CO-OP MARKETING FOR DESTINATIONS: THE PATH FORWARD FOR COVID-19 RECOVERY

Presented by

Skift + SOJERN

EXECUTIVE SUMMARY

Covid-19 is creating a make or break moment for destination marketing. With the vital flow of tourism traffic either interrupted or slowed by the pandemic, many destinations find themselves cut off from a critical source of funding used to drive future promotion and help local communities recover. Even worse, this situation has disrupted the historic symbiotic relationship between destination organizations and local tourism businesses like hotels, tour operators, restaurants, and attractions forcing them to make tough decisions about how to stay visible to travelers during this difficult moment.

But even at a time of great difficulty for destination marketing, solutions are starting to emerge. One of the most promising strategies for destinations looking to engage travelers during this unprecedented period is a strategy called co-op marketing. Using co-op marketing destinations pool marketing budgets and messaging with local tourism partners, helping them to more easily scale marketing campaigns, help resource-constrained tourism businesses tap into larger marketing efforts, and offer new opportunities to more easily experiment with campaign messaging, communication channels, and engagement tactics.

Best of all, today's digital-first co-op marketing strategies represent a dramatic step forward for destinations and their partners. Even though co-op marketing has existing for many years, today's digitally-driven co-op platforms help provide real-time performance data to partners, allow detailed customization of campaign goals for each partner, and make it easier for destinations to oversee campaign strategy to ensure consistency.

In the following report, Skift and Sojern examine how Covid-19 has impacted destination promotion and co-op marketing in 2020. Using in-depth interviews with a selection of top destination leaders from Europe, Asia Pacific and across North America, the insights in the report provide a roadmap for any destination executive looking for solutions to try and jumpstart their tourism economy as the travel industry begins to spring back to life.

EXECUTIVE LETTER

NOREEN HENRY
Chief Revenue Officer
Sojern

Covid-19 has upended nearly everything. From how we all work, go to school, shop, and of course, travel. For DMOs, who are the backbone of the travel industry it has forced you to carefully scrutinize everything from messaging, to partners, and most importantly budgets.

In the past, destination marketing was pretty straightforward—you needed to demonstrate a return on your investment. But now, everyone is under the microscope. You're expected to prove economic impact in real-time, but that is hard to do without the proper tools and team in place.

That's why at Sojern we've invested in building a program that takes the headache out of co-op marketing. We can track every dollar spent by each stakeholder in the co-op, manage each campaign, and even support both brand and direct marketing goals. Gone is the guesswork, or messy ad-hoc tracking systems that you had to manually manage.

We also have the tools to help you reach those customers with a multi-channel approach to digital marketing. We're certified on the major digital platforms like Facebook and Google, and can support nearly every popular digital advertising format including display, native, video, social, mobile and more.

With Sojern you get turnkey service, plus sophisticated measurement tools that prove total economic impact.

While Covid-19 has had a huge impact on all of us, we know travel will come back, and we believe it will come back even stronger than before. DMOs have a unique opportunity right now to lead the industry by supporting local businesses and driving real economic growth. Sojern is here to help.

Warm regards,
Noreen Henry

PS: A special thank you to the Sojern partners featured in this report—we couldn't have done this without you. To those of you reading, thank you as well. We hope you find it useful.

Co-Op Marketing Made Easy

With Sojern's Co-Op Marketing Program, destination marketing organizations can easily manage budgets across all hotel, attraction and destination partners, and get detailed campaign performance reports to demonstrate economic impact.

Co-Op Marketing campaigns can be customised to meet each participant's goals, whether that's generating awareness, driving incremental visitation, or increasing the number of bookings. Regardless of the objective, Sojern will find travelers wherever they are online and influence them to visit your destination using the most popular advertising channels like Instagram, Facebook, display ads, native, and video.

To learn more about this solution, go to
www.sojern.com/destinations/

SOJERN

TABLE OF CONTENTS

Introduction 6

The Co-Op Marketing Opportunity for Destinations 8

Understanding the Evolution of the Co-Op Marketing Model:

A Conversation with Sojern's Noreen Henry and Richard Black 11

Interviews with Destination Leaders 15

Leroy Bridges, Vice President of Digital and Communications, Visit St. Pete Clearwater 16

Luca Martinazzoli, CEO, Milan and Partners 19

Venessa Chen, Regional Consumer Marketing Manager for Asia, Tourism New Zealand 22

Dr. Mario Hardy, CEO, Pacific Asia Travel Association 25

Caroline Beteta, Chief Executive Officer, Visit California 28

Conclusion 31

ABOUT SKIFT

Skift is the largest industry intelligence platform providing media, insights, and marketing to key sectors of travel. Skift deciphers and defines trends for global CEOs and CMOs across the travel industry through a combination of news, research, conferences, and marketing services.

ABOUT SKIFTX

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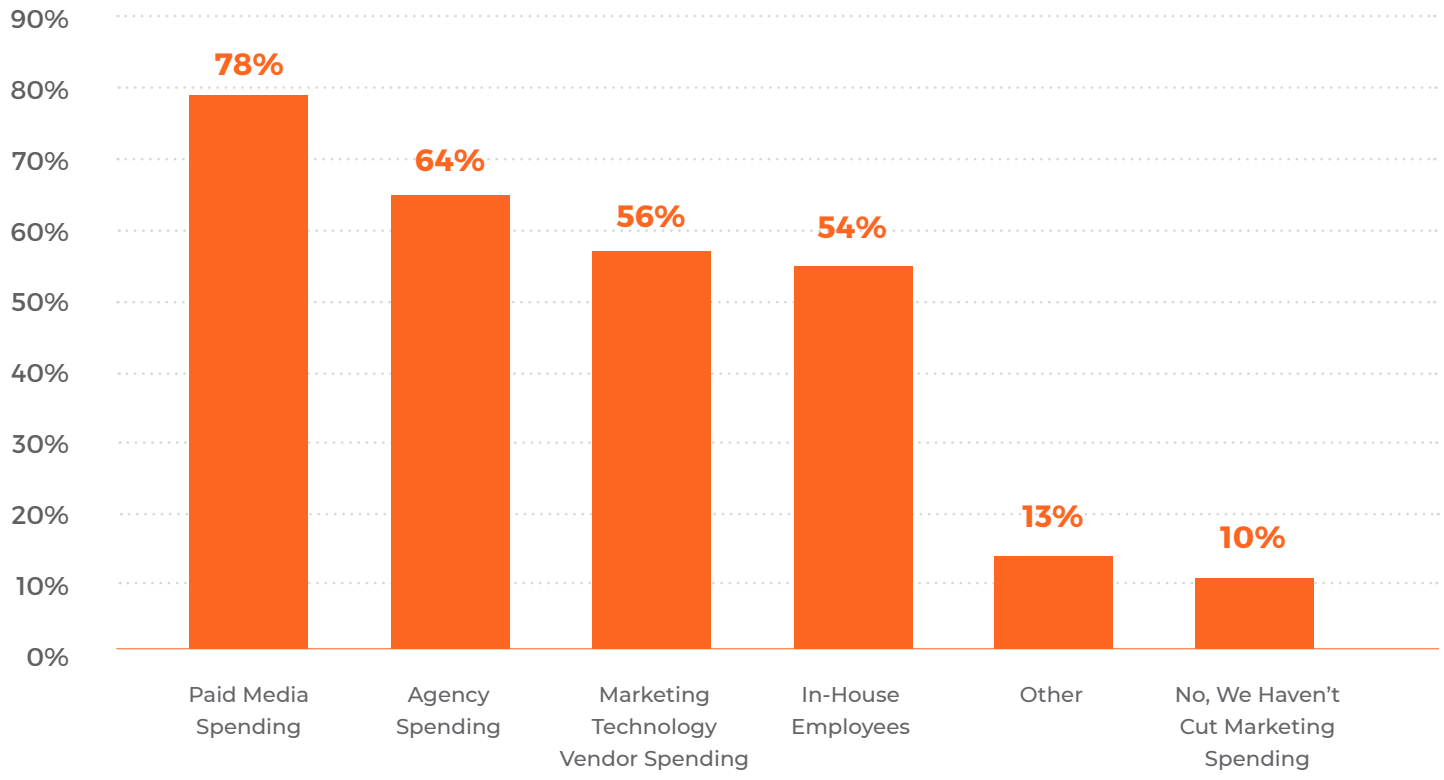
INTRODUCTION

