



## Memorandum

To: Vail Town Council

From: Vail Local Marketing District

Date: September 3, 2019

Subject: Vail Local Marketing District 2019 2<sup>nd</sup> Supplemental Budget Request

### I. BACKGROUND

The Vail Local Marketing District's overarching goal is to 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

In an increasingly data-driven landscape, it is more important than ever for the VLMD to strengthen its data visibility and usability. Beginning in 2018, Cactus, on behalf of the VLMDAC, conducted a review of the necessary items that would help make ongoing marketing more efficient, effective and competitive.

### II. OPPORTUNITIES

The results of the review uncovered the opportunity for the VLMD to establish a plan to obtain, own, and utilize data in order to effectively market our destination for years to come. With Vail Resorts poised to move to one-to-one marketing automation in 2020 there is no better time for the VLMD to implement a web solution that allows for the following:

1. Full Data Visibility: Our website needs to allow the board and its partners to understand what sources are driving people to the site, who these people are, and their onsite behavior in order to improve our campaign efforts and track the efficacy of our marketing investment.
2. Pixel Placement: Placing pixels on the site will allow for better understanding of the role that the website plays within the campaign ecosystem, including the ability to analyze the audiences that are driving engagements and conversions on the site, the

ability to retarget these audiences with relevant information, as well as place pixels for partners in ways that can most effectively contribute to our goals.

3. Audience Building: A complete understanding of our audiences is a core component that is missing from existing efforts. Our current web situation does not allow for the creation of our own customer relationship management (CRM) data that would allow us to better understand and target engaged and converted audiences. Without this CRM, we don't have a full understanding of how to reach similar audiences that would be more likely to visit Vail, which would focus our efforts and marketing spend.

4. Content Control: With the timeframe of May-October as the VLMD's seasonal impact, we need to ensure that our web solution features summer content that encourages guests to book during their key booking windows. Our web solution should also allow for greater understanding of content performance so that we can optimize effectively throughout the season.

### III. RATIONALE

- According to DestinationNext 2019, "Harvesting data and developing business analytics differentiates successful tourism enterprises and destinations."
- 90% of marketers see improved performance from people-based marketing as opposed to cookie-based probabilistic campaigns.
- With Vail Resorts poised to move to one-to-one marketing automation ahead of the 2020 season, the VLMD has the timely opportunity to proactively own its data and digital presence, in order to strategically meet its year over year goals and improve upon its performance.

### IV. BUDGET DETAIL

The VLMDAC is recommending a strategic plan and budget that will empower the VLMDAC to succeed in its goals and objectives, while initiating bold tactics that will allow us to effectively market our destination for years to come.

With this in mind, the VLMDAC recommends that \$302,000 in new funds be allocated to fund the continuation of web development, data warehousing and 3<sup>rd</sup> party data sourcing efforts in 2019, in order to launch in time to impact the entire 2020 season.

As directed by Council, the VLMDAC is also requesting an additional \$8,000 to reimburse Art in Public Places for the Kelsey Montague mural marketing video.

### 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 \$310,000.

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

	<b>2018 Actual</b>	<b>2019 Budget</b>	<b>1st Supplemental</b>	<b>2019 Amended Budget</b>	<b>2nd Supplemental</b>	<b>2019 Proposed Amended Budget</b>
<b>Income</b>						
Lodging Tax	3,489,289	3,300,000	200,000	3,500,000		3,500,000
Interest Income	1,397	2,000		2,000		2,000
<b>Total Income</b>	<b>3,490,687</b>	<b>3,302,000</b>	<b>200,000</b>	<b>3,502,000</b>	<b>-</b>	<b>3,502,000</b>
<b>Expense</b>						
Destination	1,241,886	1,121,000	149,500	1,270,500		1,270,500
International	192,603	185,000		185,000		185,000
Front Range	189,401	190,000	81,500	271,500		271,500
Groups and Meetings	701,231	680,738		680,738		680,738
Public Relations Expenses	70,714	75,500	9,500	85,000		85,000
Content/Influencer Strategy	74,480	60,000	9,500	69,500		69,500
Photography / Video	122,000	124,100	20,000	144,100		144,100
Research	86,864	117,578	30,000	147,578		147,578
Web Site	50,211	53,000		53,000		53,000
Admin Miscellaneous	5,410	8,000		8,000		8,000
Email Marketing	6,500	5,850		5,850		5,850
Branding	113,000	77,200		77,200		77,200
Professional Fees						
Database Warehousing and Research				-	302,000	302,000
Vail App	16,999	16,034		16,034		16,034
Legal and Accounting	25,000	25,000		25,000		25,000
Contingency			44,000	44,000		44,000
Advertising	32,272	32,200	51,000	83,200		83,200
Advertising Agent Fees	45,000	60,300		60,300		60,300
Marketing Coordination-TOV	95,000	91,000		91,000		91,000
Marketing Coordination-VVP	40,000	40,000		40,000		40,000
Professional Fees - MYPR	124,960	112,500	5,000	117,500		117,500
Ft Range Promotion Fees	22,000	-		-		-
<b>Total Professional Fees</b>	<b>401,231</b>	<b>377,034</b>	<b>100,000</b>	<b>477,034</b>	<b>302,000</b>	<b>779,034</b>
Special Event Funding						
Special Event Funding	200,000	200,000	(200,000)	-	8,000	8,000
Event Liaison	25,000	25,000		25,000		25,000
<b>Total Special Events</b>	<b>225,000</b>	<b>225,000</b>	<b>(200,000)</b>	<b>25,000</b>	<b>8,000</b>	<b>33,000</b>
<b>Total Expense</b>	<b>3,480,531</b>	<b>3,300,000</b>	<b>200,000</b>	<b>3,500,000</b>	<b>310,000</b>	<b>3,810,000</b>
<b>Revenue over (Under) Expenditures</b>	<b>10,156</b>	<b>2,000</b>	<b>-</b>	<b>2,000</b>	<b>(310,000)</b>	<b>(308,000)</b>
<b>Beginning Fund Balance</b>	<b>1,260,297</b>	<b>862,297</b>	<b>408,156</b>	<b>1,270,453</b>		<b>1,270,453</b>
<b>Ending Fund Balance</b>	<b>1,270,453</b>	<b>864,297</b>		<b>1,272,453</b>		<b>962,453</b>
<b>Fund Balance (25% required)</b>	<b>36%</b>	<b>26%</b>		<b>36%</b>		<b>27%</b>

