



# **Standard CVB Performance Reporting**

## **A Handbook for CVBs**

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Dear Industry Colleague:

Accountability has truly become an integral part of the corporate lexicon. This is certainly the case among CVBs, where stakeholders -- whether they are a Board of Directors, government entities, members, or corporate partners, are increasingly asking their CVBs to show that they are effectively using their resources to generate the greatest possible return on investment to the local community – the ultimate stakeholder.

In the past, CVBs often found themselves challenged to respond, lacking the tools to do so in a credible and auditable fashion that is consistent among all CVBs. As a result, CVBs' achievements were underreported and misunderstood, a circumstance potentially damaging to the relationship between the CVB and its stakeholders.

I am pleased to provide you with the association's *Standard CVB Performance Reporting: A Handbook for CVBs*. The culmination of an intensive, industry-wide effort, this *Handbook* provides CVBs with a systematic, business-minded approach to internal performance assessments. These assessments are necessary to guide the decision-making process for resource management and allocation, sales and marketing campaign development, as well as staff training and development.

Performance reporting will also give CVBs benchmarks and a platform by which they can clearly articulate their contribution to their stakeholders and the local community. This is a tremendous opportunity to tell an extremely positive story.

However, this is just the beginning of an industry-wide, strategic level effort, led by the association, to redefine and strengthen the role of CVBs. Other initiatives, such as the Brand Leadership Campaign, will assist CVBs in developing and enhancing their unique perception as destination brand experts in the minds of stakeholders.

It should be noted that destination marketing involves a CVB acting as a steward of public funds, responsible in many cases for millions of tax dollars. We advocate that any CVB which accepts public funds as a portion of their funding has a fiduciary responsibility to be consistent and transparent when reporting their performance to all stakeholders.

In some cases a municipality will choose to contract with a CVB to report results based on a set of performance measures. In such a case, these measures should be based on the standards in the *Performance Reporting Handbook* and mutually agreed upon by all parties. Note that the performance measures apply to what CVBs should measure, not the actual numbers for measuring results.

Furthermore, the selected standards should meet the following criteria:

1. be consistent with the mission of the CVB
2. be in accordance and consistent with other vendors providing contracted services to the municipality

The association would caution any municipality that chooses to contract for services to keep in mind the performance measures were formally approved in July 2004, and, thus, are fairly new to the industry. Any benchmarking process should include a measurable and dependable period of performance.

Our members expect their association to provide the expertise for CVBs and Tourism Boards not only to survive, but to prosper and succeed in today's environment. We believe this *Handbook* is a big step in the right direction!

Michael D. Gehrisch  
President & CEO  
Destination Marketing Association International

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### **2004/2005 Performance Measurement Team**

*Chair* - Christine Shimasaki, San Diego CVB

*Co-Chair* – Steve Moore, Phoenix CVB

Barry Biggar, Bryan College Station CVB  
Wil Brewer, Performance Management, Inc.\*  
LaVonne Brown, Rockford IL CVB  
Matt Carter, Indianapolis CVA  
Dave Camner, Performance Management, Inc.\*  
Rich Carollo, Oak Park CVB  
David Cooksey, San Antonio CVB  
Clay Dickinson, Strategic Advisory Group  
Nicky Douglas, Tourism Vancouver  
Denny Edwards, Ft. Lauderdale CVB  
Brian Ferguson, Smith Travel Research  
Bill Geist, Zeitgeist Consulting  
Steve Hayes, Tampa Bay CVB  
Molly Hedrick, Charlotte CVB  
Jeff Hungate, Baltimore CVA

Joe Lathrop, Orlando Consulting Group  
Don Martin, Louisville CVB  
Ed McWilliams, D.K. Shifflet & Associates  
Mike Mooney, Phoenix CVB  
Alastair Morrison, Purdue University  
Marshall Murdaugh, Marshall Murdaugh Marketing  
John Parke, Leadership Synergies  
Caryn Rachke, Gwinnett CVB  
Kelly Repass, Orlando CVB  
Carey Rountree, Atlanta CVB  
Bill Siegel, Longwoods International  
Aurelia Walsh, Baltimore CVA

\* *PMT Summit sponsor*

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References to “the association” in this handbook refer to Destination Marketing Association International, formerly known as IACVB.



## **Executive Overview**

The association continues to build on its long-standing commitment to provide strategic and operational guidance to convention and visitor bureaus (CVBs). Through the development of standards, best-practices and systematic approaches to organizational functions, CVBs are able to employ comparative analytical tools in identifying organizational strengths, weaknesses, and opportunities.

In addition to internally reviewing their operations, CVBs are often required, due to their unique funding sources, to undergo external performance reviews by various stakeholders within their local communities. At times, these external audits/reviews may be done by firms lacking CVB knowledge and experience. In the past, the CVB community had no uniform approach to reporting performance to these audiences. As a result, CVBs would sometimes find themselves limited in their ability to systematically and credibly articulate their contribution to the destination. This *Handbook* will serve as a basis for standards and best practices among CVBs.

With the adoption of standard CVB performance reporting techniques, the CVB community will have recognized benchmarks to utilize in order to assess its internal performance over time as well as provide meaningful comparisons to other CVBs. Most importantly, with ever-growing accountability scrutiny from its stakeholders, the utilization of industry standards will re-enforce confidence in CVB operating and reporting practices.

In a perfect world, a CVB would know exactly how many of its destination's visitors were motivated to come solely by the CVBs efforts. And further, the CVB would be able to pinpoint exactly which of its sales and marketing effort(s) was responsible for that visitor. However, the CVB and its local tourism industry do not function in a perfect world. And potential visitors are constantly bombarded by such a myriad of stimuli (the CVB, its industry partners, national sales offices, the news, and so on) that it becomes impossible to say that a visitor was motivated 100% by the CVB and ONLY by the CVB.

In practice, when addressing the issue of visitors generated, CVBs can, at the very least, set into place monitoring and research programs that identify visitors and visitor spending that were **clearly and significantly** generated by its efforts. The sections on the Marketing & Communications function, the Visitor Information Center and CVB Return on Investment expand on this issue. The association strongly encourages CVBs to take a conservative approach when determining the number of visitors generated by its efforts in order to ensure that its stated CVB Return on Investment is credible and can stand up to external scrutiny.

Destination Marketing Association International readily acknowledges that the quantitative measures presented in this Handbook are not the 'end all and be all' when assessing and reviewing a CVB's performance internally and with stakeholders. It is expected that individual CVBs will need additional measures to fulfill the specific information needs of their stakeholders. Additionally, narrative reviews of key initiatives and programs must always accompany the performance reporting and are strongly recommended.

The association's Performance Reporting initiative is ongoing and this *Handbook* will be enhanced and expanded as the need arises and standards and best practices adopted.

## **PMT Background**

The Performance Measurement Team (PMT) was created to standardize CVB reporting practices by establishing definitions, guidelines, and measures in order to provide meaningful, actionable data.

In 2003, the PMT began the process of standardizing CVB sales and marketing definitions, activity and performance measures, and productivity metrics including a Return on Investment model. Through a series of member surveys and brainstorming sessions at IACVB (the precursor of Destination Marketing Association International) events, the PMT amassed a tremendous amount of detailed information on current CVB performance measures and where CVBs were in developing a culture of accountability.

Focusing first on CVB convention sales efforts, the PMT drafted standard definitions, and activity and performance measures. Significant industry input (gathered at a convention shirtsleeves during IACVB's 2003 Annual Convention) was incorporated into recommendations that were circulated for industry comment in late summer/early fall. Much input was generated and a further revised, final draft of the standards was presented to and adopted by the IACVB Board of Directors in October 2003.

The PMT then turned its attention to CVB leisure sales and marketing efforts, addressing travel trade and direct-to-consumer marketing and communications efforts separately. CVBs were surveyed in January 2004 to gauge consistency in travel trade sales definitions and to identify current performance reporting practices.

The Tourism Shirtsleeves session and a combined Marketing/Communications Shirtsleeves session at IACVB's 2004 PDI were used to begin the process of achieving consensus on standard definitions, activity and performance measures, and productivity metrics.