Covid-19 is profoundly impacting tourism and destination marketing. All around the world, the economic, political, and medical effects of the virus are forcing travelers to take trips closer to home, put travel plans on hold, or even cancel plans outright. As the pandemic continues to drag on, the financial impact of this dropoff is significant.

According to the US Travel Association (USTA), since March 2020, Covid-19 has caused more than $273 billion in cumulative losses for the U.S. travel economy. The same is true for international destinations as well. The United Nations World Tourism Organization (UNWTO) reports that the global lockdowns in 2020 decreased international tourism by 300 million visitors, leading to $320 billion in lost receipts.

Even worse, many travel companies' marketing budgets have been dramatically impacted, putting a squeeze on destinations counting on much-needed tourist dollars to help augment local economic recovery efforts. The USTA estimates a loss of $34.9 billion in federal, state, and local tax revenue from decreased tourism since March 1.

Travel Marketing Spending Cuts During Covid-19, By Area (By April 2020)



N = 756; survey conducted on April 28–30, 2020
Source: Skift Research

The short-term economic impact of this tourism slump is bad enough on its own. But as destinations start to plan ahead for the industry's eventual recovery, these budget shortfalls will impact how destinations market themselves to potential visitors in the future. In fact, the lack of marketing campaigns could hinder the ability of many destinations and local tourism businesses like hotels and attractions to attract future visitors, further blunting recovery efforts.

The impact of lost tourism dollars on marketing efforts is backed up by the findings from Skift Research. According to a recent survey of Covid-19's impact on marketing budgets, 90 percent of travel companies have had to cut back on their marketing spend due to the pandemic. The survey also found that 78 percent of companies have cut back on their paid media spending, a critical asset that will be vital to restarting tourism recovery efforts.

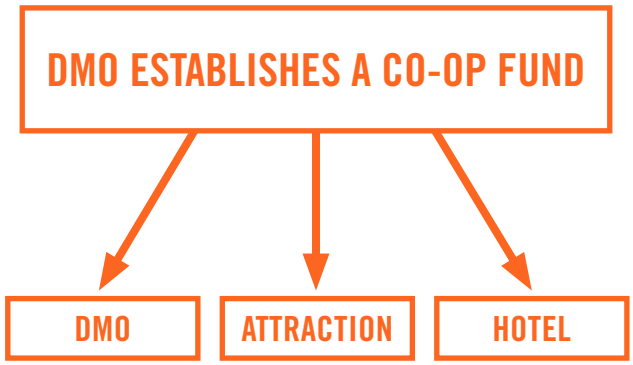
These challenges raise urgent questions for destinations around the world. What steps can they take to funnel much-needed tourism revenue back into their economies? How can they continue to promote themselves in smart ways, knowing that Covid-19 has limited budgets and is changing traveler habits? And what can destinations do to continue supporting tourism businesses in their regions that still depend on visitor spending but don't have the flexibility to promote themselves?

THE CO-OP MARKETING OPPORTUNITY FOR DESTINATIONS

In 2020, destination organizations are facing incredible challenges on several fronts. This includes shrinking budgets due to lost tourism revenue and an urgent need to assist local tourism partners. At the same time, these challenges also present an opportunity for destinations to adjust marketing strategies to target new audiences and new travel habits, whether that's locals staying close to home or domestic road trippers, among others.

One of the most promising solutions is a destination marketing strategy called "co-op marketing." In the context of tourism, co-op marketing helps destination marketing organizations (DMOs) combine funds, messaging, and marketing with local tourism stakeholders, helping to drive new visitors to the destination, ensure alignment in communications, and support direct bookings for key partners. The graphic below provides an easy visual reference for the organization of the co-op marketing relationship.

WHAT IS CO-OP MARKETING?



Combine funds with local business to bring tourists to your destination and direct bookings to your partners.

With limited resources and time, co-op marketing can help budgets go further and aid in a faster recovery.

At a broad level, there are a several benefits of co-op marketing campaigns for destinations and their tourism partners:

1. Easy scalability — helps scale marketing efforts for businesses in a given tourism region, state, or city

2. More efficiency — allows cash-strapped tourism industry to pool scarce resources for maximum effect

3. Less hassle — minimizes billing and reporting challenges where each destination partner has to create their own campaigns

4. Lower marketing costs — by combining resources, co-op marketing participants can leverage economies of scale to obtain better advertising rates

5. Easier to experiment — allows smaller tourism businesses to try out new marketing formats or channels they might not have used in the past

Many readers of this report will note that the concept of co-op marketing as a solution for destination promotion is not new by any means. Destinations around the world have been running collaborative marketing campaigns that feature partners for several decades, long before the emergence of the Covid-19 threat.

But now in 2020, the evolving feature set offered by best-in-class co-op marketing platforms is finding new relevance. These platforms combine powerful and highly customizable features that serve the shifting needs of destinations and their partners regardless of their geographic location, organization structure, or size.

