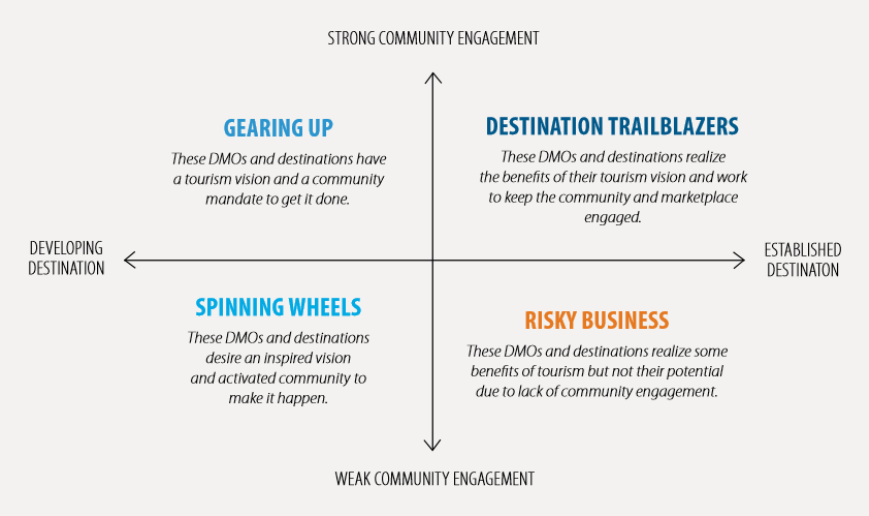
GUNNISON-CRESTED BUTTE TOURISM ASSOCIATION

MANAGING RESULTS LLC REPORT & RECOMMENDATIONS

EXECUTIVE SUMMARY

Our goal is to demonstrate that the Gunnison-Crested Butte Tourism Association remains the most appropriate organization to ensure our county achieves the very best tourism results. We're committed to continuing to make a positive and significant impact on our communities, under one economy, to ensure a successful future for Gunnison County by creating strong community engagement in our developing destination. With just a few days to reply to a 6-month study, we hope to share an overview of recent performance and a shared vision for integration by deploying a best-practices destination marketing organization model for operation.



By clarifying roles and responsibilities, aligning the brand and resulting messaging, and sharing documented industry best practices, we desire to move forward with stronger working relationships to best serve our visitors. The GCTBA board of directors provided recommendations and strategies for improving cooperation and collaboration not only between the TA and Chambers, but where we can incorporate Western State Colorado University, Crested Butte Mountain Resort and other local tourism economy drivers using a DMO-proven model. Additionally, we will identify the specific goals that we all want to achieve for our County by working together for current and new uses of the LMD funds, and outline an accountability model for all of those who use them.

In 2013, GCBTA marketing efforts contributed to $156.5 million in total direct spending by visitors in Gunnison County, generating more than $5.7 million in local tax revenue and representing more than 1,960 local tourism-related jobs and we'd like to continue that positive momentum.

INTRODUCTION

> Few industries are the subject of such widespread conversation and analysis as the tourism industry and destination marketing. And are we really surprised? With over 1 billion people traveling internationally each year and with one out of every 11 jobs supported by tourism, thousands of communities are enriched because of the industry. It is imperative that DMOs and the industry not take anything for granted as we prepare to ensure we have community-embraced tourism in our destinations.
>
> *Source: DMAI*

The Destination Marketing Association International (DMAI) is a global trade association for Destination Marketing Organizations (DMOs), also called convention and visitor bureaus or tourism boards, dedicated to advance the successes of destination marketing worldwide. DMAI is dedicated to improving the effectiveness of more than 4,100 professionals from nearly 600 destinations in over 15 countries that command more than $2 billion in annual budgets. The association provides its members with information, resources, research, professional development, and industry performance benchmarks.

The Gunnison-Crested Butte Tourism Association (GCBTA) is proud to be a member of an established and credible organization that is dedicated to providing best practices to its members and the communities it represents. We adopted DMAI industry best practices and currently align our analysis and reporting methodologies with the "Standard DMO Performance Reporting" handbook (Exhibit A).

DMAI defines DMOs as the organizations charged with representing a specific destination and helping the long-term development of communities through travel and tourism strategy. Tourism is Gunnison County's primary economic driver and most of our economy directly or indirectly depends on a strong tourism sector. In the Gunnison-Crested Butte area, we have a number of business organizations that contribute to destination marketing efforts to represent recreational opportunities, attractions, events, accommodations, transportation and a host of other visitor experiences.

The GCBTA is dedicated to advertising and marketing Gunnison County as a year-round visitor destination. GCBTA is a 501(C)(6) non-profit association with an eleven-member volunteer board of directors, nine non-voting advisory board members, three full-time staff and a contracted public relations firm. The association operates as a contractor to the Local Marketing District (LMD) as governed by the Gunnison County Board of Commissioners.

By definition, a DMO's primary function is to attract visitors to its locale for the purpose of enhancing the local economy through purchase of room nights, food and beverage, retail items, transportation, visitor services, etc. Members of the current board of directors confirm that marketing efforts of the tourism association have provided significant benefit to their tourism businesses.

Promotional efforts led by GCBTA to attract visitors to our area include production of the Official Vacation Planner, managing our valley-wide tourism information website, www.gunnisoncrestedbutte.com, maintaining the visitor event calendar www.GCBevents.com and community event calendar www.gcbcalendar.com, as well as offering a robust online, year-round booking engine www.gcblodging.com

to promote area lodging, restaurants and flights. GCBTA serves as the official point of contact for group and leisure travelers, and domestic and international journalists. Additionally, the organization serves as the Gunnison-Crested Butte Film Commission, assisting production and location scouts with information and tours of potential sites to film and photograph commercial projects.

The Gunnison-Crested Butte Tourism Association is also engaged in a number of regional partnerships that help to drive visitor interest and overnight visitation. We work closely with the Colorado Tourism Office, the Colorado Association of DMOs, and the Southwest Colorado Travel Region to ensure our destination is competitive and remains top of mind within the state and regional tourism efforts, participating in cooperative advertising opportunities and leveraging the depth of state tourism resources.

REALIZING GUNNISON COUNTY'S POTENTIAL – ECONOMIC DEVELOPMENT THROUGH TOURISM

The Gunnison-Crested Butte Tourism Association board of directors is united in its recommendation that the current tourism association remains the most appropriate organization to ensure that Gunnison County achieves the very best economic development results through tourism. We acknowledge that the report submitted by Managing Results, LLC offers some valid suggestions for achieving the best results for economic development through tourism for Gunnison County.

Our response suggests areas of change in the structure of the existing tourism association that we believe will achieve a stronger, more unified tourism marketing community. Recommendations for LMD consideration include:

- Please consider the following governance structure and process:
    - LMD
    - LMD Marketing Advisory Panel
    - Gunnison-Crested Butte Valley Partnership
        - Organizational Chart to create a chamber-resort style association using a proven DMO model as an alternative to the Integration Model
        - Strategic business plan – comprehensive and inclusionary
        - DMO performance metrics – included as attachment
        - Visitor information Center performance metrics – as per industry standards
        - Economic Development
    - Rebranding/Repositioning
        - Research
        - Campaign development
    - Fulfillment

- Accountability
  - DMAI industry performance benchmarks for destination marketing activities
  - Chamber and VIC performance metrics as per industry standard
  - Coordinated marketing efforts where it makes sense to do so

