

## **Tourism Day at the State House**

*April 3, 2019*

**Witness:** Amy Spear, Executive Director, Stowe Area Association

### **INTRODUCTION**

As the Executive Director of Stowe Area Association, I am fortunate that my passion is also my profession. I moved to Vermont 7 years ago to work in the tourism marketing industry, am an avid mountain biker and skier and have decided to start my family here.

The Stowe Area Association is a member-based destination marketing organization for the Stowe area. Our core mission is to market and sell Stowe as a vibrant tourist destination. Our members represent a wide variety of business segments impacted by the tourism sector. From what one may think of as traditional tourism industry businesses (e.g. lodging, restaurant, craft beverage, outdoor recreation, etc.) to what may be considered more periphery (e.g. realtors, contractors, technology, insurance, architects, etc.), Stowe believes in the power of investing in tourism marketing.

### **IMPORTANCE OF DESTINATION MARKETING**

Vermont depends on a healthy tourism industry, and the tourism industry is an aggregation of many small businesses. Stowe Area Association invests in tourism marketing and represents 300 businesses in the region that believe in the value of destination marketing. We work to protect and grow Stowe's share of destination travel through an integrated sales and marketing program.

Our primary goals are to grow year-round visitations to Stowe and the strengthen the marketing of Stowe's most relevant, compelling and differentiated experiences. A critical component to our tourism marketing is to work with strategic partners to amplify our messaging. The work of Vermont Department of Tourism and Marketing (VDTM) is critical to our success not only as a destination, but as a state. VDTM are the stewards of the Vermont brand and assure that we maintain our market share, attracting visitors to Vermont versus neighboring New England states.

The state's funding has been stagnant for years. Level funding equals a decrease every year as the cost of doing business increases. Investing in tourism marketing yields positive results, and is not only critical to growth, but also to maintain our market share. While Stowe's destination marketing amplifies the state's investment, we are losing our competitive edge as a state in a global market when neighboring states in our region dwarf our investment.

According to the State of Vermont Department of Taxes *Meals and Rooms Statistics Report (Fiscal Year)* Stowe experienced a 3-year growth of 22% versus the statewide 3-year growth of 3%. Stowe's tourism marketing complements the marketing of VDTM, a 3% increase with stagnant investment of state dollars is a feat. Investing in tourism marketing yields positive results. During this time period, Stowe's destination marketing has increased by 31%, and it will be increased 45% from what was invested in FY17. Recognizing the ROI, Stowe continues to invest more in tourism marketing, but we cannot do our work without the support of VDTM and tourism marketing investment from the state.

The state needs to consider not only the impact that visitor spending has on the state, but also on what other competitor states are doing to entice visitors. Other states continue to invest more in tourism marketing and are reaping the benefits as is evident with the results produced by the Maine Tourism Office.

The Maine Tourism Office has a dedicated fund via the Lodging and Meals Tax. Prior to this dedicated fund, their annual budget was \$3 - \$4 million – now it is \$17.1 million. The increased investment by Maine proves that there is a correlation between tourism funding and taxable receipt growth:

- In year 1, Maine saw a \$20 million increase in Lodging and Meals Tax receipts
- Maine typically sees an annual average increase of \$13.9 million in Lodging and Meals Tax receipts
- FY 19 annual Lodging and Meals Tax receipts are \$208 million more than in FY 04

The tourism industry is critical to the success of our state, and marketing and promoting Vermont is critical to it. Stagnant funding will not protect Vermont's market share.

### **CLOSING**

There is an ever-increasing global and competitive marketing, and we cannot be stagnant with tourism marketing funding anymore. With stagnant funding we are at risk of losing our market share as a state. We must invest in tourism marketing; that is the only way we will be able to continue to compete for global tourism dollars.

H.298 would take a percentage of the revenues generated from tourism. This percentage would go directly into promoting and marketing Vermont as a tourist destination – a proven tool that will not only grow the state's economy but will grow the state's overall revenue raised for important programs and services for Vermonters.

Data have proven that there is a correlation between tourism marketing investment, sustainability and growth. The ROI from the money invested in tourism marketing will increase the health of the Vermont economy, will create jobs, and will produce tax revenues that far exceed the investment.