

A Review and Analysis of the Role of CVBs in Destination Product Development

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Abstract

The traditional role of convention and visitor bureaus as simply sales and marketing organizations continues to be shaken up. Like corporations that control every aspect of their product or service – from research and development to marketing, sales and distribution, CVBs have, willingly or not, taken on new responsibility for the entire destination product. A survey of CEO members of the Destination Marketing Association International reveals increasingly broad and varied participation in destination product development activities among CVBs of all sizes. An examination of the role of hospitality education shows CEOs value high levels of hospitality but few CVBs are involved in raising the quality of service. Further research is needed to define and track the evolution of this area of CVB responsibility. Additionally, education, performance measurement standards, and methods to measure return-on-investment must be developed by the industry, academia, research suppliers and related associations.

A Review and Analysis of the Role of CVBs in Destination Product Development

Convention & Visitor Bureaus (CVBs) in the United States have seen themselves, and have been seen by outsiders, as sales and marketing organizations. It has been understood that CVBs represent their total destination to market segments such as meeting and convention, leisure and motorcoach visitors. CVBs employ strategies including advertising, direct sales, public relations, promotions and provision of services to visitors and groups to increase visitor spending in their destination. Only recently has the idea of taking responsibility for the product – or visitor experience – begun to take hold among CVB executives and their boards. This paper will expand on the investigative work conducted by Darren Rudloff, Cheyenne (WY) CVB, in 2005 and further define the roles CVBs are playing in destination product development.

Background

Rudloff's paper for the Executive Program in Destination Management (Rudloff, 2005) was the first effort among candidates for the Certified Destination Management Executive (CDME) designation to explore product development and CVB participation in that process. Earlier papers on topics about destination product didn't directly relate the CVBs role. Topics such as the relationships between authorities and CVBs (Archer, 2004) and the application of sustainable tourism in destination management (Wert, 1999) were covered in the context of the entire destination, but without focus on the role of the CVB in managing these issues. Even a paper forecasting the future of CVBs (Loog, n.d.) did not foresee a role for product development.

Rudloff found limited academic resources in his initial review and the list won't be repeated here. Of note though is the absence of the issue of destination product development in a

prominent tourism textbook (Morrison, 2002) even though the author uses an “8 Ps” approach to travel marketing which recognizes the importance of product, but does not specifically address destination product development. One early examination of product development activity in CVBs in Canada was conducted in 1998 (Getz, Anderson, & Sheehan, 1998). In this paper, which resulted from a survey of Canadian CVBs, the authors looked at all forms of product development including festival and event development and packaging (“soft” development) and bricks-and-mortar product development (“hard” development). The authors concluded that “the dilemma is that bureaux are often the best placed, and frequently the only community-based agency which can broadly represent tourism and determine the industry’s needs. This leads to many consultative tasks, but does not necessarily ensure that any concrete progress is made in developing attractive, competitive services and attractions.”

Since that paper was published, at least some Canadian tourism organizations have taken a new approach to product development. The Province of Nova Scotia (*Tourism Development Investment*, n.d.) and Tourism Montreal (*Montreal Tourism Development Plan*, 2003) have extensive plans in place dictating how these DMOs will invest directly in tourism infrastructure and how they will foster new private investment in visitor experiences. In the U.S., at least Loudon County, Virginia’s, Loudon County Visitor’s Association has a comprehensive strategy published on its website which guides the CVB through such issues as tourism infrastructure and new visitor experiences (*Tourism Destination Strategy*, n.d.). One of the most innovative, CVB-driven product development efforts in the US was presented in a teleseminar by Bill Geist of “Destination Marketing Organization University” (DMOU) (Geist, Miller, & Lode, 2003). In

this seminar, Kelly Miller of Asheville (NC) CVB discussed their dedicated 1% innkeeper's tax increase which goes strictly to tourism development projects. Strict criteria must be met by applicants in order to receive funding and projects must fit within the overall destination vision and strategic plans.

Analysis

The absence of current and comprehensive academic data about CVBs and how they participate in destination product development dictated another method be used to study this issue. A survey of CEOs of CVBs that are members of Destination Marketing Association International (DMAI) was chosen. A nine-question survey was made available on SurveyMonkey.com and two invitations to participate were sent to the 629 participants on DMAI's CEO listserv. Sixty-seven CEOs completed the survey resulting in an 11% response rate. Participants were asked to limit their responses to questions in the realm of "hard" – or bricks-and-mortar product development. Since Rudloff received comments about the difference in those areas of development, and since it seems that "soft" product development has long been embraced as a legitimate role, it was decided to focus this survey on "hard" development.

Question #1: Respondents were first asked to indicate the size of their CVB's current fiscal year budget. Where sample size allows, comparisons of responses to certain questions will be made within these categories.