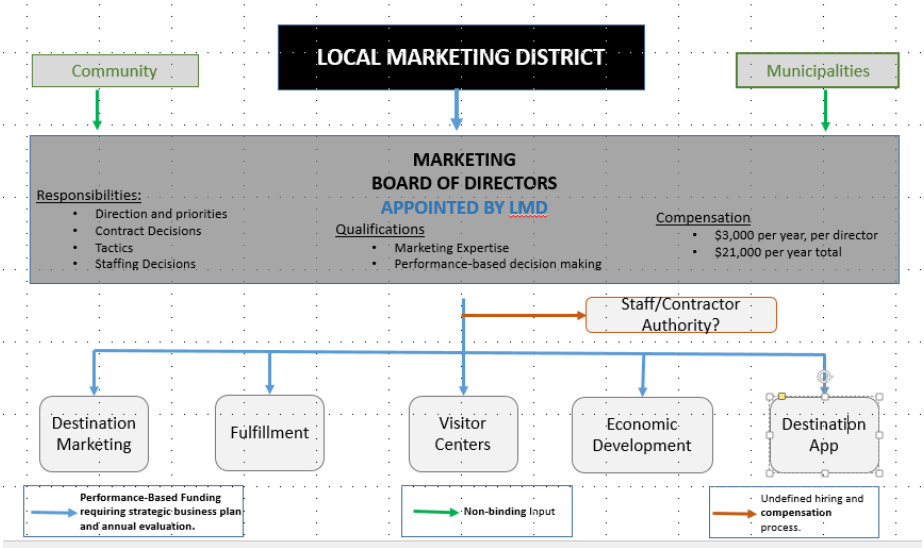
GOVERNANCE – LOCAL MARKETING DISTRICT BOARD OF DIRECTORS

As reported by the county attorney, the Board of County Commissioners is the governing board of the Local Marketing District pursuant to C.R.S. § 29-25-108(1)(a) which states: "… if the governing body of a single local government creates the district, such governing body shall constitute ex officio the board of directors of the district." Though the Board of County Commissioners has the opportunity of appointing a separate board of directors for the Local Marketing District, the Board of County Commissioners (BOCC), through Resolution No: 2002-47, which proposed the creation of the Local Marketing District along with the language for the ballot issue, clearly stated that "The Board of County Commissioners shall be the ex officio governing body of the District." At a recent BOCC work session, elected officials representing the City of Gunnison and the Town of Mt. Crested Butte inquired about their municipality's involvement and leadership role in future tourism efforts. The BOCC could perhaps consider adding an official from Gunnison, Crested Butte and Mt. Crested Butte as a director to the Local Marketing District board to achieve broader representation.

DESTINATION MARKETING ORGANIZATION - INDUSTRY MODELS

As noted in the Managing Results report, the Coordination Model by which the GCBTA and the Chambers current operate is not systematically coordinated by the LMD. In absence of clearly defined roles and responsibilities, there has been no formal relationship between chambers and GCBTA which has resulted in an inability for the tourism association to provide the most effective services to the county's hospitality businesses and to our visitors.

In comparison, the Integration Model suggested by Managing Results is an interesting idea yet it is an unproven method for governance of destination marketing efforts and may pose operational challenges as the contractors are not aligned in their working relationships due in part to reporting structures. We attempted a flowchart to depict the proposed model:



Our industry peers know of no examples in the destination marketing industry where this model has been effectively operated. There are, however, proven DMO models that can help achieve goals and which can be more readily adopted by the LMD and implemented using industry best-practices that the BOCC may wish to review.

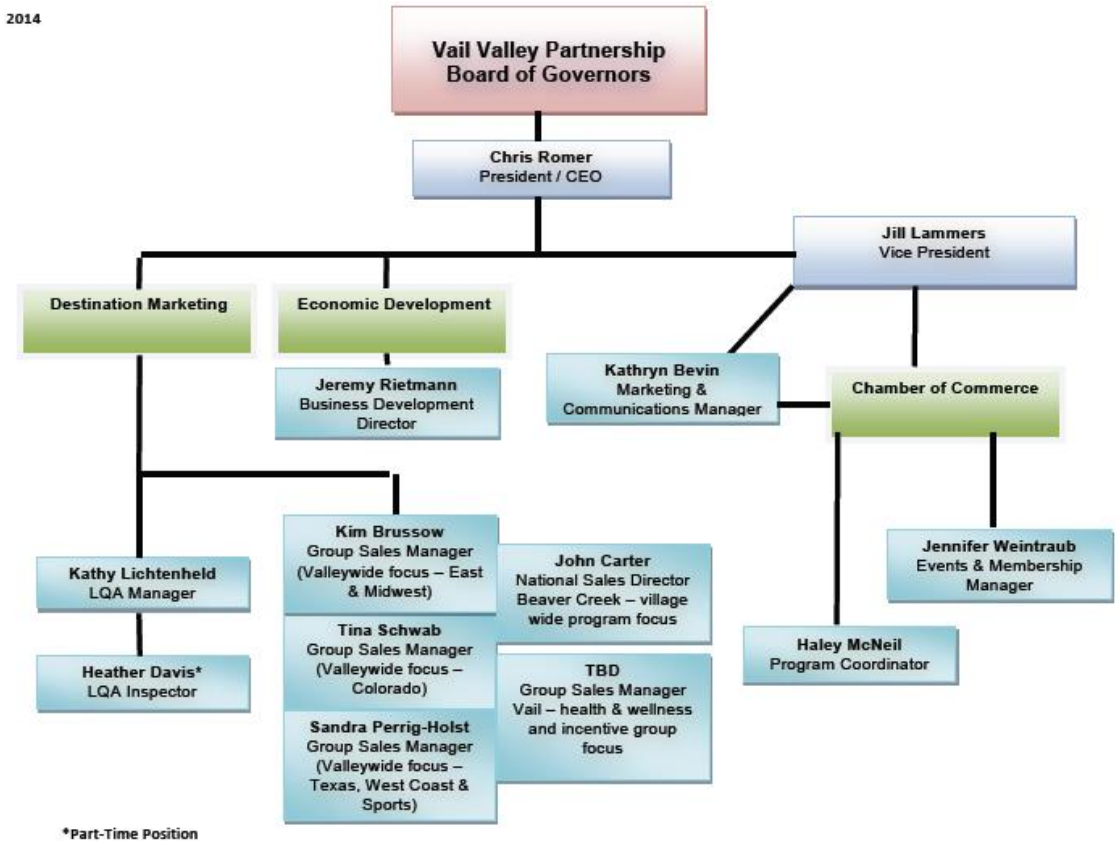
Let's take a close look at how are other destination marketing organizations operate.

Vail Valley Partnership: Chris Romer, CEO

1. Vail Valley Partnership is a partner (contract for services rendered) with the Vail Local Marketing District, but is not the financial steward or administrative manager of the LMD. In Vail's case that is the Vail Local Marketing District (which is the Town Council) and the appointed Vail Local Marketing District Advisory Council. In Beaver Creek, it is the Beaver Creek Resort Company (budget unknown). Both of these entities contract with Vail Valley Partnership to promote and coordinate Group Sales. VVP then supplements their efforts (with limited, private dollars) via its vacation guide and VisitVailValley.com website which promotes the entire valley, not specifically the resort areas.
2. Vail Valley Partnership is a private, not for profit 501c6 which serves the roles of DMO, Chamber & Economic Development agency (details at http://vailvalleypartnership.com/). Destination marketing, business resources and economic development are integrally connected – but each area also requires a dedicated and consistent focus.
3. A Chamber Resort Organization in the Consolidation model can be done under one roof (VVP as an example) with proper community buy-in and board leadership. Having three organizations (two chambers and a DMO) work collaboratively can certainly be done but also raises significant concerns related to roles & responsibilities and opens up lots of risk for turf wars and finger pointing. Chambers

need to focus on their service area and providing business services; DMO's need to focus their efforts on destination marketing; economic development agencies need to focus on creating a business environment that creates and retains good jobs.

