

Standard DMO Performance Reporting

A Handbook for Destination Marketing Organizations (DMOs)





Standard DMO Performance Reporting A Handbook for DMOs

In conjunction with: The logo for Destination & TRAVEL FOUNDATION. It features the words "Destination" and "TRAVEL" in a blue, sans-serif font, with "&" between them. Below this, the word "FOUNDATION" is written in a smaller, grey, sans-serif font.

Updated May 2011

Dear Industry Colleagues:

We are pleased to provide you with this updated edition of DMAI's *Standard DMO Performance Reporting: A Handbook for DMOs*.

Performance reporting is crucial to communicating the role and relevancy of the DMO to its stakeholders. Effective reporting delivers not only a tremendous opportunity to tell a positive story, but also a key resource management tool for guiding sales and marketing decisions and staff development.

Originally released in 2005, the Handbook provides DMOs with benchmarks for evaluating and communicating their organization's performance. Activity, performance, and productivity measures are covered in all key DMO functional areas. ROI formulas and definitions are also included.

The latest revision, overseen by DMAI's DMO Performance Reporting Task Force, incorporates online marketing and social media elements which are now an integral part of a DMO's destination promotion efforts, but were less common at the time of the Handbook's original release.

Each DMO serves in a unique position with circumstances specific to its community. These measures are meant to be a guide and may not be applicable to every DMO, depending on its mission and charge. For instance, some benchmarks may be more useful to leisure-focused DMOs than to convention-centric DMOs, and vice versa. Additionally, if a municipality contracts with a DMO to report results based on a set of performance measures, those measures should be mutually agreed upon and consistent with the mission of the DMO.

In most cities, destination marketing involves a DMO acting as a steward of public funds, and requires fiduciary responsibility including consistent and transparent performance reporting. With the adoption of industry standards, DMOs have recognized benchmarks for assessing internal performance and identifying opportunities for success.

DMOs prepared to take performance reporting to the next level are encouraged to apply for accreditation through the Destination Marketing Accreditation Program (DMAP). DMAP is an independent international body defining quality and performance issues in destination marketing and recognizing DMOs that meet or exceed industry standards.

We encourage you to put these performance reporting guidelines to use in your DMO. Your commitment to transparency and accountability will speak to the credibility of your organization and to that of our entire industry.

Sincerely,

Michael D. Gehrisch
President & CEO
Destination Marketing Association International

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OVERVIEW

DMAI continues to build on its long-standing commitment to provide strategic and operational guidance to destination marketing organizations (DMOs). Through the development of standards, best practices and systematic approaches to organizational functions, DMOs are able to employ analytical tools to identify organizational strengths, weaknesses and opportunities.

In addition to internally reviewing their operations, DMOs are often required, due to their unique funding sources, to undergo external performance reviews by various stakeholders within their local communities. At times, these external audits/reviews may be done by firms lacking DMO knowledge and experience. In the past, the DMO community had no uniform approach to reporting performance to these audiences. As a result, DMOs would sometimes find themselves limited in their ability to systematically and credibly articulate their contribution to the destination. This *Handbook* will serve as a basis for standards and best practices among DMOs.

With the adoption of standard DMO performance reporting techniques, the DMO community has recognized benchmarks to utilize in order to assess its internal performance over time as well as provide meaningful comparisons to other DMOs. Most importantly, with ever-growing accountability scrutiny from its stakeholders, the utilization of industry standards re-enforces confidence in DMO operating and reporting practices.

In a perfect world, a DMO would know exactly how many of its destination's visitors were motivated to come solely by the DMO's efforts. And further, the DMO would be able to pinpoint exactly which of its sales and marketing effort(s) was responsible for that visitor.

However, the DMO and its local tourism industry do not function in a perfect world. And potential visitors are constantly bombarded by such a myriad of stimuli (the DMO, its industry partners, national sales offices, the news, and so on) that it becomes impossible to say that a visitor was motivated 100% by the DMO and ONLY by the DMO.

In practice, when addressing the issue of visitors generated, DMOs can, at the very least, set into place monitoring and research programs that identify visitors and visitor spending that were **clearly and significantly** generated by its efforts. The sections on the Marketing & Communications function, the Visitor Information Center and DMO Return on Investment expand on this issue. DMAI strongly encourages DMOs to take a conservative approach when determining the number of visitors generated by its efforts in order to ensure that its stated DMO Return on Investment is credible and can stand up to external scrutiny.

DMAI readily acknowledges that the quantitative measures presented in this Handbook are not the 'end all and be all' when assessing and reviewing a DMO's performance internally and with stakeholders. It is expected that individual DMOs will need additional measures to fulfill the specific information needs of their stakeholders. Additionally, narrative reviews of key initiatives and programs must always accompany the performance reporting and are strongly recommended.

The DMAI's Performance Reporting initiative is ongoing and this *Handbook* will be enhanced and expanded as the need arises and standards and best practices adopted.

BACKGROUND

DMAI's Performance Reporting Initiative was launched in 2003. The Performance Management Team (PMT) began the process of standardizing DMO sales and marketing definitions, activity and performance measures, and productivity metrics including a Return on Investment model. Through a series of member surveys and brainstorming sessions at IACVB (the precursor of DMAI) events, the PMT amassed a tremendous amount of detailed information on current DMO performance measures and where DMOs were in developing a culture of accountability.

Focusing first on DMO convention sales efforts, the PMT drafted standard definitions, and activity and performance measures. Significant industry input was incorporated into recommendations that were circulated for industry comment in mid-2003. Much input was generated and a further revised, final draft of the standards was presented to and adopted by the IACVB Board of Directors in October 2003.

The PMT then turned its attention to DMO leisure sales and marketing efforts, addressing travel trade and direct-to-consumer marketing and communications efforts separately. DMOs were surveyed in January 2004 to gauge consistency in travel trade sales definitions and to identify current performance reporting practices.

In response to growing interest and need among the DMO community, the process was accelerated with the first-ever PMT Summit in April 2004. An intensive two-day workshop, the Summit generated the full range of performance reporting standards for travel trade sales, marketing and communications efforts; and, a systematic, standard business approach to calculating DMO Return on Investment. These standards were then submitted for public comment. A revised draft was presented and adopted by the IACVB Board of Directors during its meeting at the 2004 Annual Convention.

The PMT then took up the task of developing standards for the Membership function and Visitor Information Center using the results of surveys on current DMO practices and input gathered at the Membership and Visitor Services Shirtsleeves. A second PMT Summit consolidated the standards. Once again, these standards were subject to public comment with a revised version presented and adopted by the IACVB's Board of Directors in July 2005.

In 2010, in response to the rapid growth and prevalent use of digital media (search, social media, email and mobile messaging), DMAI reactivated the PMT (now called the Performance Reporting Task Force). The task force's mandate was to review and update DMAI's recommended DMO performance reporting practices, focusing on adding definitions, guidelines and measures for the marketing and communications function.

The process used was similar to the one used in the past. An online survey was sent to DMOs in December 2010 to determine current practices for measuring digital marketing efforts in order to establish a baseline. Using the results from the survey, the Task Force developed standard activity and performance measures and productivity metrics for digital marketing which were then posted for public comment in January 2011. A revised draft was presented and adopted by the DMAI Board of Directors in February 2011.

HOW TO USE THIS HANDBOOK

The purpose of this Handbook is to guide the DMO through the process necessary to implement actionable and credible performance reporting. Throughout the implementation process, two questions should be asked on a regular basis: “Are we measuring the right things? Are we measuring the things right?”

To date, the following DMO functional areas have been examined individually: convention sales, travel trade sales, marketing and communication (direct-to-consumer), membership, and visitor information center. In order to develop a performance reporting program for each function, the purpose, or *mission*, for each function was defined first. From this mission flowed operational definitions and measures needed to illustrate, in an accountable and auditable fashion, the function’s (and eventually the DMO’s) performance as measured against the mission:

Activity: A physical action taken by the DMO functional area that ultimately supports its mission, e.g., attending a tradeshow, conducting a familiarization tour, writing and distributing a press release.

Performance Measure: A measure that helps to define and quantify the results of the DMO activity. Implementation of this system of measures will yield actionable tools that the DMO staff can use for short- and long-term enhancement of its efforts.

It is important to clearly delineate the difference between a *Performance Indicator* and a *Performance Measure* as these two terms are often used interchangeably. A *Performance Indicator* is a number (usually) that illustrates the performance of the **travel and tourism industry** or one of its industry sectors: hotel occupancy, airport arrivals, attraction attendance, restaurant employment. A *Performance Measure*, for the purposes of this *Handbook*, is a number that measures the results of DMO **activities**.