One new feature is the ability for co-op campaigns to easily include destination partners of all budgets and company sizes. In the past, the accessibility of co-op programs was constrained by barriers like high campaign spending minimums, which forced marketers to leave out smaller tourism businesses unable to meet these budget thresholds. But today, sophisticated new co-op tools like those offered by Sojern can serve the budget needs of all destination partners, from the smallest local tourism business to giant multinational tourism brands.

Another key feature of modern co-op marketing tools is their robust measurement features, making it easier to gauge campaign success across multiple tourism partners and varying business objectives.

In 2020, destination executives running co-op programs have the power to set macro-level goals for the entire campaign while simultaneously allowing stakeholders to fine-tune and monitor their individual campaign results. Best of all, these results are available in real time rather than after the fact, making it easy for destination marketers and their partners to adjust campaigns as conditions change on the ground.

Each of these features adds new value to the co-op approach, offering a powerful opportunity for destination leaders to adapt to this unprecedented tourism environment.

UNDERSTANDING THE EVOLUTION OF THE CO-OP MARKETING MODEL:

A CONVERSATION WITH SOJERN'S NOREEN HENRY AND RICHARD BLACK

NOREEN HENRY
Chief Revenue Officer
Sojern

RICHARD BLACK
Vice President Of Vertical Sales
Sojern

Co-op marketing strategies have existed in the tourism sector for many years. But with the onset of Covid-19, the discipline continues to evolve and improve in order to serve various destination stakeholders, large and small, in locations across the globe. What are the primary benefits offered by today's best-in-class co-op platforms? And how are destination leaders adapting these features to their co-op strategies during Covid-19?

To get a better understanding of the changes transforming co-op marketing in this new era, Skift spoke with Sojern's Noreen Henry, the company's chief revenue officer, and Richard Black, vice president of vertical sales.

INTERVIEW

What kind of challenges has Covid-19 created for destination leaders and marketers?

RICHARD BLACK:
A lot of DMOs rely on hotel bed tax [where their funding comes from a tax on hotel stays]. With that model, it's really cut a lot of destinations to the bone. This has led to a lot of layoffs and furloughs in top destinations like Las Vegas and Los Angeles. The trickle down to jobs being impacted by loss of hotel tax revenue and lost meetings and conventions is detrimental to local economies.

There's just a myriad of issues that have occurred, with massive impact across the board. Then of course, they also have to really manage the residents' sentiment around, "Okay, is it the right time to promote?" If you think about the destinations, their core function is to drive local economies, and they really have to be able to strike that balance. Heading into 2020 everybody thought sustainability would be the catalyst in moving a DMO [destination marketing organization] to the position of DMMO [destination marketing and management organization]. But it has actually been resident sentiment that has driven this 'management' function. It has been incredibly inspirational watching destination after destination do everything they can to support their local economies. When you see this DNA you start to understand what is truly possible in terms of local collaboration.

NOREEN HENRY:
Covid-19 is a huge event that's significantly impacted all travel marketers' revenues this year. But it's also changed how they approach their go-to-market strategy. In the conversations I'm having, there's three things that the destination marketers think of now ...

First, it's educating and collaborating with partners: making sure all the partners in the destination understand the government restrictions, the border issues, quarantine requirements, and health rules. Everything related to that. And a lot of the DMOs are putting together tool kits for partners to be proactive and make sure they understand that.

Another part is making sure that partners know what they need to do to adhere to the rules. To give an example in the early days of the pandemic, I was booking flights from Washington to Texas, and Texas had restrictions to quarantine once I arrived for 14 days. And when I shopped different airlines, Southwest was the best at letting me know, before I booked the ticket, "You're going to have to quarantine, and here are the rules." I think it's definitely impactful for tourism organizations to help keep their partners educated on what they need to do to be able to adhere to it.

The last piece is educating consumers. Because travelers all want to know, "Where can I go? And what can I do when I get there?" And destinations have become a big source of information for the consumers about when it's okay to travel and what they should expect when they get there. All the destination websites have really leaned into that. I was re-listening to a recent Sojern webinar with Visit California and they were talking about the "respect code," a responsible travel code that they put out for the consumers.

Why is it important for destinations to collaborate with their local partners on their recovery marketing plans? And how does co-op marketing make that possible?

RICHARD BLACK:
It comes down to the fact that it's an ecosystem, right? You have to look at the fundamentals of a DMO and what they're trying to accomplish. Historically it was all about saying, "I want to inspire people to come to our destination." And

[when travelers] come, they can stay wherever they want, they can do whatever they want. As long as they show up, the DMO has done its job.

But when I was [previously] running a DMO initiative at TripAdvisor, I always thought, "DMO co-ops are a really broken process." There was no real connection between the destination and their stakeholders, whether it was a hotel, attraction, or other DMO. There was just a missed opportunity.

I've attended a million [state] governor's [tourism] conferences where they talk about their different co-op opportunities. And typically you can run a quarter page ad in [a regional print publication] and get a million impressions for $15,000. And that's it. There's no real tie back in any way, shape or form [for the partner] or the DMO. Coming to Sojern, one of the things I recognized early on, that I wasn't able to do previously, was to get around this type of campaign minimum [ad spend], and also have the ability to run super effective campaigns for very small [tourism businesses].

And as a destination, you're responsible for everybody. If you're the chief marketing officer for Orlando, you serve these big [theme] parks. But you're just as beholden to your local restaurants or an attraction as you are to Disney. And [as a result] it's really difficult for DMOs to put their name behind something … to serve the needs of all stakeholders' budgets. And that's where a [co-op] platform like Sojern really thrives on [helping destinations] serve these single property hotels and small attractions.

NOREEN HENRY:
We're seeing tons of interest in the whole idea of co-op marketing from large DMOs at the state or country level, as well as smaller regional players. Everyone's budgets are limited, and if you pool them together and you do it in the fashion which Richard explained, not only can you stretch your marketing dollar and messaging reach, but through the co-op reporting it's really easy to understand how every partner is performing. Many destinations, like California, have an overall umbrella message that their co-op partners can lean into and then put their local messaging on top of that.

So much of today's marketing activity happens digitally. Do you think tourism co-op strategies have successfully adapted to that shift?

RICHARD BLACK:
The last five years have really seen a significant push toward digital. There's been a massive shift. Even just a year or two ago, most destinations spent the majority of their budgets offline on TV, print, and outdoor [media]. Now, with the immediate gratification of understanding and getting analytics from a digital perspective, there's been a pretty massive change …

Some [destinations] are moving the majority of their budget to digital because of that immediate gratification of [knowing], "Okay, somebody's sitting at their computer, they're starting to plan a trip." That intersection between personalization and technology is very real. Not to disparage other media outlets … but if you're a [magazine] subscriber, are you waiting for that magazine to come to be inspired in terms of where you want to go? There's a lot of [other sources] that drive inspiration.