In response to growing interest and need among the CVB community, the process to develop performance reporting standards was accelerated with the first-ever PMT Summit, a gathering of CVBs and industry consultants in April 2004. An intensive two-day workshop, the Summit generated the full range of standard definitions, activity and performance measures, and productivity metrics for travel trade sales efforts, and marketing and communications efforts (direct-to-consumer); productivity metrics for convention sales; and, a systematic, standard business approach to calculating a CVB Return on Investment.

These standards were then submitted for public comment. A revised draft was presented and adopted by the IACVB Board of Directors during its meeting at the 2004 Annual Convention.

The PMT then took up the task of developing performance reporting standards for the Membership function and Visitor Information Center using the results of surveys on current CVB practices and the input gathered at the Membership and Visitor Services Shirtsleeves. A second PMT Summit consolidated the standards.

Once again, these standards were subject to public comment with a revised version presented and adopted by the association's Board of Directors at its meeting during the 2005 Annual Convention.

## How to Use This Handbook

The purpose of this Handbook is to guide the CVB through the process necessary to implement actionable and credible performance reporting. Throughout the implementation process, two questions should be asked on a regular basis: “Are we measuring the right things? Are we measuring the things right?”

To date, the following CVB functional areas have been examined individually: convention sales, travel trade sales, marketing and communication (direct-to-consumer), membership, and visitor information center.. In order to develop a performance reporting program for each function, the purpose, or *mission*, for each function was defined first. From this mission flowed operational definitions and measures needed to illustrate, in an accountable and auditable fashion, the functions (and eventually the CVB’s) performance as measured against the mission:

Activity: A physical action taken by the CVB functional area that ultimately supports its mission, e.g., attending a tradeshow, conducting a familiarization tour, writing and distributing a press release.

Performance Measure: A measure that helps to define and quantify the results of the CVB activity. Implementation of this system of measures will yield actionable tools that the CVB staff can use for short- and long-term enhancement of its efforts.

It is important to clearly delineate the difference between a *Performance Indicator* and a *Performance Measure* as these two terms are often used interchangeably. A *Performance Indicator* is a number (usually) that illustrates the performance of the **travel and tourism industry** or one of its industry sectors: hotel occupancy, airport arrivals, attraction attendance, restaurant employment. A *Performance Measure*, for the purposes of this *Handbook*, is a number that measures the results of **CVB activities**.

Productivity Metric: A metric that illustrates the relationship between the CVB performance and its resources. Typically expressed as a ratio (cost per lead, number of bookings per sales manager), productivity metrics assist the CVB in managing its resources in the most cost-efficient and cost-effective manner possible.

Many of the association productivity metrics are designed with the intent that the CVB establish a benchmark year and recalculate these metrics regularly (e.g., quarter-end, year-end). By examining these metrics over time, the CVB will be able to monitor its progress toward achieving desired resource efficiencies.

It is very likely that a CVB will find that it does not do one or more of the sales and marketing efforts mentioned in this Handbook. The association is not recommending CVBs undertake each of these sales and marketing efforts; rather, it is outlining measures and metrics if the CVB does engage in that particular activity.

# CVB CONVENTION SALES PERFORMANCE REPORTING

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## **Fundamental Mission of the Convention Sales Function**

*To generate visitors (delegates), visitor (delegate) spending and economic impact for the destination by booking events at the destination's hotels and convention facilities.*

## **APEX Convention Industry Definitions**

As part of other Performance Measurement Team (PMT) projects, the association defined a number of convention industry-related terms, which have since been adopted by APEX. The association, in turn, has incorporated other APEX definitions into its efforts.

Convention: An event where the primary activity of the attendees is to attend educational sessions, participate in meetings/discussions, socialize, or attend other organized events. There is a secondary exhibit component.

Meeting: An event where the primary activity of the attendees is to attend educational sessions, participate in meetings/discussions, socialize, or attend organized events. There is no exhibit component to this event.

Trade Show/Exhibition: An event where the primary activity of the attendees is to visit exhibits on the show floor. These events focus primarily on business to business (B2B) relationships.

Site Inspection: Personal, careful investigation of a property, facility, or area.

Citywide event: An event that requires the use of a convention center or event complex and multiple hotels in the host city.

Attendees: A combination of delegates, exhibitors, media, speakers, and guests/companions who attend an event.

Delegates: Individuals who attend an event to primarily visit the exhibits or attend meetings and/or conference sessions. This excludes exhibitors, media, speakers, and companions.

Exhibitors: Those who attend an event to staff an exhibit.

Peak: Referring to the night during an event when most rooms are occupied by those in attendance.

<sup>1</sup> The mission of APEX (Accepted Practices Exchange), a Convention Industry Council initiative, is to *bring together all stakeholders in the development and implementation of industry-wide accepted practices which create and enhance efficiencies throughout the meeting, convention and exhibition industry.*

## **Additional Convention Industry Definitions**

**Direct Spending:** All expenditures associated with an event that flow into the host destination's local economy. Direct spending includes attendee spending, exhibitor spending and event organizer spending. *Note:* IACVB's ExPact2004 study should be used to produce direct spending calculations for events in the absence of specific destination spending figures.

**Economic Impact:** Events generate secondary spending (*indirect* and *induced*) on the host destination's local economy over and above the original direct spending. These secondary impacts, when combined with the original direct spending, result in the **economic impact** of an event. *Indirect spending* is spending by the host destination's travel industry businesses on goods and services from local suppliers on behalf of the specific event. *Induced spending* occurs when employees in the host destination's travel industry and its suppliers spend their wages in the local economy. This chain of buying and selling among businesses and employees continues until the original direct spending "leaks out" of the local economy. The *economic multiplier* is calculated as total economic impact divided by direct spending. (Source: Travel Industry Association of America)

## **CVB Convention Sales Definitions**

The association recommends CVBs adopt the following definitions governing the convention sales function:

### 1. Lead

When an event inquiry by a corporation/association/organization/independent meeting planner that includes a request for a minimum of 10 sleeping rooms per night (peak rooms) over a specific set/range of dates is forwarded by the CVB sales staff ONLY to those hotels that meet the meeting planner's event criteria. A lead is more formalized than just exchanging/forwarding business cards to hotels.

*Note:* For convention center events, if the CVB sends a lead first to the convention center for date availability and then to the hotel(s) for room blocks as a matter of policy, this process should be counted as ONE lead for reporting purposes.

*Note:* Lead is both a status level AND the actual inquiry sent to the hotel(s)/ convention center.

*Note:* CVBs may have confidential/internal leads which are generated for performance reporting but are not distributed or published in an external document or calendar.

### 2. Bid

Proposal submitted by the CVB and/or hotel(s) to a planner that includes defined dates and room blocks. *Note:* A bid is an activity, not a performance measure.

### 3. Tentative

Status assigned to a group/event after the bid has been submitted to the meeting planner and the destination is waiting for a decision. *Note:* The tentative status is only a trackable measure, not a performance measure.

## CVB Convention Sales Definitions (con't.)

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### 4. Booking

- a. Hotel Event: A future event **contracted** in writing by the event organization with the hotel. The CVB should receive a copy of the contract OR a written communication from an authorized agent of the hotel that a contract has been signed. The communication should detail dates, space requirements and estimated room block. The CVB should track estimated attendance and attendee spending for the event.
- b. Citywide/Convention Center Event: Given the long-time frame often involved in booking a citywide/convention center event, the booking process generally takes two steps:
  1. Confirmed booking - A future event **confirmed** in writing (letter, booking notice) signed by an authorized agent of the event organization and the convention center (if applicable). The communication should detail dates, space requirements and estimated room block. The CVB should track estimated attendance and attendee spending.
  2. Contracted booking – A future event **contracted** in writing by the event organization with the event facility (e.g., convention center). The CVB should receive communication of this stage in writing from an authorized agent of the convention center.

### 5. Lost Opportunity

A potential event in the lead or tentative stage that was subsequently lost by the destination. This does NOT include venue changes within the destination. The CVB should track the number of estimated room nights, attendance and attendee spending and the reason associated with the lost opportunity.