4. If the County decides to move forward with the coordination model, it will be of utmost importance to develop a mission and metrics, and then to tie all tactical efforts back to this mission. We all struggle, to some extent, with the "ski area vs destination" marketing message. What's the brand? What are the metrics? This question is really the crux of the entire issue: can we effectively build a system that benefits the whole and increases incremental visitors, rather than building a system that reinforces current pet issues?

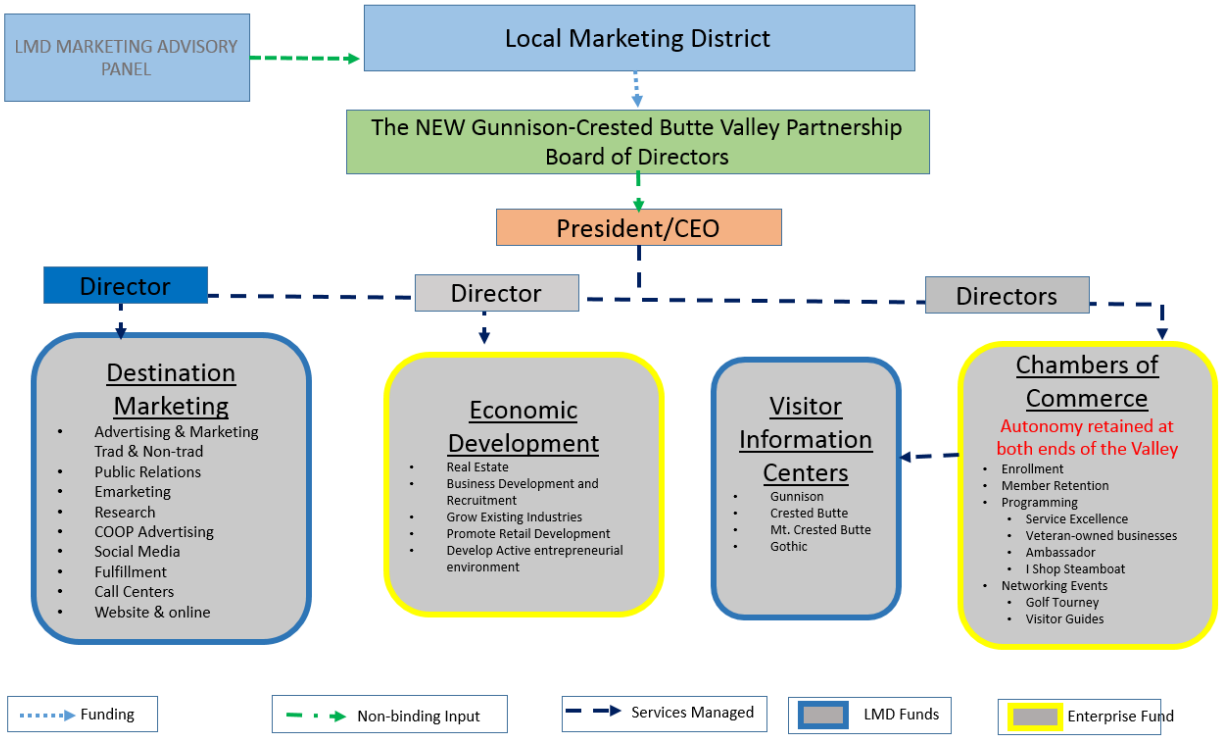


Steamboat Springs Chamber Resort Association – Jim Clark, CEO

1. Jim Clark, president of the Colorado Association of Destination Marketing Organizations (CADMO) and Chief Executive Officer for the Steamboat Chamber Resort Association, recommends caution. While committees have proven valuable to get broad input and initiatives started, the work of tourism marketing is performed, especially with limited financial resources, by staff members who have a higher degree of performance accountability than contractors.

2. The report appears to make the assumption that all the public relations, advertising, fulfillment and sales work would be done by contractors chosen by committee. Delegating work to contractors is sometimes advisable, but sometimes far more efficient when performed by a knowledgeable executive director/marketing director/PR director with overhead expenses managed by the DMO vs. paying the profit load of a for-profit venture.
3. Who ensures that the contractors are all on the same page? Accountability is a key.
4. Clear definition of resource allocation would also be necessary.

Using these successful community DMO models as a guideline, we submit for your consideration the following structure for Gunnison County to create one economy using alignment under the Gunnison-Crested Butte Valley Partnership:



Of note, a new program entitled "COOP Advertising" is proposed for 2015. The program will help event organizers and hospitality businesses to puchase ad space within a Gunnison-Crested Butte advertising section (print, radio, online) at reduced rates. GCBTA has hesitated in the past to offer too many of these types of programs because businesses have limited budgets and sales may have hurt the TA Marketing Partner program sales; curently the chambers of commerce sell and retain all earnings from the partner program.

We deliver vacation planners to Western State Colorado University for use in student recruitment packets and/or enrollment confirmations, provide a full page ad for the University in our vacation planner, feature the university on the official visitor information website, share social media posts with our 33,000+ followers and provided the Alumni Association with a link to the events calendar and Gunnison lodging reservations to entice alumn to attend Western events and extend their stay in the valley.

FOR CONSIDERATION – ESTABLISH A LMD MARKETING ADVISORY PANEL

Managing Results suggested replacing the existing tourism association with the formation of a seven-member Marketing Board of Directors (MBoD) appointed by the Local Marketing District (LMD) to make decisions about how to use all of the LMD revenues to market the valley. The Gunnison-Crested Butte Tourism Association respectfully asks for reconsideration. In addition to the challenges of managing the roles and responsibilities of such a MBoD, the report acknowledged that creating a MBoB could potentially add a layer of self-perpetuating bureaucracy. GCBTA would like to ask for your consideration to instead appoint a three-member LMD Advisory Panel staffed with marketing leaders to offer consultation, review and recommendations for outcome to the LMD as noted in the above organizational chart.

GUNNISON VALLEY TOURISM PARTNERSHIP – A NEW NAME FOR A COMMUNITY-BASED MODEL

The Gunnison-Crested Butte Tourism Association (GCBTA) board of directors is readily agreeable to adapting the current organizational structure of the tourism association to meet the needs of our community under the direction of the Local Marketing District and with a decided focus on achieving economic development through tourism for the entire county:

1. Revise the size of the current GCBTA board of directors to seven directors in order to create more effective and strategic leadership; and,
2. Accept both qualified marketing and tourism industry professionals to fill positions on the board as elected by the new membership (noted below); and,
3. Eliminate the executive committee in favor of a board chairperson and subcommittee chairs;
4. Expand marketing representation to all hospitality-related businesses and events by decoupling from chamber membership requirements; and,
5. Create a new 'membership' comprised of hospitality-related businesses who have a current sales tax license issued by the City of Gunnison or a Business & Occupational license issued by the Town of Crested Butte or the Town of Mt. Crested Butte. These licenses are obtained by registering as a Colorado business. Hospitality businesses and/or hospitality event organizations that are located outside home rule municipalities but within Gunnison County will qualify for membership; and,
6. Strategic planning will include community presentations; and,
7. Ongoing collaboration with industry leaders and stakeholders, visitor information service providers and the community at large.

New Structure for the Board of Directors – Executive staff and directors are in agreement that the current size of the board is unwieldy and challenging to manage. Many industry experts recommend an ideal board

size of seven qualified experts. GCBTA's eleven voting members and nine advisory members is cumbersome and it is challenging to fill designated seats during the election period.

GCBTA proposes the restructured board shall be elected by hospitality-related businesses who have a current sales tax license issued by the City of Gunnison or a Business & Occupational license issued by the Town of Crested Butte or the Town of Mt. Crested Butte. Hospitality businesses and/or hospitality event organizations that are located outside the home rule municipalities but within Gunnison County will qualify for membership.

