



Visit Mendocino County Tourism Strategic Plan Proposal

Prepared for:

Mendocino County Tourism Commission

SMG CONSULTING

STRATEGY & CREATIVITY MATTER

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Thank You

Dear Visit Mendocino,

Thank you for including SMG Consulting on the list to receive the request for proposal for Visit Mendocino strategic planning services.

Our proposal is a comprehensive system to strategically chart a course to strengthen the destination's competitiveness over the near and medium term. Considering our proposal, I want to summarize why Visit Mendocino should retain SMG for this important project.

- **Our approach**

We offer DMOs an innovative way to look forward and develop a more competitive strategy for their destination. I want to introduce you to our new Destination Marketing Organization (DMO) strategic planning concept, Jazz. As its name implies, JAZZ IS CLASSICALLY DEFINED: as a musical form, often improvisational, influenced by harmonic structure and rhythms.



From its very beginnings at the turn of the 20th century, jazz has been a constantly evolving, expanding, and changing music, passing through several distinct phases of development, AND SO TOO HAS THE LEADING EDGE OF MARKETING.

Organizations can need more understanding of the role of strategic planning. Is the goal to develop a fixed list of priorities and a corresponding implementation schedule? Or is the actual desired outcome of using creativity to develop a competitive advantage? **Our efforts are designed to assist Visit Mendocino County in developing a competitive advantage in the marketplace.**

JAZZ is based on **two core principles**; strategic thinking and planning must be infused with creativity at every process phase. Secondly, the focus should be on creating strategies that give an organization some competitive advantage.

- Idea and Strategy driven
- Scenario planning for creativity
- Economic modeling for you to compare strategy alternatives
- Bottom-up (Community)
- Changes the playing field to your advantage

JAZZ Strategy Design brings DMO leaders much more creativity for the strategic design process creating an innovative strategy that gives your destination "clear space in the marketplace" and a competitive advantage over the long term.

- **Our objectivity**

We are straight shooters and will tell you our honest opinion no matter the issue. We see you as a long-term client, so we will always tell you what you need to hear to be a more compelling destination and organization.

- **Our Experience**

SMG Consulting has extensive experience in the region, having worked on various projects for Visit Mendocino, most recently the resident and visitor values survey and the website influence/ROI study. We understand the market, the challenges, and the opportunities.

Reviewing this proposal, we are open to refining our approach and methodology upon further conversation with all concerned. Still, we are confident that we can provide you with a tourism strategy to improve Visit Mendocino County's competitiveness.

Please don't hesitate to contact me with any questions or clarification.

Best Regards,



Carl Ribaldo
President and Chief Strategist
SMG Consulting

Introduction

Visit Mendocino is Mendocino County, CA's destination marketing organization (DMO). The organization is responsible for generating economic benefits for its member's lodging business through marketing and promoting the area. As well as generating tax revenue and employment for residents. As tourism is an integral part of the county economy generating approximately \$433 million, its importance is critical. The area is in a highly competitive Northern California market area.

To that end, Visit Mendocino County seeks to develop a strategic plan that serves as a blueprint to achieve critical goals related to its tourism promotion and education activities.

Why Tourism Strategic Plan?

Why a tourism strategic plan? It's a great question, but in our experience, it's about more than just the plan. It's about the *thought process* that goes into the plan, and the thinking needed to remain competitive in a rapidly changing environment.

At SMG Consulting, we see ourselves not as planners but as designers. We see tourism strategy from an artistic community-based perspective, not your standard top-down mechanistic view. Each strategy we develop is unique based on the culture and values of our work destinations. Our job is to help a destination turn what is interesting about its place into a competitive strategy that effectively differentiates the destination and creates interest and demand and, ultimately, revenue, taxes, and employment in a way that balances resident needs.

To that end, we try and help our clients answer some straightforward questions to improve the organization's effectiveness

1. Given the changing marketplace and the destination's assets, where does the organization want to be one year from now, two years from now, three years from now, and can you get there?
2. Do the DMO and its stakeholders have **the capabilities** to implement a new destination tourism strategy? It's also not enough to have a strategy; an organization must have a mindset that embraces change and allows staff to implement it best.

“The possession of tourism assets alone does not automatically guarantee your destination’s success. It’s how they are managed in harmony with the local community.”

SMG Consulting

At SMG Consulting, we see destination tourism strategy design as transformative for the stakeholders, staff, and community. SMG will guide your organization to develop a core opportunistic strategy to take advantage of existing programs and competitive dynamics and look at new programs or changes where needed. **The goal is to maximize the destination's**

assets and align opportunities with the changing market conditions, which drive strategies and plans.



Our Philosophy

At SMG Consulting, the long-term success of a tourism strategy is based on a simple premise - **it takes both the client, the stakeholders, and the community to develop a strategy that works**. We **do not** come to a destination and tell clients and stakeholders what to do. Instead, we act as a guide and resource, working with the entire destination to develop a great strategy. Yes, we push and pull and cajole, but mostly we try and provide you with insight and knowledge acquired through our years of experience and many successful projects. Ultimately, it's a process that will benefit Mendocino County.

"We are designers and strategists, that value creativity and insight.

Not planners with a standard formula for each destination."

About SMG Consulting

SMG is located in South Lake Tahoe, CA, and is a boutique marketing and strategy advisory firm specializing in marketing research, strategy design, and economic analysis for the tourism and recreation industries.

SMG prides itself on providing its clients with insights and solutions for effective competitive strategies. We view ourselves as strategists that assist our clients in understanding more significant issues necessary for their success.

SMG has access to various tourism industry/marketing research resources to help ensure our clients receive state-of-the-art solutions. The firm has attracted a roster of blue-chip public and private sector clients, including DMOs, hotels, lodging management companies, casinos, ski resorts, economic development agencies, and chambers of commerce.

SMG brings a wealth of skills, experience, and knowledge relevant to this project, including the following:

- Extensive experience developing and implementing successful Destination Marketing Organizations (DMOs) tourism and strategic plans.
- Direct experience working for a DMO and on a board of directors.
- Extensive experience with local community culture and its integration into tourism strategy.
- Innovated the use of scenario planning and economic modeling for tourism strategy.
- Extensive experience in rural and urban locations.
- Extensive experience in partnership and cooperative marketing strategy and implementation.
- Extensive experience in destinations with a rich resource area, including natural resources, agri-tourism, wine, etc.
- Thorough understanding of outdoor recreation-based tourism economies.
- Appreciation and commitment to balancing tourism with protecting the environment and the local community's values and needs.
- Experience developing integrated marketing programs, including competitive strategy development, creative concept development and execution, target market identification, online and offline media planning, cooperative marketing partnerships, financial models, fulfillment mechanisms, and measurement systems.
- Extensive experience in developing tourism impact and ROI planning models.

Carl Ribaudo - President and Chief Strategist

Carl is an analytical thinker, thought leader, and innovator in the tourism industry. He has worked and advised over sixty tourism destinations throughout the country as an analyst and strategist. Carl has pioneered scenario planning and economic modeling for DMO strategy development. He has also provided various services, including marketing research, strategy and planning, tourism economic analysis, and measurement. His interests include economics and market analysis of destination competitiveness, organizational change, and destination and organizational strategy design. Carl is a trusted advisor to many CEO and senior executives throughout the industry.



Carl also writes a monthly op-ed page, publishing several marketing strategies, tourism, and motorcycle touring-related articles. His most recent articles include: [Strategy is Not Planning, Is your DMO Metric Centric Versus Strategy Centric](#), [So Your DMO Has a New Strategic Plan, Now What?](#) He has also been both a guest speaker and panelist at industry conferences.

He enjoys riding his BMW motorcycle on two-lane roads throughout the west, mountain biking, going downhill, and cross-country skiing.

Jeff Moffett, Ph.D. Economist

Jeff has thirty years of experience in economic analysis, destination marketing, resource allocation, and business development. Jeff studied economic development and forest utilization in Nepal as an undergraduate fellow. Throughout the 1990s, Jeff worked amidst the spotted owl and forest logging controversies in Pacific Northwest. He concentrated on optimizing land allocations to balance wildlife habitat and timber production.

After transitioning to the Colorado ski industry in 1999, Jeff worked for Crested Butte Mountain Resort holding positions in marketing, pricing, and air service development. Jeff conducted several market feasibility studies with all major U.S. airlines to evaluate new routes and revenue-maximizing schedules.