**RESOLUTION NO. 35  
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 31<sup>st</sup> 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 3<sup>rd</sup> day of September, 2019.

\_\_\_\_\_  
Dave Chapin, Town Mayor

Attested:

\_\_\_\_\_  
Tammy Nagel, Town Clerk



**VLMD MEETING  
SEPTEMBER 3, 2019  
SUPPLEMENTAL REQUEST**

**VAIL** Like nothing on earth.™



2020 WEB RECOMMENDATION

# WEB + DATA



DATA & WEB

## CONTEXT

- Over ten years ago, the VLMD and Vail Resorts started the process to integrate their digital presence, driving all paid media traffic to Vail.com and utilizing Vail Resorts' other digital efforts (paid search, social, email, etc.)
- Since that time, the digital and travel landscapes have evolved to become data-driven, and in order for the VLMD to compete and thrive, we must also adapt to a data-driven marketing model
- As of 2019, Vail Resorts is moving to 1-to-1 marketing automation which means that there are increasing limitations to our web/email/data relationship
- Given today's landscape, we are outlining our recommendation for the VLMD to obtain, own, and utilize data in order to effectively market our destination for years to come



THE IMPORTANCE OF DATA

# TODAY'S CHALLENGE

**“Harvesting data and developing business analytics differentiates successful tourism enterprises and destinations.”**

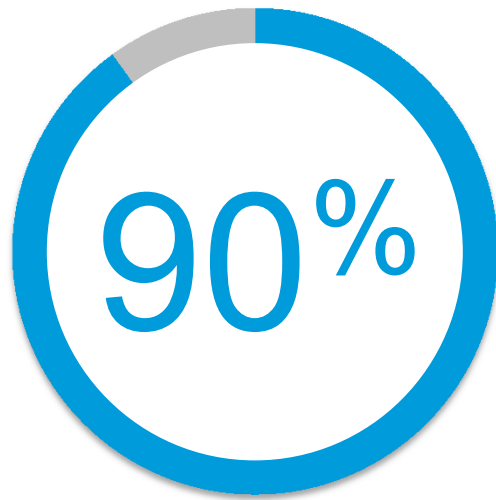
**-DestinationNext 2019 Trends**





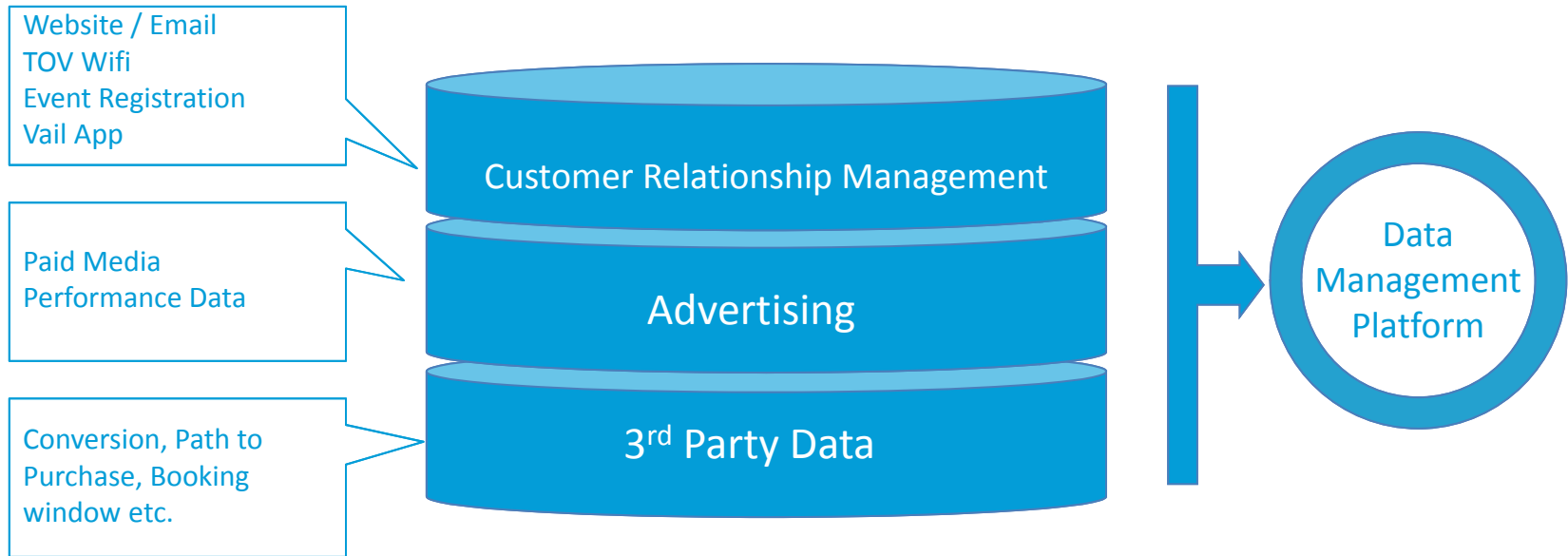
THE IMPORTANCE OF DATA

# PEOPLE-BASED MARKETING



of marketers see improved performance from people-based marketing as opposed to cookie-based probabilistic campaigns

# DATA STACK: FULL SYSTEM

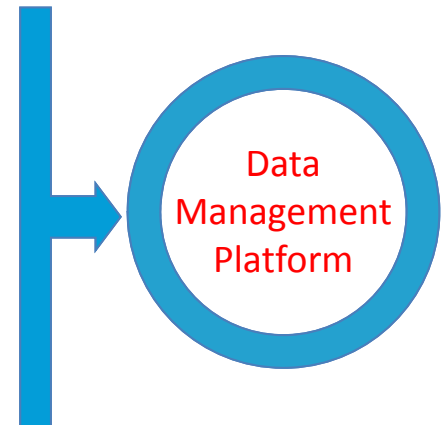
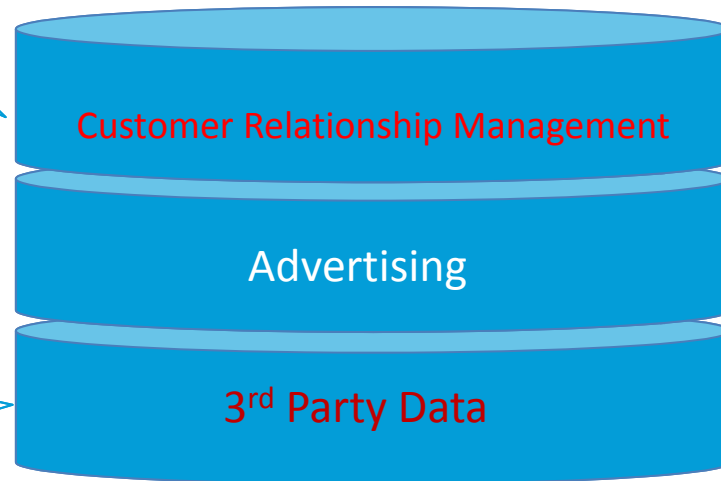


# DATA STACK: SYSTEM GAPS

Website / Email  
TOV Wifi  
Event Registration  
Vail App

Paid Media  
Performance Data

Conversion, Path to  
Purchase, Booking  
window etc.





WEB RECOMMENDATION

# WEBSITE

## What are we building?

Mobile responsive Vail summer tourism website that will serve as a hub for prospective visitors to discover, research, and begin booking their summer visit to Vail.