Recommendations for the Gunnison Valley Tourism Partnership board of directors include:

- Two county residents who 1) have senior-level marketing expertise, 2) are experienced executive decision makers, 3) have demonstrated knowledge of and participation in the hospitality and business community, and 4) view economic development through tourism as a countywide, interdependent and interconnected system;
- Two county residents who 1) have current hospitality business experience interacting with visitors, 2) possess demonstrated marketing experience, and 3) have established knowledge of and participation in the hospitality and business community, and 4) view economic development through tourism as a countywide, interdependent and interconnected system;
- One county resident who has extensive local leadership, decision making and executive management experience;
- One senior-level marketing representative as designated by Crested Butte Mountain Resort; and,
- One senior-level marketing representative as designated by Western State Colorado University.
- The above board members will elect a chairperson and

** At least two of the above listed director positions to be filled by lodging industry representatives;
** Establish a north/south geographic balance for community representatives;
** No more than one person per business may serve on the board at the same time;
** Residents who are bidding for other LMD marketing services may not serve on the board to avoid conflict of interest
** The chairperson of the board will be elected by the directors and serve a term of one year;
** Terms will be staggered to ensure ongoing engagement, industry knowledge and county-wide vision and leadership; and,
** One vote per business may be cast during the election process.

PERFORMANCE BASED APPROACH

It is common for Destination Marketing Organizations charged with selling room nights (meetings & conventions) or public event meeting space to have performance-based contracts tied to sales goals. The Vail Local Marketing District, for example, partners with various firms (including Vail Valley Partnership) with performance-based contracts (group sales, strategic support and administrative support). However our tourism association is not staffed with sales people and the community does not have ample public space to sell. Crested Butte Mountain Resort employs a full sales team for its meeting space at the Lodge at Mountaineer Square.

The "performance agreements" for funded partners may sound like a good idea but the recommendation is not tied to any measurable outcomes or industry expertise. GCTBA included the DMAI industry performance standards (attachment) shared with the LMD in 2012. GCBTA uses this industry standard to analyze its marketing and public relations efforts.

HIGHLIGHTS: PERFORMANCE METRICS

Accurate and timely feedback on marketing performance is critical to the real-time fine-tuning and course corrections necessary to maximize marketing results and return on investment. Developing a more refined systematic and efficient approach to timely data collection is imperative to generate specific, ongoing recommendations for optimizing marketing performance.

The true measure of marketing is not simply whether the Valley is doing better than a competitor, it must take into account differences in size, scope, product and service offerings, seasonality, location, travel and transportation logistics, seasonal market conditions and so much more.

Yet every savvy marketer knows that without research and performance measures, our marketing efforts are simply stabs in the dark as to how to reach our target customer. With improved conversions comes improved tracking, providing savvy marketers with quality information about the effectiveness of their overall and specific marketing efforts as well as their visitors' interests, preferences and purchasing behaviors.

Return on investment (ROI) is an important metric for reporting quantifiable results. But it may fall short of helping us understand qualitative data related to marketing's contribution to strategic business goals, or how those contributions can be improved. To gauge and improve marketing effectiveness we will factor in the strategic intent of all marketing investments and add that to benchmark performance reporting. If we settle for quantitative ROI as the only metric for success then we are distorting the true value that marketing is delivering to the Valley. Only by analyzing as many of those intermediate processes as possible can we gain insights into what's working and what's not, and alter allocations to achieve better results.

Efficiencies may be created by partnering with local businesses. As an example, GCBTA and CBMR share public relations monitoring services. Opportunities to share market research with businesses make sense where synergies exist.

OCCUPANCY AND AVERAGE DAILY RATE

Lodging reservations are an indication of a healthy tourism-based economy. An increase in upcoming reservations translates into 'heads in beds' meaning that more visitors come to the Valley to shop, eat, enjoy outdoor recreation, the arts, special events and other experiential activities. Naturally, a resort economy experiences regular variations in occupancy due to seasonal visitation.

Average Daily Rate (ADR)

The ADR is useful to measure a property's financial performance, as well as to compare the hotel's performance to its competitors. However, ADR does not provide an adequate snapshot for a hotel's performance and should be used along with Occupancy and Revenue per Available Room (RevPAR) to make a more accurate judgment on a hotel's performance. For example, a hotel may have a low ADR, but high occupancy rates, meaning that the hotel's business strategy is based on creating volume bookings. Yield management is employed at the hotel property level based on supply and demand.

The tourism association can and does influence occupancy but the lodging property controls pricing strategy based on its business plan. GCBTA invests in a tool called DestiMetrics that allows local lodging partners to use monthly data to determine hotel rate.

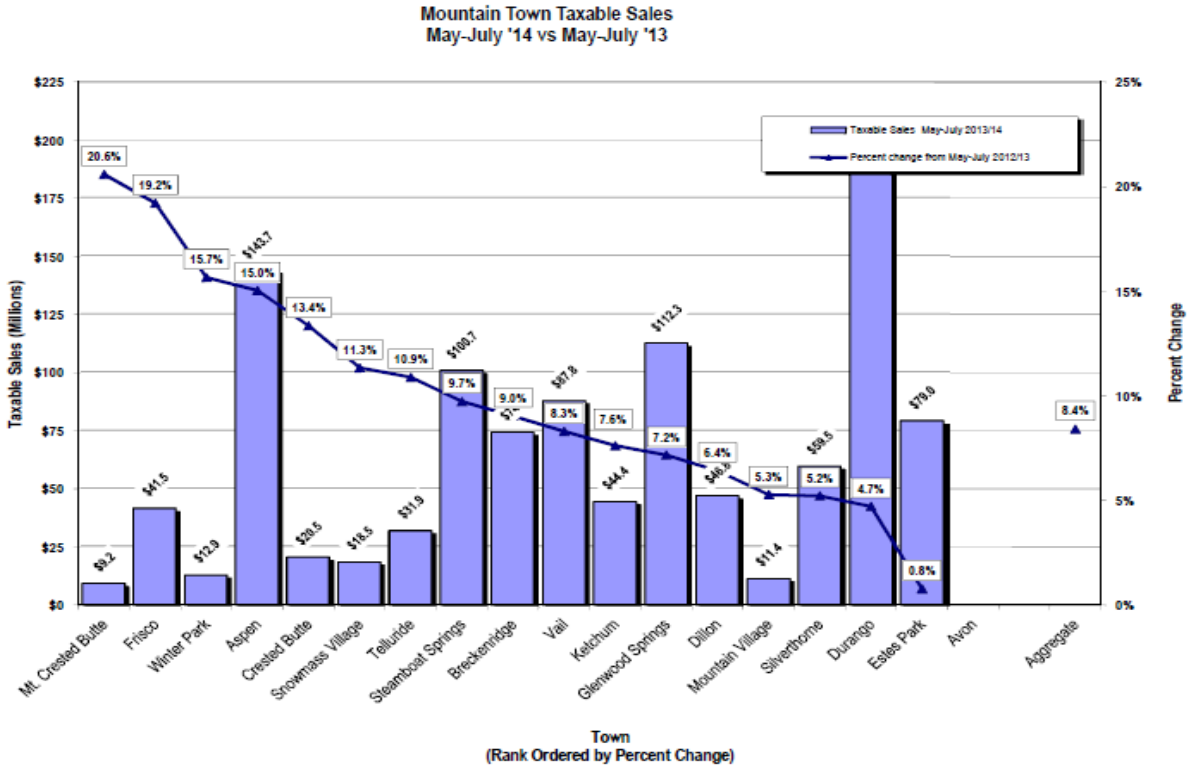
1. **Supply is not an issue—**The Gunnison-Crested Butte lodging community has ample supply of rooms to meet consumer demand. In addition to full and limited service hotels, motels, bed & breakfasts, cabins, camping/RVing, condos, hostels, Inns and vacation homes. (VRBO) is taking the country by storm, offering alternative lodging options.
2. **Demand is growing—**Trends throughout 2014 indicate growth in occupancy and extended seasonal visitation into the fall season.
3. **Market follower in rate—**Our position as a market follower in terms of rates charged can be corrected through education and yield management.
4. **RevPAR bounces back—** As occupancy grows it is natural to assume average daily rate will increase which results in increases to RevPAR, assuming costs have not outpaced revenue. That is not always the case and is controlled by the hotel.
5. **Why not raise the rates—**At each individual property, the lodging community is in control of its average daily rate. If rates were successfully raised throughout the community, the question arises whether demand would decrease resulting in lower occupancy. To make up the expected lost revenue, hotel owners/operators would likely look for ways to reduce cost which may result in staff reduction or changes in buying habits.