In 2013, Jeff founded Triple Point Strategic Consulting to provide marketing, strategic planning, and business development analysis to clients in various Western U.S. and Canadian sectors. In 2016, Jeff conducted a marketing assessment for the City of Santa Fe, NM. Triple Point is frequently retained to develop economic forecasts and financial models, including IMPLAN.

Jeff earned his M.S. in econometrics and Ph.D. in applied statistics at the University of Washington, Seattle. Jeff has served on many boards, including KBUT Radio Station as Board President, Crested Butte Nordic as Board Treasurer, Gunnison Crested Butte Air Alliance as Board Treasurer, Gunnison Crested Butte Tourism Association as Board President, and Jeff is currently Board Treasurer of the Gold Basin Road Association and Board President of West Elk Hockey Association.

Previously Contracted Destination Organizations

SMG Consulting has been involved in the tourism industry providing destinations with various consulting services and strategy development. A small sample of the types of projects we have completed can be found in the appendix section of the proposal.

Experience and Effectiveness

The following is a summary of our experience with a variety of organizations.

	Experience	Rating
<p>Strategic Partnerships: SMG has been involved in various regional partnerships involving tourism, skiing, air service, golf, agritourism, and wine.</p> <ul style="list-style-type: none"> • Tourism-Lake Tahoe Visitors Authority, North Lake Tahoe Resorts association, Reno-Sparks Visitors and Convention Authority • Ski- Seven major highly competitive ski resorts aligned to compete against Colorado and Utah. • Air service- Managing Director of the Reno Tahoe Air Service Corporation (RASC) with over forty members, including all regional DMOs, and working with all major carriers. • Golf- Past managing director of Golf the High Sierra regional golf organization. • Agritourism- Periodic Consultant to Apple Hill growers. • Wine- Consultant to Amador County Vintner Associations and Temecula Valley Winegrowers Association 	5	5
<p>Destination Marketing Partnerships:</p> <ul style="list-style-type: none"> • Worked extensively with American Express in the Lake Tahoe market. • Have developed and implemented marketing partnerships and programs with all major air carriers. 	5	5
<p>Industry Partners:</p> <ul style="list-style-type: none"> • Cal Travel- Current member and former board member • Visit California- Former member of the Research and ROI Committee • Travel Nevada- Former member of the Marketing Advisory Committee 	4 4 5	4 4 5

Methodology And Think Tank Process

SMG Consulting uses a three-phased process to develop a long-term Destination Strategy and Tourism Management Plan.

A. Methodology



Phase 1 – Understanding

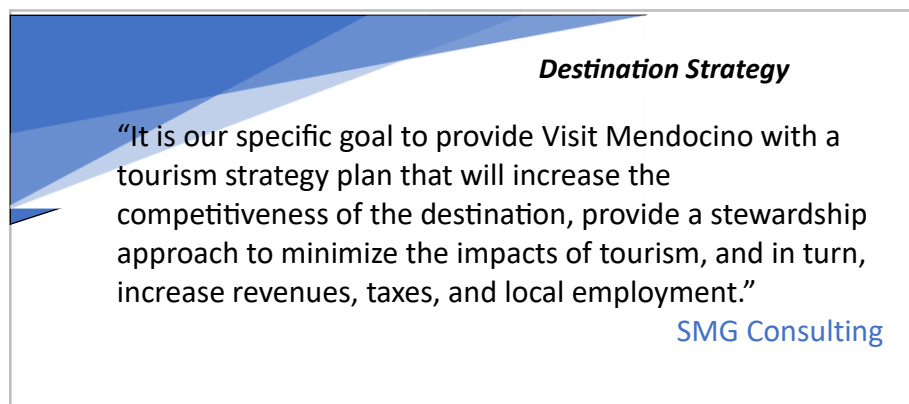
We look to understand all aspects of the destination, *i.e.*, how it got to where it is, why it's successful, its challenges, how they have been addressed, etc. What does success look like for the destination? How can the destination get there? What are the strategic opportunities?

Phase 2 – Creating

Once we understand a destination, we focus on designing and creating the core strategies to provide a sustainable approach to maximize the destination's assets and mitigate the impact of tourism on the local community and environment.

Phase 3 – Transforming

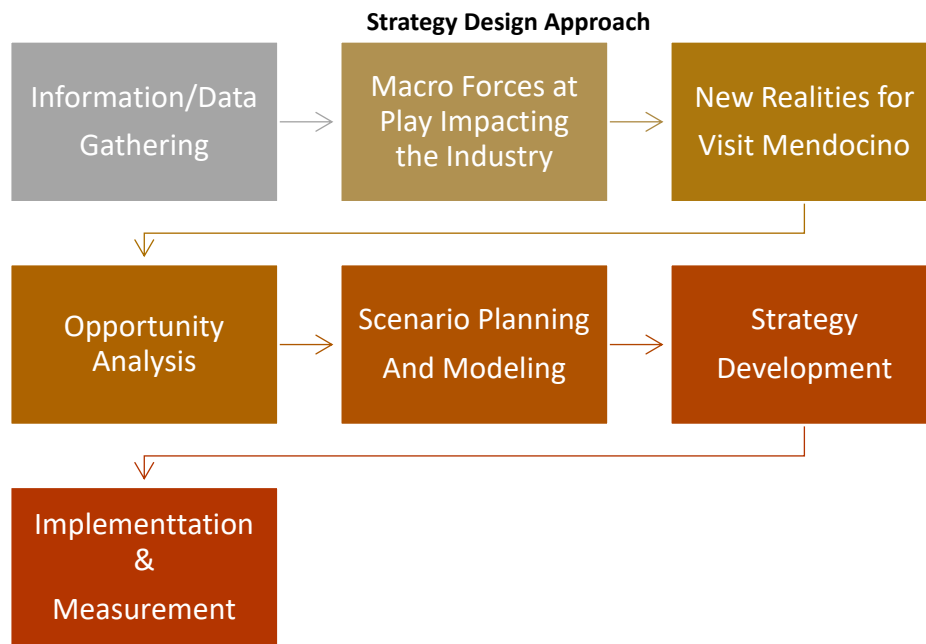
Once we create the strategies, we develop the steps to transform them into genuine changes that benefit the destination, its stakeholders, the community, and visitors.



B. Strategy Design Approach

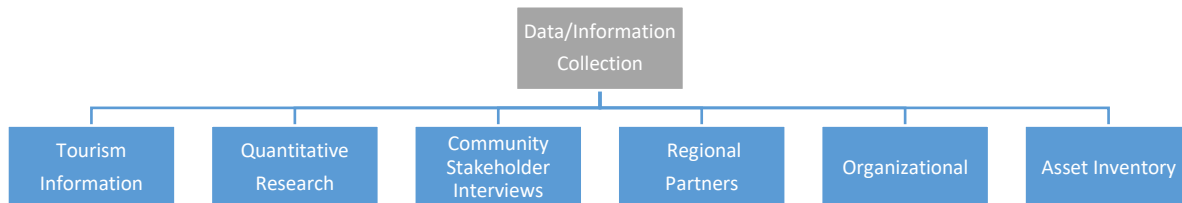
The proposed strategy development process is holistic and designed to understand the market changes, opportunities, and threats combined with the organization’s current and potentially needed capabilities. **In doing so, we seek to align each in an effort for the organization to be as efficient and effective as possible.** The objective is to make the necessary changes to the current tourism model to enhance the positive benefits of tourism. At the same time, it also seeks to minimize the negative impacts of those efforts.

The SMG approach considers six essential elements or dimensions to develop a successful organizational destination tourism strategy.



UNDERSTANDING Phase 1 – Information/Data Collection

This first phase includes the collection of data/information and insight from a variety of sources. Data/information collection includes six distinct areas.



Task 1.1 Existing Destination Tourism Information

A. Understand the Current Mendocino County Tourism Economy

- What is the estimated size and scope of the current tourism economy?
- What revenue is needed to provide economic benefits at existing and improved levels?
- What is the foundation of the current tourism business model? Has it increased growth volume vs. yield?
- Where do visitors originate from? Length of stay, spending, etc.