A list of possible Lost Opportunity reasons should include but is not limited to:

- Dates not available at hotels
- Hotel room rates too high
- Lack of hotel interest
- Dates not available at convention center
- Convention center costs too high
- No hotel adjacent to convention center
- Safety concerns
- Meeting was cancelled/postponed
- Union/labor costs
- Transportation/access issues
- National/international incidents
- Board preference/internal politics

### 6. Cancelled Business

An event that was booked for the destination (it can be a confirmed or a contracted booking for a citywide/convention center event) that subsequently did not take place, either because the event itself was cancelled or left the destination before taking place. The CVB should track the estimated number of room nights, attendance and attendee spending and the reason associated with the cancellation.

# CVB Convention Sales Activity Measures, Performance Measures, and Productivity Metrics

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The association recommends CVBs implement policies and procedures to accurately and systematically measure its activity, performance and productivity as defined below:

## **Activity Measures** (\* If the CVB engages in the listed effort)

1. Number of bids
2. Tradeshow attended/exhibited
  - a. Number of tradeshow
  - b. Number of co-op partners participating
  - c. Co-op monies generated
3. Sales missions (with industry partners)
  - a. Number of sales missions
  - b. Number of co-op partners participating
  - c. Co-op monies generated
4. Familiarization tours
  - a. Number of familiarization tours
  - b. Number of participants (event organizers only)
  - c. Number of accounts
  - d. Number of co-op partners participating
  - e. Co-op monies generated
5. Number of sales calls
6. Number of client site inspections
7. Client events
  - a. Number of client events
  - b. Number of participants (event organizers only)
  - c. Number of accounts
  - d. Number of co-op partners participating
  - e. Co-op monies generated
8. Sponsorships
  - a. Number of client events
  - b. Tradeshow elements/sessions
  - c. Monies spent
  - d. Number of people at sponsored events ('customer-exposed impressions')
9. Number of accounts with activity

# CVB Convention Sales Activity Measures, Performance Measures, and Productivity Metrics

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## Performance Measures

### 1. Leads

Number of leads

Lead room nights (estimate)

### 2. Bookings

#### a. Hotel events

Number of bookings

Booked room nights (estimate)

Booked attendance (estimate)

Booked attendee spending (estimate)

#### b. Citywide/Convention center events

Number of confirmed bookings

Booked room nights (estimate)

Booked attendance (estimate)

Booked attendee spending (estimate)

Number of contracted bookings

Booked room nights (estimate)

Booked attendance (estimate)

Booked attendee spending (estimate)

### 3. Lost opportunities

Number of lost opportunities

Reason for lost opportunity

Lost room nights (estimate)

Lost attendance (estimate)

Lost attendee spending (estimate)

### 4. Cancellations

Number of cancellations

Reason for cancellation

Cancelled room nights (estimate)

Cancelled attendance (estimate)

Cancelled attendee spending (estimate)

# **CVB Convention Sales Activity Measures, Performance Measures, and Productivity Metrics**

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## **Performance Measures** (con't.)

### 5. Number of leads per tradeshow attended/exhibited by CVB sales staff

### 6. By-year production

By-year production measures review the CVB's event bookings in terms of when the events will occur (regardless when the booking was generated). The association recommends the following by-year production performance measures:

- a. Number of bookings
- b. Number of booked room nights (estimated)
- c. Number of booked attendees (estimated)
- d. Booked attendee spending (estimated)

Note: To ensure the usefulness of by-year production performance measures, the association recommends CVBs incorporate a standard practice to regularly update the room commitments and estimated attendance of future events.

### 7. Post-event measures

- a. Room night pick-up\* (estimate)
- b. Total attendance

\* Given that hotel rooms are increasingly being booked outside the hotel room block for events, an actual figure for total room night pickup may not be obtainable.

## **Additional Trackable Performance Measure**

### Tentatives

- a. Number of tentatives
- b. Tentative room nights (estimated)

# CVB Convention Sales Activity Measures, Performance Measures, and Productivity Metrics

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## Productivity Metrics

### 1. Personnel productivity metrics

- a. Number of leads per sales manager
- b. Number of bookings per sales manager
- c. Number of booked room nights per sales manager

### 2. Repeat business ratios

- a. 
$$\frac{\text{number of repeat business bookings}}{\text{total number of bookings}}$$
- b. 
$$\frac{\text{room nights from repeat business bookings}}{\text{total booked room nights}}$$

### 3. Cost productivity metrics

The ratios below measure the cost efficiency of the CVB's convention sales function with respect to its key performance measures: leads, bookings and booked room nights.

- a. Cost per lead =

$$\frac{\text{convention sales function direct \& indirect operating costs}^*}{\text{number of leads}}$$

- b. Cost per booking =

$$\frac{\text{convention sales function direct \& indirect operating costs}^*}{\text{number of bookings}}$$

- c. Cost per booked room night =

$$\frac{\text{convention sales function direct \& indirect operating costs}^*}{\text{number of booked room nights}}$$

\* Refer to *Bureau Uniform System of Accounts* for a more detailed discussion of the Convention Sales Function's direct and indirect operating costs.

# CVB Convention Sales Activity Measures, Performance Measures, and Productivity Metrics

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## Productivity Metrics (con't.)

### 4. Lead conversion ratios

Lead conversion ratios measure, over a stated amount of time, the effectiveness of the CVB's lead qualifying process and the likelihood generated leads will book for the destination.

These ratios are particularly useful as they can be calculated for each individual convention sales representative and for the convention sales function as a whole. There are two standard lead conversion ratios, one that examines the booking rate and one that examines the rate of lost opportunities:

a. Booking ratio =

$$\frac{(number\ of\ bookings)}{(number\ of\ bookings) + (number\ of\ lost\ opportunities)}$$

b. Lost opportunity ratio =

$$\frac{(number\ of\ lost\ opportunities)}{(number\ of\ bookings) + (number\ of\ lost\ opportunities)}$$

### Example

In the current year, a CVB generated 45 bookings, 40 lost opportunities and had 48 leads outstanding (from 133 leads that were generated sometime in the past). The lead conversion ratios:

$$45\ bookings / (45\ bookings + 40\ lost\ opportunities) = 53\% \text{ booked}$$

$$40\ lost\ opportunities / (45\ bookings + 40\ lost\ opportunities) = 47\% \text{ lost}$$

*Note:* If CVBs wishes to report lead conversion on an on-going basis, the association recommends CVBs use a rolling 12-month review of those leads generated in the past 12 months and compute the percentage that booked, were lost or are still outstanding.

# CVB Convention Sales Activity Measures, Performance Measures, and Productivity Metrics

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## Productivity Metrics (con't.)

### 5. Convention booking/Room supply ratio

This ratio measures the degree to which the CVB is booking rooms in the destination's convention hotels:

$$\frac{\text{booked room nights (by-year production)}}{\text{total (available) convention hotel room nights}}$$

### 6. Demand ratios for total room nights sold

The metrics listed below illustrate the relationship between the CVB's convention sales performance (measured in room nights) relative to the destination's convention product and overall product (total room nights sold). These ratios are most useful when the CVB establishes a benchmark year and then compares the measure for subsequent years.

- a. This ratio monitors the impact of the CVB's convention sales effort on the destination's total convention hotel rooms night sold activity:

$$\frac{\text{booked room nights (by-year production)}}{\text{total meeting/convention room nights sold}}$$

- b. This ratio monitors the impact of the CVB's convention sales effort on the destination's ENTIRE hotel room night sold activity:

$$\frac{\text{booked room nights (by-year production)}}{\text{total room nights sold (destination-level)}}$$

*Note:* These room night production ratios should NOT be used for comparative purposes between CVBs given the wide variety of room inventories by industry segment among destinations.

