



Indiana Office of Tourism Development

## MINUTES AND MEMORANDA OF A MEETING OF THE INDIANA TOURISM COUNCIL

Held: December 6, 2018

A quarterly meeting of the Indiana Tourism Council was held at 10:30 a.m. at the Benjamin Harrison Presidential Site, 1230 N Delaware St., Indianapolis.

The following council members were present: Chief of Staff to the Lieutenant Governor Tracy Barnes, Cindy Hoye, Robe Caputo, James Wallis, Karen Niverson, Lorelei Weimer, Rep. Justin Moed, Eric Snow, and ex officio member Dr. Liping Cai. Elise Shrock attended in place of Patrick Tamm. Cam Clark, ex officio member Dr. Jonathon Day, and JLL representative David Holder participated via conference phone.

Tracy Barnes called the meeting to order at 10:38 a.m.

### I. Welcome

Tracy Barnes welcomed the council and welcomes Charles Hyde, President and CEO of the Benjamin Harrison Presidential Site. He gave a brief introduction to the historic property and organization.

The Benjamin Harrison Presidential Site is a 501c3 non-profit. It is entirely privately funded by grants, general admission, and various services provided. The organization works hard to drive visitation, and is grateful for the efforts of those who work to advance the tourism industry as a whole. It speaks to the power of this council's work and investments that the BHPS received a grant to produce a documentary called "President at the Crossroads" that aired statewide, and was picked up by over 200 stations nationally. Opportunities like said grant allow BHPS to share the story of the 23<sup>rd</sup> president, the story of Indiana, and the impact Indiana has had on the nation.

### II. Approval of Minutes

Due to a lack of quorum, minutes from the June and September meetings were unable to be approved.

### III. Tourism Task Force Report

The Tourism Task Force report has been completed, and was submitted to the Indiana General Assembly last month. The Lieutenant Governor is very excited about the information provided. We are thankful to JLL for partnering with us through this initiative.

David Holder: There are few things I would like to touch on regarding the report. Right now, Indiana has a golden opportunity to rethink the tourism industry and Indiana as a destination.

Destination Development Grant application materials went live on VisitIndiana.com today, accompanied by a press release. Destination Development Grants offers awards ranging from \$50,000 to \$250,000, matching funds for projects. The application deadline is December 3, finalists will be announced on February 3, and presentations and voting will occur at the March Tourism Council meeting.

Last month the Lieutenant Governor awarded 16 Hoosier Hospitality Awards and the Will Koch Award. This year's Will Koch Award recipient was Michael Crowther, President and CEO of the Indianapolis Zoological Society.

October 10<sup>th</sup> is the deadline for counties to register for the Economic Research Coop. This is an annual program where counties receive specialized reports on the impact of tourism.

Best of Indiana voting has kicked off. This year's categories are favorite state park, favorite burger, and favorite museum. This is a very important initiative that we engage in. It drives visitation to our website and allows us to directly interact with Hoosiers.

In July, Indianapolis hosted the annual meeting of Great Lakes USA, a tourism marketing co-op comprised of Minnesota, Wisconsin, Illinois, Michigan, Ohio, and Indiana. There was representation from the United Kingdom, France, and China at the meeting; the international guests were treated to a familiarization tour of southern Indiana and hosted at French Lick for an evening. We truly showed that Hoosier Hospitality is more than just words.

In August Mark attended US Travel's ESTO Conference, which is the national symposium for the tourism industry. With Indiana's involvement with in Great Lakes USA and the new Indianapolis-to-Paris flight, Indiana is evolving into a recognizable international destination.

Mark announced that this would be his final Tourism Council meeting as he leaves IOTD to accept a position as director of Indiana Public Broadcasting. He took a moment to thank the Council for showing support for the office of tourism over the years, and to the IOTD staff for being a wonderful team.

#### **IV. Presentation from JLL on Tourism Task Force findings**

At 10:50 the meeting was turned over to Jones Lang Lasalle and the Indiana Tourism Task for a presentation on their report.