B. Review all Pertinent Documents and Research

- Lodging Trends (Understand seasonal occupancy changes over the past five years.)
- Smith Travel Reports
- City TOT Reports
- Google Analytics
- Other TBD

C. Competitive set

- Identify the competitive set for Mendocino County
- Understand the competitive advantage each destination has and identify potential competitive gaps

Task 1.2 Quantitative Research

Recently Visit Mendocino County completed three quantitative studies, including the following:

A. Resident Survey

Visit Mendocino County implemented a resident values and perception study related to identifying values, lifestyle and tourism, stewardship and community, economic development, funding issues, etc. These findings will be integrated into the strategic planning process.

B. Visitor Survey

Visit Mendocino County also implemented a visitor survey to understand their perspective on critical issues related to their experience, activity participation, behaviors, perceptions, and how they see themselves as visitors. The study also generated visitation data that will be used later for economic modeling.

- Length of stay
- Visitor spending
- Party size

C. Website Influence Study

Additionally, Visit Mendocino also implemented a website influence study to understand the impact and influence of its advertising and website on potential visitors. Also, the study measured the efficiency and Return on Investment of the organization's efforts.

The objective with all the quantitative research is to increase the value of that data/information and insight by integrating it into the organization's strategic planning process.

Task 1.3 Community/Stakeholder Interviews

A. Stakeholder Mapping

We are working with staff to identify key stakeholders in Mendocino County and to understand their importance and influence in implementing Mendocino County's tourism strategy. The key is to include a variety of stakeholder inputs from a variety of perspectives. This could include the tourism industry, environmental organizations, wine, arts and culture, and managers to the person that rents the bike or kayak. The purpose of the stakeholder map is to be sure we can visually see the diverse types of input we seek and any potential gaps.

B. Stakeholder Interviews

Once the stakeholder map has been identified, SMG Consulting will work with Visit Mendocino to develop a bottom-up input approach to interview those identified in the stakeholder mapping process. Some of the interviews will be individual, others in groups.

C. Destination Culture and Values

- What do residents like to do? What are their passions?
- What defines Mendocino Culture? Is stewardship integrated into resident and tourism industry stakeholder values and local culture?

The objective is not only understanding common themes but just as importantly understand unique perspectives and look for ways to use this input to shape different scenarios for tourism strategy.

Task 1.4 Identify Regional Partners/ Programs

As part of the stakeholder mapping process, we will have identified potential organizations that can align with Visit Mendocino and support their efforts in various areas, including promotions, visitor education, stewardship, etc.

A. Identify Potential Partner Programs and Organizations

- Identify key potential partners to align and support tourism efforts.
- Identify existing and potential new cooperative programs.
- How do the destination assets/organizations and businesses work together?
 - Environment
 - Recreation
 - Tourism
 - Local Government
 - Agriculture
 - Arts and Culture
 - Other TBD

The objective is not only understanding current and potential new organizations and programs or new ways in which to align with organizations throughout the county in an effort to leverage the capabilities of all the partner organizations.

Task 1.5 Asset Inventory

This task includes an overview of destination assets, including but not limited to outdoor recreation. History, social/cultural, natural environment, agriculture, wine, shopping, dining, etc.

- The purpose is to assess the existing attributes and where their gaps are and potentially new ways to reframe them to existing and potential target segments.

Task 1.6 Organizational

- Identify existing programs, budgets, messaging, etc.
- Understand the span of control the organization has and the gaps in program implementation vs. what support other organizations will need to implement a potential tourism strategy fully.

CREATING Phase 2 – Creating Strategy and Direction

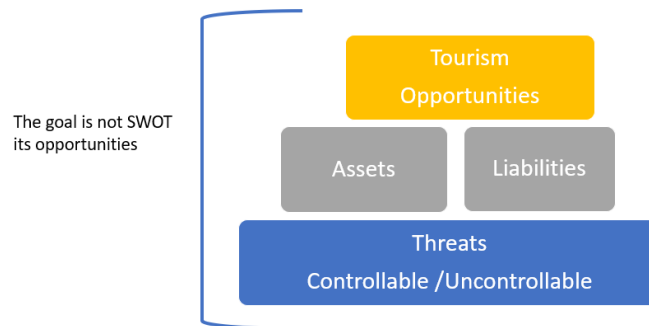
In this phase, we build on the comprehensive information collected in Phase 1. The information collected in that phase, data/information, stakeholder input, and partner organization programs will be used to develop several potential future scenarios and the economic impact of each scenario to Visit Mendocino for their review and consideration. When scenarios are presented, it is designed to enable creativity, and a new scenario is often developed. It's this process and resulting creativity that is often what makes a unique and competitive strategy for a destination.

Task 2.1 Understanding the “Forces at Play” and “New Realities”

- Identify the macro “Forces at Play” impacting the tourism industry and their impact on Mendocino County. From this, we develop the “New Realities” that help shape the current strategic planning framework.

Task 2.2 Opportunity Analysis

The “Opportunity Analysis” focuses on the organization’s most important potential opportunities.



Task 2.3 Scenario Planning

What are the benefits of scenario planning?

Scenario planning provides a variety of benefits in building a community-wide vision.

- To help manage the impacts of significant change in Mendocino County.
- To develop a common framework with which to envision the future of Mendocino County Tourism
- To help manage uncertainty in the dynamics that impact the destination/community.

Our approach is to utilize scenario planning as a tool for the organization to assess the impacts of the status quo and the potential to look at how the destination could be shaped to evolve to

an outcome that optimizes the activities and values of the broader community. SMG Consulting will develop three different scenarios for Mendocino County to consider in shaping the future of its tourism promotion efforts. The end outcome should be a consensus-based framework for moving forward and proactively addressing tourism opportunities and issues.

In conjunction with the client, SMG Consulting will develop a series of future tourism scenarios (narratives) to imagine tourism evolving within the next several years.

Sample strategy scenarios could include but are not limited to the following:

- The status quo scenario
- The high-yield scenario
- The values-based scenario
- More TBD

Each scenario developed has both strategy and marketing tactic implications. For example:

- ✓ Reduce visitations (and footprint) and increase revenue.
- ✓ Different destination pricing and demand thresholds.
- ✓ Understand the economic impact of different segments (activity participation, persona, etc.)
- ✓ Air visitors vs. Drive visitors/Electric/ Hybrid visitors
- ✓ Reduce demand for peak seasons, and shift demand to non-peak seasons.
- ✓ Others TBD

Task 2.4 Economic Modeling

A. Develop a Baseline Economic Model

Develop baseline model assumptions. Identify what the current tourism economy produces in terms of revenues, employment, and taxes based on the current mix of visitors, including:

- Number of rooms
- Annual occupancy
- Length of stay
- Travel party size
- Spending
- Geographic point of origin

B. Model Iterations and Scenario Planning

Develop visitor mix models that provide insight and projections into how the destination could generate more visitor spending while reducing the number of visitors. Model iterations could include changing the percentage of visitors arriving from destination vs. drive markets and other yet-identified variations.

Task 2.5 Model Impact Analysis

Based on the model outcomes in Task 2.2, the best scenario will be assessed to effectively address the potential impacts identified in the first phase of the process.

- What would fewer visitors with a higher economical effect mean to the destination?
- What would a different mix of visitors mean regarding travel spending?
- What are the specific opportunities to spread demand through different times of the year and times of the week?

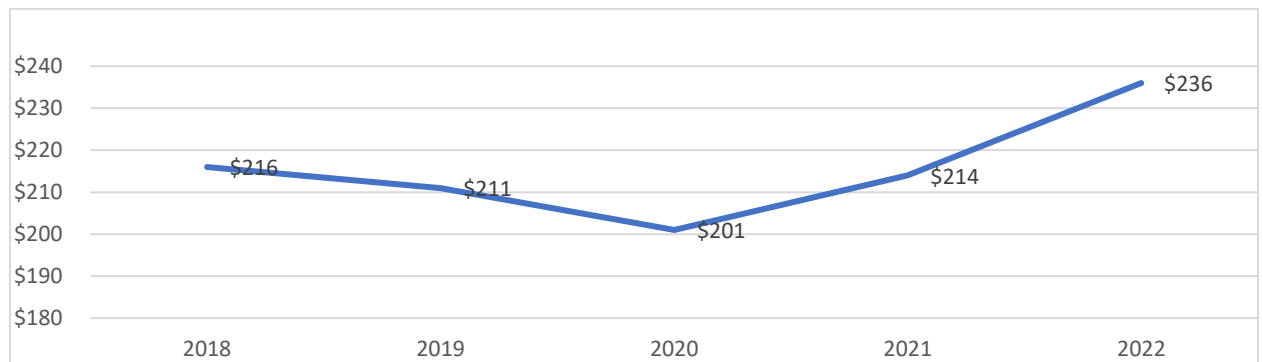
SMG Consulting will review the different modeling scenarios with the client to identify the best options.