If we could [more easily] figure out what that was [inspiring that] person, we'd have the silver bullet. Marketers' jobs haven't changed in 100 years: it's always been about figuring out how to reach people in the moments that matter. With digital and with data, it allows you to do that [very effectively]. You have a bit of an unfair advantage because you know where people are in that travel-planning process journey.

Is there any chance of mis-matched goals or campaign priorities when so many partners get involved in a co-op program? How does a co-op platform like Sojern help destination leaders manage and satisfy the different needs of stakeholders?

RICHARD BLACK:
It comes down to our roots and how we're built. We have a small business focus where we have worked with single property hotels for five-plus years on very specific individual campaigns … and at a low cost that these individual entities really wouldn't be able to do on their own because they just don't have the bandwidth. … Then of course, we're also working with the Disneys, Universals, and Marriotts. All the large entities as well.

We've learned a lot along the way in terms of how to support these different [types of] advertisers. Obviously, they have different KPIs for different campaigns, but the really important part of this is that it's not a cookie-cutter opportunity. We're taking each individual stakeholder and building the best possible campaign based on what they're trying to achieve. …

[In addition], we have a portal that we've built that provides insights and analytics in terms of how those individual campaigns are performing. Each stakeholder has a login they can use to see how their campaign's performing, anytime they want, 24/7. They only have access of course, to their insights and analytics.

[Meanwhile], the destination as a whole can login and see every single campaign. And when we get to the end of the campaign … we can pull a campaign wrap report that aggregates together [all the data]: how many people across all of the campaigns were exposed, how many people came to the destination, how many flights were searched, how many hotels were booked and searched, and heat mapping. A lot of really great information all the way down.

Because every destination puts a value on a person in market, we're able to say, "Okay, well, how many people actually were exposed to these campaigns?" And then we're able to provide direction and economic impact. For a destination, [whose funding is] tied to the government, that's incredibly helpful, because DMOs are really the only vertical in travel that doesn't have a cash register.

Every [travel business] has an attribution model. Destinations don't. Providing that level of insight is incredibly helpful. Again, there's nothing magical other than our track record of being able to run these very specific campaigns for specific client types and then rolling it all up and telling the destination what it all means … There's really nobody else out there that's positioned to do this, because they don't have those different components: the analytics piece plus the ability to run these small campaigns all the way up to the very large campaigns within the same construct.

INTERVIEWS WITH DESTINATION LEADERS

The enormous impact of Covid-19 has left destinations around the world searching for potential solutions to speed their tourism recovery. Many are facing dramatic budget cuts, rapid changes in their ability to welcome visitors, and a need to embrace new creative messaging and marketing strategies in order to keep themselves top of mind while travelers are forced to stay home.

How are destination leaders weathering these challenges? How are they using co-op marketing to help fill in the gaps? And what are the best practices they've uncovered to put their precious marketing dollars to maximum use?

In the interviews below, Skift and Sojern explore how different destinations are rising to the challenge, along with their thoughts on how co-op marketing campaigns can help support their plans for recovery. All interviews have been edited for length and clarity.

INTERVIEW

LEROY BRIDGES
Vice President of
Digital and Communications
Visit St. Pete Clearwater

What is your destination marketing strategy during Covid-19, and how has it changed in comparison to years past?

The biggest challenge right now is it's still evolving and we're in this constant state of flux. We had our traditional plan for 2020 roadmapped when we started the fiscal year. We were ready to go and headed down that path with our many different vendors … [then] Covid-19 hit, and nobody can move about and travel.

So, we paused in April. Every single aspect of our program was paused. Coming out of April, Florida was in a pretty good spot. It had not experienced many cases. We are primarily an outdoor destination, with a lot of space, and a product that consumers were telling many different research outlets they really wanted: beach.

So we [started our marketing] back up, paid search, some "low funnel" tactics — right away, just paid search and paid social, once the reopen happened. And then we embarked on the path of building a recovery plan because at that point … Florida was still in a really good position. People were looking for our product and we built a recovery plan.

But no more than a week before the full plan could launch in late June, Florida went into a spiral of "Covid-19 madness." We had to pull back a campaign that was dubbed "Welcome Back to Now." We couldn't welcome people "back to now" in a county that was leading Tampa Bay in, unfortunately, deaths related to Covid-19, and to a state that was becoming a hotspot with the situation.

So we pulled all of that back, knowing that there were still people looking to travel, and launched other low funnel tactics, including a campaign with Sojern and with Conversant featuring paid search, social, and video. It was a $5 million plus recovery campaign that was going to [target] all of in-state Florida and some key out-of-state markets like Atlanta, Indianapolis, and Ohio. We were avoiding the Northeast because of their situation, and then had to pull all of that back.

Now, we find ourselves in a situation where things haven't necessarily changed a ton, but we know that people are still traveling … And we've led the state in occupancy since the reopening in April. So as a destination, we've performed very well.

We've had some regression over the last three or four weeks. And because of that, plus the obvious, we are on the verge of launching a "visiting safely and responsibly" campaign, that is going to be very much rooted locally first, getting all of our businesses on board, making sure that we are a leader in this space.

And while we have a mask ordinance, we want to make sure that even if that mask ordinance is lifted in the near future, that we continue to be the destination that is leading safe travel and safe and responsible visiting. So, we're on the verge of launching that. The plan is heavily local, spinning that out into the Tampa Bay region and into Orlando, our number one market for both day trips and overnights.

That shows you the arc of where we [are now]. … Those in the tourism space have heard this for a long time: We've never launched a visiting safely and responsibly campaign. This is moving our organization into more of a destination management organization space. And I think as I play this forward, I see it as one of many firsts for us.

How do you think Covid-19 will impact your budget and your ability to promote the destination as tourism recovers?

There's no doubt this is a real time case study happening with destination marketing organization [DMO] funding structures. Before I dive into that, my heart goes out to any of my colleagues in the travel industry who have lost their jobs as organizations have slashed and burned. The reality is, talking to many of my colleagues around the country, we've been very fortunate.

We are a county-based DMO that's government based. That structure has allowed us to protect what we have in many ways. One is that the requirements of our county, from a [budget] reserve standpoint, is a pretty high threshold. So, candidly, we have not made a single staff cut. We have not cut a single rep internationally. We have not severed a single contract from our organization. We're [also] not spending marketing dollars in sales and travel dollars that we would normally. So, on the media side, some of that has been paused or held. We've been very fortunate and I think our structure has been a big reason for that.

With [our] government structure, there are also certain limitations. We are the third largest destination in the state in terms of bed tax and visitation. But our salaries are fairly modest, across the board … [and] our offices aren't the flashiest or the fanciest. So, there are certain aspects that go with, not just the reserve and the structure, but some other things that follow that.