Matt Carter: The Tourism Task Force was charged by the Lieutenant Governor to study state tourism offices in the other 49 states. How do they compare and contrast to Indiana? What is their structure? What concepts can we apply to make the Indiana Office of Tourism Development better? We'd like to thank that state legislature and Lieutenant governor for giving us the opportunity to take this holistic look.

The Task Force asked and appointed Elaine Bedel, head of the Indiana Economic Development

Corporation, to chair. This was an act of humility on the part of tourism—we feel that what we do is so important that we are willing to let someone from outside the industry lead.

Dan Fenton: We are interested in feedback on how this report is presented. Is it compelling? Will it reach a broader audience? If there are opportunities for improved readability, we want to know. We want the outcome of this report to be a document that is useable. Matt (Carter) was talking about market share; I want to talk about approach. How does market share compare to actual spending in the states?

David Holder: We collected enough data to make comparisons to other states in theory, but the data was all over the place, the states were all over the place, and there was no correlation. The secret sauce is market share. In terms of market share, Indiana sits at 26, in between Oregon and South Carolina. We're pretty stable. Now look at overall personal consumption expenditures: Indiana goes to number 18. There is a gap of -.68. This gap says that our residents carry more weight in spending than our visitors. We want to shift that. We want the visitor to spend more. To do that, we have to increase market share.

Dr. Jonathon Day: There's a problem with assumptions. Tourism in Indiana has, for a long time, been focused on residents. We need a big shift now to focus on out-of-state.

MC: If you think of personal consumption expenditures (PCE), the reason they landed on that number is that a good reliable source of data is critical. We were trying to find GDP for the state. Is there a gap between our ability to attract visitors, and our wallet's ability to spend?

JD: So what would fill the gap is a greater focus on interstate and international marketing?

Mark Newman: It assumes that looking ahead we are making a case for the allocation of resources.

DH: We're looking for some sort of relativity. Michigan looks at Indiana and targets Hoosiers. Our residents choose between Indiana and somewhere else for travel. We want to be competitive. If we are going to grow, we have to develop the destination in a way so that it is attractive to people coming in.

JD: Our greatest opportunity lies outside the state.

James Wallis: I would expect states like New York, Florida, and California to have an opposite variance.

DH: Correct. Florida is at the top of the list with a gap of +3.4. Florida has a large population, but its visitors are just *so many*.

Chris Leininger: Not excluding intrastate marketing.

MC: Personal expenditure has nothing to do with targeting Indiana residents. The cumulative buying power of Indiana residents relative to the entire United States is 1.85%. Personal consumption spending is the closest comparative number we could find. Look at the delta. The delta says how much value

tourism has. It's not actually about marketing dollars. So what actually is the correlation?

DH: The importance of Indiana tourism to Hoosiers becomes more pronounced.

JW: We need to do a deep dive at the drivers of visitation from outside the state.

Patrick Tamm: Did you look at gaming?

DH: We did not do a deep dive into gaming. Some states (Iowa, Colorado) have their tourism budget entirely dependent on gaming performance.

Looking at this case study from Pennsylvania, tourism delivers \$3.7 billion in tax revenues. Pennsylvania sits at number 50 when comparing market share to personal consumption expenditures, with a gap of -1.49. Their gap used to be a lot tighter, but their budget was cut from \$37 million to \$7 million. How do states overcome negative gaps?

Looking at the case study of *I (heart) New York*, they did the opposite. They now have a budget of over \$60 million. They're putting marketing everywhere they can, not just in New York State. They're all across the state and have local and regional grant programs to help with product development.

*Virginia is for Lovers* has been moving away from traditional images of Virginia (historical sites), to everything else the state has to offer. They have consistent funding levels, consistent structure, and regional engagement.

*Pure Michigan* has evolved into more than just a tourism movement; it is a concept of an overall sense of place that fosters community and home state pride.

*Travel Oregon* has done some creative things. Driving market share depends on developing a place and letting local regions lead the way. I've worked with them to understand what their product is, what their message is—we're right there next to them. But in terms of growth, Oregon is growing like crazy. It is the concept of product development coupled with marketing.

