



Memorandum

To: Vail Town Council

From: Vail Local Marketing District

Date: April 2, 2019

Subject: Vail Local Marketing District 2019 Re-Allocation & Incremental Budget Supplemental

I. BACKGROUND

The Vail Local Marketing District (VLMD) approved the 2019 Operating and Plan and Budget on September 18, 2018 and the Vail Town Council approved on November 13, 2018.

The mission of the Vail Local Marketing District is to market and promote Vail to attract overnight destination guests primarily during the May – October time frame, creating economic vitality by increasing both the visitor base and sales tax revenues.

The marketing goals outlined in the 2019 VLMD operating plan are:

Strengthen Vail's position as a year-round destination that appeals to a broad audience, by elevating the summer brand position, increasing the following May – October metrics:

- Sales tax
- Lodging tax
- Overall occupancy
- Group occupancy

II. OPPORTUNITIES

- Increase overall overnight visitation during May – October, with an emphasis on need time periods
- Increase presence in and visitation from Dallas, while supporting the EGE Flight
- Increase visitation from Front Range
- Capture additional brand assets
- Produce and distribute additional social media video assets
- Expand media/public relations push in Fall in the Front Range
- Expand social influencer program

- Expand email marketing efforts in late summer and fall to drive visitation from the Front Range
- Conduct in-market research to better understand our primary audience

III. RATIONALE

- a. **Overall budget** re-appropriation and incremental allocations place dollars strategically where and how we can have the most impact and tie efforts to results via Key Performance Indicators/ROI
- b. **Destination media budget** increases spend and penetration into our top destination market, building on our geographic strengths. The focus on Dallas (direct flight market) continues building on previous momentum, maintains our leadership position, and ensures market growth
 - i. Destination Media budget +13% over baseline budget; with the incremental dollars focused on Dallas (baseline increases 33% for Dallas, spends already allocated to Houston & Chicago, as well as “Nationwide” digital)
 - ii. Dallas remains a critical market for us to support; if flight loads decrease, we risk losing service – not something we want.
 - iii. We know a guest flying into EGE in the summer is likely a Vail guest, and if our guests fly into Denver, they have many more destination choices
 - iv. The Dallas market continues to be strong in ability and desire to visit Vail, with the direct flight and audience base. There is a reason the Houston flight went away; we should focus dollars where they are clearly working.
 - v. Destination guests stay longer and spend more money, therefore we need bring the marketing spend back to levels more similar to 2018
 - vi. Dallas is consistently the #2 DMA (behind Denver) at typically 5%, with other major DMA's, including Houston at only 2%.
 - vii. According to the Guest Profiler Research, Dallas shows strength with consistent early bookings and strong late bookings.
 - viii. Traditional and digital media buys will be hyper-focused on exact neighborhoods and personas in Dallas
 - ix. Fall is an opportunity for growth from Super Boomers and Active Professionals in Dallas, with flights, specific fall messaging and lower lodging rates
- c. **Front Range media budget** increases spend and penetration, bringing levels back to 2017-2018
 - i. Front Range budget +30% over baseline budget
 - ii. Maintains our top of mind awareness in an always growing market
 - iii. Allows messaging of new summer events, especially in need time periods
 - iv. Fall is an opportunity for growth from Super Boomers and Active Professionals in the Front Range, with events, specific fall messaging and lower lodging rates
- d. **Brand asset capture budget** increases to include greater variety of footage, scenarios, and widen the talent pool to reflect our target audiences.
 - i. Develop additional assets using existing footage for use in 2019 campaign
 - ii. Capture additional video assets, including 360 degree video for use in organic social, web, etc.

- iii. Build library with engaging footage & compelling stories for future campaign use
- e. **Social Video budget** increase to capitalize on successful long form social edits for Instagram, Facebook, Youtube, email and web that continue to build stories with unique points of view that exemplify the Vail brand and target personas.
- f. **Public Relations budget** increase to expand Fall messaging and expand influencer program
 - i. PR efforts driving fall business, with Fall Harvest Dinner and with CBS travel editor Peter Greenberg's radio show/podcast
 - ii. Additional family influencer to extend message throughout summer to our primary Dynamic Family with teens persona
- g. **Destination Research budget** to allow the use of focus groups in three key destination markets to gain a much deeper understanding of our target audience of teens, their travel motivators, and how to authentically communicate with them and their parents
- h. **Paid Email Marketing budget** allows us to employ a complementary strategy to the organic email approach, with an emphasis on the late summer and fall to drive visitation through demographic and behavioral email targeting.
 - i. Specifically targets audiences in the Front Range to encourage travel in need periods
- i. **Summer Retail or Crisis** budget sets aside easily accessible dollars for an integrated communications plan should the need arise

IV. BUDGET DETAIL

Budgeted revenue from lodging tax collections is proposed to be increased by \$200,000 to reflect actual collections in 2018. 2018 lodging tax collections of \$3,489,289 increased 5.6% from 2017 actuals. The 2019 amended revenue budget for lodging tax is proposed at \$3,500,000, flat with 2018. The \$200,000 increase in revenue will be used to offset the incremental funding request below.

Budgeted expenses of \$200,000 originally earmarked for the Colorado Classic are requested to be re-appropriated. In addition, an incremental increase of \$200,000, or 6% is requested. The amended 2019 budget is proposed at \$3,500,000, flat with 2018 actuals.

The request for a re-appropriation of the \$200,000 and an incremental allocation of \$200,000 is recommended to be spent as follows:

• Destination & Front Range Media	\$200,000
• Brand Asset Capture	\$30,000
• Social Videos	\$51,000
• PR	\$25,000
• Destination Audience Research	\$30,000
• Email Marketing	\$20,000
• Summer Retail/Crisis	\$44,000
	<u>\$400,000</u>

The 2019 amended fund balance is projected to be \$1,272,453, 36% of annual revenues and within Council's 25% directive of annual revenues.

