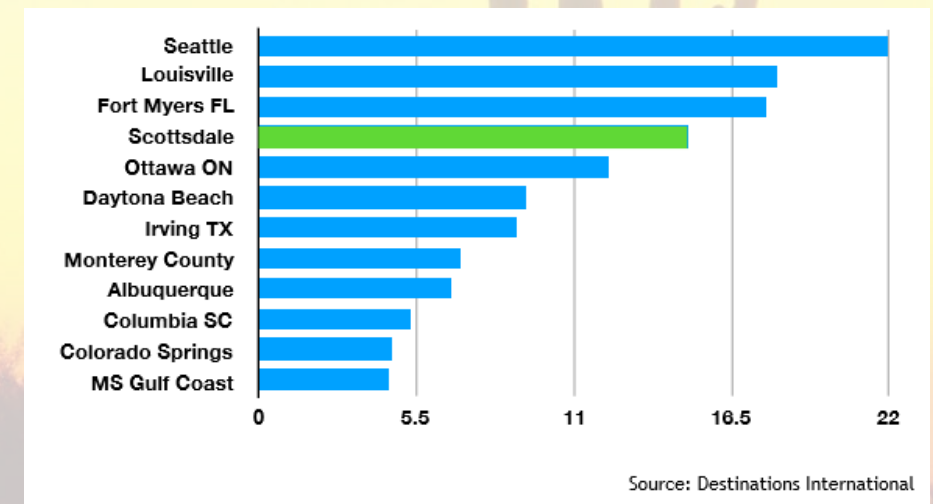
## LIKE-DESTINATIONS



## EXPERIENCE SCOTTSDALE'S COMPETITIVE SET



## LIKE-HOTEL ROOM INVENTORY





# BUDGET BREAKDOWN BY FUNCTIONALITY

## LIKE-DESTINATIONS

	Comp Set: Luxury	Experience Scottsdale
Personnel	36.4%	33.8%
Administrative	7.3%	7%
Programming	56.3%	59.2%

## LIKE-HOTEL ROOM INVENTORY

	Comp Set: Hotel Rooms	Experience Scottsdale
Personnel	33%	33.8%
Administrative	7.3%	7%
Programming	59.7%	59.2%

## EXPERIENCE SCOTTSDALE'S COMPETITIVE SET

	Comp Set: vs. Scottsdale	Experience Scottsdale
Personnel	36%	33.8%
Administrative	6%	7%
Programming	58%	59.2%

# Contract Metrics

- Generate at least 195 travel articles annually that mention Paradise Valley or its resorts or hotels
- Generate at least 80 booked meetings annually into Paradise Valley resorts or hotels
- Develop a \$1 million annual marketing and advertising program to benefit Experience Scottsdale members, including Paradise Valley resorts and hotels
- Assist Paradise Valley resorts and hotels in generating at least \$40 million in Paradise Valley bed tax and sales tax during the term of the contract

Goal:  
Annually generate  
at least 195 travel  
articles that  
mention Paradise  
Valley and/or its  
resorts or hotels