<u>DestiMetrics Lodging Benchmark Performance</u>

The DestiMetrics benchmark performance chart below shows 18-competitors ranked for Mountain Town Taxable Sales May-July 2013 vs. May-July 2014. The results clearly demonstrate **that the Town of Mt. Crested Butte attained the greatest increase in taxable sales collections with a 20.6 % increase** while the **Town of Crested Butte rounds out the top five with a 13.4% increase**. The average competitor performance was just 8.4%.

Source: DestiMetrics

Gunnison Crested Butte
TOURISM ASSOCIATION
COLORADO ~ PURE & SIMPLE™



LODGING – SOUTH OF JACK'S CABIN: The latest DestiMetrics lodging benchmark report isolated lodging performance data South of Jack's Cabin, to include Almont and City of Gunninson lodging performance Sept/Oct. 2014 vs. 2013. Data collecion participants icnlude Days Inn & Suites, Holiday Inn & Suites, Island Acres Resort Motel, Water Wheel Inn and Three Rivers Resort. These properties cumulatively report data for 279 units and show improvement for ADR, Occupancy and on-the-books reservation year over the year.

Destination: Gunnison **Period: Bookings as of September 30, 2014**

CONFIDENTIAL: Reproduction or further distribution prohibited

Executive Summary

		2014/15	2013/14	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Gunnison Paid Occupancy Rate for last month (September) changed by (7.6%)	Paid Occupancy Rate (September)	61.0%	56.7%	7.6%
Gunnison Average Daily Rate for last month (September) changed by (2.5%)	ADR (September)	$103	$101	2.5%
Gunnison RevPAR for last month (September) changed by (10.3%)	RevPAR (September)	$63	$57	10.3%
b. Next Month Performance: Current YTD vs. Previous YTD				
Gunnison Paid Occupancy Rate for next month (October) changed by (3.2%)	Paid Occupancy Rate (October)	24.0%	23.2%	3.2%
Gunnison Average Daily Rate for next month (October) changed by (7.7%)	ADR (October)	$107	$100	7.7%
Gunnison RevPAR for next month (October) changed by (11.2%)	RevPAR (October)	$26	$23	11.2%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Gunnison Paid Occupancy Rate for the prior 6 months changed by (3.3%)	Paid Occupancy Rate	59.5%	57.6%	3.3%
Gunnison Average Daily Rate for the prior 6 months changed by (-0.2%)	ADR	$108	$108	-0.2%
Gunnison RevPAR for the prior 6 months changed by (3.0%)	RevPAR	$64	$62	3.0%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Gunnison Paid Occupancy Rate for the upcoming 6 months changed by (11.1%)	Paid Occupancy Rate	6.8%	6.2%	11.1%
Gunnison Average Daily Rate for the upcoming 6 months changed by (5.2%)	ADR	$105	$100	5.2%
Gunnison RevPAR for the upcoming 6 months changed by (16.8%)	RevPAR	$7	$6	16.8%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Sep. 30, 2014 vs. Previous Year				
Rooms Booked during last month (September, 2014) compared to Rooms Booked during the same period last year (September, 2013) for arrival September to February has changed by (11.0%)	Booking Pace (September)	9.1%	8.2%	11.0%

LODGING – NORTH OF JACK'S CABIN: DestiMetrics participant to the north include CBMR Properties, Cristiana Guesthaus, Elevation Hotel & Spa, Mountain Properties Crested Butte (a segment of Crested Butte Lodging & Property Management's inventory), Old Town Inn, Westwall Lodge and Peak Property Management for a total of 619 units.

Destination: Mt Crested Butte/Town of Crested Butte **Period: Bookings as of September 30, 2014**

CONFIDENTIAL: Reproduction or further distribution prohibited

Executive Summary

		2014/15	2013/14	Year over Year % Diff
a. Last Month Performance: Current YTD vs. Previous YTD				
Mt Crested Butte/Town of Crested Butte Paid Occupancy Rate for last month (September) changed by (51.2%)	Paid Occupancy Rate (September)	36.6%	24.2%	51.2%
Mt Crested Butte/Town of Crested Butte Average Daily Rate for last month (September) changed by (20.5%)	ADR (September)	$132	$109	20.5%
Mt Crested Butte/Town of Crested Butte RevPAR for last month (September) changed by (82.1%)	RevPAR (September)	$48	$26	82.1%
b. Next Month Performance: Current YTD vs. Previous YTD				
Mt Crested Butte/Town of Crested Butte Paid Occupancy Rate for next month (October) changed by (81.6%)	Paid Occupancy Rate (October)	3.3%	1.8%	81.6%
Mt Crested Butte/Town of Crested Butte Average Daily Rate for next month (October) changed by (5.2%)	ADR (October)	$104	$99	5.2%
Mt Crested Butte/Town of Crested Butte RevPAR for next month (October) changed by (91.1%)	RevPAR (October)	$3	$2	91.1%
c. Historical 6 Month Actual Performance: Current YTD vs. Previous YTD				
Mt Crested Butte/Town of Crested Butte Paid Occupancy Rate for the prior 6 months changed by (47.8%)	Paid Occupancy Rate	30.9%	20.9%	47.8%
Mt Crested Butte/Town of Crested Butte Average Daily Rate for the prior 6 months changed by (0.2%)	ADR	$123	$123	0.2%
Mt Crested Butte/Town of Crested Butte RevPAR for the prior 6 months changed by (48.1%)	RevPAR	$38	$26	48.1%
d. Future 6 Month On The Books Performance: Current YTD vs. Previous YTD				
Mt Crested Butte/Town of Crested Butte Paid Occupancy Rate for the upcoming 6 months changed by (37.4%)	Paid Occupancy Rate	10.1%	7.4%	37.4%
Mt Crested Butte/Town of Crested Butte Average Daily Rate for the upcoming 6 months changed by (-3.9%)	ADR	$209	$218	-3.9%
Mt Crested Butte/Town of Crested Butte RevPAR for the upcoming 6 months changed by (32.1%)	RevPAR	$21	$16	32.1%
e. Incremental Pacing - % Change in Rooms Booked last Calendar Month: Sep. 30, 2014 vs. Previous Year				
Rooms Booked during last month (September, 2014) compared to Rooms Booked during the same period last year (September, 2013) for arrival September to February has changed by (112.5%)	Booking Pace (September)	4.8%	2.3%	112.5%

Dean Runyan: Overnight Travel Impacts

As noted below in the Dean Runyan™ Colorado Travel Impact study, the establishment of the tourism association in 2003 firmly demonstrates the impact of increased travel spending related to advertising and promotional efforts. **A 2% increase in tax used to market the valley resulted in $37.1 million in increased travel spending by visitors**. In 2013, GCBTA marketing efforts contributed to $156.5 million in total direct spending by visitors in Gunnison County, generating more than $5.7 million in local tax revenue and representing more than 1,960 local tourism-related jobs.