### **Key Findings**

- **Embrace quality of place** The outcome of this *has* to be quality of place. It cannot be, "we need more visitors." It has to be, "everybody wins, residents and visitors." Tourism is an export business. It cannot be outsourced. We have to bring people here. We sell our products abroad by bringing people into the marketplace. We want harmony between visitors and residents. We don't want the oversaturation that cities with a meteoric rise (like Seattle) have had.
- **Extend programming beyond sales and marketing** State tourism offices are playing an active role in helping regions and destinations engage in product development. It's about sustainability. IOTD is doing that, but it is small. If it is not done on the state level, you're relying on counties and destinations to form co-ops. The only stakeholder who could look at this from a holistic vantage point is the state.
- **Be bold with future vision and strategies**

- **Provide consistency**
  - Funding
  - Management
  - Approach
- **Understand the importance of partner and resident sentiments** How do we get our communities to say, “We’re into this.”?
- **Develop quasi-public organizational structure**
  - Not the majority response by any means
  - Comparative models: Virginia and Oregon
- **Organize under an independent board of directors**
  - Only 8 of 50 states have this
- **Showcase this change through name**
- **Partner closely with IEDC**

### Funding Models

- **Explore separate models for sustainable funding options** IGA priorities can change
  - Tourism Improvement District (industry assessment)
  - Closing loophole for online travel agency tax collection
  - Portion of statewide tourism related tax revenue streams; i.e., gaming receipts, rental car tax, innkeepers tax, ticketing tax, etc.
  - Innovative taxing concept associated with sharing economy
  - NAICS code modeling (legislative appropriation)
- **Select and pursue the most advantageous, sustainable, and collaborative funding source**
- **Comparative models: Louisiana (lodging assessment); Pennsylvania (exploring loophole law);**
- **Bulk of counterparts wait every year to see what their state legislature is going to do.**
  - Only two with a true industry-based model

### Strategic Programming

- **Placemaking development**
  - Research and tracking
  - Regional planning
  - Workforces initiatives/job fairs
  - Product development
  - Competitive grant programs
  - Collaborative coordination and communications
  - Traditional targeted tourism marketing
    - Cooperative marketing partnerships with regions
    - Awareness building in drive markets and key fly markets
    - Travel trade promotions and sales

## V. Discussion

MC: If we tax ourselves, invest in ourselves, and are collaborative with coalition building, tourism will

gain clout among other industries and lawmakers.

DH: There are 3 key questions for this report to be as usable as possible. Is there an appetite for change? What is the most compelling way to present that change? And is this the right format for that next level of conversation?

JW: What are the goals for state tourism? Is it going to be revised from its current state? Can we see the pros and cons of various organizing structures, and especially funding options? How do we measure quality of place success? What are the outcomes we want, and how do we quantify them?

Dan Fenton: Could have a metric that ties back to resident feedback.

Julie Basich: Understanding the original guidelines of this taskforce, we have gone way beyond that.

Carrie Lambert: Our association is very excited about this. This report is leaps and bounds ahead of where the rough draft was. It's what we wanted, a blank slate.

MN: It's important that this document stays within the council and task force, as it is a work in progress.

Eric Snow: Who carries the torch beyond this point? I don't think the report addresses that.

PT: The workforce piece is as critical to this as anything else. It needs to be included if not now, then at the next phase.

## **VI. Final Business**

At 12:14 the meeting was turned over to Tracy Barnes.

TB: The Lieutenant Governor will be a major champion of tourism and this task force's recommendations going forward. At this moment, I would like to ask Mark to join me at the front for a second. I'd like to take this opportunity on behalf of the Lieutenant Governor to thank you for your service. You've educated us all on the value of tourism and the place it holds in Indiana, through 6 years and 4 LG administrations.

## **VII. Adjournment**

The meeting was adjourned at 12:16 p.m.

Respectfully submitted,

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Tracy Barnes  
Designee for the Lieutenant Governor

ATTEST:

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Emily McNally  
Representative for IOTD