Productivity Metric: A metric that illustrates the relationship between the DMO performance and its resources. Typically expressed as a ratio (cost per lead, number of bookings per sales manager), productivity metrics assist the DMO in managing its resources in the most cost-efficient and cost-effective manner possible.

Many of the DMAI productivity metrics are designed with the intent that the DMO establish a benchmark year and recalculate these metrics regularly (e.g., quarter-end, year-end). By examining these metrics over time, the DMO will be able to monitor its progress toward achieving desired resource efficiencies.

It is very likely that a DMO will find that it does not engage in one or more of the sales and marketing activities mentioned in this Handbook. DMAI is not recommending DMOs undertake each of these sales and marketing efforts; rather, it is outlining measures and metrics if the DMO does engage in that particular activity.

DMO CONVENTION SALES PERFORMANCE REPORTING

Fundamental Mission of the Convention Sales Function

To generate visitors (delegates), visitor (delegate) spending and economic impact for the destination by booking events at the destination's hotels and convention facilities.

APEX Convention Industry Definitions

As part of other Performance Measurement Team (PMT) projects, DMAI defined a number of convention industry-related terms, which have since been adopted by APEX (Convention Industry Council). DMAI, in turn, has incorporated other APEX definitions into its efforts.

Convention: An event where the primary activity of the attendees is to attend educational sessions, participate in meetings/discussions, socialize, or attend other organized events. There is a secondary exhibit component.

Meeting: An event where the primary activity of the attendees is to attend educational sessions, participate in meetings/discussions, socialize, or attend organized events. There is no exhibit component to this event.

Trade Show/Exhibition: An event where the primary activity of the attendees is to visit exhibits on the show floor. These events focus primarily on business to business (B2B) relationships.

Site Inspection: Personal, careful investigation of a property, facility, or area.

Citywide Event: An event that requires the use of a convention center or event complex and multiple hotels in the host city.

Attendees: A combination of delegates, exhibitors, media, speakers, and guests/companions who attend an event.

Delegates: Individuals who attend an event to primarily visit the exhibits or attend meetings and/or conference sessions. This excludes exhibitors, media, speakers, and companions.

Exhibitors: Those who attend an event to staff an exhibit.

Peak: Referring to the night during an event when most rooms are occupied by those in attendance.

Additional Convention Industry Definitions

Direct Spending: All expenditures associated with an event that flow into the host destination's local economy. Direct spending includes attendee spending, exhibitor spending and event organizer spending.

DMO CONVENTION SALES PERFORMANCE REPORTING

Economic Impact: Events generate secondary spending (*indirect* and *induced*) on the host destination's local economy over and above the original direct spending. These secondary impacts, when combined with the original direct spending, result in the **economic impact** of an event.

Indirect spending is spending by the host destination's travel industry businesses on goods and services from local suppliers on behalf of the specific event. Induced spending occurs when employees in the host destination's travel industry and its suppliers spend their wages in the local economy. This chain of buying and selling among businesses and employees continues until the original direct spending "leaks out" of the local economy. The economic multiplier is calculated as total economic impact divided by direct spending. (Source: US Travel Association)

DMO Convention Sales Definitions

DMAI recommends DMOs adopt the following definitions governing the convention sales function:

1. Lead

When an event inquiry by a corporation/association/organization/independent meeting planner that includes a request for a minimum of 10 sleeping rooms per night (peak rooms) over a specific set/range of dates is forwarded by the DMO sales staff ONLY to those hotels that meet the meeting planner's event criteria. A lead is more formalized than just exchanging/forwarding business cards to hotels.

Note: For convention center events, if the DMO sends a lead first to the convention center for date availability and then to the hotel(s) for room blocks as a matter of policy, this process should be counted as ONE lead for reporting purposes.

Note: Lead is both a status level AND the actual inquiry sent to the hotel(s)/convention center.

Note: DMOs may have confidential/internal leads which are generated for performance reporting but are not distributed or published in an external document or calendar.

2. Bid

Proposal submitted by the DMO and/or hotel(s) to a planner that includes defined dates and room blocks. *Note*: A bid is an activity, not a performance measure.

3. Tentative

Status assigned to a group/event after the bid has been submitted to the meeting planner and the destination is waiting for a decision. *Note*: The tentative status is only a trackable measure, not a performance measure.

DMO CONVENTION SALES PERFORMANCE REPORTING

DMO Convention Sales Definitions (cont'd.)

4. Booking

- a. Hotel Event: A future event **contracted** in writing by the event organization with the hotel. The DMO should receive a copy of the contract OR a written communication from an authorized agent of the hotel that a contract has been signed. The communication should detail dates, space requirements and estimated room block. The DMO should track estimated attendance and attendee spending for the event.
- b. Citywide/Convention Center Event: Given the long-time frame often involved in booking a citywide/convention center event, the booking process generally takes two steps:
 1. Confirmed booking - A future event **confirmed** in writing (letter, booking notice) signed by an authorized agent of the event organization and the convention center (if applicable). The communication should detail dates, space requirements and estimated room block. The DMO should track estimated attendance and attendee spending.
 2. Contracted booking – A future event **contracted** in writing by the event organization with the event facility (e.g., convention center). The DMO should receive communication of this stage in writing from an authorized agent of the convention center.

5. Lost Opportunity

A potential event in the lead or tentative stage that was subsequently lost by the destination. This does NOT include venue changes within the destination. The DMO should track the number of estimated room nights, attendance and attendee spending and the reason associated with the lost opportunity.

A list of possible Lost Opportunity reasons should include, but is not limited to:

- | | |
|--|--------------------------------------|
| ▪ Dates not available at hotels | ▪ Safety concerns |
| ▪ Hotel room rates too high | ▪ Meeting was cancelled/postponed |
| ▪ Lack of hotel interest | ▪ Union/labor costs |
| ▪ Dates not available at convention center | ▪ Transportation/access issues |
| ▪ Convention center costs too high | ▪ National/international incidents |
| ▪ No hotel adjacent to convention center | ▪ Board preference/internal politics |

6. Cancelled Business

An event that was booked for the destination (it can be a confirmed or a contracted booking for a citywide/convention center event) that subsequently did not take place, either because the event itself was cancelled or left the destination before taking place. The DMO should track the estimated number of room nights, attendance and attendee spending and the reason associated with the cancellation.

DMO Convention Sales Activity Measures, Performance Measures and Productivity Metrics

DMAI recommends DMOs implement policies and procedures to accurately and systematically measure its activity, performance and productivity as defined below:

Activity Measures (** If the DMO engages in the listed effort*)

1. Number of bids
2. Tradeshows attended/exhibited
 - a. Number of tradeshows
 - b. Number of co-op partners participating
 - c. Co-op monies generated
3. Sales missions (with industry partners)
 - a. Number of sales missions
 - b. Number of co-op partners participating
 - c. Co-op monies generated
4. Familiarization tours
 - a. Number of familiarization tours
 - b. Number of participants (event organizers only)
 - c. Number of accounts
 - d. Number of co-op partners participating
 - e. Co-op monies generated
5. Number of sales calls
6. Number of client site inspections
7. Client events
 - a. Number of client events
 - b. Number of participants (event organizers only)
 - c. Number of accounts
 - d. Number of co-op partners participating
 - e. Co-op monies generated
8. Sponsorships
 - a. Number of client events
 - b. Tradeshow elements/sessions
 - c. Monies spent
 - d. Number of people at sponsored events ('customer-exposed impressions')
9. Number of accounts with activity

DMO Convention Sales Activity Measures, Performance Measures and Productivity Metrics

Performance Measures

1. Leads
 - a. Number of leads
 - b. Lead room nights (estimate)

2. Bookings
 - a. Hotel events
 - Number of bookings
 - Booked room nights (estimate)
 - Booked attendance (estimate)
 - Booked attendee spending (estimate)

 - b. Citywide/Convention center events
 - Number of confirmed bookings
 - Booked room nights (estimate)
 - Booked attendance (estimate)
 - Booked attendee spending (estimate)

 - Number of contracted bookings
 - Booked room nights (estimate)
 - Booked attendance (estimate)
 - Booked attendee spending (estimate)

3. Lost opportunities
 - a. Number of lost opportunities
 - b. Reason for lost opportunity
 - c. Lost room nights (estimate)
 - d. Lost attendance (estimate)
 - e. Lost attendee spending (estimate)

4. Cancellations
 - a. Number of cancellations
 - b. Reason for cancellation
 - c. Cancelled room nights (estimate)
 - d. Cancelled attendance (estimate)
 - e. Cancelled attendee spending (estimate)

DMO Convention Sales Activity Measures, Performance Measures and Productivity Metrics

Performance Measures (cont'd.)