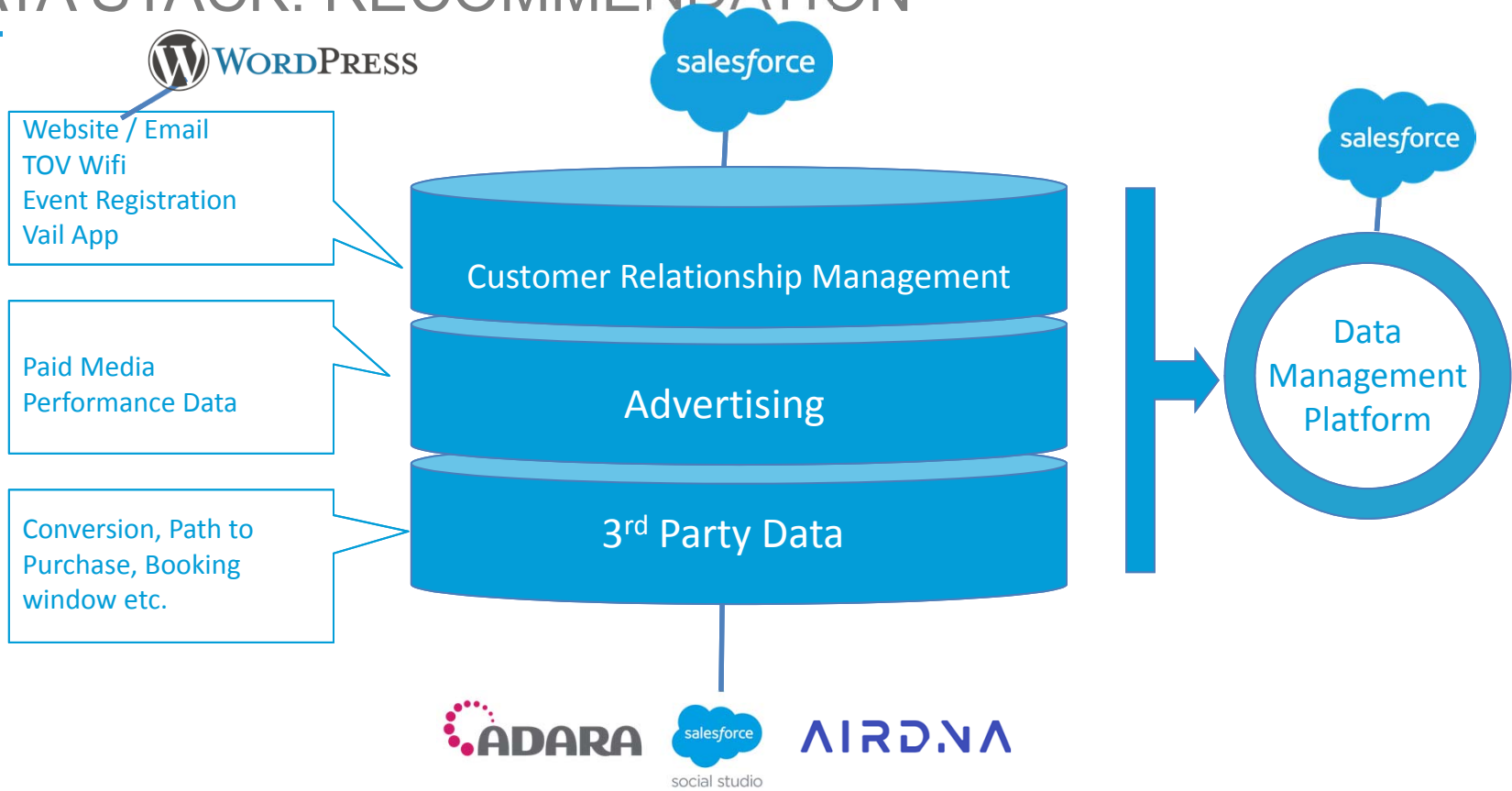
## Initial technical recommendation

- Build on WordPress
- New URL that VLMD owns and manages

## Initial content/functionality requirements

- Email sign up to help build CRM database
- App download links
- Activity and event content
- Lodging resource with links

# DATA STACK: RECOMMENDATION





## NEXT STEPS & BUDGET



WEB RECOMMENDATION

# DESIGN AND IMPLEMENTATION TIMELINE

October '19

January '20

March '20

DMP & CRM planning, configuration, launch and test

Website discovery and planning

Website Content, SEO, Design & Prototype

Build and Launch Website

3<sup>rd</sup> Party Data Purchase

# REQUEST

## Supplemental \$310K in 2019 to cover the following efforts:

- \$90K in Website development
- \$150K in DMP & CRM licensing
- \$62K in 3<sup>rd</sup> Party Data
- In addition, as directed by Council, the VLMDAC is also requesting an additional \$8,000 to reimburse Art in Public Places for the Kelsey Montague mural marketing video.

**This would be paid from the fund balance, putting us at a projected ending fund balance of 27% of revenue, which is the recommended reserve threshold.**







BOARD DECISION

# REQUEST

**The VLMDAC requests approval for \$310,000 in supplemental funds**

THANK YOU!