When you talk about the implications for our budget, yes, we've had to make cuts. April was 5 percent of what we projected. March, which is our number one month, was 50 percent of what we projected. So, we have had to cut back. Fortunately, we've had reserves that we are projecting to make up the difference for any shortfalls this fiscal and any shortfalls next fiscal.

Even with our projections, very conservative, low-balled Covid-19 tax collection projections (which to date we've outperformed every month even though we're not doing well) we're sound. We're built and we're prepared to be able to fund the campaign I just spoke about and also our efforts, if and when our team can travel and do sales, and if and when we can launch more traditional marketing efforts.

What is your perception of co-op marketing? Is it a strategy that will be useful for Visit St. Pete Clearwater to mitigate the impact of Covid-19?

I think co-op is a great tool that unfortunately gets a bad name. DMOs think co-op is something they have to do, not something they should be doing.

At the end of the day, my biggest challenge as a digital marketer is I don't know when somebody books a room. I just generally don't.

There are some tools, loosely. Right? But the transaction happens with the hotel. So to know and to be able to build programs, a co-op program that I can work very directly with my hotel partners and know I spent X and generated this many room nights, to me, that's the "rubber hitting the road." That is the core of what we should be doing as DMOs.

So, I think co-op programs are instrumental, vital at the core. And right now, more than ever, our hotel partners and our community stakeholders are hurting more than ever. So [it's important] that we find creative ways to deliver real value in terms of co-op. That's where dollar-for-dollar you can drive [the most] real-time value and real-time bookings to your partners.

We've worked very closely with Sojern on some co-op [programs]. I think what makes their program so robust and what personally I love, is the access to the data, the access that gives our partners the direct access to that. Frankly, it's nice because I don't have to necessarily manage that. That's a huge piece, for the hotelier to be able to see, "Okay, this is how this program is performing and working for me."

One other thing I'll mention, in this time of hotels lacking resources to opt in dollar for dollar, is what they have that we don't have: data. So, we're trying to find ways to build a data co-op. Hoteliers are always super protective of that data. They think maybe you've got some other plans with it. But what a better time than now to convince somebody, "Hey, let's work with this third party; I'll fund the effort, you provide the database. … 'Here's the past customers I've had?'"

Provide that database. You can remarket to those people. You can build lookalikes off of those people, but at least it equips [them to] build a campaign that's much smarter." Maybe you could say that's kind of the "hotel buy-in piece" to the program.

What best practices can you share for running successful co-op marketing campaigns?

One thing I've learned through the years is we can't expect our partners to wait until the very end [for results]. And I think this is what's amazing. A great aspect of the Sojern program is the data's very accessible, in real time, for the partner.

I think a lot of these co-op buys, we wait until the very end of the buy, and then we share the performance or analytics. We're always asking our vendors for updates, and how's it performing? Can we pivot? We can't expect our partners not to want to do the same. So, I think it's a must to have that robust communication and sharing of analytics and performance. That's an expectation we have of our media partners. And if they're bundling into something with us, that should be just as much expected.

I also think [destinations] need to be okay to be the expert behind the creative. That's what we do. We do marketing really well as an organization. So obviously, resources vary based on your DMO, but own that creative process.

Again, you want to be effective. You don't want logo soup. You don't want "too many cooks in the kitchen." So try to be definitive. Pick a path. Not everybody's going to be completely happy with it sometimes because it doesn't quite look like all their other ads, but it's not one of their other ads necessarily. So, you've got to be able to strike that balance and just be confident in the path that you're on, and hopefully let the performance speak for itself, in terms of bookings and clicks or whatever that may be.

INTERVIEW

LUCA MARTINAZZOLI
CEO
Milan and Partners

What is your destination marketing strategy during Covid-19, and how has it changed in comparison to years past?

We are facing a significant crisis, and we are re-thinking more or less, most of our action and our brand positioning. We have been coming out of five years of incredible growth for the city of Milan. Milan was one of the fastest growing cities for tourism starting in 2015, when we hosted Expo 2015. We are retelling the story of the city, which has been very successful in bringing local events, sports, entertainment, and the meetings, incentives, conferences, and events (MICE) sector. We're also telling the story of the city with the new skyline.

But everything that has been at the top of our story has disappeared in a few months. So now we're working on finding a new voice for the city and the new brand positioning. Last week we launched a campaign focusing on looking into the "soul of the city," based on two significant parts. One is the people of Milan, and the second is the neighborhoods of the city.

We're looking forward to repositioning Milan as a destination that is not just a place for shopping, or for MICE, or design and fashion, but instead it's a place that you can discover, where we have an incredible portfolio of neighborhoods with different feels to them that are incredibly welcoming and interesting for people visiting from Italy and also from abroad.

How has Covid-19 impacted your marketing budget for 2020?

As a DMO, we have been lucky to have support from the city and the chamber of commerce to promote the destination. But clearly, we know that some of our private stakeholders, they are suffering from problems with demand creation, and we are supporting the position of the city by investing more than usual in order to support them. We have been very proactive to try to build content for the city.

Milan and Italy reopened post-Covid on May 4, and we went on television and on digital channels with a strong promotion of the city itself. We were the only city that was ready to tell our story in a positive way, and we were the first city in Italy to launch a campaign at the national level in July, in order to attract tourism and to reposition ourselves.

I would say that the tax decrease that the city is going to have this fiscal year, we see [potential issues] for the future. But this year we are safe and we are strongly behind the city.

What is your perception of co-op marketing? Is it a strategy that will be useful for the city of Milan to mitigate the impact of Covid-19?

The nature of our DMO is strongly rooted in co-op, as we have different stakeholders from both private industry and the institutional side. We operate on a daily basis through co-op, both in terms of defining common goals, finding a common strategy, and investing in common tools. We believe strongly that the products offered by Sojern fit with the way we think a city should promote itself.

I would divide it into two parts. The first part is investing in tools that support the promotion of the city. When I say tools, I mean our communication channels, city branding, tech tools, but also a DMP [data management platform], or tools where you have an asset and the asset is operated by different stakeholders with the same goal.

Second, we're talking about the brand positioning of the city and the specific "voice" that the city should use in different contexts. For our organization, this is very important. We have been working on building a common brand for the city called YesMilano, which is the first time the city of Milan has invested in a city branding strategy that is used by everyone.

We have also been investing in specific [traveler] sectors and targets, in order to be very precise with our marketing tools. The pandemic is impacting a lot of our plans and our goals. [For example] we are back investing significantly in local and national tourism. That was not our priority a few months ago, and I believe that has the biggest impact in terms of evolution of our goal and strategy — but that's, I think, the key area. And as I was telling you, we are deciding together to find a new voice for the city, starting from the neighborhood level. We'll have a unique voice that is very approachable for every type of tourist.