5. Number of leads per tradeshow attended/exhibited by DMO sales staff

6. By-year production

By-year production measures review the DMO's event bookings in terms of when the events will occur (regardless when the booking was generated). DMAI recommends the following by-year production performance measures:

- a. Number of bookings
- b. Number of booked room nights (estimated)
- c. Number of booked attendees (estimated)
- d. Booked attendee spending (estimated)

Note: To ensure the usefulness of by-year production performance measures, DMAI recommends DMOs incorporate a standard practice to regularly update the room commitments and estimated attendance of future events.

7. Post-event measures

- a. Room night pick-up* (estimate)
Total attendance

* Given that hotel rooms are increasingly being booked outside the hotel room block for events, an actual figure for total room night pickup may not be obtainable.

Additional Trackable Measure

Tentatives

- a. Number of tentatives
- b. Tentative room nights (estimated)

DMO Convention Sales Activity Measures, Performance Measures and Productivity Metrics

Productivity Metrics

1. Personnel productivity metrics

- a. Number of leads per sales manager
- b. Number of bookings per sales manager
- c. Number of booked room nights per sales manager

2. Repeat business ratios

- a.
$$\frac{\text{number of repeat business bookings}}{\text{total number of bookings}}$$
- b.
$$\frac{\text{room nights from repeat business bookings}}{\text{total booked room nights}}$$

3. Cost productivity metrics

The ratios below measure the cost efficiency of the DMO's convention sales function with respect to its key performance measures: leads, bookings and booked room nights.

- a. Cost per lead =

$$\frac{\text{convention sales function direct \& indirect operating costs}^*}{\text{number of leads}}$$

- b. Cost per booking =

$$\frac{\text{convention sales function direct \& indirect operating costs}^*}{\text{number of bookings}}$$

- c. Cost per booked room night =

$$\frac{\text{convention sales function direct \& indirect operating costs}^*}{\text{number of booked room nights}}$$

* Refer to DMAI's *DMO Uniform System of Accounts* for a more detailed discussion of the Convention Sales Function's direct and indirect operating costs.

DMO Convention Sales Activity Measures, Performance Measures and Productivity Metrics

Productivity Metrics (cont'd.)

4. Lead conversion ratios

Lead conversion ratios measure, over a stated amount of time, the effectiveness of the DMO's lead qualifying process and the likelihood generated leads will book for the destination. These ratios are particularly useful as they can be calculated for each individual convention sales representative and for the convention sales function as a whole. There are two standard lead conversion ratios, one that examines the booking rate and one that examines the rate of lost opportunities:

a. Booking ratio =

$$\frac{\text{(number of bookings)}}{\text{(number of bookings) + (number of lost opportunities)}}$$

b. Lost opportunity ratio =

$$\frac{\text{(number of lost opportunities)}}{\text{(number of bookings) + (number of lost opportunities)}}$$

Example

In the current year, Visit Harmony generated 45 bookings, 40 lost opportunities and had 48 leads outstanding (from 133 leads that were generated sometime in the past). The lead conversion ratios:

$$45 \text{ bookings} / (45 \text{ bookings} + 40 \text{ lost opportunities}) = 53\% \text{ booked}$$

$$40 \text{ lost opportunities} / (45 \text{ bookings} + 40 \text{ lost opportunities}) = 47\% \text{ lost}$$

Note: If DMOs wish to report lead conversion on an on-going basis, DMAI recommends a rolling 12-month review of those leads generated in the past 12 months and computing the percentage that booked, were lost or are still outstanding.

DMO Convention Sales Activity Measures, Performance Measures and Productivity Metrics

Productivity Metrics (cont'd.)

5. Convention booking/Room supply ratio

This ratio measures the degree to which the DMO is booking rooms in the destination's convention hotels:

$$\frac{\text{booked room nights (by-year production)}}{\text{total (available) convention hotel room nights}}$$

6. Demand ratios for total room nights sold

The metrics listed below illustrate the relationship between the DMO's convention sales performance (measured in room nights) relative to the destination's convention product and overall product (total room nights sold). These ratios are most useful when the DMO establishes a benchmark year and then compares the measure for subsequent years.

- a. This ratio monitors the impact of the DMO's convention sales effort on the destination's total convention hotel rooms night sold activity:

$$\frac{\text{booked room nights (by-year production)}}{\text{total meeting/convention room nights sold}}$$

- b. This ratio monitors the impact of the DMO's convention sales effort on the destination's ENTIRE hotel room night sold activity:

$$\frac{\text{booked room nights (by-year production)}}{\text{total room nights sold (destination-level)}}$$

Note: These room night production ratios should NOT be used for comparative purposes between DMOs given the wide variety of room inventories by industry segment among destinations.

DMO TRAVEL TRADE SALES PERFORMANCE REPORTING

Fundamental Mission of the Travel Trade Sales Function

To increase leisure visitor volume, visitor spending and economic impact for the destination through the promotion and distribution of the destination's travel products to the travel trade.

Travel Industry Definitions

Listed below are travel trade industry-related terms from various sources, including the National Tour Association and the US Travel Association:

Packaged Travel: A package in combination of two or more types of tour components into a product which is produced, assembled, promoted and sold as a package by a tour operator for an all-inclusive price.

Tour Series/Tour Program: Multiple departures to the same destination throughout the year.

Group Tour: A travel package for an assembly of travelers that has a common itinerary, travel date, and transportation. Group tours are usually prearranged, prepaid, and include transportation, lodging, dining, and attraction admissions.

Independent Travel: A custom-designed, prepaid travel package with many individualized arrangements. ITs are unescorted and usually have no formal itinerary. Sometimes referred to as FIT.

Travel Trade: Any individual or company that creates and/or markets tours and/or IT packages. Travel trade includes but is not limited to tour operators, travel agents, individual travel planners, online travel companies.

Tour Catalog: A publication by tour wholesalers listing their tour offerings. Catalogs are distributed to retail agents who make them available to their customers.

FAM (Familiarization) Tour: A free or reduced-rate trip offered to travel professionals to acquaint them with what a destination, attraction, or supplier has to offer. FAMs should be considered a sales effort, more than just an educational trip for the travel trade.

Itinerary (Suggested): A recommended schedule of visitor-oriented activities, usually including (but not limited to) the destination's cultural institutions and attractions, dining establishments, entertainment and recreation venues, retail stores and often highlighting unique, one-of-a-kind offerings. Itineraries are often themed: family, romantic, first-time visitor, etc.

Visitor Spending: $(\text{number of visitors}) \times (\text{spending per person per day}) \times (\text{length of stay})$

Economic Impact: Visitor spending generates secondary spending (*indirect* and *induced*) in the destination's local economy over and above the original visitor spending. These secondary impacts, when combined with the original direct spending, result in the **economic impact**. Indirect spending is spending by the destination's travel industry businesses on goods and

DMO TRAVEL TRADE SALES PERFORMANCE REPORTING

Travel Industry Definitions (cont'd.)

services from local suppliers. *Induced spending* occurs when employees in the destination's travel industry and its suppliers spend their wages in the local economy. This chain of buying and selling continues until the original direct spending "leaks out" of the local economy. The *economic multiplier* is calculated as total economic impact divided by direct spending.

(Source: US Travel Association)

DMO Travel Trade Sales Definitions

DMAI recommends DMOs adopt the following standard definitions governing the travel trade sales function:

LEAD

- a. **Hotel Lead**: When a group tour or independent tour program inquiry from the travel trade that includes a request for hotel rooms over a specific set/range of dates is forwarded by the DMO sales staff ONLY to those hotels that meet the travel trade's criteria. A lead is more formalized than just exchanging/forwarding business cards to hotels.
- b. **Non-hotel Lead**: When an inquiry for a group tour or independent tour program not requiring hotel rooms from the travel trade over a specific set/range of dates is forwarded by the DMO sales staff ONLY to those non-hotel tourism industry businesses that meet the travel trade's criteria. A referral is more formalized than just exchanging/forwarding business cards.

Note: Lead is both a status level AND the actual physical inquiry sent to the hotel(s) or non-hotel tourism industry business(es).

Note: DMOs may have *confidential/internal* leads which are generated for performance reporting but are not distributed or published in an external document or calendar.