County Overnight Travel Impacts, 1998-2013

	1998	2000	2002	2004	2006	2008	2010	2011	2012	2013
Gunnison										
Travel Spending ($M)	82.6	85.3	83.2	120.3	138.5	136.4	136.2	142.4	149.8	156.5
Earnings ($M)	29.0	29.3	34.3	37.1	42.6	41.0	36.1	37.3	40.1	42.4
Employment (jobs)	1,680	1,640	1,620	2,110	2,240	2,060	1,800	1,820	1,890	1,960
Local Taxes ($M)	2.4	2.4	2.4	4.1	4.7	4.9	5.0	5.1	5.5	5.7
State Taxes ($M)	2.0	2.0	2.0	2.8	3.2	3.1	3.1	3.2	3.4	3.5

And here's how we stacked up against competitors:

		2013	$ change	% change
Gunnison County Colorado	Travel Spending ($Milllions)	156.5	6.7	4.47%
	Earnings ($M)	42.4	2.3	5.74%
	Employment (jobs)	1960	70.0	3.70%
	Local Taxes ($M)	5.7	0.2	3.64%
	State Taxes ($)	3.5	0.1	2.94%
Eagle County Colorado, Avon, Beaver	Travel Spending ($Milllions)	897.8	34.4	3.98%
	Earnings ($M)	216.4	10.0	4.84%
	Employment (jobs)	6870	40.0	0.59%
	Local Taxes ($M)	34.7	1.8	5.47%
	State Taxes ($)	22.0	1.0	4.76%
Grand County Colorado, Winter Park	Travel Spending ($Milllions)	231.4	8.4	3.77%
	Earnings ($M)	70.3	6.3	9.84%
	Employment (jobs)	2660	120.0	4.72%
	Local Taxes ($M)	7.8	0.4	5.41%
	State Taxes ($)	5.8	0.3	5.45%
Pitkin County Colorado, Aspen, Snowmass	Travel Spending ($Milllions)	619.0	34.1	5.83%
	Earnings ($M)	239.1	21.4	9.83%
	Employment (jobs)	4660.0	210.0	4.72%
	Local Taxes ($M)	26.4	1.6	6.45%
	State Taxes ($)	14.7	0.9	6.52%
Teton County Wyoming, Jackson Hole	Travel Spending ($)	829.4	50.8	6.52%
	Earnings ($M)	250.4	13.1	5.52%
	Employment (jobs)	7540	240	3%
	Local Taxes ($Thousands)		not available	
	State Taxes ($Thousands)		not available	

2013: The bottom line

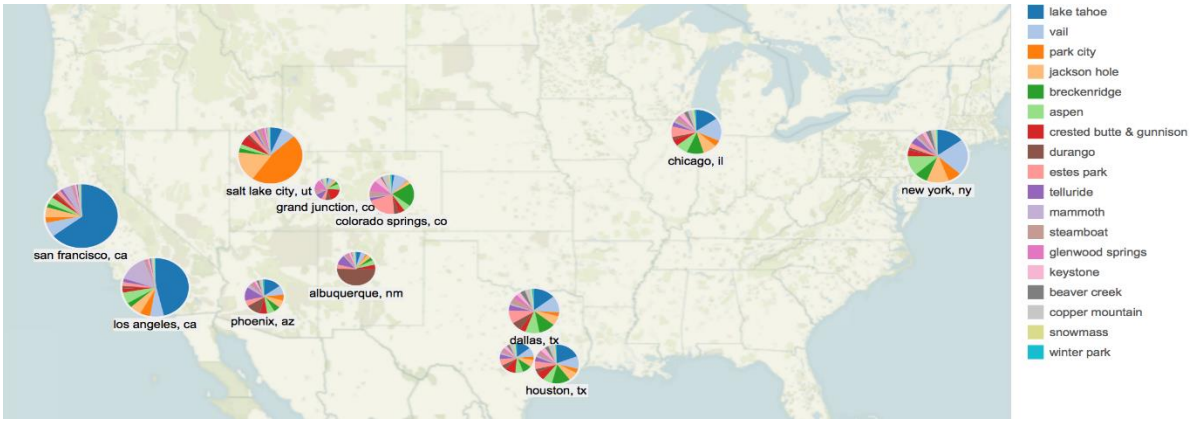
Marketing expenditure	$629,184
Visitor spending generated	$156.5M
Local tax dollars generated	$5.7M
Visitor spending per ad dollar	**$248.70**

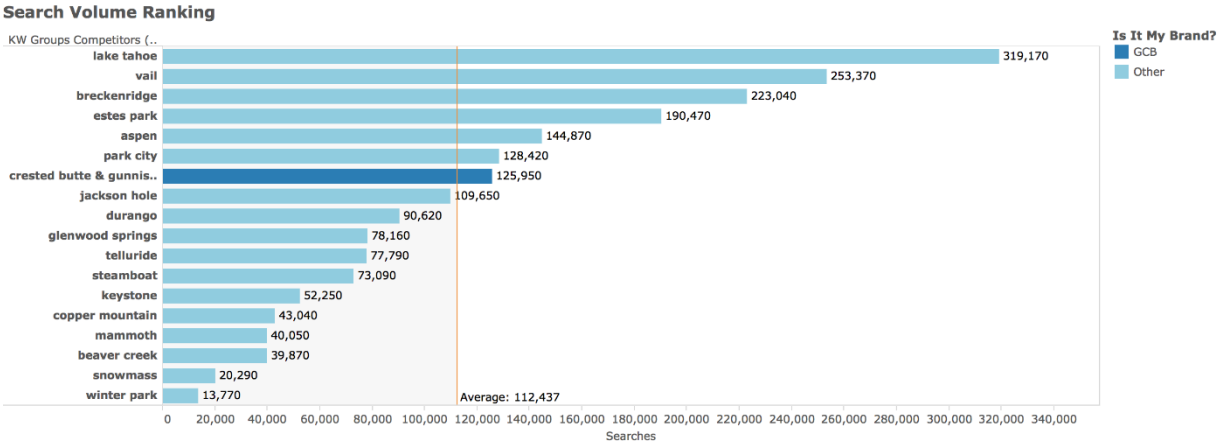
SEARCH ENGINE RANKINGS – HOW DO WE RANK VS. THE COMPETITION

One of the strongest measures of a destination is **popularity.** Google provides a way to measure that popularity by telling us how many people are searching for Gunnison-Crested Butte. This data may also be used to compare the popularity of our brand to competitors in specific markets.

The combined search volume for Gunnison-Crested Butte ranks very high and places us just behind major competitors with significantly larger marketing budgets. In addition, the growth rate of Gunnison-Crested Butte's popularity is outpacing many of its competitors. This growth has been the strongest during the current year as significant focus has been focused in this area.

It's important to note that much of this growth will not be reflected in traditional measures such as website traffic. That's because the data provided by Google reflects search volume before it goes to the GCBTA website. And much/most of that traffic goes directly to the lodging property, event, activity, attraction or restaurant website. Often we see a lag between the tax collections and search volume, but we do see a correlation between the two. *Source: Tourism Intelligence Group™*





Sum of Searches for each KW Groups Competitors (group). Color shows details about Is It My Brand?. The marks are labeled by sum of Searches. The data is filtered on KW Groups Competitors, which keeps 19 of 32 members.

Performance Metrics for Web

The official visitor website for Gunnison County – www.gunnisoncrestedbutte.com – represents our most significant online presence with over 245,000 sessions to date in 2014 and over 750,000 page views. The site serves as a portal through which potential visitors can access information about the area's activities and experiences, logistical information about their upcoming trips, and also visitor information for when they are in-market. Our site serves as a conduit between our visitors/potential visitors and our local hospitality industry businesses.

The site itself is the main point of access for visitors seeking information about Gunnison County, but we also manage a variety of programs to drive traffic to our website and then provide opportunities for visitors/potential visitors to connect with local businesses through the official visitor website. As such, in this section we will be describing a variety of aspects of the interactive marketing program at GCBTA and how to best measure their return on investment through performance measures.