Model Output

Typically, our models identify the potential revenues, taxes, employment, and the number of visitors with each scenario/model. With this information, the organization can compare different strategy approaches with a clear understanding of each strategy's economic and visitor impact.

Additionally, we develop an innovation, “Visitor Yield Curve,” which tracks the yield per visitor over time and can become an integral planning and goal-setting tool for the organization’s strategic plan

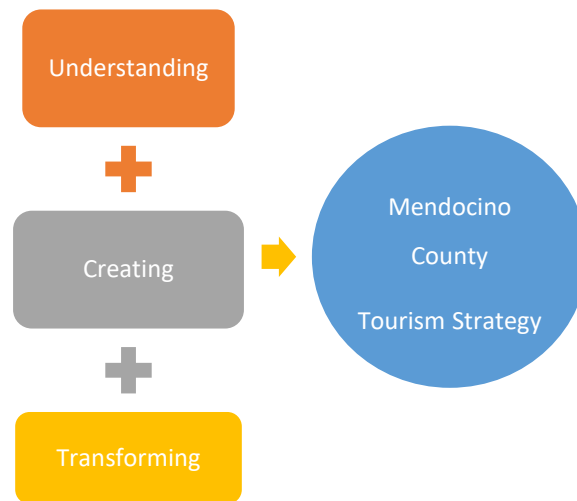
Sample Destination Visitor Yield Curve



TRANSFORMING Phase 3 – Transforming and Implementation

The core element of any long-term strategy and plan is ***adapting to change***. Visit Mendocino must be a change agent and leader for the broader community, not just an implementer of programs.

The final step is the most critical, bringing all the information together and developing or executing the tourism management plan.



Task 3.1 Define the goals and objectives

- Determine the time frame. One year, three years, five years, etc.
- Determine the goals and objectives that will drive the desired outcomes.

Task 3.2 Tourism Strategy Development

Once a preferred scenario is developed and modeled, a strategy will be developed for the executive in that direction. **The goal is to create a competitive space between Mendocino and its competitors.** We will create a tourism strategy and consumer marketing communication programs developed from the review of different strategy options, including the following:

- Develop a sustainable tourism strategy based on the optimization scenario identified by the client.
- Assess if existing resources and capabilities can implement developed strategies.
- Based on that optimized scenario, integrate existing marketing resources stewardship programs, local culture, and community values.



- Work with the client to allocate resources to implement the identified strategies.
- Develop policies at the DMO and partner organizations that support identified strategies and marketing communication programs.
- Develop measurements to measure the desired output and program effectiveness effectively.
- Develop an approach to make cultural changes within the community to be receptive to the desired outcome and scenario.
- Understand how the strategies can impact the broader community issues, including housing and workforce development, transportation, etc.

Task 3.3 Action Steps

Specific action steps are necessary to implement the destination strategy.

- Each step will have a timeline and identified part for implementation/responsible party.

Task 3.4 Measurement

- Identify appropriate existing measurements and develop new measurements designed to measure the achievement of the goals and objectives.

Task 3.5 Draft and Final Report

The draft and final reports will include the long-term destination tourism strategy and management plan. The draft is circulated to the client (and stakeholders) for input and suggestions. This ***iterative process may occur several times*** to determine the best strategy. The final strategy will be presented based on client needs (PowerPoint, webinar, etc.)

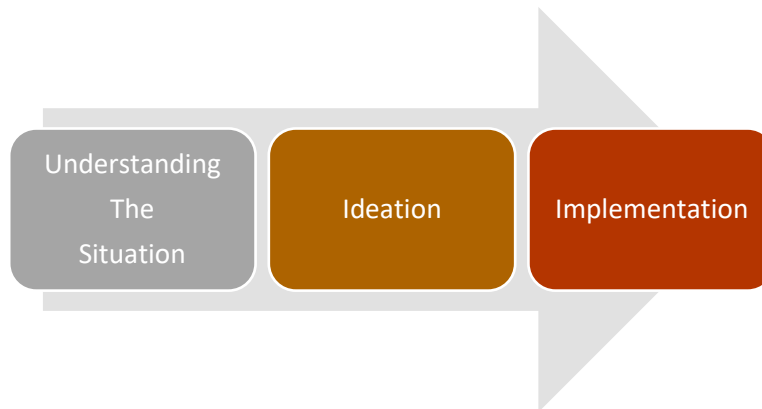
Task 3.6 Presentation of Findings

Once the final report is completed, SMG Consultants will consult with the client for the final presentation.

Think Tank Process

SMG Consulting has developed its own proprietary think tank process that is designed to address specific problems/ issues/ challenges or opportunities. Our three-step process was developed for the Insights Collective Tourism Think Tank in Denver, CO. The Think Tank steps, and a brief description can be found below.

SMG Consulting Think Tank Process



1. Understanding the situation- This step is critical because it's designed to get to the right issue. We develop a set of questions designed to frame the issue accurately.
2. Ideation- In this step, we have a number of steps designed to generate ideas and alternative perspectives. This process is designed to encourage and harness the insight and creativity of the client and those involved.
3. Implementation- This step is designed to clarify if the ideas generated can be implemented and their likelihood of success.

Project Timetable & Project Management

The project’s general timeline is proposed as follows. A more detailed timeline will be developed in conjunction with the clients.

	Month 1	Month 2	Month 3	Month 4	Month 5
Phase 1 Information Data Collection					
Phase 2 Creating Strategy and Direction					
Phase 3 Transforming/Implementation					

Project Management

A. SMG Consulting Management

Our team is prepared to provide comprehensive project management, including the following:

- Meeting with the stakeholder team as identified by the client
- Monthly conference call with the client
- Regular project billing
- Other TBD

Project management elements will be discussed and agreed to with the client before commencing work.

B. Client Support

Regarding client support, we will need DMO staff to be our pathfinders and point us in the right direction regarding places to visit and community members and stakeholders to meet. We are easy to work with and down-to-earth people. We recognize the value of your time and very much appreciate it. Specifically, we need your help with the following:

- Assistance in arranging and promoting stakeholder meetings (location, notices, etc.)
- Identify people or organizations we should meet with beyond the formal stakeholder group
- Assistance in arranging and promoting community workshops (location, notices, etc.)
- Access to all pertinent information and data that will be relevant to the project

Fees and Billing

Professional fees:

Professional Fees for all services outlined in the proposal are \$35,000 inclusive. We anticipate 2-3 visits to Mendocino County.

Billing

We propose to invoice Visit Mendocino as follows, contingent upon your agreement or the proposed changes.

All invoices are due and payable within 30 days of the invoice date.

- Initial Invoice: for \$8,750 (25% of total fees), to be sent upon your written authorization of the project
- Interim Invoice: for \$8,750, to be sent upon completion of Phase 1
- Interim Invoice: for \$8,750, to be sent upon completion of Phase 3
- Final Invoice: for \$8,750 (25% of total fees), to be sent upon our completion of the Draft Final report

Terms and Conditions

- All findings, data, reports, and secondary source data are strictly confidential and are the property of Visit Mendocino (“the Client”). Neither SMG Consulting (SMG, or “the Consultant”) nor any of the sub-consultants will provide any information to any third party(s) unless specifically authorized by the Client.
- The Study captures moments in time. The results reflect conditions known to exist at the time and do not anticipate changes in outside market forces that may impact the results after fieldwork/surveying is completed.
- Any requests by the Client for the Consultant to use the Study data to perform additional tasks not explicitly included within this Proposal are considered a separate contract.
- Survey(s) and findings/reports will be issued first in DRAFT form for the Client’s review and comment. These documents will be finalized upon the Client’s expressed satisfaction and authorization of the final version.
- Any data supplied by the Client for the study are assumed to be correct when and as provided. Should the data change and need to be reissued during the project, any additional time SMG requires to revise already developed analyses or results will be charged hourly in addition to the fees set forth.
- Should the Client direct or if any outside forces necessitate SMG to stop or terminate the Study before completion, SMG will invoice the Client for all SMG time/charges, at \$250.00/hour for SMG personnel and all actual time/charges incurred by subcontractors, and for all actual related project expenses, incurred through the date of termination. If the amount incurred is less than the payments to date, SMG will refund the difference less a charge of \$750.00 for administration. If the total charges exceed the payments to date, SMG will be paid the additional incremental amount. Payment will be made to SMG within 15 days of the stop date.