BOOKING

- a. **Booking from a Hotel Lead**: A booking confirmed either in writing (letter, booking notice, email) from an authorized agent (hotel, travel trade) or by documenting the tour/program's presence in the travel trade's distribution channels such as a brochure, website or special sales/marketing program. The booking must be the result of a DMO-generated lead. The DMO should include information on room nights, total visitors and associated visitor spending.
- b. **Booking from a Non-hotel Lead**: A booking confirmed either in writing (letter, booking notice, email) from an authorized agent or by documenting the tour/program's presence in the travel trade's distribution channels such as a brochure, website or special sales/marketing program. The booking must be the result of a DMO-generated lead. The DMO should include information on total visitors and associated visitor spending.

DMO Travel Trade Sales Activity Measures, Performance Measures and Productivity Metrics

DMAI recommends DMOs implement policies and procedures to accurately and systematically measure its activity, performance and productivity as defined below:

Activity Measures (** If the DMO engages in the listed effort*)

1. Tradeshows attended/exhibited
 - a. Number of tradeshows
 - b. Number of co-op partners participating
 - c. Co-op monies generated
2. Number of accounts with activity
3. Familiarization tours
 - a. Number of familiarization tours
 - b. Number of participants (travel trade only)
 - c. Number of accounts
 - d. Number of co-op partners participating
 - e. Co-op monies generated
4. Sales missions (with industry partners)
 - a. Number of sales missions
 - b. Number of co-op partners participating
 - c. Co-op monies generated
5. Number of sales calls
6. Client events
 - a. Number of client events
 - b. Number of participants (travel trade only)
 - c. Number of accounts
 - d. Number of co-op partners participating
 - e. Co-op monies generated
7. Number of client site inspections
8. Number of developed suggested itineraries
9. Number of packages developed
10. Sponsorships
 - a. Number of client events
 - b. Tradeshow elements/sessions
 - c. Monies spent
 - d. Number of people at sponsored events ('customer-exposed impressions')

DMO Travel Trade Sales Activity Measures, Performance Measures and Productivity Metrics

Performance Measures

1. Leads (including confidential/internal leads)
 - a. Number of hotel leads
 - Lead room nights (estimate)
 - Number of visitors (estimate)
 - Visitor spending (estimate)*
 - b. Number of non-hotel leads
 - Number of non-hotel leads by member category
 - Number of visitors (estimate)
 - Visitor spending (estimate)*
2. Bookings (including confidential bookings)
 - a. Number of bookings from hotel leads
 - Booked room nights (estimate)
 - Booked visitors (estimated)
 - Booked visitor spending (estimate)*
 - b. Number of bookings from non-hotel leads
 - Booked visitors (estimated)
 - Booked visitor spending (estimate)*

* As a best practice, DMAI recommends that DMOs obtain destination-level visitor spending through custom research. Failing that DMOs should use pre-existing secondary research from credible sources with appropriate footnotes and caveats.

Productivity Metrics

1. Personnel productivity metrics
 - a. Number of leads per sales manager (hotel & non-hotel leads)
 - b. Number of bookings per sales manager (hotel & non-hotel leads)
 - c. Number of booked room nights per sales manager (hotel bookings only)
2. Cost productivity metrics

The three cost productivity ratios listed below measure the cost efficiency of the DMO's travel trade sales function as a function of its key performance measures: leads, bookings

DMO Travel Trade Sales Activity Measures, Performance Measures and Productivity Metrics

Productivity Metrics (cont'd.)

and booked room nights. DMAI recommends DMOs establish benchmarks in the current year (or prior year if information is available).

- a. Cost per lead =

$$\frac{\text{travel trade sales function direct \& indirect operating costs}^*}{\text{number of leads}}$$

- b. Cost per booking =

$$\frac{\text{travel trade sales function direct \& indirect operating costs}^*}{\text{number of bookings}}$$

- c. Cost per booked room night =

$$\frac{\text{travel trade sales function direct \& indirect operating costs}^*}{\text{number of booked room nights}}$$

* Refer to DMAI's *DMO Uniform System of Accounts* for a more detailed discussion of the Travel Trade Sales Function's direct and indirect costs.

3. Leads to bookings conversion ratio (hotel leads only)

The lead conversion ratio measures, over a stated amount of time, the effectiveness of the DMO's lead qualifying process and the likelihood generated leads will book for the destination. This ratio is particularly useful as it can be calculated for each individual travel trade sales representative and for the travel trade sales function as a whole:

$$\frac{(\text{number of bookings from hotel leads})}{(\text{number of leads that did not book}) + (\text{number of bookings from hotel leads})}$$

Example

In the current year, Visit Harmony generated 250 travel trade bookings from 378 travel trade hotel-only leads that were generated sometime in the past. The lead to booking conversion ratio:

$$250 \text{ bookings} / 378 \text{ leads} = 66\% \text{ booked}$$

DMO MARKETING & COMMUNICATIONS PERFORMANCE REPORTING

Fundamental Mission of the Marketing & Communications Function

To increase visitor volume, visitor spending and economic impact for the destination by developing awareness and preference.

Marketing & Communications Definitions

The following are standard definitions for key marketing activities and measures:

Conversion: The intent of the campaign. For example, opts into e-newsletter/email database, orders visitor guide, books hotel room

Print, Radio, Television Advertising (Source: American Association of Advertising Agencies)

Frequency – Average number of times households or persons viewed a given program, station or advertisement during a specific time period. This number is derived by dividing the Gross Ratings Points (GRPs) by the Reach.

Gross Rating Point (GRP) – A unit of measurement of audience size. It is used to measure the exposure to one or more programs or commercials, without regard to multiple exposures of the same advertising to individuals. *One GRP = 1% of TV households.*

Reach – Unduplicated number of individuals or households exposed to an advertising medium at least once during the average week for a reported time period (also known as *Cumulative Audience*).

Gross Impressions – Sum of audiences, in terms of people or households viewing, where there is exposure to the same commercial or program on multiple occasions. Two gross impressions could mean the same person was in the audience on two occasions or that two different people had been exposed only once.

Digital/Online (Source: Interactive Advertising Bureau)

Ad Views (Impressions): Number of times an ad banner is (presumably) seen by visitors. Corresponds to *net impressions* in traditional media.

Banner: An ad on a webpage that is (usually) linked to the advertiser's website.

Click: The action of clicking on an advertisement/link in an ad, email, message, etc.

Unique Click: The user who clicked on any specific link in an ad, email, message, etc.

View-through: Number of tracked visitors to the website from another channel but had the first impression on the page the banner ad appeared.

DMO MARKETING & COMMUNICATIONS PERFORMANCE REPORTING

Marketing and Communications Definitions (cont'd.)

Additional Email Marketing/Mobile Messaging Definitions

Delivered: Number of emails/mobile messages sent/deployed less bounces and other delivery errors

Bounce: An email/mobile message not delivered

Forward: When an email/mobile message is sent from the original recipient to a new recipient

Website (Sources: Interactive Advertising Bureau)

Hit: A viewing of a webpage/an element on the webpage. If a webpage containing two graphics is viewed by a user, three hits will be recorded - one for the webpage itself and one for each graphic. Because webpage designs vary greatly, hits are a poor guide for traffic measurement.

Jump Page: A jump page, also known as a "splash page," is a special webpage set up for visitors who clicked on a link in an advertisement. Jump pages can be used to promote special offers or to measure the response to an advertisement.

Link: A connection between two websites.

Page Views: Number of times a user goes to a webpage.

Unique Users: Number of different individuals who visit a website within a specific time period.

Valid Hits: A further refinement of hits, valid hits are hits that deliver all information to a user. (Excludes redirects, error messages and computer-generated hits.)

Visits: A sequence of requests made by one user at one website. If a visitor does not request any new information for a period of time, known as the "time-out" period, then the next request by the visitor is considered a new visit.

Public Relations (Source: Institute for Public Relations)

Advertising Equivalency: A means of converting editorial space into advertising costs by measuring the amount of editorial coverage and then calculating what it would have cost to buy that space, if it had been advertising.

Circulation: The number of copies sold of a given edition of a publication, at a given time or as averaged over a period of time.

Impressions: The number of those who might have had the opportunity to be exposed to a story that appeared in the media. Sometimes referred to as "opportunity to see." An "impression" usually refers to the total audited circulation of a publication or the audience reach of a broadcast.

DMO Marketing & Communications Activity Measures, Performance Measures and Productivity Metrics

The following are some of the more common marketing efforts a DMO conducts to fulfill its mission of generating visitor volume to its destination. The performance reporting and subsequent ROI formulas will focus solely on the Marketing & Communications function's **'direct-to-consumer'** efforts.