In each section, we have selected a set of performance indicators as recommended by industry trade group *Destination Marketing Association International*. Within the criteria below, we have highlighted specific items that we consider **key performance indicators (marked as **KPI)**.

I. **Website** (Measures taken with Google Analytics and Google Webmaster Tools)

   a. **Sessions (**KPI):** the number of times a User visits our website. Sessions can be repeat visitors, but each session encapsulates the total amount of time that user spent on a site in that specific visit. A User may visit one page or multiple pages on the site during a session.

      i. **Pages per Session:** This measure calculates the average number of pages per session. Placed in the context of the source of the visitor, this number helps us measure the quality of the session.

   b. **Search Engine Referrals Total Number (**KPI):** The number of users coming in through search engine referrals is a strong measure of the effectiveness of our Search Engine Optimization program.

      i. **Percent of traffic attributable to our search engine program**: What percentage of our sessions come in through search engines?

      ii. **Search Engine Results Average Placement:** This is a measurement of where our site falls in the rankings for Search Engines (Google Webmaster Tools). We periodically assess our rankings for:

         1. **Top keywords**

2. **Top Pages**

c. **Referral Traffic:** This type of website user visits our site through a link on another site. This is in indicator of our level of success at building links to our website.

d. **Destination Blog:** We have set up a blog as a subsection of our website. In the blog, we post experiential posts about life in Gunnison. The goal of the blog is twofold: first, that we provide more "story-focused content" for the website (which then hooks our web users further into the site) because people are more likely to connect with those individual stories, and second, that we add additional, shareable content to the website, increasing our "social shares," which will continue to have an increasingly large impact on Search Engine Result Pages moving forward. Our measurements for the blog are:

   i. **Blog Visits (**KPI):** This is a measure of the number of times the pages in the blog section of our website have been visited.

   ii. **Blog Shares (**KPI):** Since increasing "social shares" is a stated goal of our blogging program (which has the potential to improve our Search Engine Optimization program), the number of times our blog and individual blog posts have been shared on social networks is a strong indicator of the success of our program.

II. **Measures of Digital Advertising Placements that Drive Traffic to our Website**:

a. **Email Marketing**: We do a series of email campaigns that drive traffic to the website through both third-party vendors and through our own internal database. We benchmark the following KPIs against industry averages. For these email campaigns we measure:

   i. **Unique Open Rate (**KPI)**: The percentage of the delivered messages opened by unique individuals.

   ii. **Unique Click-Through Rate/CTR (**KPI)**: The percentage of the delivered messages wherein a unique individual clicks one of the links in the email message.

   iii. **Conversions**: The conversion is defined by the call to action in the email. We measure the number of users who complete this action (whether it be clicking through to our website, ordering a guide, or searching for lodging).

b. **Search Engine Marketing**: Search Engine Optimization (as described above) is a process through which we increase our "organic search traffic" to our website. Search Engine Marketing is paid advertising that allows us to promote our site to the top of search results for relevant keywords and then pay per click to our website through a bidding process.

Competitiveness per keyword as well as the quality of our ads influence the cost we will pay per click to our website. Measures of SEM**:**

i. **Clicks (**KPI)**: The purpose of SEM is to drive traffic, or clickers, to our website. The number of clicks is the most basic and indicative quantitative measure of the success of our SEM program.

ii. **Click-Through Rate:** The click-through rate of our ads measures the number of clicks we receive compared to the number of times our ads are served to consumers. Higher click-through rates are indicative of higher quality ads.

iii. **Cost Per Click (CPC)**- This is a measure of how much we have to pay per click to one of our ads. CPC is heavily influenced by the competitiveness in the marketplace for top paid search results for specific keywords and also by the quality score our ads receive. CPC is harder for us to control due to the factors at play, but the overall trend is an indicator of the quality of our ads. As ad quality improves and the length of time in market grows, CPC should exhibit a downward trend.

c. **Online Display/Banner Advertising**: We place ads on relevant sites for our target audiences. These banner ads then drive traffic to our site through a call to action.

i. **Clicks (**KPI)**: The number of users who click through to our website is an indicator of the success of the online display/banner ad.

ii. **Bounce Rate**: The bounce rate measures the number of individuals who click through from a banner ad to our site and then immediately leave. The goal is to decrease the bounce rate through providing strong landing pages to coordinate with the banner ads.

iii. **Conversions**: This is a measure of the percentage of individuals who come through the banner ad and complete the action we want them to do (examples include ordering a vacation guide or searching for lodging).

III. **Measures of our success at connecting consumers to our partners**: Our desired outcome is to increase overnight visitors to Gunnison County. Certain actions as a visitor leaves our site can be measured as indicators that the individual will convert as an overnight visitor. Those measures include:

a. **Clicks out to Partner Websites**: Our website serves as a conduit between visitors/potential visitors and local hospitality industry businesses. Clicks from our website to partner websites are an indicator that our website is performing for the benefit of our partner businesses.

b. **Booking Search Engine**: We contract with JackRabbit Systems to provide an online search engine through which visitors can search for lodging and restaurant reservations. This search engine allows users to compare prices, amenities, type of cuisine, location, etc. and then book directly with our local businesses to place a lodging or restaurant reservation. We can measure:

   i. **Referrals to local businesses (**KPI)**: A measure the number of referrals through those search engines that go to local partner businesses.

   ii. **Funnel Completion Rate (**KPI)**: This is a measure of the number of referrals our local businesses receive as a percentage of the total opportunities to make a referral (as measured by booking widget loads). This completion rate and its component statistics may be benchmarked against other DMOs who use the JackRabbit BookDirect Search Engine.

FULFILLMENT

A high level of performance is critical when serving potential visitors in person or on the telephone. Due in part to the high cost of handling fees - $3 per unit – payable to the chambers of commerce for mailing each individual vacation planner, the tourism association engaged a local mail house to provide professional mailing services.

WSC Telecom - 2013 Telephone Records

All 800# calls are routed to an automated attendant; visitors have two options to speak with: (1) Gunnison Visitor Center or the (2) CB/Mt. CB Visitor Center.

	Calls Per Month	Minutes per Month	Avg. Minutes per Call
Jan-13	393	943.00	2.40
Feb-13	309	750.90	2.43
Mar-13	391	993.80	2.54
Apr-13	336	847.70	2.52
May-13	406	1,139.50	2.81
Jun-13	492	1,322.80	2.69
Jul-13	629	1,639.80	2.61
Aug-13	542	1,372.40	2.53
Sep-13	519	1,395.60	2.69
Oct-13	560	1,477.00	2.64
Nov-13	489	1,249.00	2.55
Dec-13	447	1,181.60	2.64

Annual Total 5,513 14,313.10 minutes/year

238.55 238.55 total hours for all calls/year
hours/week shared between chambers

2013 Vacation Planner Requests processed by Chambers

	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Total Per Year
Gunnison Country Chamber	8	31	48	27	49	47	26	27	11	16	5	295
CB/Mt. CB Chamber	0	3	10	3	4	2	8	3	5	3	1	42
Total	**8**	**34**	**58**	**30**	**53**	**49**	**34**	**30**	**16**	**19**	**6**	**337**

Vacation Planner Requests:

1. Currently there is no circumstance that requires the Chamber to mail a vacation planner;
2. In March 2013, GCBTA provided each chamber with a live vacation planner request data capture form posted on each chamber website; the page is customized with the chamber logo; and,
3. GCBTA notified each Chamber director via email and then personally stopped by each visitor information center (VIC) to answer staff questions about use.
4. The above chart demonstrates the number of planner requests received from each Chamber in 2013.
5. **NOTE: If all vacation planners were attributable to visitors who called in response to advertising, just 6% of callers ordered the vacation planner!**

<u>How it works:</u>

1. Lead information is captured by VIC staff on the web form and submitted;

2. If a customer is traveling within 30 days, the vacation planner request is immediately delivered to the GCBTA via email and a planner is mailed FIRST CLASS on the day the lead is received.
3. The lead processing center receives a *copy* of the request for data input purposes but the request is handled daily by GCBTA staff daily;
4. All other requests are delivered same day to the lead processing center for processing

Inquiry data capture is critical to establishing a customer relationship:

- Accurate reporting to LMD and Municipalities
- Ability to remarket to customers (customer relationship marketing)
- Enhance customer relationships
- Ability to adequately track requests
- Manage capacity/forecast and print adequate quantities of planners

INQUIRY FULFILLMENT

GCBTA monitors all aspects of fulfillment operations including call center and mail services, to determine if we're meeting industry best practices. The goal is to maintain/improve operational efficiency, service the traveling public, enhance the customer experience, provide accurate data capture and response to advertising reporting to LMD and Municipalities, and manage resources.