AUTHORIZATION

Should the scope of services and the terms as described herein be acceptable, please sign on the line below and e-mail *this page* to carl@smgonline.net

If you have any questions, comments, or amendments, please get in touch with me.

We greatly *appreciate and thank you* for considering SMG Consulting services for this important project.

ACCEPTANCE/AUTHORIZATION: SMG Consulting will initiate the project for Visit Mendocino, as detailed herein.

BY: _____ **TITLE:** _____

FOR: Visit Mendocino **DATE:** _____, 2023

BY: _____ **TITLE:** President and Chief Strategist

FOR: SMG Consulting **DATE:** March 28, 2023

Appendix

Previously Contracted Destination Organizations

SMG Consulting has been involved in the tourism industry providing destinations with various consulting services and strategy development.

Market Planning and Strategy Projects

Lake Tahoe Visitors Authority

We are currently engaged in a comprehensive strategic planning project for the South Shore of Lake Tahoe. In this project, we have integrated scenario planning and economic modeling to help shape future strategies for the DMO and increase its competitive position.

Riverside County

SMG developed a tourism strategy for the rural parts of Riverside County. The strategy was designed to create three regions with different personalities and competitive positions.

SMG also created an integrated special events strategy, including Temecula, Murrieta, and Lake Elsinore. This first-ever project was developed using the BCG share matrix and provided a straightforward way to use regional special events as a more competitive approach to tourism development.

Folsom Partnership

Recently completed tourism strategy for the City of Folsom. In this project, we created a new market position as an urban outdoor destination creating a competitive differentiation from the destination's competitive set.

Visit Concord

We completed a tourism strategy for Visit Concord. In this project, we created a new market position combining the destination's outdoor recreation assets, entertainment, and downtown local cultural experiences creating a competitive differentiation from the destination's competitive set.

Catalina Island

SMG assisted Catalina Island in utilizing its research to develop strategies dealing with Overtourism during its peak summer months.

Discover Kalispell Montana

SMG completed a comprehensive economic analysis and destination tourism strategy for Kalispell, Montana, designed to effectively reposition the destination into a more competitive space.

Morro Bay Tourism

SMG revised the existing marketing strategy to develop a new competitive destination positioning that firmly identifies Morro Bay as the recreation leader in San Luis Obispo County.

Visit Vacaville

SMG completed a destination tourism strategy for Visit Vacaville that takes advantage of its proximity to Sacramento and area agriculture to position the destination as a "mini-hub."

Visit Santa Maria

SMG developed a competitive tourism strategy for Visit Santa Maria, including an organizational structure to support the strategy.

El Dorado County

SMG developed a competitive strategy for El Dorado County, leading to marketing communication recommendations and an updated website and social media platform.

Visit Santa Cruz

SMG developed a competitive strategy to help Visit Santa Cruz in its TBID renewal process.

Carmel Hospitality Improvement District

SMG developed a competitive strategy for the Carmel Hospitality Improvement District that included a new organization structure recommendation to support the strategy and new funding to fuel the overall efforts.

Visit Santa Barbara

SMG provided ongoing consulting and review of DMO documents, plans, and strategies for developing a TBID in Santa Barbara County. As well we developed strategic marketing plans for the destination.

Agritourism Projects**City of Oceanside**

SMG developed an agritourism strategy designed to inform policymakers about the importance of agritourism as a hedge against residential development in the last remaining agricultural areas within the City limits.

Apple Hill

SMG has provided Apple Hill with ongoing strategy consulting services over several decades on an as-needed basis.

Solano County

SMG developed an agritourism strategy designed to inform County policymakers about the importance of agritourism and developed an integrated approach to its tourism strategy.

Wine Projects**Amador Vintners Association**

SMG developed a new strategic plan for the Amador County Vintners. That plan was designed to create a new market position within the Northern California Market.

Temecula Valley Winegrowers

SMG developed a new strategic plan for the Temecula Valley Winegrowers. That plan was designed to create a national positioning for the region.

SMG Consulting Quantitative Projects**Lake Tahoe Stewardship Plan**

SMG Consulting developed the first-ever scenario planning and economic modeling approach to destination stewardship. In this process, we developed a base model, four different scenarios, and

economic forecasts for each scenario. This process informed policymakers in developing stewardship strategies for the region.

Visit Mendocino County

The Travel Analytics Group (sister Company to SMG Consulting) developed innovative new studies to compare resident and visitor values. Additionally, we completed a comprehensive website influence study.

SF Peninsula

SMG Consulting developed a five-year forecast for a new Tourism Business District; the complete analysis was county-wide and included multiple jurisdictions.

Yolo County OHV

SMG Consulting and partners completed a yearlong comprehensive feasibility study to determine the potential of an OHV park designed to address a continuing environmental impact.

California State Parks Oceano Dunes

SMG completed a year-long economic impact analysis of Oceano Dunes Off-Highway Vehicle Park visitors.

South Tahoe Alliance of Resorts

SMG recently completed an extensive economic analysis and forecasted *the opportunity cost of not developing* a special events center in Stateline, Nevada. The analysis included projected tax and revenue streams and local jobs that would only be attained if the center was developed.

California Welcome Centers

SMG is completing a year-long study of visitors to the California Welcome Centers. Develop proposed strategy changes to improve the effectiveness of the Welcome Centers.

Sacramento Visitors and Convention Bureau

SMG implemented a study to quantify the benefits of a new convention center addition to the lodging industry using TBID funding.

Travel Paso Robles


SMG implemented a study to quantify the benefits of a new conference center to the lodging industry using TBID funding.

Hearst Castle

SMG completed a year-long visitor profile study of visitors to Hearst Castle. The information was used to inform Hearst Castle's historical site accreditation.

Visit Santa Maria

SMG completed an analysis of the influence of Visit Santa Maria's consumer communication strategy on visitor selection of the destination.



RASC 2022 Strategy Workshop

Confidential Not for Release | Dec. 7, 2021 | V2



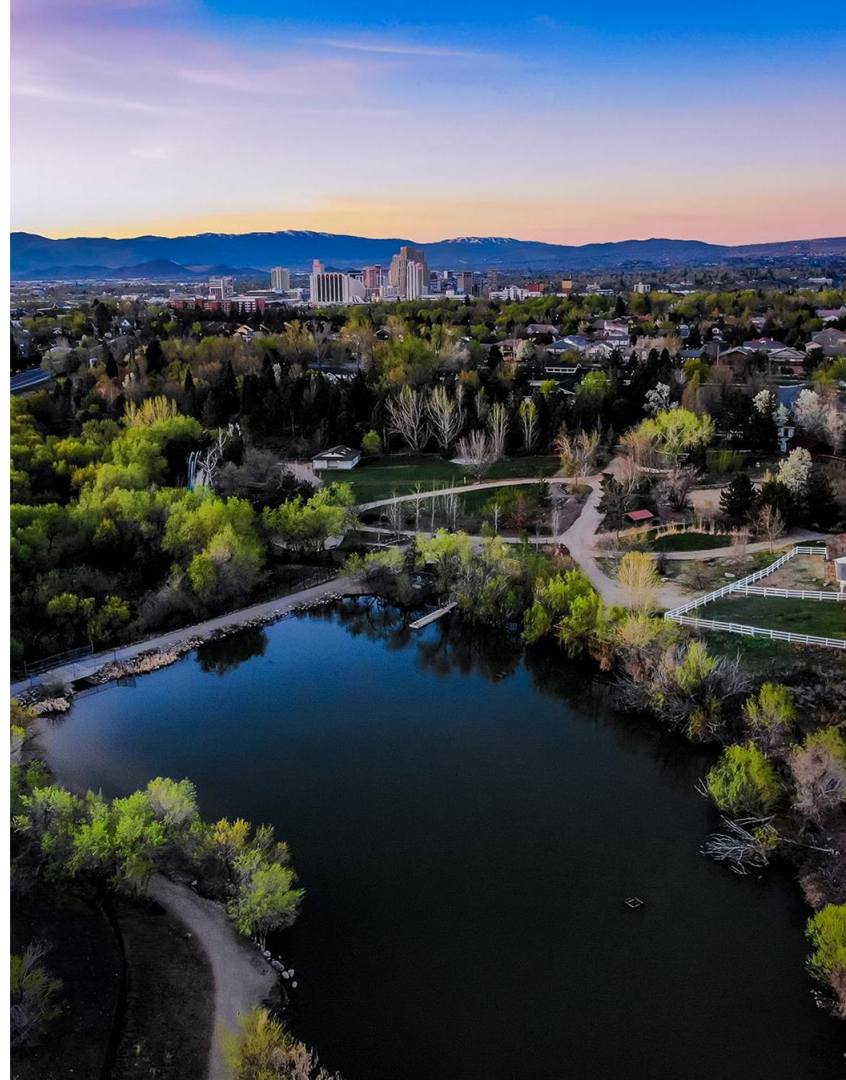
Purpose

- To understand the current situation and the changing environment as we enter 2022/23
- To encourage discussion and creativity from a variety of perspectives in refining RASC strategy and implementation.
- To focus thinking for 2022/23 and beyond.
- To match existing resources with market needs/opportunities and supportable scale.