However, it should be noted that that marketing and communications efforts can also span the spectrum of convention and travel trade segments and that many of the activity and performance measures, and productivity metrics discussed below can be applied to them as well.

DMAI recommends DMO monitor the following activity measures, performance measures and productivity metrics for each program/niche market and on a total annual basis:

Activity Measures *(* If the DMO engages in the listed effort)*

Traditional Advertising/Promotions

1. Number of programs
2. Total reach
3. Total frequency
4. Gross impressions
5. Total value of media placed
 - a. Paid media dollars
 - b. Co-op media dollars
 - c. In-kind/Barter media dollars
 - d. Unpaid media dollars
6. Number of co-op partners

Search Engine/PPC/Keyword Advertising

1. Number of campaigns/programs
2. Number of impressions
3. Total cost/CPM/PPC

Online Display/Banner Advertising

1. Number of campaigns/programs
2. Number of impressions
3. Total value of media placed/Total cost/CPM/PPC

DMO Marketing & Communications Activity Measures, Performance Measures and Productivity Metrics

Activity Measures (cont'd.)

Mobile Advertising/Marketing

1. Number of mobile campaigns
2. Number of mobile messages sent (total and per campaign)
3. Total cost/CPM/PPC

* DMAI suggests, as a best practice, that DMOs that advertise conduct an audit of media placements to ensure that their media plan has been properly executed.

Email Marketing

1. Total database size
2. Number of email campaigns
3. Number of emails sent/deployed (total and per campaign)

Social Media

General guidelines: Activity measures for social media monitor the DMO's interaction with that social media site.

Note: DMAI is NOT recommending DMOs engage in one specific social media outlet over another. The below performance reporting metrics are for those DMOs who are already using/considering using the listed social media.

1. Facebook: Number of Facebook posts by the DMO
2. Twitter: Number of tweets sent by the DMO
3. YouTube: Number of videos posted
4. Destination Blog: Number of blog articles written

Media/Public Relations

1. Media tradeshows
 - a. Number of media tradeshows attended
 - b. Number of appointments
2. Media missions
 - a. Number of media missions
 - b. Number of co-op partners
 - c. Number of media contacts

DMO Marketing & Communications Activity Measures, Performance Measures and Productivity Metrics

Activity Measures (cont'd.)

3. Number of media/PR calls
4. Media familiarization tours
 - a. Number of familiarization tours
 - b. Number of journalists/media participating
 - c. Number of publications represented
5. Press releases
 - a. Number of press releases issued
 - b. Number distributed (incl. downloaded off DMO website) per press release
6. Number of media inquiries
7. Number of media interviews
8. Number of newsletters (incl. e-newsletters) produced
9. Number of public service announcements (PSA) produced
10. Number of accounts with activity

Event Marketing

1. Number of events supported
2. Number of events produced

Performance Measures

Traditional Advertising/Promotions

Performance measures and productivity metrics for traditional advertising campaigns are typically determined by advertising effectiveness studies. Performance measures typically include (but are not limited to): Advertising awareness (aided and unaided), changes in a destination's brand image among target audiences over time as well as intent to travel. A more thorough discussion on advertising performance reporting is in the productivity metrics section of this chapter.

Inquiries/Fulfillment

1. Number of brochure requests
2. Number of consumer calls handled
3. Number of coupons redeemed

DMO Marketing & Communications Activity Measures, Performance Measures and Productivity Metrics

Performance Measures (cont'd.)

DMO Website

1. Number of user sessions
2. Number of unique users
3. Number of repeat visits
4. Number of clicks to the DMO website
5. Number of specific webpage view counts
6. Number of clicks to member/sponsor websites from DMO website ads and/or links
7. Number of web coupons redeemed
8. Average length of session
9. Search engine referrals
 - a. Total number of referrals
 - b. Top referring search engines
 - c. Percent of website traffic attributable to search engine referrals
10. Search engine results' placement of website
11. Number of people who register on the DMO's website/'opt-ins'

Search Engine/PPC/Keyword Advertising

1. Number of clicks
2. Number of conversions as defined by the specific campaign

Online Display/Banner Advertising

1. Number of clicks
2. Number of view-throughs
3. Number of conversions as defined by the campaign

Mobile Advertising/Marketing

1. Number of mobile messages delivered
2. Number of bounces
3. Number of clicks
4. Number of conversions as defined by the campaign

DMO Marketing & Communications Activity Measures, Performance Measures and Productivity Metrics

Performance Measures (cont'd.)

Email Marketing

1. Number of emails delivered
2. Number of bounces
3. Number of opened emails
4. Number of clicks
5. Number of unique clicks
6. Number of email forwards
7. Number of unsubscribe requests
8. Number of conversions as defined by the campaign

Social Media

General guidelines: Performance measures quantify the public's interaction with that site (overall and by specific actions).

1. Facebook
 - a. Number of Facebook 'likes'
 - b. Number of page views
 - c. Number of unique page views
 - d. Number of active Facebook users
 - e. Number of Facebook 'interactions' (including 'likes' and comments)
 - f. Number of clicks
 - g. Number of conversions as defined by the DMO posting
2. Twitter
 - a. Number of Twitter followers
 - b. Number of Twitter retweets
 - c. Number of Twitter 'mentions'
 - d. Number of clicks on Tweeted links
 - e. Number of conversions as defined by the DMO Tweet
3. YouTube
 - a. Number of channel views
 - b. Number of video views
 - c. Number of subscribers

DMO Marketing & Communications Activity Measures, Performance Measures and Productivity Metrics

Performance Measures (cont'd.)

4. Destination Blog
 - a. Number of blog visits
 - b. Number of clicks
 - c. Number of RSS feed subscribers
 - d. Number of blog shares

Media/Public Relations

1. Placements
 - a. Total number of placements
 - b. Domestic vs. international placements
 - c. Broadcast vs. print vs. online placements
2. Number of impressions (circulation)
3. Advertising equivalency (\$)

Bookings

1. Online/1-800 hotel reservations
 - a. Number of room nights booked
 - b. Room booked revenue
 - c. Rooms sold commission
 - d. Average length of stay
2. Online ticket sales (e.g., attractions, tours, etc.)*
 - a. Total tickets sold
 - b. Tickets sold revenue
 - c. Tickets sold commission

* See *Visitor Services Performance Reporting* chapter for ticket sales at DMO Visitor Information Center(s)

3. Packages
 - a. Total packages sold
 - b. Packages sold revenue
 - c. Packages sold commission
 - d. Number of room nights booked

DMO Marketing & Communications Activity Measures, Performance Measures and Productivity Metrics

Productivity Metrics

DMAI recommends that DMOs focus on productivity metrics for the marketing and communications function that:

- Examine operational and cost effectiveness of the specific marketing effort
- Measure the generation of visitors to the destination

Search Engine/PPC/Keyword Advertising

1. Click-through Rate =
$$\frac{\text{number of clicks on DMO's advertisement/link}}{\text{total viewers of advertisement/link (impressions)}}$$
2. Bounce Rate =
$$\frac{\text{number of viewers who only view one page of website}}{\text{total website viewers}}$$

(away from website)
3. Conversion Rate =
$$\frac{\text{number of clicks who performed desired outcome of campaign}}{\text{total number of clicks attributable to campaign}}$$
4. Cost-Per-Conversion Rate =
$$\frac{\text{CPM/PPC of the campaign}}{\text{number of clicks who performed desired outcome of campaign}}$$

Online Display/Banner Advertising

1. Click-through Rate =
$$\frac{\text{number of clicks on DMO's advertisement/link}}{\text{total viewers of advertisement/link (impressions)}}$$
2. Bounce Rate =
$$\frac{\text{number of viewers who only view one page of website}}{\text{total website viewers}}$$

(away from website)
3. Conversion Rate =
$$\frac{\text{number of clicks who performed desired outcome of campaign}}{\text{total number of clicks attributable to campaign}}$$
4. Cost-Per-Conversion Rate =
$$\frac{\text{CPM/PPC of the campaign}}{\text{number of clicks who performed desired outcome of campaign}}$$

DMO Marketing & Communications Activity Measures, Performance Measures and Productivity Metrics

Productivity Metrics (cont'd.)