LEAD PROCESSING PERFORMANCE

Rating:

- A 2013 analysis comparing GCBTA lead processing data vs. 18 other competitor destination marketing organizations (competitors) in Colorado, Internet Honey© reported GCBTA lead processing is on average 4 days FASTER than our competitors statewide.
- In a January 2014 survey conducted by the State and Provincial Research group, GCBTA lead processing and delivery practices ranks in the top 20% for its lead processing practices, fulfillment and delivery performance.

FULFILLMENT PROCESSING

<u>GCBTA Process:</u> GCTBA uses Presort Standard Class postage
Person places order
Day 1 Order received and sent to database processor
Order is processed within one business day
Day 2 Lead delivered to fulfillment house each morning for processing
Day 3-4 Lead processed, mailing labels generated

Off season – Fulfillment house mails vacation planners minimum of 1x/week
Peak season – Fulfillment house mails vacation planners 3-4 times per week
USPS Presort Standard Class mail delivery is 5-10 days, depending on geographic location

NEW in 2014: GCBTA Fulfillment House now uses a laser jet process to print mailing addresses on the cover of the planner rather than applying mailing labels; this process reduced labor cost and speed up the processing time.

Colorado Tourism Office – Fulfillment Best Practices

- CTO uses Presort Standard Class postage
- Orders/leads are sent to fulfillment house every morning by 8am.
- During Peak Season a lead will mail within 2 days from order date.
- During off Season a lead will mail within 2-3 days from order date. The reason is we have to have a certain amount before doing a bulk mailing so off season we may hold the orders a day or two until it reaches around 250.
- Post office Presort Standard Class mail delivery timing is 5-10 days on average
- Overall, it takes 7 to 10 business days in season or off season 7-12 business days for the state to process and mail leads in response to advertising.
- People are allowed 1 order per year.

REBRANDING VS. REPOSITIONING to MARKET THE VALLEY'S "EXPERIENCES"

In order to stand out in today's destination marketplace, a more powerful approach to connecting with consumers is required—one that automatically triggers perceptions that are relevant to target customers, true to the brand and different from other mountain destinations.

Traditional approaches to branding have been undermined as technology erases traditional differentiators—such as quality and performance—and increasingly skeptical consumers become immune to the noisy clutter of brand claims and hype.

To create a compelling brand position for the Gunnison-Crested Butte region, we recommend that the most recent brand study be revisited to validate our current offerings, competitive position and brand values. From that understanding, a revised brand position and creative communication of the brand can be considered. To carry out a compelling brand message and create a distinct position from other destinations, we need to have a strong and effective marketing organization that will enroll all community stakeholders in conveying the brand.

Rebranding involves a process where an outdated or irrelevant brand identity is modified and re-launched with a new focus. In the context of places the term "refresh" might be more appropriate. It's sort of like a facelift and may include a name change, new logo and colors, new website, and a new advertising campaign.

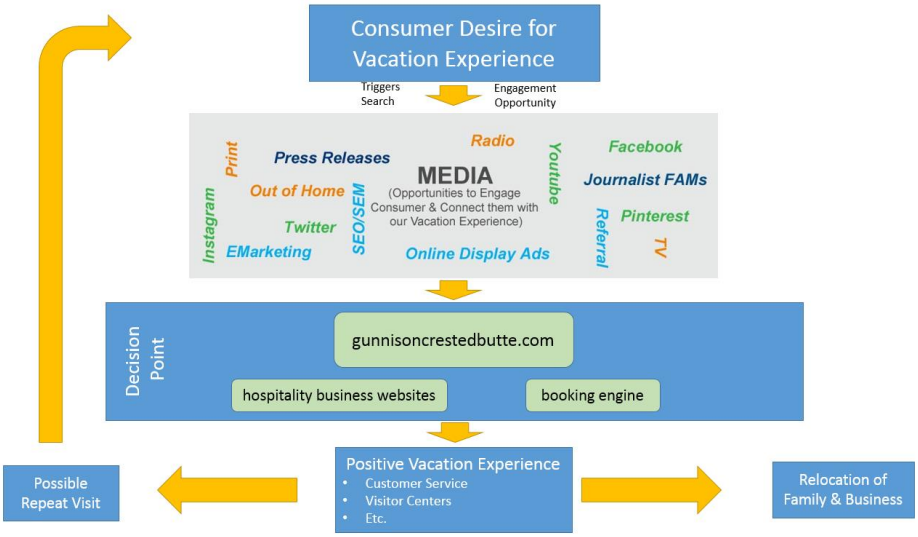
On the other hand, repositioning involves efforts to turn the page on issues that may be necessary to completely change people's attitudes and perceptions toward the destination. It could mean major changes to the features, benefits and experiences presented or targeting new audiences, or both. Repositioning does not come without risk.

When it comes to rebranding a destination, the most common conditions that may necessitate the move may include:

- Customer behavior and needs have changed and tourism products, communications, channels and relationships may need to be tweaked.
- Major changes with the Valley's experience and product offerings may require a different communications focus.
- Perceptions of the destination among target audiences may have declined to a point where it is necessary to present a more positive and realistic identity for the place.
- Adjusting communications to accommodate major shifts in product offerings, such as new infrastructure, high profile events or new experiences.
- Consideration of whether new, formidable competitors have entered the market.
- The visual identity including the logo and designs are starting to look dated and could use a refresh or a complete redesign.

If there is a difference in the reality between how the destination is projected and the actual experiences and reality of the place, then it's time for rebranding, or maybe even repositioning. The decision to initiate a rebranding program will not to be taken lightly as it will have wide implications within the tourism association

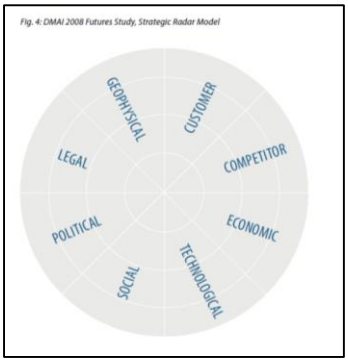
and its destination partners, and will most certainly have an impact on potential and repeat visitors. *Source: Destination Branding for Small Cities, Oct. 2014*



DestinationNEXT

We're following with interest the newest DMAI program entitled DestinationNEXT which focuses on the development of a transformational road map to the future for DMO leaders and their stakeholders.

Actionable strategies allow DMO stakeholders to benchmark themselves and their communities against a defined spectrum of destination scenarios, community expectations, and marketplace opportunities. Ultimately, the road map will culminate with a number of co-created DMO prototypes to guide DMO stakeholders toward successful implementation based on their situation. We'll share more about this innovative transformation at the upcoming work session.



The Gunnison-Crested Butte Tourism Association Board of Directors appreciates the opportunity to work with the Local Marketing District and support its efforts to deploy a more fully integrated marketing program that benefits residents and visitors alike.
###