Overview

- The Current Situation
- Market and Organizational Alignment
- RASC Strategy
- Implementation
- Discussion



The Situation 2020-2021

Reno Tahoe International Air Service Update & Strategic Themes

New Realities

Marketing

- Peak Tourism
- Climate Change
- COVID 19 -Recedeing
- Technology adaptation (Online connections)

New Realities

- Traffic, crowding and congestion on peak weekends and holidays.
- Increased fire and smoke in California and the west.
- Airline shift to outdoor destinations. Airlines still shifting their business model.
- Airline staffing and equipment issues.
- Economic issues-Inflation/pricing
- Continued shift in workplace/remote working; Reno Tahoe as a lifestyle location.

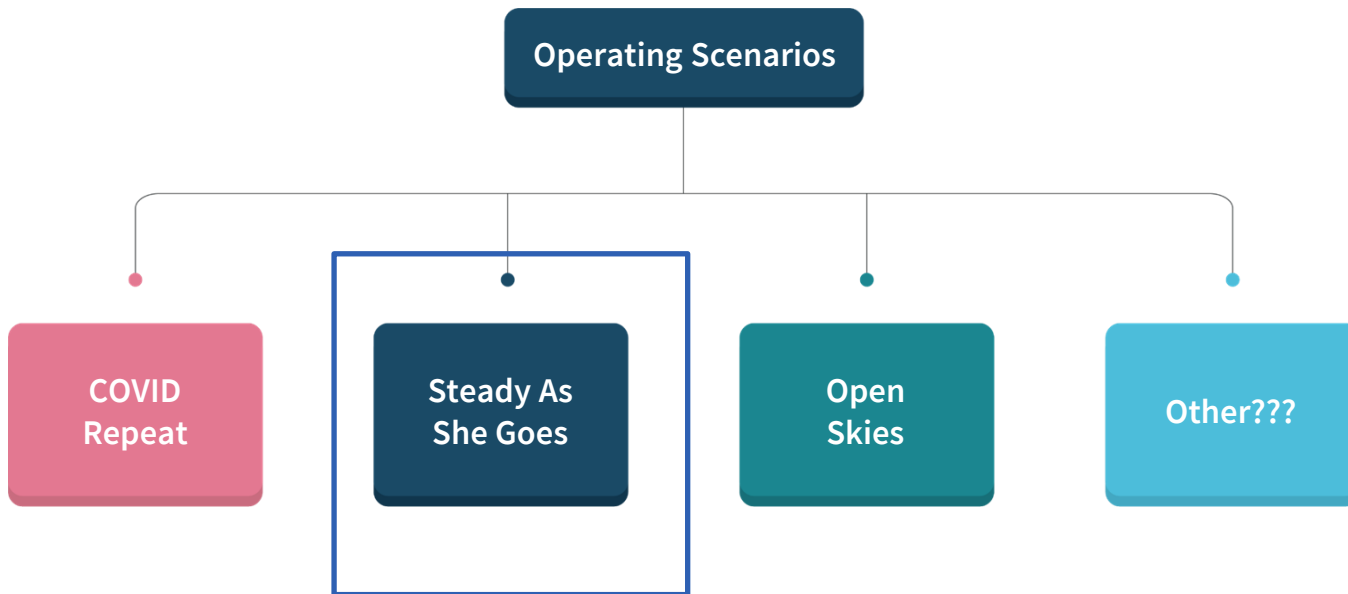


What do we know?

- In a turbulent market, airlines will change constantly.
- We are perceived as a seasonal destination, and this will impact our long-haul strategy.
- MRG investments need to be carefully considered.
- That catchment basin is as important as inbound markets.
- The right tool for the right situation works.



2022 Operating Scenarios



Goals & Objectives

Tourism Related

1. Increase national and international access through partner airline relationships for the Reno/Lake Tahoe region. This to diversify demand from drive market visitors.

Objectives:

- Increase air service from new unserved non-stop target markets.
- Prevent loss of air service from existing target markets.
- Economic Development Related

Economic Development Related

1. Increase access to key markets for non-tourism industry growth.

Objectives:

- Use economic development to support year-round activity.
- Position RASC as an important enabler of economic development within the Reno Tahoe region.
- Prevent loss of air service from existing “target markets.”

RASC Strategy Implementation-Alignment



RASC Strategy Execution Pyramid Refresher

Strategy 1

Support West Coast Corridor Markets
(West coast markets as proximity markets)

Strategy 2

Domestic/ Fly Markets
Build Year-round service
Link to domestic feeder markets

Strategy 3

Connect with international
flights/markets

Strategy 4

Secondary &
Tertiary
Markets



Strategy 1-Support West Coast Corridor Markets (Updated)

Los Angeles

Las Vegas

Burbank

Ontario

San Diego

Orange County

Long Beach

Palm Springs (seasonal)

Portland

San Jose/Oakland/San Francisco

Seattle

Spokane, Pasco, Redmond,
Eugene, Medford, Santa Rosa,
Fresno, Palm Springs

Strategy 2A- Domestic Fly Markets Build Year-Round Service



Strategy 2A- Domestic Fly Markets (Updated)

Domestic Fly Market - Seasonal	Domestic Year-round	Unserviced Markets
Houston	Salt Lake City	Chicago Midway
Minneapolis	Denver	Atlanta
Dallas Love Field	Dallas DFW	Washington D.C.
	Austin	Charlotte
	Phoenix	Nashville
	NY JFK	Hawaii

Strategy 2B- Domestic Fly Markets Link to Domestic Feeder Markets

Leverage domestic market hubs into feeder hubs for incremental domestic service.



Flight Map (Updated)

Domestic Fly Market-Seasonal	Domestic Feeder Market
Minneapolis	Southeast
Chicago O'hare	Southeast/ East Coast
Dallas Love Field	Southeast/East Coast
Houton Intercontinental	Midwest/East Coast
Domestic Fly-Year Round	
Salt Lake City	East Coast/Southeast
San Francisco	West Coast
Los Angeles	West Coast
Phoenix	East Coast
Las Vegas	East Coast
Denver	East Coast
Austin	Austin
Dallas	Southeast/East Coast