Mobile Advertising/Marketing

1. Delivery Rate =
$$\frac{\text{sent messages that were delivered}}{\text{total sent mobile messages}}$$
2. Open Rate =
$$\frac{\text{delivered messages that were opened}}{\text{total delivered messages}}$$
3. Bounce Rate =
$$\frac{\text{sent messages that bounced}}{\text{total sent messages}}$$
4. Click to Open Rate =
$$\frac{\text{opened messages that resulted in a click}}{\text{total messages}}$$
5. Click-through Rate =
$$\frac{\text{delivered messages that resulted in a click}}{\text{total delivered messages}}$$
6. Conversion Rate =
$$\frac{\text{number of clicks who performed desired outcome of campaign}}{\text{total number of clicks attributable to campaign}}$$
7. Cost-Per-Conversion Rate =
$$\frac{\text{CPM/PPC of the campaign}}{\text{number of clicks who performed desired outcome of campaign}}$$

Online hotel booking function conversion ratios

1. Overall 'Look-to Look' ratio =
$$\frac{\text{number of hotel date/rate availability webpage page views}}{\text{number of users to website}}$$
2. Overall 'Look-to Book' ratio =
$$\frac{\text{number of bookings through online hotel booking function}}{\text{number of users to website}}$$
3. 'Look-to Book' ratio =
$$\frac{\text{number of bookings through online hotel booking function}}{\text{number of hotel date/rate availability webpage page views}}$$

DMO Marketing & Communications Activity Measures, Performance Measures and Productivity Metrics

Productivity Metrics (cont'd.)

Package conversion

For web-based package conversions, two conversion ratios are offered. The design of the DMO's package webpages will dictate the use of one over the other:

$$\frac{\text{number of DMO-offered packages purchased}}{\text{number of page views for the initial package webpage}}$$

$$\frac{\text{number of DMO-offered packages purchased}}{\text{number of page views for the package pricing/availability webpage}}$$

* As a best practice, DMAI recommends DMOs conduct follow-up research with package purchasers to determine average out-of-pocket expenditures.

Inquiry conversion ratio

Conversion of 'inquiries' produced by the DMO's marketing efforts to generated visitors. Inquiries can include:

- a. Individuals who went to a unique website in response to a specific marketing effort
- b. Individuals who requested visitor information (guides, maps, etc.) via phone (does not include individuals who called and were redirected elsewhere)
- c. Website user sessions of a certain minimum length or user sessions for travel-specific pages

As a best practice, DMAI encourages DMOs to incorporate in their initial program setup a step where three pieces of information are collected from the inquirer:

- a. How they got the phone number/website address (also known as 'lead source')
- b. If the consumer already decided to come to the destination before they contacted the DMO
- c. Permission to recontact for a follow-up survey

This information will assist the DMO in ultimately determining whether the inquiry turned into a visit to the destination and whether the visit was generated by the DMO's efforts.

$$\text{Inquiry conversion ratio} = \frac{\text{Number of visitors generated by the DMO marketing effort(s)}}{\text{Number of inquiries generated by the DMO marketing effort(s)}}$$

DMO Marketing & Communications Activity Measures, Performance Measures and Productivity Metrics

Productivity Metrics (cont'd.)

Marketing Effectiveness Studies

The ultimate measure of marketing productivity is the number of individuals whose visit to the destination was **clearly and significantly generated** by the DMO's marketing efforts.

DMOs are strongly cautioned against using their destination's total number of visitors as it is extremely unlikely that the DMO generated each and every visitor to its destination.

As a best practice, if a DMO spends a significant amount (or percentage) of its budget on marketing efforts, it must then be prepared to invest in the research necessary to accurately and credibly measure the effectiveness of those efforts.

A common research method to measure visitors generated by the DMO is the conversion study that determines the percentage of individuals responding to a specific DMO marketing effort (e.g., requesting travel information, looking at package webpages) who eventually visit the destination.

A conversion study for inquiries generated by a particular advertising campaign is limited in that it does not account for visitors who were generated by the campaign but did not subsequently contact the DMO. In order to gain a full accounting of ALL visitors that were generated, DMAI recommends that DMOs who advertise conduct custom advertising effectiveness research studies. These studies can also be used to measure other key advertising performance measures including awareness, destination image and perception, and intent to travel.

One of the chief failings of conversion and effectiveness studies in the past was they failed to exclude individuals who had already decided to come to the destination before they contacted the DMO. As a result, the results tended to overstate the number of visitors generated by the particular DMO marketing effort being reviewed.

Modified studies that address this issue can assist DMOs in determining the productivity of their marketing efforts, as can other research methodologies. As a best practice, DMAI encourages DMOs, working with market research professionals, to begin to implement a research program that will determine the number of visitors generated by their marketing activities.

DMO MEMBERSHIP PERFORMANCE REPORTING

DMAI recognizes there are many membership models employed by DMOs including partnership and 'á la carte.' The definitions and measures below, while geared for a more traditional membership mode, can be adapted to the specific DMO's needs.

Fundamental Mission of the Membership Function

To generate revenue and create partnerships for the DMO by guiding and educating members on how to use the DMO to gain access and exposure to the travel & tourism marketplace.

Membership Definitions

DMAI recommends DMOs adopt the following definitions governing the membership function:

1. Active Member – A member for whom:
 - a. The current year's DMO membership dues have been paid
 - b. The dues are complimentary or 'traded-out' as part of a reciprocal relationship
2. Suspended Member (aka pending, frozen) – A member whose dues payment is past due for a certain amount of time (specific amount of time to be determined by the DMO). The action taken by the DMO (total or partial suspension of benefits, etc.) is also at the individual DMO's discretion.
3. Cancelled Member (aka lost) – A business that is no longer a DMO member. A list of possible reasons for cancellation should include but is not limited to:

• Financial hardship	• No benefit (real or perceived)
• Out of business	• Change in member's marketing strategy
• Headquarters decision	• Code of Ethics violation

4. Reinstated Member – A cancelled member that reactivated its membership within a specific amount of time (at the discretion of the DMO – usually fewer than 12 months).
5. New Member -- A member who is a first-year member (has not yet renewed membership for the first time).
6. Core Member -- A member who been a DMO member for more than three years.
7. Key Industry Segment – Can include, but is not limited to, accommodations, restaurants, attractions, cultural institutions, retail establishments, etc.

DMO Membership Activity Measures, Performance Measures and Productivity Metrics

DMAI recommends DMOs implement policies and procedures to accurately and systematically measure its activity, performance and productivity as defined below:

Activity Measures (** If the DMO engages in the listed activity*)

A. New Member Sales

1. Number of sales calls (all forms of contact)
2. Number of sales kits/collateral sent
3. Number of qualified prospects

B. Servicing

DMAI recognizes that DMOs have limited staff resources to document all member servicing throughout the year. As a best practice, DMAI recommends that DMOs be able to monitor that members are being regularly engaged by the DMO.

1. Member events (including networking, educational, etc.)
 - a. Number of member events
 - b. Member attendance (number of people AND number of members)
2. Number of member visits to member-only section of DMO website

DMAI strongly recommends DMOs conduct **member satisfaction/needs assessment studies**. Surveying members will give DMOs invaluable, actionable guidance as they regularly review their member benefits and services to ensure they are meeting member needs.

Performance Measures

1. New Members

- a. Number of new members
- b. New member dues (\$)

* Also measure by key industry segments

2. Renewed members

- a. Number of renewed members
- b. Renewed member dues (\$)

* Also measure by new and core members, and by key industry segments

3. Suspended members

- a. Number of suspended members
- b. Suspended member dues (\$)

* Also measure by new and core members, and by key industry segments

DMO Membership Activity Measures, Performance Measures and Productivity Metrics

Performance Measures (cont'd.)

4. Cancelled members

- a. Number of cancelled members
- b. Cancelled member dues (\$)
- c. Reason for cancellation
- d. Number of cancelled members who went out of business

* Also measure by new and core members, and by key industry segments

5. Reinstated members

- a. Number of reinstated members
- b. Reinstated member dues (\$)

* Also measure by new and core members, and by key industry segments

6. Net cancelled members (total cancelled members less reinstated members)

- a. Number of net cancelled members
- b. Net cancelled member dues (\$)

* Also measure by new and core members, and by key industry segments

7. Non-dues revenues (*only those programs for which the membership function is responsible*)

- a. Number of member participants
- b. Revenues generated (\$)

Note: Non-dues revenue programs may differ among DMOs but may include advertising sales, promotional buy-ins, etc.

Productivity Metrics

1. Personnel Productivity Metrics

- a. Number of new members per membership sales manager
- b. New member dues per membership sales manager

2. Prospect Conversion Ratio = $\frac{\text{number of new members}}{\text{number of prospects}}$
(*'closing ratio'*)

3. Membership Retention Rate* = $\frac{\text{number of renewed members (current FY)}}{\text{number of active members (at end of previous FY)}}$

* Also measure by new and core members, by key industry segments, and by individual membership sales manager

DMO Membership Activity Measures, Performance Measures and Productivity Metrics

Productivity Metrics (cont'd.)