What best practices can you share for running successful co-op marketing campaigns?

One of the biggest challenges in the tourism industry is the shift to digital marketing. And expertise in digital marketing is very vertical and specific. That's why I believe it's important to create centers of competency, where a few team members can serve the city in offering the best to potential customers through digital tools.

We can see this at work when we talk about data and information about customer behavior. We see the same when we talk about creating a campaign that works on digital channels from a creative point of view, and we see the same when we talk about managing a campaign and offering different stakeholders the opportunity to be very precise with the goals they want to achieve.

In Milan for example, we are investing significantly in a WeChat channel together with Tencent, and that was an opportunity to hire a Chinese manager that can work with our merchant's hotel industry in order to promote the same city [themes] to Chinese travelers.

I would also say that it's important to build personal relationships with the city and all the stakeholders of the city. Very often, we are working in a [complex] marketplace with a lot of asymmetry between the customer, like the hotel industry for example, and other companies offering a lot of very specific services. So it's very important [for destinations] to serve as a go-between and create a link to all the potential customers, allowing tourism businesses to work together and to invest together in a similar tool. I would say that it's really spending time with

people and offering them the opportunity to learn and to understand, and you really have to build trust in order to play with cooperation.

It's a push-marketing approach, I'd say. It takes time and a lot of leadership by the organizations that are promoting these opportunities. I couldn't say that we are always successful in everything we do in this case, but we are learning a lot.

We believe strongly that this moment is showing everyone how important it is to work together to promote a destination. It's a moment where there are less resources, and you need to be more precise, and potentially you need to be very fast. It's very important to stay close [to partners] and to work together. A few months ago when everything was fine, that wasn't always the case.

INTERVIEW

VENESSA CHEN
Regional Consumer
Marketing Manager for Asia
Tourism New Zealand

What is your destination marketing strategy during Covid-19, and how has it changed in comparison to years past?

In terms of the overall marketing strategy, we haven't shifted too much, but I think where we see the biggest change is our focus in terms of our marketing investment. We previously focused on a ratio of 60 to 40 brand and activation split in our marketing spend. Now, it is 100 percent focused entirely on building our brand.

For example, we've pivoted due to the onset of Covid-19 and international borders closing to open up a new market: domestic New Zealand travel. That market is still lacking a 50-50 brand activation focus. And also in Australia, we are still anticipating and working toward a travel bubble with Australia. In that market we've still got some activation focus there as well. Although compared to pre-Covid, obviously we've stepped up on brand building.

How has Covid-19 impacted your marketing budget for 2020?

At an organizational level, Tourism New Zealand follows a different calendar year than most of the organizations in the United States. We use a financial year for 2021, which just started on July 1.

So we've just started our new financial year, and as an organization, we haven't been impacted. We were very fortunate to still retain the same level of investment that we had from the government. Tourism New Zealand is a crown agency. That means we're funded by the government (by New Zealand taxpayer dollars). And fortunately, the government had given us the same level of investment as we had the year prior.

However, we have shifted our portfolio focus and introduced a new market, as I mentioned earlier, to domestic New Zealand [travelers]. Previously our agency's mandate was entirely on international tourism marketing, but now with the onset of Covid-19 and international borders closing, we've opened up the domestic market to try and stimulate some internal demand.

And we've also significantly increased our investment in brand building to make sure that we are driving appeal in the short term while international travel is potentially not feasible.

What is your perception of co-op marketing? Is it a strategy that will be useful for Tourism New Zealand to mitigate the impact of Covid-19?

Where I'm based, I look after the entire Asia region, and co-op is really important. At the moment it is on hold, just because most of the airlines [that serve New Zealand] are having their investment cut and obviously are in a difficult spot at the moment.

And they are not investing actively in either building brand or activation campaigns because most of their planes are grounded. Now, prior to Covid-19, [co-op marketing was] extremely important for us because we were able to elevate our total marketing spend with a co-op partner.

So for example, Air New Zealand, our national carrier, flies into significant numbers of destination markets that we operate from. They are a key partner, but of course any local national carrier [also] tends to be a very important partner for us if they do fly to New Zealand. So we generally go 50-50 in terms of our [marketing] investment.

And that just means that we essentially double our investment with the help and support of our co-op airline partner in that specific sense. And obviously we're able to extend the reach of our audience as well, tapping into our partners database, their own channels as well. So we definitely think it is an important promotional strategy for us, and in the world of post- Covid-19 [as well].

[And in the meantime,] we are still working with these airline partners, as well as travel sellers, for example, in Australia and in New Zealand, [to promote to] our domestic market. We are still working heavily with co-op partners like Air New Zealand, [which] flies domestically, because Covid is under control in New Zealand. We've only got a handful of cases, mainly from people returning to New Zealand. And therefore Air New Zealand is flying at its usual capacity from a domestic sense.

So we do work with them very extensively at the moment to drive New Zealanders into the regions to visit beyond the big cities. To really go into the regional destinations of New Zealand so that we're able to spread the economic benefits wider to more New Zealanders.

Post-Covid, how do you expect your co-op marketing strategy might evolve?

I believe post- Covid-19, when we start returning to "normal" international travel, there's going to be a lot of emphasis on rebuilding that desire and demand for New Zealand. Therefore co-op is going to be critical for us. So we will still have some money set aside to build brand, absolutely. It's really about how you balance the long and the short. The long-term brand building as well as the shorter term activation. So I think we will shift that ratio again once we see borders start to reopen.

And when international travel starts to resume again, we will shift to a bigger focus on demand activation and use more investment to support our key airline partners, as well as travel sellers, to promote New Zealand as a destination. Whether it be through advertising campaigns or through training events, we want to make sure that New Zealand continues to remain top of mind for both consumers and travel trade partners alike.

What best practices can you share for running successful co-op marketing campaigns?

Over the years we've been working with various partners, it's been essential to have open communication, and try to integrate the strategy at the start. Because we tend to spend 50-50, equal investment into a campaign it is important for us to pool the investment into one pot, and then the one campaign. [That's better than if] you spend your 100K [of budget], I spend my 100K, we agree on a particular selling period, and a particular promotional price. But [the partner might] put out a separate media plan and we do a separate media plan. [In that scenario,] the impact is limited.

But if we pool all of our investment into one pot and essentially we're one campaign and a team, all working together from the media planning stage, approving the media channels, as well as making sure from a creative and a messaging standpoint we have a joint decision on what the final messaging and call to action looks like, as well as the campaign user journey.

That's really important, particularly because NTOs [National Tourism Organizations] don't sell the actual product, and don't sell the [plane] tickets. We rely on our airline partners to tell us the actual return on investment.