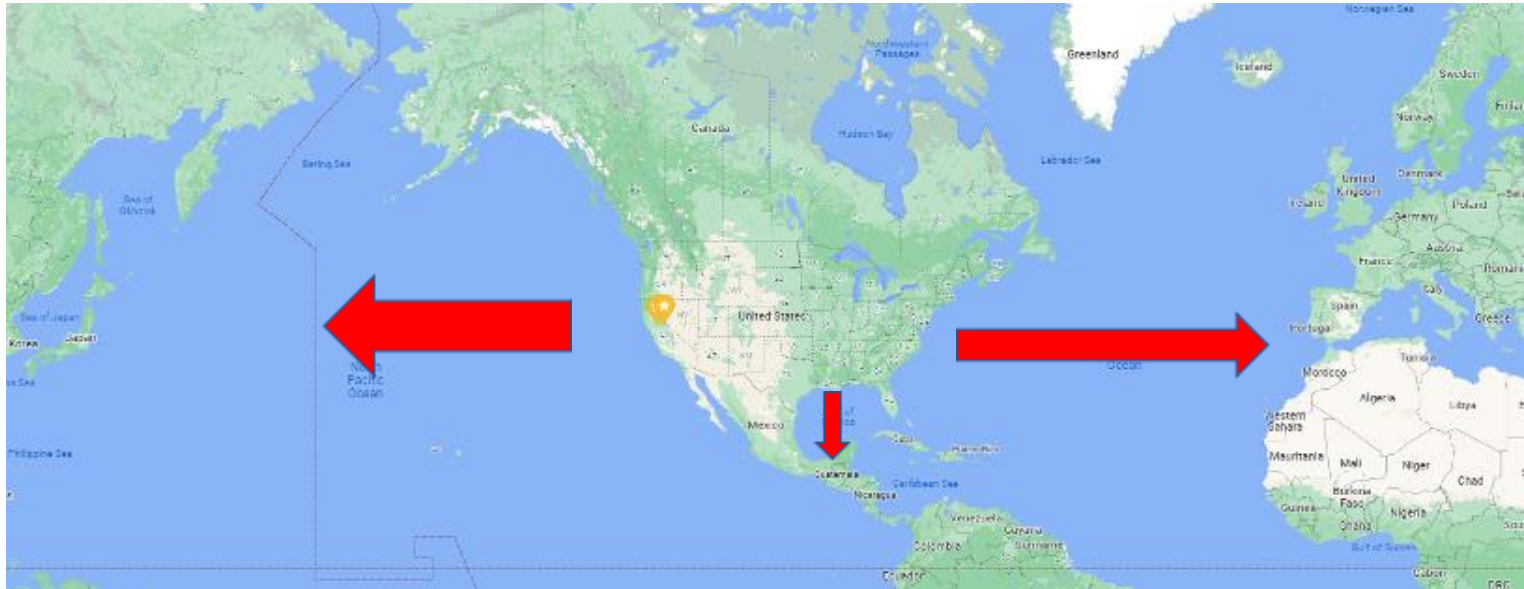
Strategy 3- Domestic Fly Markets Link to International Feeder Markets

Leverage domestic market hubs into feeder hubs
for international service.

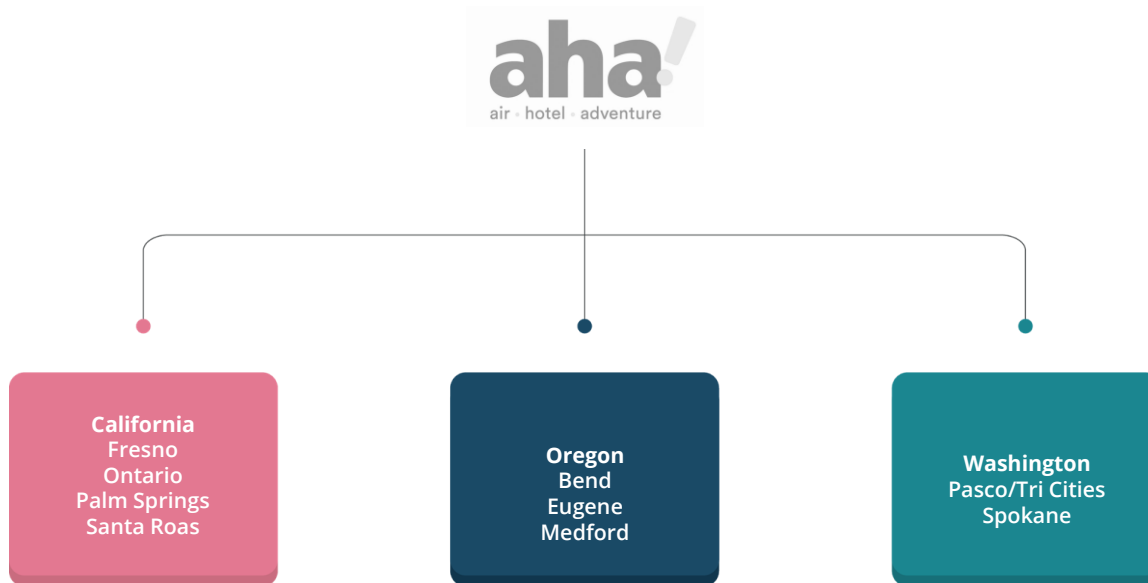
Strategy 3- Domestic Fly Markets Link to International Feeder Markets (Updated)

International Feeder Market	Potential International Markets
Houston	Latin America, Middle East
Dallas	Latin America, Carribean. Middle East, Europe
Atlanta	Europe/Latin America
Chicago	Canada/Europe
New York	Europe
Salt Lake City	Europe/Mexico/Canada
Phoenix	Latin America
Denver	Europe
Los Angeles	Asia/Latin America/ Europe/Oceana
Portland	Canada
Seattle	Asia/Canada

International Connection



Strategy – Secondary & Tertiary Markets



Secondary & Tertiary Markets



Markets-Emerging Markets:
Fresno, Eugene, Carlsbad etc.



Strategy- Provide air access
to Tier 2 & 3 markets



New seasonal service >
regular seasonal service>
daily flight service



Budget TBD



Marketing support TBD

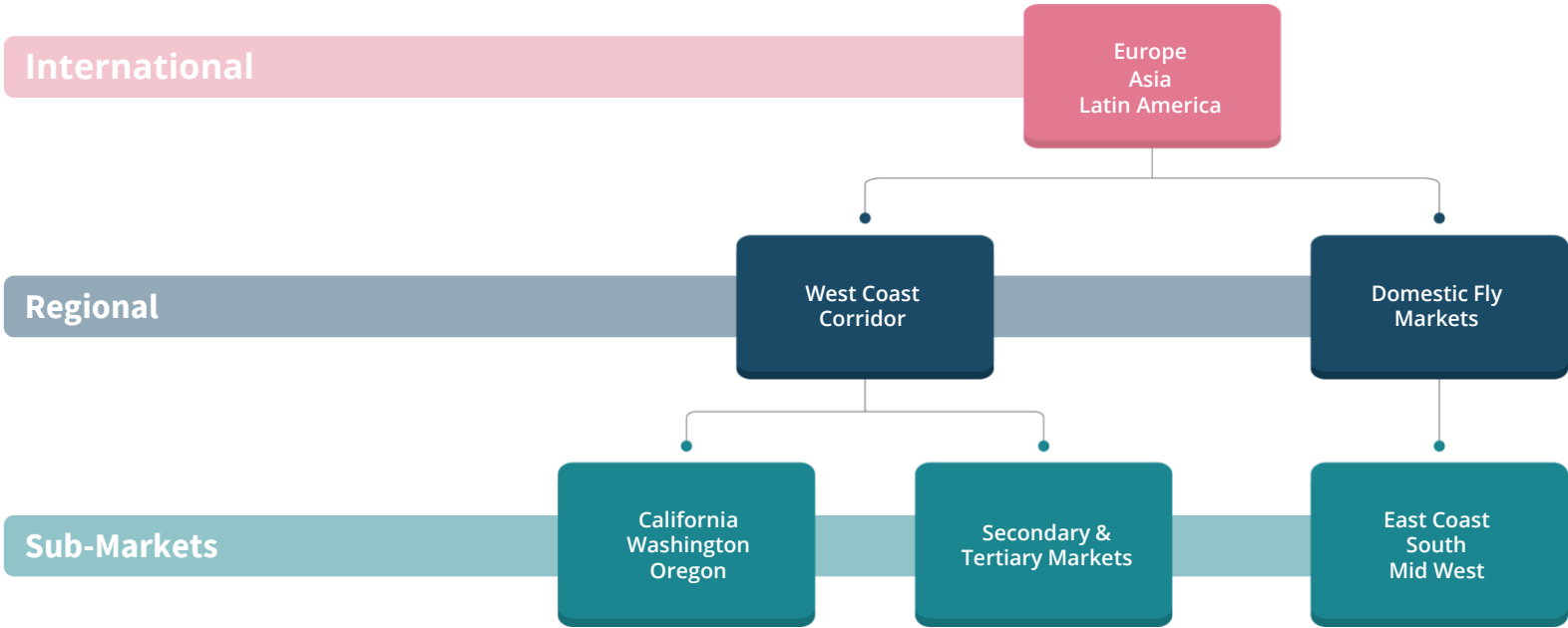


Long term play-Develop
RNO into a mini hub

Flight Map



RASC Strategy Framework





Strategic Objectives

1. Position the Reno Tahoe region as a year-round destination.
2. Add fly markets as opportunities develop, look to create regional synergies. Example: Southern California.
3. Support the airport in increasing traffic from the catchment basin.
4. Efficiently match resources with the air service opportunity.
5. Continue to add value for the region, the organization, and members.