# CVB TRAVEL TRADE SALES PERFORMANCE REPORTING

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## **Fundamental Mission of the Travel Trade Sales Function**

*To increase leisure visitor volume, visitor spending and economic impact for the destination through the promotion and distribution of the destination's travel products to the travel trade.*

## **Travel Industry Definitions**

Listed below are travel trade industry-related terms from various sources including the National Tour Association and the Travel Industry Association of America:

**Packaged Travel:** A package in combination of two or more types of tour components into a product which is produced, assembled, promoted and sold as a package by a tour operator for an all-inclusive price. (*source: NTA*)

**Tour Series/Tour Program:** Multiple departures to the same destination throughout the year. (*Source: NTA*)

**Group Tour:** A travel package for an assembly of travelers that has a common itinerary, travel date, and transportation. Group tours are usually prearranged, prepaid, and include transportation, lodging, dining, and attraction admissions. (*Source: NTA*)

**Independent Travel:** A custom-designed, prepaid travel package with many individualized arrangements. ITs are unescorted and usually have no formal itinerary. Sometimes referred to as FIT. (*Source: NTA*)

**Travel Trade:** Any individual or company that creates and/or markets tours and/or IT packages. Travel trade includes but is not limited to tour operators, travel agents, individual travel planners, online travel companies.

**Tour Catalog:** A publication by tour wholesalers listing their tour offerings. Catalogs are distributed to retail agents who make them available to their customers. (*Source: NTA*)

**FAM (Familiarization) Tour:** A free or reduced-rate trip offered to travel professionals to acquaint them with what a destination, attraction, or supplier has to offer. FAMs should be considered a sales effort, more than just an educational trip for the travel trade. (*Source: NTA*)

**Itinerary (Suggested):** A recommended schedule of visitor-oriented activities, usually including (but not limited to) the destination's cultural institutions and attractions, dining establishments, entertainment and recreation venues, retail stores and often highlighting unique, one-of-a-kind offerings. Itineraries are often themed: family, romantic, first-time visitor, etc.

**Visitor Spending:** *(number of visitors) X (spending per person per day) X (length of stay)*

**Economic Impact:** Visitor spending generates secondary spending (*indirect* and *induced*) on the destination's local economy over and above the original visitor spending. These secondary impacts, when combined with the original direct spending, result in the **economic impact**. *Indirect spending* is spending by the destination's travel industry businesses on goods and services from local suppliers. *Induced spending* occurs when employees in the destination's travel industry and its suppliers spend their wages in the local economy. This chain of buying and selling among businesses and employees continues until the original direct spending "leaks out" of the local economy. The *economic multiplier* is calculated as total economic impact divided by direct spending. (Source: Travel Industry Association of America)

## **CVB Travel Trade Sales Definitions**

The association recommends CVBs adopt the following standard definitions governing the travel trade sales function:

### 1. Lead

- a. Hotel Lead: When a group tour or independent tour program inquiry from the travel trade that includes a request for hotel rooms over a specific set/range of dates is forwarded by the CVB sales staff ONLY to those hotels that meet the travel trade's criteria. A lead is more formalized than just exchanging/forwarding business cards to hotels.
- b. Non-hotel Lead: When an inquiry for a group tour or independent tour program not requiring hotel rooms from the travel trade over a specific set/range of dates is forwarded by the CVB sales staff ONLY to those non-hotel tourism industry businesses that meet the travel trade's criteria. A referral is more formalized than just exchanging/forwarding business cards.

*Note:* Lead is both a status level AND the actual physical inquiry sent to the hotel(s) or non-hotel tourism industry business(es).

*Note:* CVBs may have *confidential/internal* leads which are generated for performance reporting but are not distributed or published in an external document or calendar.

### 2. Booking

- a. Booking from a Hotel Lead: A booking confirmed in writing (letter, booking notice, email) from an authorized agent (hotel, travel trade) or by documenting the tour/program's presence in the travel trade's distribution channels such as a brochure, website or special sales/marketing program. The booking must be the result of a CVB-generated lead. CVBs should include information on room nights, total visitors and associated visitor spending.
- b. Booking from a Non-hotel lead: A booking confirmed either in writing (letter, booking notice, email) from an authorized agent or by documenting the tour/program's presence in the travel trade's distribution channels such as a brochure, website or special sales/marketing program. The booking must be the result of a CVB-generated lead. The CVB should include information on total visitors and associated visitor spending.

# CVB Travel Trade Sales Activity Measures, Performance Measures, and Productivity Metrics

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Destination Marketing Association International recommends CVBs implement policies and procedures to accurately and systematically measure its activity, performance and productivity as defined below:

## **Activity Measures** (\* If the CVB engages in the listed effort)

1. Tradeshows attended/exhibited
  - a. Number of tradeshows
  - b. Number of co-op partners participating
  - c. Co-op monies generated
2. Number of accounts with activity
3. Familiarization tours
  - a. Number of familiarization tours
  - b. Number of participants (travel trade only)
  - c. Number of accounts
  - d. Number of co-op partners participating
  - e. Co-op monies generated
4. Sales missions (with industry partners)
  - a. Number of sales missions
  - b. Number of co-op partners participating
  - c. Co-op monies generated
5. Number of sales calls
6. Client events
  - a. Number of client events
  - b. Number of participants (travel trade only)
  - c. Number of accounts
  - d. Number of co-op partners participating
  - e. Co-op monies generated
7. Number of client site inspections
8. Number of developed suggested itineraries
9. Number of packages developed
10. Sponsorships
  - a. Number of client events
  - b. Tradeshaw elements/sessions
  - c. Monies spent
  - d. Number of people at sponsored events ('customer-exposed impressions')

# CVB Travel Trade Sales Activity Measures, Performance Measures, and Productivity Metrics

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## Performance Measures

1. Leads (including confidential/internal leads)
  - a. Number of hotel leads
    - Lead room nights (estimate)
    - Number of visitors (estimate)
    - Visitor spending (estimate)\*
  - b. Number of non-hotel leads
    - Number of non-hotel leads by member category
    - Number of visitors (estimate)
    - Visitor spending (estimate)\*
2. Bookings (including confidential bookings)
  - a. Number of bookings from hotel leads
    - Booked room nights (estimate)
    - Booked visitors (estimated)
    - Booked visitor spending (estimate)\*
  - b. Number of bookings from non-hotel leads
    - Booked visitors (estimated)
    - Booked visitor spending (estimate)\*

\* As a best practice, the association recommends that CVBs obtain destination-level visitor spending through custom research. Failing that CVBs should use pre-existing secondary research from credible sources with appropriate footnotes and caveats.

# CVB Travel Trade Sales Activity Measures, Performance Measures, and Productivity Metrics

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## Productivity Metrics

### 1. Personnel productivity metrics

- a. Number of leads per sales manager (hotel & non-hotel leads)
- b. Number of bookings per sales manager (hotel & non-hotel leads)
- c. Number of booked room nights per sales manager (hotel bookings only)

### 2. Cost productivity metrics

The three cost productivity ratios listed below measure the cost efficiency of the CVB's travel trade sales function as a function of its key performance measures: leads, bookings and booked room nights. The association recommends CVBs establish benchmarks in the current year (or prior year if information is available).

- a. Cost per lead =

$$\frac{\text{travel trade sales function direct \& indirect operating costs}^*}{\text{number of leads}}$$

- b. Cost per booking =

$$\frac{\text{travel trade sales function direct \& indirect operating costs}^*}{\text{number of bookings}}$$

- c. Cost per booked room night =

$$\frac{\text{travel trade sales function direct \& indirect operating costs}^*}{\text{number of booked room nights}}$$

\* Refer to the association's *Bureau Uniform System of Accounts* for a more detailed discussion of the Travel Trade Sales Function's direct and indirect costs.

# CVB Travel Trade Sales Activity Measures, Performance Measures, and Productivity Metrics

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## Productivity Metrics (con't.)

### 3. Leads to bookings conversion ratio (hotel leads only)

The lead conversion ratio measures, over a stated amount of time, the effectiveness of the CVB's lead qualifying process and the likelihood generated leads will book for the destination. This ratio is particularly useful as it can be calculated for each individual travel trade sales representative and for the travel trade sales function as a whole:

$$\frac{\text{(number of bookings from hotel leads)}}{\text{(number of leads that did not book) + (number of bookings from hotel leads)}}$$

#### Example

In the current year, a CVB generated 250 travel trade bookings from 378 travel trade hotel-only leads that were generated sometime in the past. The lead to booking conversion ratio:

$$250 \text{ bookings} / 378 \text{ leads} = 66\% \text{ booked}$$

# CVB MARKETING & COMMUNICATIONS PERFORMANCE REPORTING

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## **Fundamental Mission of the Marketing & Communications Function**

*To increase visitor volume, visitor spending and economic impact for the destination by developing awareness and preference.*

## **Marketing & Communications Definitions**

The following are standard definitions for key marketing activities and measures:

### **Advertising** (Source: American Association of Advertising Agencies)

Frequency – Average number of times households or persons viewed a given program, station or advertisement during a specific time period. This number is derived by dividing the Gross Ratings Points (GRPs) by the Reach.