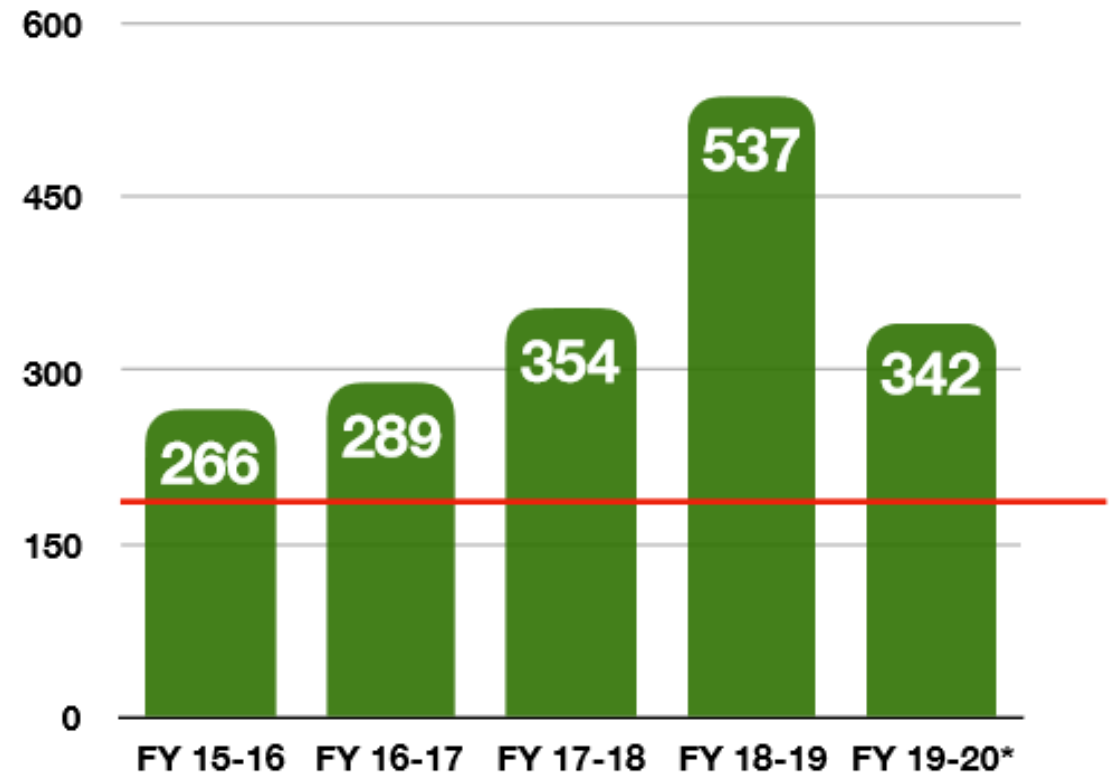
FY 19-20 Q1 & 2: 342 (estimated media value: \$8.8 million)

FY 18-19: 537 (estimated media value: \$38.1 million)

FY 17-18: 354 (estimated media value: \$15.4 million)

FY 16-17: 289 (estimated media value: \$6.4 million)

FY 15-16: 266 (estimated media value: \$15.4 million)



\* FY 19-20 numbers only represent the first two quarters of the Fiscal Year.

GOAL:  
Annually facilitate  
the booking of at  
least 80 meetings  
and conferences  
into Paradise Valley  
resorts or hotels

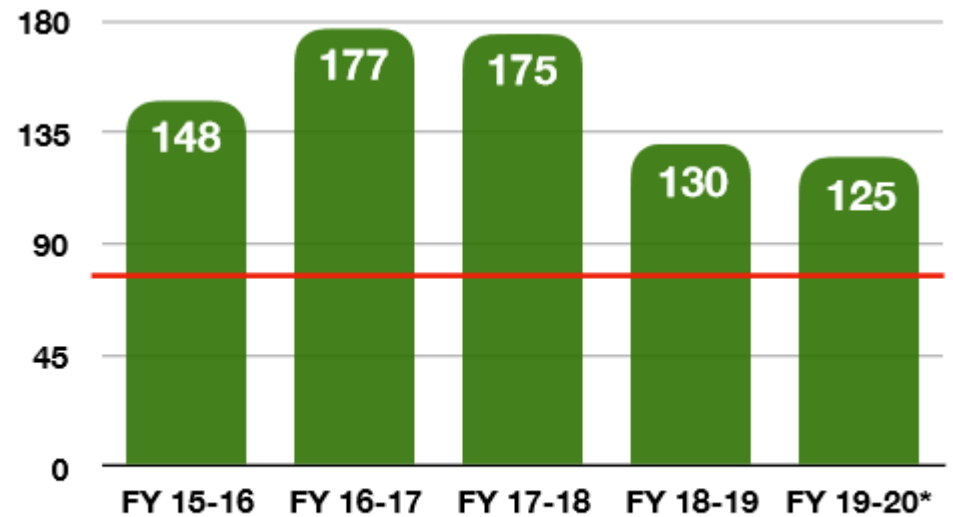
FY 19-20 Q1 & 2: 148 (representing 47,237 room nights with an estimated economic impact of \$20.7 million in visitor spending)

FY 18-19: 177 (representing 45,273 room nights with an estimated economic impact of \$23 million in visitor spending)

FY 17-18: 175 (representing 40,338 room nights with an estimated economic impact of \$19.1 million in visitor spending))

FY 16-17: 130 (representing 34,701 room nights with an estimated economic impact of \$19.4 million in visitor spending)

FY 15-16: 125 (representing 43,323 room nights with an estimated economic impact of \$23.6 million in visitor spending)



\* FY 19-20 numbers only represent the first two quarters of the Fiscal Year.