So the openness [of co-op partners] to share actual sales figures, and also conversion numbers, is critical. [And regarding] measurement, it's important to have a transparent conversation around what are the KPIs and how you share data. So [defining] how we measure the success of the campaign, having that discussion open and early on, and delivering on that from both sides, is really important.

And finally, data is really important. Having [partners] provide a pixel on our site for them to do remarketing. And the same for us: placing our pixel on our partner's websites for us to have visibility to conversions. That effort allows us to filter out the audience that has already converted. We can then target the rest of the audience that comes onto their site, and remarket to them with further destination messaging.

Ultimately it's all about how we can maximize the impact of our marketing spend, and there's no duplication in our effort. So that's all about an integrated team working together, in really structured roles and with clear responsibility, to give us the best outcome.

INTERVIEW

DR. MARIO HARDY
CEO
Pacific Asia Travel Association

Your organization works with various destination marketers across a number of countries. Based on what you're seeing, what does a good destination marketing strategy look like during Covid-19, and how has it changed in comparison to years past?

I've seen some fantastic ideas and campaigns being run by various destinations, but I've also seen quite the opposite in certain areas. I think this particular crisis is very unique. … Just take Thailand [where PATA is located] as an example. We're a country that is very experienced in dealing with crises.. Sadly for us, we seem to have a crisis every two years, either a natural disaster or man-made crisis, but we do have them on a regular basis.

The main difference is with previous crises, they tended to have a definite [end] point. You had a situation, and then we focused on the recovery. In this case, it's ongoing, it's nonstop. It's every day, something new. It's getting bigger and bigger and we don't really see an end to it for the time being. It's incomparable to anything we've had before.

So what we are seeing some destinations do during the crisis, which I thought was really the appropriate message, is they started at the early stage of the crisis saying, "Stay home, stay safe, dream of traveling to our destination in the future." And then showing us some beautiful videos and pictures to entice travelers to think about how, when this is all over, this is where you want to go.

There are also destinations like the Faroe Islands or Iceland, which always have remarkable marketing campaigns, engaging travelers by asking you to interact. To pilot a drone, even if you're 10,000 miles away, to explore the Faroe Islands, or to shout and scream the loudest you can, which goes directly to a speaker in the middle of a mountain in Iceland. They're crazy, but this is what people want at the moment. They want engagement. They want to be inspired.

Later on in the crisis we saw destinations say, "When you dream of your next destination, remember us." So the messaging is not a call for action at the moment. People aren't saying, "Come and visit us. We're safe, we're open, et cetera." Nobody can at the moment say this. It's more about actually keeping the destination in people's minds.

I watch the BBC, and during the news you see various destinations showing short videos about their destination. Not specifically asking you to come, but just reminding you that these destinations are still there and they will be open

for you at some point in the future. And that obviously will evolve as borders start to reopen. The Maldives are reopen now, and their messaging is gradually changing. Each destination around the world will be at different phases.

TripAdvisor and a few other organizations [released a report on] the five stages of the [Covid-19] crisis … At the beginning you had the decline. People stopped traveling or we saw major reductions. We've passed that already. Then you saw a pause where people are in lockdown. They're actually staying home and can't really get out of their house or city. Then you have the emergence. Lockdown is being eased and people start to move around within their city, their state, and eventually their country and to domestic tourism. The last phase is the international, which some countries are experiencing at the moment.

I believe what we'll experience over the next few months is destinations will go back and forth between these phases. We saw it in Vietnam, Australia and parts of Spain, the United Kingdom, and France. In other places around the world like Japan, Korea and China, they have had second waves and third waves and essentially were open, closed, open, closed, and going back between these different phases. [All this means] the marketing messaging will need to evolve more dynamically than in the past.

What is your perception of co-op marketing? Is it a strategy that will be useful for the destinations PATA works with to help mitigate the impact of Covid-19?

It's critical. Yesterday we sent a press release targeted specifically at governments. It was more aggressive than other press releases that we've shared before, but it pressed governments and the destinations to engage, and work more closely with, the private sector.

More than ever we need very close collaboration between public and private to come out of this in a much stronger way. It's not only about providing subsidies and aid money to the private sector. That's not what we're referring to. We're referring to a consistent message that is communicated between the private and public sector to the travel audience moving forward to market themselves jointly. That's opposed to each business and government marketing themselves [separately] and sending conflicting messages to travelers.

And co-op marketing is all based on data. Forget about the crisis for a second: it's so important to understand who, at any given time, your audience is. And how you [then] market to your audience. The concept of co-op marketing is based on aggregating all that data and understanding where your customers are, and where your future customers are. How do you effectively market to them to ensure that you get in front of that audience with that message? And I believe it's really critical at this time.

What best practices can you share for running successful co-op marketing campaigns?

I see destinations here in Asia who we know because they're members [of PATA] … who are relying heavily on data. I'm thinking of destinations like Singapore, Hong Kong, and Macau. … Those are the three that come to mind with dedicated teams and resources to go deep into data. They aggregate data normally from PATA, but also from many other organizations to understand how to market to different [traveler] segments.

The other destination that is interesting is Indonesia. That's driven by the fact that the previous tourism minister (there's a new one who just joined six or eight months ago) was fascinated by big data. And he brought people on board his team to help him to better understand: What are the source markets [for visitors], and where is

the greatest potential? And he also went out of the way to aggregate data that other countries haven't tapped into before, which is mobile data. Essentially trying to understand where are tourists at any given time. It's anonymized data, obviously.

You can picture a heat map in your head that would show you [a map of] the country of Indonesia. And at any given time, you can see a red zone or a green zone. The red zones are where you've got a large number of tourists moving around a city during a period of time. They weren't looking at it on an hourly or daily level, but most likely on a weekly/monthly/yearly level to see where people were moving.

If you understand that [mobile data], you can imagine the power to shift people away from, [popular destinations like] Bali to another destination in the country to help disperse your tourists. It shows you where you need to market and how effective your marketing is at driving people away from certain areas. I've always been very interested in understanding this type of information through data so you can see if your marketing strategies are effective.

INTERVIEW

CAROLINE BETETA
Chief Executive Officer
Visit California

What is Visit California's destination marketing strategy during Covid-19, and how has it changed in comparison to years past?

Prior to Covid-19, we started to focus on destination management in terms of overtourism. How can we help our industry and local destinations handle traffic, and also make sure that [the state's] precious resources were preserved for the future.

With the bulk of our media running in the February to June timeframe ($44 million in media globally) we had to decide how to proceed in a real time fashion beginning in March. Our ability to be successful in supporting the tourism economy in California became severely impacted in the Covid-19 environment. We needed to ratchet down our spending and preserve precious funds for the recovery effort. In mid-March, we shifted to pausing and cancelling our media spend (the majority being global at that time) in order to preserve our dollars for when people are able to travel again.