Gross Rating Point (GRP) – A unit of measurement of audience size. It is used to measure the exposure to one or more programs or commercials, without regard to multiple exposures of the same advertising to individuals. *One GRP = 1% of TV households.*

Reach – Unduplicated number of individuals or households exposed to an advertising medium at least once during the average week for a reported time period (also known as *Cumulative Audience*).

Gross Impressions – Sum of audiences, in terms of people or households viewing, where there is exposure to the same commercial or program on multiple occasions. Two gross impressions could mean the same person was in the audience on two occasions or that two different people had been exposed only once.

### **Public Relations** (Source: Institute for Public Relations)

Advertising Equivalency: A means of converting editorial space in the media into advertising costs, by measuring the amount of editorial coverage and then calculating what it would have cost to buy that space, if it had been advertising.

Circulation: Refers to the number of copies sold of a given edition of a publication, at a given time or as averaged over a period of time.

## Marketing and Communications Definitions (con't.)

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Impressions: The number of those who might have had the opportunity to be exposed to a story that appeared in the media. Sometimes referred to as "opportunity to see." An "impression" usually refers to the total audited circulation of a publication or the audience reach of a broadcast.

### Internet/Website (Sources: Interactive Advertising Bureau, Jupitermedia)

Ad Clicks: Number of times users click on an ad banner.

Ad Views (Impressions): Number of times an ad banner is (presumably) seen by visitors. Corresponds to *net impressions* in traditional media.

Banner: An ad on a webpage that is usually "hot-linked" to the advertiser's website.

Click-through: Percentage of ad views that resulted in an ad click. Also known as 'ad click rate.'

Hit: A viewing of a webpage/an element on the webpage. If a webpage containing two graphics is viewed by a user, three hits will be recorded - one for the webpage itself and one for each graphic. Because webpage designs vary greatly, hits are a poor guide for traffic measurement.

Jump Page: A jump page, also known as a "splash page," is a special webpage set up for visitors who clicked on a link in an advertisement. Jump pages can be used to promote special offers or to measure the response to an advertisement.

'Hot' Link: An electronic connection between two websites.

Page Views: Number of times a user requests a webpage that may contain a particular ad.

Unique Users: Number of different individuals who visit a website within a specific time period.

Valid Hits: A further refinement of hits, valid hits are hits that deliver all information to a user. (Excludes redirects, error messages and computer-generated hits.)

Visits: A sequence of requests made by one user at one website. If a visitor does not request any new information for a period of time, known as the "time-out" period, then the next request by the visitor is considered a new visit.

# CVB Marketing & Communications Activity Measures, Performance Measures, and Productivity Metrics

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The following are some of the more common marketing efforts a CVB conducts to fulfill its mission of generating visitor volume to its destination. The performance reporting and subsequent ROI formulas will focus solely on the Marketing & Communications function's **'direct-to-consumer'** efforts.

However, it should be noted that that marketing and communications efforts can also span the spectrum of convention and travel trade segments and that many of the activity and performance measures, and productivity metrics discussed below can be applied to them as well.

The association recommends CVB monitor the following activity measures, performance measures and productivity metrics for each program/niche market and on a total annual basis:

## **Activity Measures** (\* If the CVB engages in the listed effort)

### Advertising/Promotions

1. Number of programs
2. Total reach
3. Total frequency
4. Gross impressions
5. Total value of media placed
  - a. Paid media dollars
  - b. Co-op media dollars
  - c. In-kind/Barter media dollars
  - d. Unpaid media dollars
6. Number of co-op partners

\* The association suggests, as a best practice, that CVBs that advertise conduct an audit of media placements to ensure that their media plan has been properly executed.

### Online Activity

1. Number of "play-per-click" keywords purchased per search engine
2. Number of webpages of content developed

# **CVB Marketing & Communications Activity Measures, Performance Measures, and Productivity Metrics**

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## **Activity Measures** (con't.)

### Media/Public Relations

1. Media tradeshows
  - a. Number of media tradeshows attended
  - b. Number of appointments
  
2. Media missions
  - a. Number of media missions
  - b. Number of co-op partners
  - c. Number of media contacts
  
3. Number of media/PR calls
  
4. Media familiarization tours
  - a. Number of familiarization tours
  - b. Number of journalists/media participating
  - c. Number of publications represented
  
5. Press releases
  - a. Number of press releases issued
  - b. Number distributed (incl. downloaded off CVB website) per press release
  
6. Number of media inquiries
  
7. Number of media interviews
  
8. Number of newsletters (incl. e-newsletters) produced
  
9. Number of public service announcements (PSA) produced
  
10. Number of accounts with activity

### Event Marketing

1. Number of events supported
  
2. Number of events produced

# **CVB Marketing & Communications Activity Measures, Performance Measures, and Productivity Metrics**

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## **Performance Measures**

### Advertising/Promotions

Performance measures and productivity metrics for advertising campaigns are typically determined by advertising effectiveness studies. Performance measures typically include (but are not limited to): Advertising awareness (aided and unaided), changes in a destination's brand image among target audiences over time as well as intent to travel. A more thorough discussion on advertising performance reporting is in the productivity metrics section of this chapter.

### Inquiries/Fulfillment

1. Number of brochure requests
2. Number of consumer calls handled
3. Number of coupons redeemed
4. Number of people who register on the CVB's website to receive newsletter, etc. ('opt-ins')

### Online/CVB Website

1. Number of user sessions
2. Number of unique users
3. Number of repeat visits
4. Click-throughs to the CVB website
5. Number of specific webpage view counts
6. Number of click-throughs to member/sponsor websites from CVB website ads and/or links
7. Number of web coupons redeemed
8. Average length of session
9. Search engine referrals
  - a. Total number of referrals
  - b. Top referring search engines
  - c. Percent of website traffic attributable to search engine referrals
10. Search engine results' placement of website (number of first place rankings, top five, top ten)

# **CVB Marketing & Communications Activity Measures, Performance Measures, and Productivity Metrics**

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## **Performance Measures** (con't.)

### Media/Public Relations

1. Placements
  - a. Total number of placements
  - b. Domestic vs. international placements
  - c. Broadcast vs. print placements
2. Number of impressions (circulation)
3. Advertising equivalency (\$)

### Bookings

1. Online/1-800 hotel reservations
  - a. Number of room nights booked
  - b. Room booked revenue
  - c. Rooms sold commission
  - d. Average length of stay
  
2. Online ticket sales (e.g., attractions, tours, etc.)\*
  - a. Total tickets sold
  - b. Tickets sold revenue
  - c. Tickets sold commission

\* Ticket sales at CVB Visitor Information Center(s) will be considered as part of Visitor Services Performance Reporting

3. Packages
  - a. Total packages sold
  - b. Packages sold revenue
  - c. Packages sold commission
  - d. Number of room nights booked

# CVB Marketing & Communications Activity Measures, Performance Measures, and Productivity Metrics

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## Productivity Metrics

### Marketing Effectiveness Studies

The ultimate measure of marketing productivity is the number of individuals whose visit to the destination was **clearly and significantly generated** by the CVB's marketing efforts.

CVBs are strongly cautioned against using their destination's total number of visitors as it is extremely unlikely that the CVB generated each and every visitor to its destination.

As a best practice, if a CVB spends a significant amount (or percentage) of its budget on marketing efforts, it must then be prepared to invest in the research necessary to accurately and credibly measure the effectiveness of those efforts.

A common research method to measure visitors generated by the CVB is the conversion study that determines the percentage of individuals responding to a specific CVB marketing effort (e.g., requesting travel information, looking at package webpages) who eventually visit the destination.

