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Dear Industry Colleague:

Here at DMAI, we have long believed in the significant role Official Destination Marketing Organizations (DMOs) play in the group meetings business. We know that approximately 300 cities and destinations across the United States rely upon DMO sales and marketing efforts to attract events to their destination. But prior to this landmark study, much of what was known about the true power of DMOs as a collective channel in the meetings market was anecdotal at best.

The attached report, commissioned by Destination Marketing Association International, powered by a grant from the Destination & Travel Foundation and conducted by Tourism Economics, quantifies the impact of DMO efforts as a sales and marketing channel. The analysis, based on a massive collection of data from more than 100 DMOs representing three-quarters of the total market, determined that DMOs influence 1 in 5 group rooms that occur in the U.S. annually.

As an industry, we now have clear and measurable data points to advocate for the role of DMOs impacting the U.S. convention and meetings market. We encourage you to thoroughly review the report and integrate these facts in your own marketing, sales and communications vehicles. Help spread the word about your collective influence in the following ways:

- Include the DMO Group Sales Channel Impact Study in your Board meetings, industry newsletters and communications
- Share findings with local and industry media, as well as your hotel community and local/state hotel associations, and national sales office contacts
- Incorporate findings from the study in your client communications, presentations and proposals

This landmark study speaks to the influence DMOs have on hotel room demand in the meetings and events market - and DMAI will continue to outreach media, hotel brands and other stakeholders to share these significant results. We will work to expand this further in the future to include direct spending, jobs supported and taxes generated. In order to get there, we need to continue to improve upon our data collection as an industry, including actual attendance data for events held.

Michael D. Gehrisch
President & CEO
Destination Marketing Association International
1 Introduction & Executive Summary

Official Destination Marketing Organizations (DMOs) play a significant role in the group meetings business. Approximately 300 cities and destinations across the United States rely upon DMO sales and marketing efforts to attract events to their destination. Prior to this groundbreaking study, much of what was known about the true power of DMOs as a collective channel in the meetings market was anecdotal.

This report, commissioned by Destination Marketing Association International, powered by a grant from the Destination & Travel Foundation and conducted by Tourism Economics, quantifies the impact of this sales and marketing channel based on three key measures:

- Booked room nights in each year from 2009-2012 for future events
- Occurred room nights in 2009-2012 for events happening in each of these years
- Number of events (both booked and occurred) in 2009-2012

The analysis is based on a massive collection of data from 116 DMOs representing three-quarters of the total U.S. market. An econometric model was developed to project this significant sample to the remaining markets.

Key findings of the analysis include:

- **DMOs influenced 21%, or 1-in-5, of all group room demand in 2012 (in the 283 markets where DMOs are active in group sales)**

- **This represents more than 38 million group room nights that occurred in 2012 as a result of DMO sales and marketing efforts, a 3.1% increase over 2011 results**

- **In 2012, DMOs booked 39 million group room nights for future events, representing growth of 4.9% over 2011 bookings**

- **DMO channel room bookings for future events exceeded the level of room nights consumed in the DMO channel. This indicates that the value of the DMO channel is on an upward trend**

- **DMO-generated group room nights have expanded 12% between 2009 and 2012**

Questions about this study or DMAI’s research program should be directed to research@destinationmarketing.org (t: +1.202.296.7888).
2 Data Collection

This analysis is an update from work conducted in 2012 and the membership of DMAI participated on a large scale. An outreach to DMOs across the country yielded the direct participation of 116 DMOs who agreed to provide raw data for the purposes of assessing the overall value of the DMO group sales channel. This was an increase from the 94 DMOs who participated in the analysis in 2012.

In some cases, the data was delivered directly from the DMO’s Customer Relationship Management (CRM) vendor (with permission from the DMO) and in others, the DMO provided the data directly to Tourism Economics.

The data fields requested included:

- Event name
- Start date
- End date
- Date definite (confirmation date)
- Peak rooms
- Total room nights (in the block)
- Attendance

The request covered booked events as well as those events that occurred in 2011 and 2012. This provided an overlap year of data from the original data collection in 2012 which encompassed 2009, 2010, and 2011.

All told, more than 250,000 event records were compiled as part of the data collection process. Data cleaning procedures were then employed to ensure the results were as accurate as possible.

This compilation and cleaning of data yielded a substantial database of events booked by DMOs. The data was then analyzed on the basis of events booked in each year as well as events that occurred in each year.

The sample of 116 DMOs represents over 40% of all DMOs which actively engage in the sales and marketing of group events. The sample is more substantial in terms of the share of rooms sold, representing approximately 70% of the entire DMO market. This is the direct result of the stronger representation of larger DMOs in the sample set.

The sample data provided an information set covering 30 million group room bookings and 28 million occurring room nights in 2012.
3 Projecting the Sample to the Universe of DMOs

In order to determine the total impact of DMO group sales efforts, the sample of 116 DMOs must be projected to the total of 283. This total is based on DMAI’s DMO Organization & Financial Study which identifies those DMOs which are active in the sales and marketing to group events.