Question #2: Next, respondents were asked "Rounded to the nearest FTE position, how many staff positions are involved in activities in support of destination product development?" The most frequent answer was ½ of a FTE position – one quarter of respondents indicated this level of staffing for product development. The second highest response was for five or more FTE positions (20%). Nearly 17% indicated they dedicated no staff efforts to hard product

development. Except for the smallest budget bureaus, those with five or more FTE positions dedicated to product development was fairly well spread across the budget spectrum.

Question #3: Please indicate which statements below describe how product development is carried out in your destination (check all that apply):

TABLE 1

The CVB is solely focused on sales and marketing and doesn't have a significant role in product development.	7.5%
The CVB is active in the community as an advocate for destination product development by serving on appropriate boards and by participating in planning processes initiated by governmental entities. However, generally, product development is carried out by other organizations.	82.1%
The CVB dedicates human resources to the creation and operation of festivals and events that draw visitors.	31.3%
The CVB dedicates human resources to foster and recruit new business investment that results in new visitor experiences.	19.4%
The CVB dedicates human resources to foster public sector investment in visitor infrastructure or new visitor experiences.	26.9%
Other (please specify) 1. We don't produce events but do facilitate packaging of current product and facilitate the development of new product in a lead role as opposed to a supporting one. 2. Working on a tourism model that would allow a CVB to develop and build a tourism destination. 3. Primarily (sic) CEO 4. The CVC operates both the Convention Center and the Domed Stadium. 5. The CVB is a partner in development project 6. The CVB acts as a stimulus for making developments happening, "stirring the pot" by organizing committees, raising public & private funds for feasibility studies, presenting studies and proposals to public and private interestes (sic). 7. We currently assist but the actual development is handled by others. We are moving toward providing human resources and annual investment in the form of a major product development fund. 8. We provide limited trageted (sic) funding to help new product/atratrations get underway.	11.9%

The opportunity for multiple responses on this question, the wide range of product development activity options offered and the surprisingly high response to high-involvement activities suggests that CVBs have begun to dedicate significant human resources to product development. Again, the size of the bureau's budget does not seem to be an indicator of high levels of product development activity.

Rudloff used a self-described scale of involvement in product development including “No role,” “Minor role,” “Substantial role,” and “Major role.” This survey sought to build on his initial work and provide further definition for these activities.

Question #4: Please indicate which statements below describe how product development is FUNDED in your destination (check all that apply):

TABLE 2

Our local/state government invests in visitor infrastructure, major facilities and new visitor experiences through general and/or capital fund appropriations or services debt from these sources.	49.3%
Hotel tax is diverted by our local/state government for debt service on major visitor amenities (sports facilities, convention centers, etc.).	35.8%
Other visitor taxes are used to fund visitor infrastructure, major facilities or new visitor experiences.	11.9%
Hotel tax is diverted by our local/state government and directed to other organizations that carry on some role in destination product development (i.e. arts organizations).	31.3%
The CVB is active in seeking appropriations and grants from both governmental and non-governmental sources to fund visitor infrastructure projects.	38.8%
The CVB directly invests in visitor infrastructure or in new visitor experience from existing (discretionary) budget.	20.9%
The CVB directly invests in visitor infrastructure or in new visitor experiences from a dedicated funding source.	16.4%
None of the above apply.	13.4%

Assuming that all possible scenarios for product development funding were offered in the questions above, the fact that only 13% of respondents indicated that “none of the above apply” suggests that some form of product development funding is occurring in 87% of the destinations. Between 16% and 39% of CVBs responding are directly involved in either funding or seeking funding sources for destination product development. However, it seems a far greater number of CVBs are in communities where they are not the funding driver for product development.

An opportunity was offered for respondents to make comments about hard product development that they felt had not been covered in the question choices above. Two of the nine

responses showed significant differences in approaches to product development outside the biases of the choices offered in the multiple choice questions. One destination faces overdevelopment and, therefore doesn't engage in product development efforts – trying to preserve sustainability. Another has both city and Tribal governments that gives them special access to grant and other funding sources for product development.

One diversion from the strictly “hard” product development focus of this survey was taken. Neither Rudloff (Rudloff, 2005) nor Getz, Anderson and Sheehan (Getz et al., 1998) addressed front line employee hospitality as an issue pertaining to destination product. Therefore, three questions were added to the survey pertaining to this issue.

In question #6, respondents were asked to rate the importance of employee hospitality in the destination experience: *On a scale of 1-10, where 10 indicates a high degree of agreement and 1 indicates no agreement whatsoever, please indicate your level of agreement with this statement: “The hospitality and level of customer service given to visitors is a critical component in being a competitive destination.”* The results showed respondents were clearly supportive of this statement – 99% rated this issue an 8, 9 or 10.