1. Position the Reno Tahoe region as a year-round destination

- Create a formal messaging campaign that can be utilized by outward facing organizations.
- Create a tool kit including Reno Tahoe year-round message/logo etc.
- Create a narrative that supports the region as year-round. Build it around the new economy plus tourism.
- Encourage non-tourism partners to continue positioning the region as a year-round destination.

2. Add fly markets as opportunities develop, look to create regional synergies. Example: Southern California.

Continue to add secondary and tertiary markets.

2. Add fly markets as opportunities develop. (Updated)

West Coast	Middle	East Coast
San Diego	Chicago	New York
Los Angeles	Houston	
Orange County *	Dallas	
Burbank	Austin	Would like to add:
Long Beach	Would like to add:	Washington DC/Area
Oakland		Baltimore
Portland		Nashville
Seattle		Orlando
Las Vegas		Charlotte
Would like to add:		Atlanta
Boise		Nashville
Elko		

3. Support the Airport in Increasing Traffic From the Catchment Basin

- Support the airports travel message
- Identify gaps in catchment area marketing efforts
- Support the efforts with marketing tools or financial resources

4. Match Marketing Tools With the Opportunity

Marketing Tools

- RASC Funding
- More fully develop a RASC Marketing Platform
 - Market Tool Kits/Training
 - Databases/Joint email blasts
 - Press relations
 - Research and Intelligence
 - Promotions
- RASC/DMO's and private sector coordination of marketing efforts
- Other
- Airport Incentive Program
 - Funding
 - Other

4. Match Marketing Tools With the Opportunity Cont.

Opportunity

- External
 - New Market Development
 - Aggressive market development
 - Define the business model for the opportunity
 - Match the tool(s) for the opportunity
 - Existing Market Support
 - Aggressive market development
 - Define the business model for the opportunity
 - Match the tool(s) for the opportunity
- Internal (Catchment area)
 - Aggressive ongoing promotion within the catchment area, building awareness for non-stop markets.
 - Reduce start and stop efforts

5. Continue to Add Value For the Region, the Organization, and Members

Internal Destination- Value Creation

- All Stakeholders:
 - Increased collaboration
 - Increased leverage
- Residents:
 - Choices
 - Lower Cost
 - Employment
- Airport:
 - Revenue
 - Tenants
- DMO's:
 - Higher Yield Visitor
 - Diversification of markets
- Local Government
 - Taxes

5. Continue to Add Value For the Region, the Organization, and Members Cont.

External Destination- Value Creation

- Air Carrier:
 - Access to markets
 - Improved connections
 - Customer satisfaction
 - Revenues
 - Single point of contact (RTAA)
 - Community support
 - Flow through traffic
- Consumers
 - Access and ease of travel
 - Vacation experience
 - Ability to conduct business with area businesses

Summary

We continue to adapt to a changing market with an eye toward our long terms stratgey.

We continued to develop organizational capabilities. **(Data Strategy)**

Adjust to new opportunities as they are presented.

Identified strategic need to position the region as year round. **(Part of Data Strategy)**

Maintain budget integrity.

Continued focus on the catchment area.

RASC is set up to be agile and adaptable while not losing perspective of our long term strategy. We will adapt to the unfolding scenario.

RASC will continue to take advantage of economic development within the region to support air service.

Thank You

What RASC has Accomplished

Marketing

- Developed a multi tiered strategy from regional to international
- Developed capacity with marketing tools
 - Identified the right tool for the right situation
 - Minimum Revenue Guarantee (MRG)
 - DMO Marketing
 - RASC Marketing
- Developed partner destination tool kits
 - Atlanta
 - Chicago
 - Dallas
 - Long Beach
 - Houston
 - Burbank
- Beyond point marketing strategy
- Revitalized the marketing committee
- Created a valuation tool to value DMO and private sector marketing assets in specific air service markets.

Organization

- Clarified RASC operations
 - B2B
 - B2C
- Developed a catchment basin policy
- Improved coordination and integration with the airport staff
- Reduced budget fixed costs

Air Service

- Supported the development of Burbank adding to Southern California markets served
- Supported Charlotte and Atlanta and beyond markets
- Supported carriers in their time of need building increased supportive relationship. Alaska Airlines, Southwest Airlines.
- Supported aha! in their launch

The Strategic Opportunity

Opportunity to transform the Reno - Lake Tahoe region into a true national and international destination reducing reliance on car visitation while increasing revenues.

Support the business community as a key element of economic development and year-round activity.





More Revenue Less Impact

- Transform the region into a national and international destination over the next 5-10 years.
 - Reduce dependency on the Northern California drive market
 - Attract higher spending longer stay visitors
 - Increase overall revenues while easing the feeder market demand for the destination
 - Implement sustainable and stewardship programs

West Coast Corridor Markets



Strategy Elements



Strategy
Create incremental value
for partner carrier



**Have Superior Market
Analytics** Demand modeling
for each target market



Key Issues
Develop predictable
seasonal air service



New seasonal service >
regular seasonal service >
daily flight service



Budget TBD

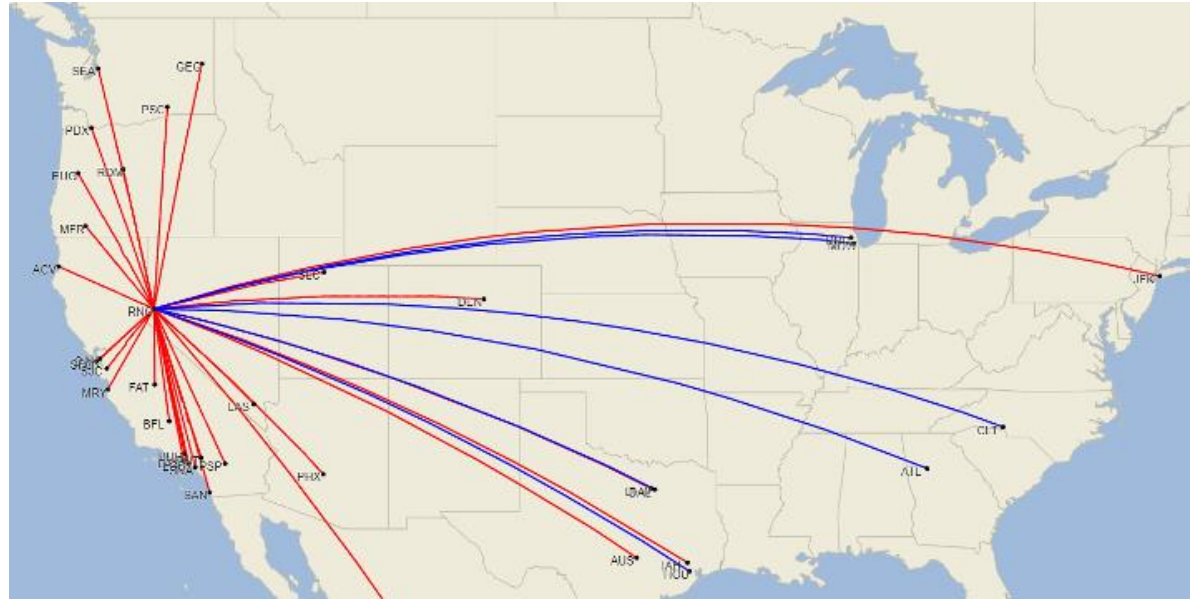


Marketing Support TBD



Long Term Play Sustained daily
flight service/ Feeder
Service/International Market
Access where appropriate

West Coast + Domestic Fly



Domestic Fly Markets



Strategy Elements



Strategy
Create incremental value
for partner carrier



Have Superior Market
Analytics Demand modeling
for each target market



Key Issues
Develop predictable
seasonal air service



New seasonal service >
regular seasonal service >
daily flight service



Budget TBD



Marketing Support TBD



Long Term Play Sustained daily
flight service/ Feeder
Service/International Market
Access where appropriate

West Coast Corridor