4. Membership Dues Retention Rate =
$$\frac{\text{dues of renewed members (current FY)}}{\text{current FY dues of active members (end of previous FY)}}$$

* Also measure by new and core members, by key industry segments, and by individual membership sales manager

5. Membership Cancellation Rate =
$$\frac{\text{number of (net) cancelled members (current FY)}}{\text{number of active members (end of previous FY)}}$$
 ('attrition')

* Also measure by new and core members, by key industry segments, and by individual membership sales manager

6. Membership Dues Cancellation Rate =
$$\frac{\text{dues of (net) cancelled members (current FY)}}{\text{current FY dues of active members (end of previous FY)}}$$

* Total rate and separated by new and core members; by key industry segments; by individual membership sales manager

Note: DMAI recommends DMOs calculate the two membership cancellation rates for cancelled members AND for cancelled members less those who went out of business.

7. Membership Replacement =
$$\frac{\text{number of new members}}{\text{number of (net) cancelled members}}$$
 (by number of members)

8. Membership Replacement =
$$\frac{\text{new member dues}}{\text{(net) cancelled member dues}}$$
 (by member dues)

9. Cost of Non-Core Members =
$$\frac{\text{non-core member dues}}{\text{direct member sales costs}^*}$$

* allocate personnel costs if staff does both member sales and servicing

10. Key Industry Segment Contribution =
$$\frac{\text{key industry segment member dues}}{\text{total member dues}}$$
 (to Total Member Dues)

DMO Membership Activity Measures, Performance Measures and Productivity Metrics

Example

Visit Harmony ended FY2010 with 500 active members whose FY2010 dues amounted to \$250,000.

In FY2011, the DMO implemented a 2% dues increase. The 500 members received renewal invoices that totaled \$255,000 (\$250,000 plus the 2% increase).

350 of the active members renewed their membership. Their renewal dues amounted to \$200,000.

Of the 150 active members who did not renew (\$55,000 in cancelled dues), 10 had gone out of business (their invoiced dues were \$3,000).

During the year, the DMO signed up 140 new members with \$45,000 in new dues revenue.

At the end of the year, the DMO had 490 active members whose dues amounted to \$245,000.

The retention rates for FY2011:

350 renewed members / 500 members (active at the end of FY2010) = 70% retention

\$200,000 renewed dues / \$255,000 invoiced dues = 78% dues retention

The cancellation rates for the year:

150 cancelled members / 500 members (active at the end of FY2010) = 30% cancelled

\$55,000 cancelled dues / \$255,000 invoiced dues = 22% dues cancelled

The cancellation rates excluding cancelled members who went out of business:

140 cancelled members / 500 members (active at the end of FY2010) = 28% cancelled

\$52,000 cancelled dues / \$255,000 invoiced dues = 20% dues cancelled

The member replacement rates:

140 new members / 150 cancelled members = 93%

\$45,000 new member dues / \$55,000 cancelled member dues = 81%

DMO VISITOR INFORMATION CENTER ACTIVITY MEASURES, PERFORMANCE MEASURES AND PRODUCTIVITY METRICS

Fundamental Mission of the Visitor Information Center

To increase visitor volume, the length of stay and visitor spending for the destination by providing relevant visitor information and a quality visitor experience.

DMAI recommends DMOs implement policies and procedures to accurately and systematically measure its activity, performance and productivity as defined below:

Activity Measures (* If the DMO engages in the listed activity)

1. Number of members/tourism industry businesses represented in VIC (e.g., brochure racks)
2. In-kind services received by the DMO for the VIC (\$ equivalent)
3. Local industry training sessions conducted by VIC staff
 - a. Number of sessions
 - b. Attendance at sessions
4. Number of VIC staff site inspections at local tourism industry businesses
5. Number of VIC staff presentations to groups visiting the destination
6. Number of VIC onsite promotions
7. Number of brochures distributed at VIC (DMO, members/partners, etc.)

Performance Measures

Servicing

1. Number of walk-in visitors (actual counts, not estimates)
2. Number of walk-in visitors who are visitors to the destination
3. Number of walk-ins assisted by VIC staff/volunteers

Sales

1. Number of bookings/reservations/ticket sales (hotel, restaurant, attractions, tours, etc.) – kiosks, counselors, online (at VIC)
2. \$ sales from bookings/ticket sales
3. \$ retail sales (merchandise, vending machines, gift cards, etc.)
4. VIC space rental fees

DMO Revenue Generation

1. Sponsorship/partnership revenue
2. VIC advertising/marketing/promotion revenue

DMO VISITOR INFORMATION CENTER ACTIVITY MEASURES, PERFORMANCE MEASURES AND PRODUCTIVITY METRICS

Performance Measures (cont'd.)

DMAI recommends DMOs regularly survey walk-ins to their Visitor Information Center(s) to ensure they are meeting the needs of their walk-ins. Recommended topics include:

1. Use of the VIC's information services
2. Evaluation of the VIC's information services
3. Trip characteristics (expenditures, purpose of trip, length of trip, accommodations, activities, party size, when the VIC was visited during the trip etc.)
4. Demographics (residence, use of Internet, gender, household income, age, etc.)
5. Influence of the VIC's information services on the walk-in's trip including increasing length of stay, increasing visitor spending and return visitation

The information gained will assist DMOs in measuring the percentage of walk-ins who are visitors to the destination. Using this and how the VIC changed the walk-ins' trip will allow DMOs to determine the incremental visitor spending that was **clearly and significantly generated** by the VIC(s). From this, DMOs will then be able to determine the ROI of their VIC. (Further discussion on the VIC ROI contribution to the overall DMO ROI will be found in the ROI section of the *Handbook*.)

Measuring the Impact of the VIC

1. Increase in length of stay
2. Increase in visitor spending
3. Increase in the number of visitors

Productivity Metrics

$$1. \text{ Cost per Walk-in} = \frac{\text{VIC direct \& indirect operating costs}^*}{\text{Number of walk-ins}}$$

* DMAI also recommends DMOs determine the cost per non-resident walk-in.

$$2. \text{ Cost per Walk-in Assisted by Visitor} = \frac{\text{VIC direct \& indirect operating costs}}{\text{Counselors/Volunteers} \times \text{Number of walk-ins assisted by VIC staff/volunteers}}$$

$$3. \text{ Revenue/Expense Ratio} = \frac{\text{DMO revenue generated by VIC}}{\text{VIC direct \& indirect operating costs}^*}$$

* Only Center-related costs; exclude any fulfillment function costs. Refer to DMAI's *DMO Uniform System of Accounts* for a more detailed discussion of the Visitor Information Center's direct and indirect costs.

DMO RETURN ON INVESTMENT

DMAI recommends that DMOs use standard business ROI approaches to quantify its financial impact on its local community. ROI formulas examine the return from the investment made by an organization, conceptually represented by the simple ROI formula below:

$$\text{Return on Investment} = \frac{\text{Amount of Return (income)}}{\text{Amount of Investment (expense)}}$$

For a DMO, the amount of return is typically what the DMO returned to the destination (visitor spending, economic impact, tax dollars), **clearly and significantly generated** through its sales and marketing efforts.

As the majority of DMOs receive some form of public funding (often allocated tax revenues), it is important that the DMO be able to demonstrate to their public funding stakeholders that they received a positive ROI on their investment.

Recognizing that ROI requests come in many forms, DMAI has identified four ROI formulas that the DMO can choose to use to cover the majority of these requests – two that examine ROI at the DMO-level and two that examine ROI at the function-level.

Note: DMOs are cautioned to consistently use the same ROI formula when measuring their ROI over time.

DMO-level ROI Formulas

1. Return on Total Operating Costs

$$\frac{\text{visitor spending generated by the DMO's efforts}^1}{\text{total DMO operating costs}}$$

¹ The sum of visitor spending generated by the DMO's convention sales, travel trade sales, marketing & communications, and visitor information center functions.

2. Tax Return on Total DMO Public Funding

This ROI formula relates the destination's public investment (tax revenues, general fund allocations, etc.) in the DMO to the taxes that are produced by the DMO-generated visitor spending:

$$\frac{\text{taxes produced by DMO-generated visitor spending}}{\text{total DMO public funding}}$$

In the absence of specific research determining the taxes produced by DMO-generated visitor spending, DMOs are encouraged to use the tax to visitor spending ratio from their community's tourism economic impact studies.