One of chief failings of conversion studies in the past was they failed to exclude individuals who had already decided to come to the destination before they contacted the CVB. As a result, conversion study results tended to overstate the number of visitors generated by the particular CVB marketing effort being reviewed.

Modified conversion studies that address this issue can assist the CVB in determining the productivity of their marketing efforts, as can other research methodologies. As a best practice The association encourages CVBs, working with market research professionals, to begin to implement a research program that will determine the number of visitors generated by their marketing activities.

As a starting point, the association recommends that CVBs initially focus on advertising effectiveness research, inquiry conversion studies and package purchased studies.

# CVB Marketing & Communications Activity Measures, Performance Measures, and Productivity Metrics

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## Productivity Metrics (con't.)

### 1. Inquiry conversion

Conversion of 'inquiries' produced by the CVB's marketing efforts to generated visitors. Inquiries can include:

- Individuals who went to a unique website address in response to a specific marketing effort
- Individuals who requested visitor information (guides, maps, etc.) via phone (does not include individuals who called and were redirected elsewhere)
- Website user sessions of a certain minimum length or user sessions for travel-specific pages

As a best practice, the association encourages CVBs to incorporate in their initial program setup a step where three pieces of information are collected from the inquirer:

- a. How they got the phone number/website address (also known as 'lead source')
- b. If the consumer already decided to come to the destination before they contacted the CVB
- c. Permission to recontact for a follow-up survey

This information will assist the CVB in ultimately determining whether the inquiry turned into a visit to the destination and whether the visit was generated by the CVB's efforts.

Inquiry conversion ratio:

$$\frac{\text{Number of visitors generated by the CVB marketing effort(s)}}{\text{Number of inquiries generated by the CVB marketing effort(s)}}$$

### 2. Advertising effectiveness research

A conversion study for inquiries generated by a particular advertising campaign is limited in that it does not account for visitors who were generated by the campaign but did not subsequently contact the CVB. In order to gain a full accounting of ALL visitors that were generated, the association recommends that CVBs who advertise conduct custom advertising effectiveness research studies. These studies can also be used to measure other key advertising performance measures including awareness, destination image and perception, and intent to travel.

# CVB Marketing & Communications Activity Measures, Performance Measures, and Productivity Metrics

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## Productivity Metrics (con't.)

### 3. Online hotel booking function conversion

- a. Overall 'Look-to Look' ratio:

$$\frac{\text{number of page views for the online hotel booking date/rate availability page}}{\text{number of users to website}}$$

- b. Overall 'Look-to-Book' ratio:

$$\frac{\text{number of bookings through online hotel booking function}}{\text{number of users to website}}$$

- c. 'Look-to-Book' ratio:

$$\frac{\text{number of bookings through online hotel booking function}}{\text{Number of page views for the online hotel booking date/rate availability page}}$$

### 4. Package conversion

For web-based package conversions, two conversion ratios are offered. The design of the CVB's package webpages will dictate the use of one over the other:

$$\frac{\text{number of CVB-offered packages purchased}}{\text{number of page views for the initial package webpage}}$$

$$\frac{\text{number of CVB-offered packages purchased}}{\text{number of page views for the package pricing/availability webpage}}$$

\* As a best practice, the association recommends CVBs conduct follow-up research with package purchasers to determine average out-of-pocket expenditures.

# CVB MEMBERSHIP PERFORMANCE REPORTING

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Destination Marketing Association International recognizes there are many membership models employed by CVBs including partnership and ‘á la carte’. The definitions and measures below, while geared for a more traditional membership mode, can be adapted to the specific CVB’s needs.

## **Fundamental Mission of the Membership Function**

*To generate revenue and create partnerships for the CVB by guiding and educating members on how to use the CVB to gain access and exposure to the travel & tourism marketplace.*

## **Membership Definitions**

The association recommends CVBs adopt the following definitions governing the membership function:

1. Active Member – A member for whom:
  - a. The current year’s CVB membership dues have been paid
  - b. The dues are complimentary or ‘traded-out’ as part of a reciprocal relationship
2. Suspended Member (aka pending, frozen) – A member whose dues payment is past due for a certain amount of time (specific amount of time to be determined by the CVB). The action taken by the CVB (total or partial suspension of benefits, etc.) is also at the individual CVB’s discretion.
3. Cancelled Member (aka lost) – A business that is no longer a CVB member. A list of possible reasons for cancellation should include but is not limited to:

• Financial hardship	• No benefit (real or perceived)
• Out of business	• Change in member’s marketing strategy
• Headquarters decision	• Code of Ethics violation

4. Reinstated Member – A cancelled member that reactivated its membership within a specific amount of time (at the discretion of the CVB – usually fewer than 12 months).
5. New Member -- A member who is a first-year member (has not yet renewed membership for the first time).
6. Core Member -- A member who been a CVB member for more than three years.

7. Key Industry Segment – Can include, but is not limited to, accommodations, restaurants, attractions, cultural institutions, retail establishments, etc.

# CVB Membership Activity Measures, Performance Measures, and Productivity Metrics

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The association recommends CVBs implement policies and procedures to accurately and systematically measure its activity, performance and productivity as defined below:

## **Activity Measures** (\* If the CVB engages in the listed activity)

### A. New Member Sales

1. Number of sales calls (all forms of contact)
2. Number of sales kits/collateral sent
3. Number of qualified prospects

### B. Servicing

The association recognizes that CVBs have limited staff resources to document all member servicing throughout the year. As a best practice, the association recommends that CVBs be able to monitor that members are being regularly engaged by the CVB.

1. Member events (including networking, educational, etc.)
  - a. Number of member events
  - b. Member attendance (number of people AND number of members)
2. Number of member visits to member-only section of CVB website

The association strongly recommends CVBs conduct **member satisfaction/needs assessment studies**. Surveying members will give CVBs invaluable, actionable guidance as they regularly review their member benefits and services to ensure they are meeting the needs of their members.

## **Performance Measures**

### 1. New Members

- a. Number of new members
- b. New member dues (\$)

\* Also measure by key industry segments

### 2. Renewed members

- a. Number of renewed members
- b. Renewed member dues (\$)

\* Also measure by new and core members, and by key industry segments



## CVB Membership Activity and Performance Measures, and Productivity Metrics

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3. Suspended members
  - a. Number of suspended members
  - b. Suspended member dues (\$)

\* Also measure by new and core members, and by key industry segments
  
4. Cancelled members
  - a. Number of cancelled members
  - b. Cancelled member dues (\$)
  - c. Reason for cancellation
  - d. Number of cancelled members who went out of business

\* Also measure by new and core members, and by key industry segments
  
5. Reinstated members
  - a. Number of reinstated members
  - b. Reinstated member dues (\$)

\* Also measure by new and core members, and by key industry segments
  
6. Net cancelled members (total cancelled members less reinstated members)
  - a. Number of net cancelled members
  - b. Net cancelled member dues (\$)

\* Also measure by new and core members, and by key industry segments
  
7. Non-dues revenues (*only those programs for which the membership function is responsible*)
  - a. Number of member participants
  - b. Revenues generated (\$)

*Note:* Non-dues revenue programs may differ among CVBs but may include advertising sales, promotional buy-ins, etc.

### Productivity Metrics

1. Personnel Productivity Metrics
  - a. Number of new members per membership sales manager
  - b. New member dues per membership sales manager

## CVB Membership Activity and Performance Measures, and Productivity Metrics

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2. Prospect Conversion Ratio (aka closing ratio) =

$$\frac{\text{number of new members}}{\text{number of prospects}}$$

3. Membership Retention Rate\* =

$$\frac{\text{number of renewed members in the current fiscal year}}{\text{number of active members at the end of the previous fiscal year}}$$

\* Also measure by new and core members, by key industry segments, and by individual membership sales manager

4. Membership Dues Retention Rate\* =

$$\frac{\text{dues of renewed members in the current fiscal year}}{\text{current fiscal year dues of active members at the end of the previous fiscal year}}$$

\* Also measure by new and core members, by key industry segments, and by individual membership sales manager

5. Membership Cancellation Rate (aka attrition) =

$$\frac{\text{number of (net) cancelled members in the current fiscal year}}{\text{number of active members at the end of the previous fiscal year}}$$

\* Also measure by new and core members, by key industry segments, and by individual membership sales manager

6. Membership Dues Cancellation Rate =

$$\frac{\text{dues of (net) cancelled members in the current fiscal year}}{\text{current fiscal year dues of active members at the end of the previous fiscal year}}$$

\* Total rate and separated by new and core members; by key industry segments; by individual membership sales manager

*Note:* The association recommends CVBs calculate the two membership cancellation rates for cancelled members AND for cancelled members less those who went out of business.