V. ACTION REQUESTED OF VAIL LOCAL MARKETING DISTRICT

Vail Local Marketing District recommends that the Vail Town Council consider the presentation and approve the requested incremental budget of \$200,000 and a re-appropriation of \$200,000.

ATTACHMENTS

VLMD Fund Statement

**VAIL LOCAL MARKETING DISTRICT 2019 BUDGET
SUMMARY OF REVENUE EXPENDITURES AND CHANGES IN FUND BALANCE**

	Unaudited 2018 Actual	2019 Budget	1st Supplemental	2019 Budget
Income				
Lodging Tax	3,489,289	3,300,000	200,000	3,500,000
Interest Income	1,397	2,000		2,000
Total Income	3,490,687	3,302,000	200,000	3,502,000
Expense				
Destination	1,241,886	1,121,000	149,500	1,270,500
International	192,603	185,000		185,000
Front Range	189,401	190,000	81,500	271,500
Groups and Meetings	701,231	680,738		680,738
Public Relations Expenses	70,714	75,500	9,500	85,000
Content/Influencer Strategy	74,480	60,000	9,500	69,500
Photography / Video	122,000	124,100	20,000	144,100
Research	86,864	117,578	30,000	147,578
Web Site	50,211	53,000		53,000
Admin Miscellaneous	5,410	8,000		8,000
Email Marketing	6,500	5,850		5,850
Branding	113,000	77,200		77,200
Professional Fees				
Vail App	16,999	16,034		16,034
Legal and Accounting	25,000	25,000		25,000
Contingency			44,000	44,000
Advertising	32,272	32,200	51,000	83,200
Advertising Agent Fees	45,000	60,300		60,300
Marketing Coordination-TOV	95,000	91,000		91,000
Marketing Coordination-VVP	40,000	40,000		40,000
Professional Fees - MYPR	124,960	112,500	5,000	117,500
Ft Range Promotion Fees	22,000	-		-
Total Professional Fees	401,231	377,034	100,000	477,034
Special Event Funding				
Special Event Funding	200,000	200,000	(200,000)	-
Event Liaison	25,000	25,000		25,000
Total Special Events	225,000	225,000	(200,000)	25,000
Total Expense	3,480,531	3,300,000	200,000	3,500,000
Revenue over (Under) Expenditures	10,156	2,000	-	2,000
Beginning Fund Balance	1,260,297	862,297	408,156	1,270,453
Ending Fund Balance	1,270,453	864,297		1,272,453
Fund Balance (25% required)	36%	26%		36%

**RESOLUTION NO. 17
SERIES OF 2019**

**A RESOLUTION APPROVING AN AMENDED OPERATING PLAN AND
BUDGET OF THE VAIL LOCAL MARKETING DISTRICT, FOR ITS FISCAL
YEAR JANUARY 1, 2019 THROUGH DECEMBER 31, 2019**

WHEREAS, the Town of Vail (the “Town”), in the County of Eagle and State of Colorado is a home rule municipal corporation duly organized and existing under the laws of the State of Colorado and the Town Charter (the “Charter”); and

WHEREAS, the members of the Town Council of the Town (the “Council”) have been duly elected and qualified; and

WHEREAS, C.R.S. §29-25-110 requires the Council’s annual approval of the operating plan the Vail Local Marketing District (the “VLMD”).

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF VAIL, COLORADO THAT:

Section 1. The Council approves the operating plan and budget of the VLMD for marketing related expenditures beginning on the first day of January, 2019, and ending on the 31st day of December, 2019.

Section 2. This Resolution shall take effect immediately upon its passage.

INTRODUCED, PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Vail held this 2nd day of April, 2019.

Dave Chapin, Town Mayor

Attested:

Tammy Nagel, Town Clerk



TOWN COUNCIL
2019 VLMDAC REQUEST
APRIL 2, 2019

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AGENDA /



- REVIEW OF 2019 GOALS
- BUDGET RE-APPROPRIATION AND INCREMENTAL REQUEST



REVIEW OF 2019 GOALS





2 0 1 9 G O A L S

2019 GOALS

Strengthen Vail's position as a year-round destination that appeals to a broad audience, by elevating the summer brand position.

2019 GOALS

Increase the following May – October metrics:

- Sales tax
- Lodging tax
- Overall occupancy
- Group occupancy

BUDGET RE-APPROPRIATION & INCREMENTAL REQUEST



2019 ORIGINAL BUDGET / \$3.3 MILLION



The approved 2019 budget (\$3.3 million) proposed a 10% (\$300,000) decrease as compared with 2018 (\$3.6 million) in order to maintain the minimum amount of reserves required (25%).



BUDGET REQUESTS:

- \$200,000 originally earmarked for the Colorado Classic is requested to be re-appropriated.
- \$200,000, or a 6% increase from the 2019 original budget is requested as an incremental increase. This will be offset by a \$200,000 proposed increase in lodging tax collections.

The 2019 amended budget is proposed at \$3,500,000, flat with 2018 actuals.



OPPORTUNITIES

RECOMMENDATIONS FOR RE-APPROPRIATIONS & INCREMENTAL FUNDS (\$400K)

- 1 Destination & Front Range Media: \$200K
- 2 Brand Asset Capture: \$30K
- 3 Social Videos: \$51K
- 4 Public Relations: \$25K
- 5 Destination Audience Research: \$30K
- 6 Email Marketing: \$20K
- 7 Summer Retail/Crisis: \$44K



QUESTIONS?

THANK YOU!