DMO RETURN ON INVESTMENT

Functional Area ROI Formulas

1. Return on Functional Area Direct Operating Costs

$$\frac{\text{visitor spending generated by the DMO's efforts by functional area}}{\text{direct operating costs for the functional area}}$$

2. Return on Functional Area Direct & Indirect Operating Costs

$$\frac{\text{visitor spending generated by the DMO's efforts by functional area}}{\text{direct \& indirect operating costs for the functional area}}$$

Convention Sales Function

1. Return on Convention Sales Function Direct Operating Costs

$$\frac{\text{attendee spending generated by the DMO's convention sales function}}{\text{convention sales function direct operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

2. Return on Convention Sales Function Direct & Indirect Operating Costs

$$\frac{\text{attendee spending generated by the DMO's convention sales function}}{\text{convention sales function direct \& indirect operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

note 1

Attendee spending is defined as:

$$(\text{Total Estimated Attendance}) \times (\text{Daily Attendee Spending}) \times (\text{Average Length of Stay})$$

- a. Total estimated attendance is the attendance for events **booked** in the time period for which the ROI is being calculated, regardless when the event will take place.
- b. Only booked events where the DMO generated the lead/confidential lead can be included.

Note: Attendee spending will not necessarily reflect subsequent event cancellations or attendee figure revisions. DMOs are strongly encouraged to footnote this in their ROI calculations.

note 2

DMAI recommends DMOs use the *DMAI DMO Uniform System of Accounts and Line Item Cost Allocation Worksheet* for guidance on direct and indirect operating cost line items.

DMOs must ensure the allocation methods are the same when comparing ROIs between DMOs.

DMO RETURN ON INVESTMENT

Functional Area ROI Formulas (cont'd.)

Travel Trade Sales Function

1. Return on Travel Trade Sales Function Direct Operating Costs

$$\frac{\text{visitor spending generated by the DMO's travel trade sales function}}{\text{travel trade sales function direct operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

2. Return on Travel Trade Sales Function Direct & Indirect Operating Costs

$$\frac{\text{visitor spending generated by the DMO's travel trade sales function}}{\text{travel trade sales function direct \& indirect operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

note 1

Visitor spending is defined as:

$$(\text{Total Booked Visitors}) \times (\text{Daily Visitor Spending}) \times (\text{Average Length of Stay})$$

- a. Total booked visitors only includes those visitors for which the DMO generated the lead/confidential lead (hotel and non-hotel leads).
- b. Booked visitor counts are estimated since actual post-trip figures are not collected.
- c. Daily visitor spending: In the absence of destination-specific visitor spending figures and average length of stay, DMAI recommends DMOs use pre-existing secondary research from credible sources with appropriate footnotes and caveats.

note 2

DMAI recommends DMOs use the *DMAI DMO Uniform System of Accounts and Line Item Cost Allocation Worksheet* for guidance on direct and indirect operating cost line items.

Note: DMOs must ensure allocation methods are the same when comparing ROIs between DMOs.

DMO RETURN ON INVESTMENT

Functional Area ROI Formulas (cont'd.)

Marketing & Communications Function

1. Return on Marketing & Communications Function Direct Operating Costs

$$\frac{\text{visitor spending generated by the DMO's marketing \& communications function}}{\text{marketing \& communication function's direct operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

2. Return on Marketing & Communications Function Direct & Indirect Operating Costs

$$\frac{\text{visitor spending generated by the DMO's marketing \& communications function}}{\text{marketing \& communication function's direct \& indirect operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

note 1

Visitor spending is defined as:

$$(\text{Total Generated Visitors}) \times (\text{Daily Visitor Spending}) \times (\text{Average Length of Stay})$$

1. Total generated visitors is the number of visitors **clearly and significantly** generated by the DMO's marketing efforts, a figure arrived through the studies described in detail in the section on Marketing & Communication Productivity Metrics, including advertising campaign effectiveness, inquiry conversion studies and package purchased studies.
2. Daily visitor spending: In the absence of destination-specific visitor spending figures and average length of stay, DMAI recommends DMOs use pre-existing secondary research from credible sources with appropriate footnotes and caveats.
3. For generated visitors traveling on packages, an alternative, conservative approach (if custom research is not available) would be to use the package purchase price.

note 2

DMAI recommends DMOs use the *DMAI DMO Uniform System of Accounts and Line Item Cost Allocation Worksheet* for guidance on direct and indirect operating cost line items.

Note: DMOs must ensure allocation methods are the same when comparing ROIs between DMOs.

DMO RETURN ON INVESTMENT

Functional Area ROI Formulas (cont'd.)

Visitor Information Center (VIC)

1. Return on VIC Direct Operating Costs

$$\frac{\text{visitor spending generated by the DMO's VIC}}{\text{VIC direct operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

2. Return on VIC Direct & Indirect Operating Costs

$$\frac{\text{visitor spending generated by the DMO's VIC}}{\text{VIC direct \& indirect operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

note 1

Visitor spending is defined as the spending **clearly and significantly** generated by the DMO's VIC, a figure arrived through the studies described in detail in the section on Visitor Information Center Productivity Metrics.

note 2

DMAI recommends DMOs use the *DMAI DMO Uniform System of Accounts and Line Item Cost Allocation Worksheet* for guidance on direct and indirect operating cost line items.

Note: DMOs must ensure allocation methods are the same when comparing ROIs between DMOs.

DMO RETURN ON INVESTMENT

DMO ROI: Case Study Example

Visit Harmony's operating costs in FY2010 were \$4.0 million. Its functional area cost breakouts:

1. Convention Sales Function

Direct: \$900,000 Indirect: \$350,000

2. Travel Trade Sales Function

Direct: \$650,000 Indirect: \$225,000

3. Marketing & Communications Function (direct-to-consumer only)

Direct: \$1.2 million Indirect: \$275,000

4. Visitor Information Center

Direct: \$300,000 Indirect: \$100,000

By measuring its activity, performance and productivity in the manner outlined in the *Handbook*, Visit Harmony identified \$220.5 million in visitor spending that was clearly and significantly generated by its sales and marketing efforts, broken out by functional area:

- Convention Sales Function: \$105.0 million in future attendee spending from events **booked** by the Harmony DMO in 2003.
- Travel Trade Sales Function: \$45.0 million in visitor spending
- Marketing & Communications Function: \$70.0 million in visitor spending
- Visitor Information Center: \$500,000

Return on Total Operating Costs

$$\frac{\text{visitor spending generated by the DMO's efforts}}{\text{total DMO operating costs}} = \frac{\$220.5 \text{ million}}{\$4.0 \text{ million}} = 55.13$$

A recent tourism economic impact study conducted for Harmony showed that visitors to the city spent \$3.76 billion which generated \$94 million in local taxes, or 2.5 cents for every dollar. Visit Harmony uses this ratio to determine local taxes produced by its visitor generated spending of \$150.05 million:

Tax Return on Total DMO Public Funding

$$\frac{\text{taxes produced by DMO-generated visitor spending}}{\text{total DMO public funding}} = \frac{(\$220.5 \text{ million}) \times (0.025)}{\$4.0 \text{ million}} = 1.38$$

DMO RETURN ON INVESTMENT

DMO ROI: Case Study Example (cont'd.)

Return on Functional Area Direct Operating Costs

visitor spending generated by the DMO's efforts by functional area
direct operating costs for the functional area

$$1. \text{ Convention Sales} = \frac{\$105.0 \text{ million}}{\$900,000} = 116.7$$

$$2. \text{ Travel Trade Sales} = \frac{\$45.0 \text{ million}}{\$650,000} = 69.2$$

$$3. \text{ Marketing \& Communications} = \frac{\$70.0 \text{ million}}{\$1.2 \text{ million}} = 58.3$$

$$4. \text{ VIC} = \frac{\$500,000}{\$300,000} = 1.7$$

Return on Functional Area Operating Direct & Indirect Costs

visitor spending generated by the DMO's efforts by functional area
direct & indirect operating costs for the functional area

$$1. \text{ Convention Sales} = \frac{\$105.0 \text{ million}}{\$1.25 \text{ million}} = 84.0$$

$$2. \text{ Travel Trade Sales} = \frac{\$45.0 \text{ million}}{\$875,000} = 51.4$$

$$3. \text{ Marketing \& Communications} = \frac{\$70.0 \text{ million}}{\$1.475 \text{ million}} = 47.5$$

$$4. \text{ VIC} = \frac{\$500,000}{\$400,000} = 1.3$$

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