Given the over-representation of larger DMOs in the sample set, the projection method must account for differences in size between the sample and the additional DMOs to be estimated. To accomplish this, Tourism Economics developed a regression model that quantifies the relationship between group room bookings and DMO budgets across each DMO in the sample set. This “pooled cross-sectional” analysis identified a strong relationship between group room bookings and total budget. A separate model identified a strong relationship between group room bookings and the budget for sales personnel.

The below chart illustrates how larger budgets tend to strongly correlate with group room bookings.

Rooms Booked vs Budget

![Chart illustrating the relationship between rooms booked and budget]

The results of the model were then applied to the budget levels for those DMOs not in the raw data sample to project a total DMO group sales channel impact. This approach compensates for the differences in DMO size between the sample and universe.
4 Key Findings & the Power of the DMO Channel

The projection to the universe of DMOs which are active in group sales and marketing produced impacts on the basis of events as well as room nights. Data collected in 2013 covered the years 2011 and 2012 while previous data collection covered 2009-2011. The year of overlap provided a basis for a continuous trend from 2009 to 2012. The results are segmented between those that were booked and those that occurred in each year. Summary results are shown on the following table.

<table>
<thead>
<tr>
<th>DMO Group Channel Impact</th>
<th>Room nights (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
</tr>
<tr>
<td>Booked</td>
<td>37.0</td>
</tr>
<tr>
<td>% growth</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Occurred</td>
<td>34.3</td>
</tr>
<tr>
<td>% growth</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

- In 2012, DMOs booked 39 million group room nights for future events
- 38.3 million group room nights occurred in 2012 as a result of DMO sales and marketing efforts
- DMO’s new group room bookings grew 4.9% in 2012
- DMO-generated group room nights have expanded 12% between 2009 and 2012
- DMO channel room bookings for future events exceeded the level of room nights consumed in the DMO channel. This indicates that the value of the DMO channel is on an upward trend.
- The DMO channel generated 20.9% (1-in-5) of all group room nights in the 283 destinations with an organization dedicated to group sales and marketing.

<table>
<thead>
<tr>
<th>DMO Group Channel Impact</th>
<th>Occurred room nights (DMO Markets)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009</td>
</tr>
<tr>
<td>DMO % of group hotel room nights sold in DMO markets</td>
<td>20.9%</td>
</tr>
</tbody>
</table>

Sources: DMAI, STR
The following chart shows the proportion of group rooms in the sample versus the projected component.

**DMO Group Channel Impact**

Room nights, Million

<table>
<thead>
<tr>
<th>Year</th>
<th>Booked</th>
<th>Occurred</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Nearly 41,000 events were booked by DMOs in 2012 while 40,178 events occurred last year as a result of DMO sales and marketing.

**DMO Group Channel Impact**

Events*

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Booked</td>
<td>37,396</td>
<td>38,544</td>
<td>39,844</td>
<td>40,649</td>
</tr>
<tr>
<td>% growth</td>
<td>3.1%</td>
<td>3.4%</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>rooms/event</td>
<td>991</td>
<td>919</td>
<td>932</td>
<td>958</td>
</tr>
<tr>
<td>Occurred</td>
<td>35,365</td>
<td>36,603</td>
<td>37,619</td>
<td>40,178</td>
</tr>
<tr>
<td>% growth</td>
<td>3.5%</td>
<td>2.8%</td>
<td>6.8%</td>
<td></td>
</tr>
<tr>
<td>rooms/event</td>
<td>971</td>
<td>979</td>
<td>989</td>
<td>954</td>
</tr>
</tbody>
</table>

Source: DMAI

*Events for which a room block was booked
About Destination Marketing Association International

Destination Marketing Association International (DMAI) protects and advances the success of destination marketing worldwide. DMAI’s influential membership includes nearly 600 official destination marketing organizations (DMOs), also known as tourism boards or Convention and Visitor Bureaus, from nearly 20 countries that command more than $2 billion in annual budgets. As the world’s largest and most reliable resource for DMOs, it provides more than 3,500 individual members – professionals, industry partners, educators and students – the most innovative and relevant educational resources, networking opportunities and marketing intelligence worldwide.

About The Destination & Travel Foundation

The Destination & Travel Foundation is a complementary organization to DMAI. Tackling the most pressing issues of the day and the vexing problems ahead, the Destination & Travel Foundation engages industry leaders and experts in various fields to determine innovative and creative strategies. The ultimate goal is to prepare the industry to deal with the rapidly changing business environment. The mission of the Foundation is to enhance the destination marketing and travel professions through research, education, visioning and development of resources and partnerships for those efforts.

About Tourism Economics

Tourism Economics is an Oxford Economics company with a singular objective: to combine an understanding of tourism dynamics with rigorous economics in order to answer the most important questions facing destinations, developers, and strategic planners. By combining quantitative methods with industry knowledge, Tourism Economics designs custom market strategies, destination recovery plans, tourism forecasting models, tourism policy analysis, and economic impact studies.