## CVB Membership Activity and Performance Measures, and Productivity Metrics

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7. Membership Churn (by number of members) =

$$\frac{\text{number of new members}}{\text{number of (net) cancelled members}}$$

8. Membership Churn (by member dues) =

$$\frac{\text{number of new member dues}}{\text{number of (net) cancelled members dues}}$$

9. Cost of Non-Core Members =

$$\frac{\text{non-core member dues}}{\text{direct member sales costs}^*}$$

\* allocate personnel costs if staff does both member sales and servicing

10. Key Industry Segment Contribution to Total Member Dues =

$$\frac{\text{key industry segment member dues}}{\text{total member dues}}$$

### Example

The Harmony CVB ended FY2003 with 500 active members whose FY2003 dues amounted to \$250,000.

In FY2004, the CVB implemented a 2% dues increase. The 500 members received renewal invoices that totaled \$255,000 (\$250,000 plus the 2% increase).

350 of the active members renewed their membership. Their renewal dues amounted to \$200,000.

Of the 150 active members who did not renew (\$55,000 in cancelled dues), 10 had gone out of business (their invoiced dues were \$3,000).

During FY2004, the CVB signed up 140 new members with \$45,000 in new dues revenue.

At the end of FY2004, the CVB had 490 active members whose dues amounted to \$245,000.

The retention rates for 2004:

*350 renewed members / 500 members (active at the end of FY2003) = 70% retention*

*\$200,000 renewed dues / \$255,000 invoiced dues = 78% dues retention*

The cancellation rates for 2004:

*150 cancelled members / 500 members (active at the end of FY2003) = 30% cancelled*

*\$55,000 cancelled dues / \$255,000 invoiced dues = 22% dues cancelled*

The cancellation rates for 2004 excluding cancelled members who went out of business:

*140 cancelled members / 500 members (active at the end of FY2003) = 28% cancelled*

*\$52,000 cancelled dues / \$255,000 invoiced dues = 20% dues cancelled*

The member churn rates for 2004:

*140 new members / 150 cancelled members = 93%*

*\$45,000 new member dues / \$55,000 cancelled member dues = 81%*

# CVB VISITOR INFORMATION CENTER ACTIVITY MEASURES, PERFORMANCE MEASURES, AND PRODUCTIVITY METRICS

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## **Fundamental Mission of the Visitor Information Center**

*To increase visitor volume, the length of stay and visitor spending for the destination by providing relevant visitor information and a quality visitor experience.*

The association recommends CVBs implement policies and procedures to accurately and systematically measure its activity, performance and productivity as defined below:

### **Activity Measures** (\* If the CVB engages in the listed activity)

1. Number of members/tourism industry businesses represented in VIC (e.g., brochure racks)
2. In-kind services received by the CVB for the VIC (\$ equivalent)
3. Local industry training sessions conducted by VIC staff
  - a. Number of sessions
  - b. Attendance at sessions
4. Number of VIC staff site inspections at local tourism industry businesses
5. Number of VIC staff presentations to groups visiting the destination
6. Number of VIC onsite promotions
7. Number of brochures distributed at VIC (CVB, members/partners, etc.)

### **Performance Measures**

#### A. Servicing

1. Number of walk-in visitors (actual counts, not estimates)
2. Number of walk-in visitors who are visitors to the destination (see “Measuring the Impact of the VIC” below.)
3. Number of walk-ins assisted by VIC staff/volunteers

#### B. CVB Revenue Generation

1. Sponsorship/partnership revenue
2. VIC advertising/marketing/promotion revenue

# CVB VISITOR INFORMATION CENTER ACTIVITY MEASURES, PERFORMANCE MEASURES, AND PRODUCTIVITY METRICS

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## C. Sales

1. Number of bookings/reservations/ticket sales (hotel, restaurant, attractions, tours, etc.) – kiosks, counselors, online (at VIC)
2. \$ sales from bookings/ticket sales
3. \$ retail sales (merchandise, vending machines, gift cards, etc.)
4. VIC space rental fees

## D. Measuring the Impact of the VIC

1. Increase in length of stay
2. Increase in visitor spending
3. Increase in the number of visitors

The association recommends CVBs implement a program of surveying walk-ins to their Visitor Information Center(s) to ensure they are meeting the needs of their walk-ins. Topics covered by the questionnaire should include the following:

1. Use of the VIC's information services
2. Evaluation of the VIC's information services
3. Trip characteristics (expenditures, purpose of trip, length of trip, accommodations, activities, party size, when the VIC was visited during the trip etc.)
4. Demographics (residence, use of Internet, gender, HHI, age, etc.)
5. Influence of the VIC's information services on the walk-in's trip including increasing length of stay, increasing visitor spending and return visitation

The information gained will assist CVBs in measuring the percentage of walk-ins who are visitors to the destination. Using this and how the VIC changed the walk-ins' trip will allow CVBs to determine the incremental visitor spending that was **clearly and significantly generated** by the VIC(s). From this, CVBs will then be able to determine the ROI of their VIC. (Further discussion on the VIC ROI contribution to the overall CVB ROI will be found in the ROI section of the *Handbook*.)

# CVB VISITOR INFORMATION CENTER ACTIVITY MEASURES, PERFORMANCE MEASURES, AND PRODUCTIVITY METRICS

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## Productivity Metrics

1. Cost per Walk-in =

$$\frac{\text{VIC direct \& indirect operating costs}}{\text{Number of walk-ins}}$$

\* The association also recommends CVBs determine the cost per non-resident walk-in.

2. Cost per Walk-in Assisted by Visitor Counselors =

$$\frac{\text{VIC direct \& indirect operating costs}}{\text{Number of walk-ins assisted by VIC staff/volunteers}}$$

3. Revenue/Expense Ratio =

$$\frac{\text{CVB revenue generated by VIC}}{\text{VIC direct \& indirect operating costs}^*}$$

\* Only Center-related costs; exclude any fulfillment function costs

# CVB Return on Investment

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The association recommends that CVBs use standard business ROI approaches to quantify its financial impact on its local community for convention and leisure travel. ROI formulas examine the return from the investment made by an organization, conceptually represented by the simple ROI formula below:

$$\text{Return on Investment} = \frac{\text{Amount of Return (income)}}{\text{Amount of Investment (expense)}}$$

For a CVB, the amount of return is typically what the CVB returned to the destination (visitor spending, economic impact, tax dollars), **clearly and significantly generated** through its sales and marketing efforts. The amount of investment can also vary, based on which stakeholder is requesting the information.

Recognizing that ROI requests come in many forms, the association has identified three ROI formulas that the CVB can choose to use to cover the majority of these requests – two that examine ROI at the function-level and one that examines ROI at the CVB-level.

*Note:* CVBs are cautioned to consistently use the same ROI formula when measuring their ROI over time.

## 1. Return on Total Operating Costs

$$\frac{\text{visitor spending generated by the CVB's efforts}^1}{\text{total CVB operating costs}}$$

## 2. Return on Functional Area Direct Operating Costs

$$\frac{\text{visitor spending generated by the CVB's efforts by functional area}}{\text{direct operating costs for the functional area}}$$

## 3. Return on Functional Area Direct & Indirect Operating Costs

$$\frac{\text{visitor spending generated by the CVB's efforts by functional area}}{\text{direct \& indirect operating costs for the functional area}}$$

<sup>1</sup> The sum of visitor spending generated by the CVB's convention sales, travel trade sales, marketing & communications, and visitor information center functions.