# GOALS for Marketing and Revenue to Town

GOAL: Develop a \$1 million annual marketing and advertising program to benefit Experience Scottsdale members, including Paradise Valley resorts and hotels:

- Experience Scottsdale's complete Annual Marketing Plan annually totals roughly \$7 million in paid media

GOAL: Assist Paradise Valley resorts and hotels in generating at least \$40 million in bed tax and sales tax during the term of the contract (July 2015 through June 2020):

- Hotel and Sales Tax revenues for Paradise Valley from hotels and resorts between July 2015 and December 2019 are estimated at \$41,729,354, six months prior to the conclusion of the contract period

# Staff Size v. Budget Size

## Average

Of 15 DMOs within \$2 million of Experience Scottsdale (\$13.5 - \$17.5M)

## Experience Scottsdale

Budget:

\$15.5M

\$15M

Staff Positions:

53

40

The background of the slide is a photograph of a desert landscape at sunset. Several tall saguaro cacti are silhouetted against a bright, orange-yellow sky. The cacti are of various sizes and shapes, some with single arms and others with multiple arms. The overall tone is warm and serene.

# Contract Negotiation Phase

# Establishment of Mutual Respect/Purpose

- Experience Scottsdale will work to support the Town's vision to make every effort to enhance the Town's unique character for its residents.
- Experience Scottsdale and the Town support common values of professionalism, high quality customer service, teamwork, respect, accountability, and transparency.
- Through the tourism industry, Experience Scottsdale can help to elevate the unique lifestyle and character of the Town while ensuring a strong return on the Town's investment.
- Experience Scottsdale's efforts to elevate the tourism industry support the Town and its desire to preserve the Town's special character, provide high quality service, invest in infrastructure projects, manage the Town's financial resources, and identify opportunities to create and promote a more sustainable community.



# Contract Renewal: Changes from Existing

1. **Contract Term:** 3 years with two 1-year extensions
2. **Compensation:** 45%/35%/25% sliding scale every \$2M of Transient Lodging Tax revenue collected from estimated revenue during current year with mid-year review, and October adjustment
3. **Scope of Services/Parameters:** Flexible process for input with Council and resort general managers with Experience Scottsdale observation
4. Discuss **fiduciary responsibilities** and best practices
5. **Town representation** on Policy Advisory or other Committee

# Board and Subcommittee Representation

- Experience Scottsdale shall invite the Town Council to appoint one voting liaison to the Experience Scottsdale Board of Directors during the term of this Agreement. This liaison must be a sitting member of the Council, which can include the Mayor. While board terms are typically for one year, the Town Council may appoint a new liaison at any point during the term of this Agreement at its sole discretion. The Town's voting liaison to the Experience Scottsdale Board of Directors also shall be provided a seat on the Experience Scottsdale **public policy committee**. Other Town representatives may be invited to participate at the discretion of Experience Scottsdale and approval of the Committee Chair.

# Scope of Services/Parameters

- Annually, Experience Scottsdale shall convene a meeting with Town representatives and Town resort general managers to allow the group to share input on priorities, trends and insights related to the coming year's program of work.
- The meeting will be scheduled at an appropriate time to allow input to be considered for the coming year's program.
- The Town will moderate the conversation and Experience Scottsdale will gather said input.



The background of the slide features a warm, golden-yellow sunset sky. Silhouetted against this light are several saguaro cacti of various sizes and shapes, some with multiple arms. The cacti are positioned across the lower half of the frame, with some reaching towards the top. The overall mood is serene and contemplative.

Questions?