Even though the issue received high ratings in importance, only 56% of respondents indicated that a hospitality education program was in place in their community (question #7). Of those with a community training program, 48% indicated that the CVB owned and operated the program, 60% indicated that the CVB teaches or participates in at least part of the program, and 24% provide funds for others to conduct the program (question #8). Despite the recognition of the importance of such programs, less than ½ of the CVBs seem to be driving the effort in their

community to heighten visitor service. Respondents were given the opportunity to offer additional comments on this issue (see Table 3) and the comments seem to indicate a mixed set of approaches to the problem with some recognition of failures in establishing these programs. So, the absence of CVBs in this effort seems not for lack of effort – it’s just that such programs haven’t worked well in their community.

TABLE 3

Our 'Cultural 360' focuses on what there is to see and do in the area and not only focuses on front line employees but also on community leaders so they understand the high degree of product in the county.
We are partnering with other entities to do this, in particular the hotel association.
We have been lobbying our educational community for the need to look at establishing a customer service/ hospitality curriculum in our high school system and in a planned community college
CVB is in the process of re-designing our hospitality customer service rewards program to enhance the educational component and encourage better participation among hospitality partners.
'Meadowlands 101' Training started out as a course for front desk staff of our hotels and is now expanding into a customer service training program
Hospitality education has just recently been identified as a need and we are actively working with the lodging association to create such a program in conjunction with the Resort and Hospitality school at Florida Gulf Coast University.
We provide combined hospitality training and community tours to frontline staff. We also often cooperate with the State Tourism Office on hospitality and awareness training.
Absolutely critical -- and it must be ongoing -- and it should reinvent itself every 2-3 years to remain fresh in the minds of the local citizens/workers.
Due to the physical location and seasonality of our visitor industry, many training programs are not used due to businesses not having staff arriving prior to the 'season' in time to use customer training. For example, college students' schedules release them for summer already into the visitor season, when it's very busy and businesses cannot 'stop' business to have persons attend a class.
For 5 years we offered customer service training and then we stopped because no one was attending. We tried various presentation styles, including working with the local Tech College and their hospitality & tourism department. The most successful businesses conduct proper training for their staff.
New Jersey is conservatively 10 years behind it's neighbors, PA & NY. My region (Trenton & Princeton) have invested very little in tourism and is scrambling to catch up. Because of this environment, hospitably training is fractured and usually conducted on a very small and sporadic scale.
partnerships with community college and other tourism related associations is critical
We are looking for advice in this area. With the high rate of turnover for front line staff, how do CVB's balance the time to teach with the costs of repetitive teaching?
By going to online training, we hope that this overcomes some of the challenges we have in maintaining participation.
We have had varied participation in high school programs, tech schools, community college and property level...We have not been able to sustain an on-going program.
We do have a program that recognizes exemplary front-line employees. Attempts at educating these employees have failed.

Conclusion

The review of literature showed a recent history where CVBs weren't engaged in significant product development activities. Such efforts seem to have not only grown within CVBs over a short period of time; they seem to be initiated by entrepreneurial bureaus in answer to specific product issues facing their destination. There is no standard model for product development and those involved are making their way through their own maze based on political realities, destination needs and the economic tools available in their jurisdiction.

Rudloff found a greater level of participation in product development than he expected. Of note from the survey results in this paper is that the depth of activities by CVBs is both great and varied. Comments offered in this survey corroborate Rudloff's finding that CVB executives recognize that an ever-increasing role for their bureau in product development is coming – or is already here.

It is hoped that the definitions of CVB activities in product development offered here may become the basis for further refinement and definition in future research. The categories of activity and funding used in questions #3 and #4 were derived based on the author's own experience in his bureau and recognizing state and local funding scenarios for product development in other destinations. Future research should take these categories and build on with further depth and definition.

This evolution in CVBs is exciting! There have been very few times in the history of the industry when such a diverse set of bureaus has become involved in a new activity so critical to the success of the destination. Soon, product development will become the rule rather than the

exception – we will no longer marvel at the progress of a few of our colleagues as all of us will be required to be involved. In order to ensure that more of us reach that point without stumbling, the academic and association community need to address this trend in the following ways:

1. We need further research to define the types of activities and roles of CVBs, continuing to track the evolution of this area of work for CVBs.

2. At the same time we are evolving our role in our communities to include product development, our bureaus are under unprecedented scrutiny to show our worth in terms of real return. The academic and research community must establish methods for measuring the return on investment for CVB staff efforts and financial investment in product development.

3. Destination Marketing Association International (DMAI) must integrate product development into its Performance Measurement Standards and the developing CVB Accreditation program.

4. DMAI, state associations and other appropriate bodies must integrate product development topics into their educational programs. Of particular need are education in economic development processes, procedures and incentive programs.

5. Alliances and partnerships should be developed with appropriate economic development associations. Similar to IACVB/DMAI's recent discourse with the US Conference of Mayors which seeks to drive policy changes at the local level, cooperative education programs with our traditional economic development counterparts could yield stronger relationships between CVBs and their local economic development organizations.

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