# Functional Area ROI Formulas

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## Convention Sales Function

### 1. Return on Convention Sales Function Direct Operating Costs

$$\frac{\text{attendee spending generated by the CVB's convention sales function}}{\text{convention sales function direct operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

### 2. Return on Convention Sales Function Direct & Indirect Operating Costs

$$\frac{\text{attendee spending generated by the CVB's convention sales function}}{\text{convention sales function direct \& indirect operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

#### **note 1**

Attendee spending is defined as:

$$(\text{Total Estimated Attendance}) \times (\text{Daily Attendee Spending}) \times (\text{Average Length of Stay})$$

- a. Total estimated attendance is the attendance for events **booked** in the time period for which the ROI is being calculated, regardless when the event will take place.
- b. Only booked events where the CVB generated the lead/confidential lead can be included.
- c. Daily attendee spending: In the absence of destination-specific attendee spending and length of stay, the association recommends CVBs use the results of its *ExPact Study*.

*Note:* The attendee spending used in the ROI formula will not necessarily reflect any subsequent event cancellations or revisions to the attendee figures. CVBs are strongly encouraged to footnote this in their ROI calculations.

#### **note 2**

The association recommends CVBs use the *Bureau Uniform System of Accounts and Line Item Cost Allocation Worksheet* for guidance on direct and indirect operating cost line items.

*Note:* CVBs must ensure the allocation methods are the same when comparing ROIs between CVBs.

## Functional Area ROI Formulas (con't.)

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### **Travel Trade Sales Function**

#### 1. Return on Travel Trade Sales Function Direct Operating Costs

$$\frac{\text{visitor spending generated by the CVB's travel trade sales function}}{\text{travel trade sales function direct operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

#### 2. Return on Travel Trade Sales Function Direct & Indirect Operating Costs

$$\frac{\text{visitor spending generated by the CVB's travel trade sales function}}{\text{travel trade sales function direct \& indirect operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

#### **note 1**

Visitor spending is defined as:

$$(\text{Total Booked Visitors}) \times (\text{Daily Visitor Spending}) \times (\text{Average Length of Stay})$$

- a. Total booked visitors only includes those visitors for which the CVB generated the lead/confidential lead (hotel and non-hotel leads).
- b. Booked visitor counts are estimated since actual post-trip figures are not collected.
- c. Daily visitor spending: In the absence of destination-specific visitor spending figures and average length of stay, the association recommends CVBs use pre-existing secondary research from credible sources with appropriate footnotes and caveats.

#### **note 2**

The association recommends CVBs use the *Bureau Uniform System of Accounts and Line Item Cost Allocation Worksheet* for guidance on direct and indirect operating cost line items.

*Note:* CVBs must ensure the allocation methods are the same when comparing ROIs between CVBs.

## Functional Area ROI Formulas (con't.)

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### Marketing & Communications Function

#### 1. Return on Marketing & Communications Function Direct Operating Costs

$$\frac{\text{visitor spending generated by the CVB's marketing \& communications function}}{\text{marketing \& communication function's direct operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

#### 2. Return on Marketing & Communications Function Direct & Indirect Operating Costs

$$\frac{\text{visitor spending generated by the CVB's marketing \& communications function}}{\text{marketing \& communication function's direct \& indirect operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

#### **note 1**

Visitor spending is defined as:

$$(\text{Total Generated Visitors}) \times (\text{Daily Visitor Spending}) \times (\text{Average Length of Stay})$$

1. Total generated visitors is the number of visitors **clearly and significantly** generated by the CVB's marketing efforts, a figure arrived through the studies described in detail in the section on Marketing & Communication Productivity Metrics, including advertising campaign effectiveness, inquiry conversion studies and package purchased studies.
2. Daily visitor spending: In the absence of destination-specific visitor spending figures and average length of stay, the association recommends CVBs use pre-existing secondary research from credible sources with appropriate footnotes and caveats.
3. For generated visitors traveling on packages, an alternative, conservative approach (if custom research is not available) would be to use the package purchase price.

#### **note 2**

The association recommends CVBs use the *Bureau Uniform System of Accounts and Line Item Cost Allocation Worksheet* for guidance on direct and indirect operating cost line items.

*Note:* CVBs must ensure the allocation methods are the same when comparing ROIs between CVBs.

## Functional Area ROI Formulas (con't.)

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### Visitor Information Center (VIC)

#### 1. Return on VIC Direct Operating Costs

$$\frac{\text{visitor spending generated by the CVB's VIC}}{\text{VIC direct operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

#### 2. Return on VIC Direct & Indirect Operating Costs

$$\frac{\text{visitor spending generated by the CVB's VIC}}{\text{VIC direct \& indirect operating costs}} \quad \begin{array}{l} \text{(see note 1)} \\ \text{(see note 2)} \end{array}$$

#### **note 1**

Visitor spending is defined as the spending **clearly and significantly** generated by the CVB's VIC, a figure arrived through the studies described in detail in the section on Visitor Information Center Productivity Metrics.

#### **note 2**

The association recommends CVBs use the *Bureau Uniform System of Accounts and Line Item Cost Allocation Worksheet* for guidance on direct and indirect operating cost line items.

*Note:* CVBs must ensure the allocation methods are the same when comparing ROIs between CVBs.

# CVB ROI: Case Study Example

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The Harmony Convention & Visitors Bureau's operating costs in 2003 were \$4.0 million. Its functional area cost breakouts:

1. Convention Sales Function

Direct: \$900,000

Indirect: \$350,000

2. Travel Trade Sales Function

Direct: \$650,000

Indirect: \$225,000

3. Marketing & Communications Function (direct-to-consumer only)

Direct: \$1.2 million

Indirect: \$275,000

4. Visitor Information Center

Direct: \$300,000

Indirect: \$100,000

By measuring its activity, performance and productivity in the manner outlined in the *Handbook*, the Harmony CVB was able to identify \$150.5 million in visitor spending that was clearly and significantly generated by its sales and marketing efforts, broken out by functional area:

- Convention Sales Function: \$70.0 million in future attendee spending from events **booked** by the Harmony CVB in 2003.
- Travel Trade Sales Function: \$35.0 million in visitor spending
- Marketing & Communications Function: \$45.0 million in visitor spending
- Visitor Information Center: \$500,000

The ROI for the Harmony CVB and its functional areas:

### Return on Total Operating Costs

$$\frac{\text{visitor spending generated by the CVB's efforts}}{\text{total CVB operating costs}} = \frac{\$150.5 \text{ million}}{\$4.0 \text{ million}} = 37.6$$

## CVB ROI: Case Study Example (con't.)

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### Return on Functional Area Direct Operating Costs

*visitor spending generated by the CVB's efforts by functional area*  
*direct operating costs for the functional area*

$$1. \text{ Convention Sales} = \frac{\$70.0 \text{ million}}{\$900,000} = 77.8$$

$$2. \text{ Travel Trade Sales} = \frac{\$35.0 \text{ million}}{\$650,000} = 53.8$$

$$3. \text{ Marketing \& Communications} = \frac{\$45.0 \text{ million}}{\$1.2 \text{ million}} = 37.5$$

$$4. \text{ VIC} = \frac{\$500,000}{\$300,000} = 1.7$$

### Return on Functional Area Operating Direct & Indirect Costs

*visitor spending generated by the CVB's efforts by functional area*  
*direct & indirect operating costs for the functional area*

$$1. \text{ Convention Sales} = \frac{\$70.0 \text{ million}}{\$1.25 \text{ million}} = 56.0$$

$$2. \text{ Travel Trade Sales} = \frac{\$35.0 \text{ million}}{\$875,000} = 40.0$$

$$3. \text{ Marketing \& Communications} = \frac{\$45.0 \text{ million}}{\$1.475 \text{ million}} = 30.5$$

$$4. \text{ VIC} = \frac{\$500,000}{\$400,000} = 1.3$$

Destination Marketing Association International  
2025 M Street, NW, Suite 500  
Washington, DC 20036  
Tel: +1.202.296.7888 - Fax: +1.202.296.7889  
[www.destinationmarketing.org](http://www.destinationmarketing.org)