As the crisis deepened, that's when co-op came into the consideration set … [and] we immediately did a couple of things.

The first thing we did internally was we started a series of daily interagency meetings with every agency reporting tactically in their respective channels.

We then began to work with our agencies to develop plans in different "scenarios" and map out marketing plans in relation to varying consumer sentiment levels to try to be prepared for any scenario.

What is your perception of co-op marketing? Is it a strategy that will be useful for Visit California to help mitigate the impact of Covid-19?

Co-op and collaboration are key for Visit California and our partners in the recovery time frame. Our mantra is "crisis is not competitive."

Cooperative marketing is not only essential for California's tourism economy, but as we look to elevate tourism we need to band together at a national level. The example set by US Travel for the "Let's Go There" campaign is an excellent example of how co-op marketing is working to get the tourism industry into recovery more quickly.

We started doing weekly meetings with all of the CEOs of the [state's local and regional] DMOs. We've been collaborating with DMOs and key stakeholders across the state at all levels to ensure alignment and strategy. Co-op marketing gives us the opportunity to compile funding in order to have the largest impact possible.

In addition to a great collaborative framework, we have an $8.3 million campaign we had launched a year prior called the "Road Trip Republic." We knew road trips were going to be the No. 1 way that people were going to want to travel [during the pandemic]. We had a massive campaign with broadcast assets already developed. That's where our agency Mering reached out and said, "Let us go find some media partners. Let's take a look at that." We began to look at drawing from California's large population of 40 million residents and think through how to enact an in-state and locally led campaign. We only had done this type of program one time in our organization's history, and that was almost 20 years ago immediately following the terrorist attacks on 9/11. Since recovering from that tragedy, Visit California's focus has been on attracting incremental visitors from all over the world, but we have never focused on our resident population base.

We presented a concept to our board last spring for a robust in-state marketing effort called "Calling All Californians." This campaign has not launched in full yet, but the idea is that we're going to bring all Californians together under an economic call to action for residents to support the state by vacationing here. Our approach is to tap into something that came up through our social media channels that we saw with the restaurant industry, which is this notion that people are proud of their state. They want to support their state and do their part in helping our economy recover. They want to support their local neighborhoods and businesses.

We were able to take our dollars to create buying power that leveraged a media buy for industry partners. Cooperative marketing allows for and encourages much larger impact and spreads the cost among a larger group of organizations. And that is an absolutely required ingredient for recovery.

What best practices can you share for running successful co-op marketing campaigns?

California is blessed with a diverse landscape and experiences. We always make sure we're hitting every geography, between the rural and Gateway destinations.

Rural regions are now top destinations for consumers. We're seeing some really interesting behavior in search and our weekly sentiment and creative studies. These insights provide direction as to how we approach consumers while we are in this awkward phase of recovery where not all consumers are ready or able to travel. Right now, our messaging is pretty self-selecting. But thinking about how consumers approach travel, that's where we've been spending a lot of time. This shifting environment requires a lot of flexibility and creative options to customize messaging to the diverse consumer sentiment landscape. The co-op program is digging into these transitions in consumer behavior around trip planning and what that means for marketing in the future period. Right now we are working to target an active intender audience and provide them with information on how to safely travel.

What types of interesting travel search behavior are you seeing?

Since we launched our alerts page, we are approaching 1 million views on just that page alone. About 20 percent of that traffic is finding that page organically. They're searching a couple of terms - mostly they're looking for California travel restrictions. In this environment of uncertainty (or

what we refer to as "jagged recovery") people are looking for information on how to travel safely and responsibly or if they should travel at all to certain places. We are helping answer those questions by working with our industry to provide direction to local resources.

Today, if you search California travel restrictions on Google, about 40 percent of all search terms going to our website have the word "restrictions" in them. We've always lived as a DMO in this "inspiration" mindset, and we have content and information [to cater to that]. But the [marketing] pyramid is flipped now, and content and information is what consumers are seeking. We can inspire them, but you can't do that now without telling them what they can exactly do and how they can do it safely.

Where the co-op and co-op messaging becomes incredibly helpful is in providing hyperlocal content, insights and information. At a state level it's impossible for us to have that level of granularity on thousands of destinations, but our partners have that information. We don't know [the individual trends for each local destination], but our partners do, and it's a "win-win" if we can direct consumers to their resources. For example, if a consumer asks us which hotels are open in Palm Springs we can refer them to the Greater Palm Springs CVB, which has all the latest local information in real-time. This takes new levels of editorial integration and collaboration. It's the ultimate cooperative marketing.

So the co-op becomes a two-way street, where we may be providing platforms and content and working with partners like Sojern and others who are really giving us the opportunity to get the right message to the right partners at the right time. For California, we know that rebuilding the travel economy will take more than resources — it will take a level of integration and workflow that has us all pulling in the same direction.

CONCLUSION

Covid-19 is having a dramatic impact on destinations around the world, both big and small. With traditional sources of tourism revenue drying up, a challenging employment environment, and new types of consumer habits emerging, today's destination marketers need to be more resourceful, creative, and strategic than ever before. But they simply cannot do it alone. More than ever, Covid-19 has emphasized the vital importance of the connections that tie together the tourism ecosystem, linking local tourism operators, accommodations, and attractions with the destination marketers that support their efforts.

In this transformed tourism environment, one in which budgets are tight and collaboration is essential, co-op marketing is rising to the fore as a potential solution. It's true that co-op marketing programs have existed for destinations for many years. But thanks to new technology innovations, today's co-op marketing strategies are not like the programs of old. These emerging co-op tools make it possible for destination partners of all sizes and budgets to join forces, adapt in real-time to changing market conditions, and get access to detailed results to assess campaign success.

There's no question that the travel industry's recovery from Covid-19 will be challenging. But with the right tools, and a collaborative mindset, destination leaders now have the power to set themselves up for success as tourism starts its turnaround.

ABOUT SKIFT

Skift is the largest intelligence platform in travel, providing media, insights, marketing to key sectors of the industry. Through daily news, research, podcasts, and Skift Global Forum conferences, Skift deciphers and defines the trends that matter to the marketers, strategists, and technologists shaping the industry.

SkiftX is Skift's in-house content marketing studio, working collaboratively with partners like Adobe, Airbnb, Hyatt, Lyft, Mastercard, and many more on custom projects to engage the world's largest audience of travel influencers and decision makers.

Visit skiftx.com to learn more or email skiftx@skift.com.

ABOUT SOJERN

Sojern provides digital marketing solutions for the travel industry. Powered by artificial intelligence and traveler intent data, Sojern activates multi-channel marketing solutions to drive direct demand. More than 10,000 hotels, attractions, tourism boards and travel marketers rely on Sojern to engage and convert travelers around the world.

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