Impact of Tourism Marketing Authority

**Legislative Auditor Conclusion:** Washington’s new Tourism Marketing Authority is developing a statewide marketing program.

Once it identifies specific marketing strategies, JLARC staff can identify options for evaluating the Authority’s impact.
Legislature created Tourism Marketing Authority and directed JLARC to assess the Authority’s impact on the tourism industry and economic development.

JLARC STAFF:
- Monitored implementation.
- Worked with economist who specializes in travel and tourism.

Study design options and cost estimates for Legislature to consider
Tourism Marketing Authority directed to promote statewide tourism

Voluntary board

- 9 industry representatives and 4 legislators.
- Department of Commerce provides legal and administrative support.

Funding can total $4.5 million per fiscal year

$1.5M sales tax revenue

$3M matching funds (cash, in-kind)

contingent on 2:1 match
In Washington, local governments spend more on tourism marketing

**Authority**
- Sales tax revenue
- Matching funds

**Local/Regional tourism marketing**
- Lodging tax revenue
- Managed locally

Source: Calendar year 2018 lodging tax.
Neighboring states report different funding approaches

State Office | Regional/Local

WASHINGTON | $26M
IDAHO | $11.8M
MONTANA | $26.8M
OREGON | $35.9M

Source: Calendar year 2018 lodging tax data from each state and Washington’s lodging tax and state sales tax and matching fund data.
Law specifies five focus areas for statewide tourism marketing
RCW 43.384.050

- Rural tourism-dependent counties
- Natural wonders and outdoor recreation opportunities
- Attraction of international tourists
- Identification of local offerings for tourists
- Assistance for tourism areas adversely affected by natural disasters
Washington Tourism Alliance is developing a marketing plan

The Authority contracted with WTA in December 2018.

Authority and WTA:

- Identified areas of emphasis such as travel trade development and consumer marketing.
- Have not yet identified specific marketing strategies.

Contract requires WTA to identify the metrics it will use to assess its marketing strategies in March 2020.
Authority continues to develop marketing plan and identify detailed strategies and metrics.

If Authority develops strategies & metrics by early 2020, JLARC staff can provide study options in December 2020.

Study options for the Legislature to consider will include estimates of cost and time.
Study must measure the extent to which the Authority's marketing efforts:

- Increase demand for travel
- Boost tourism spending
- Enhance tourism industry and economic development
Study must control for other factors that affect travel and tourism spending.
Econometric methods can estimate the quantitative relationship between different factors.

Conversion studies can estimate whether (how) marketing efforts influence traveler behavior.
Authority can keep the Legislature informed about progress on its strategies and data collection

**Program metrics** track implementation and measure consumer interactions.
- Website impressions, traveler awareness.

**Destination metrics** extend program metrics into outcomes.
- Occupancy rates, total visitor spending, sales tax revenue.

JLARC staff will share the consultant’s report with the Authority.
Next Steps

Second Briefing Report | December 2020