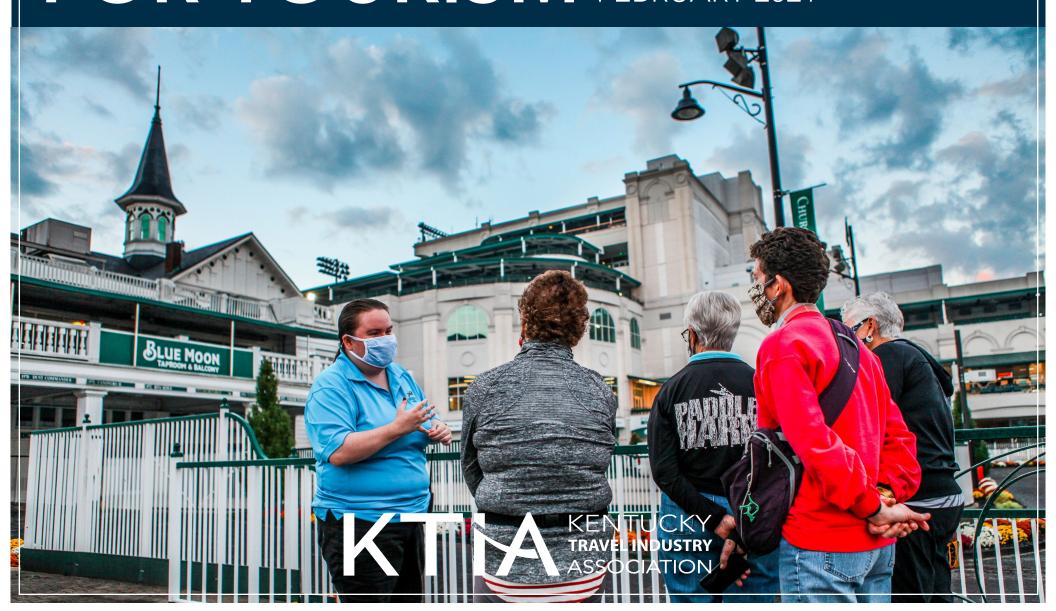
## KENTUCKY

# RECOVERY ACTIONS FOR TOURISM FEBRUARY 2021



### THE PATH TO RECOVERY.

Even as the COVID economic crisis continues, we must plan and act now for the recovery of the Kentucky tourism industry. A community that finds itself in the path of an approaching hurricane doesn't wait for the storm to pass to begin planning for its recovery. Those efforts start early and continue long after the hurricane is gone. There was no advance warning of the COVID pandemic that has slammed our industry to allow for pre-crisis planning, but that effort must get underway now, even as the storm still rages.



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### THE RAFT PROCESS

Beginning in July 2020, the Kentucky Travel Industry Association (KTIA) undertook a strategic planning process with the goal of developing a plan consisting of multiple recommendations to contribute to the recovery of Kentucky's travel & tourism industry from the COVID economic crisis. Titled **RAFT** – Recovery Actions for Tourism – several key considerations described below were established at the outset and guided the RAFT Committee and the KTIA management team through the process and to the ultimate results contained in this report.

## **SCOPE & CONSIDERATIONS**

#### Multi-year & Flexible

Recovery will be a multi-year process and so too is the plan. As such, and given the uncertain future, the plan is flexible and subject to change – a continual work in progress.

#### **Kentucky Focused**

The plan addresses needed Federal support, but KTIA and the industry's greatest ability to affect action and change is within the state. Therefore, Kentucky-based actions and targets for those actions are the primary focus.

#### **Engage All Industry Segments and Others**

KTIA represents the entire industry, including destination marketing organizations (DMOs), which include convention & visitors bureaus and tourism commissions; hotels; the vast array of attractions; restaurants; marinas; state agencies; and industry suppliers and media entities. The industry crisis has placed a spotlight on the symbiotic relationships that exist among all segments. Therefore, all segments have been encouraged to offer input regarding their needs and ideas. This encouragement was extended directly to all KTIA members and also to associations that represent particular segments. Additionally, input from other industry stakeholders was requested. Association outreach included the Kentucky Chamber of Commerce, Kentucky Association of Convention & Visitors Bureaus (KACVB), Kentucky Association of Counties (KACo), Kentucky Association for Economic Development (KAED), Kentucky Distillers' Association (KDA), Kentucky League of Cities (KLC), Kentucky Marina Association (KMA) and Kentucky Restaurant Association (KRA).

#### **Targets for Proposed Actions**

Recommendations for legislative action occupied a significant place in the process. In fact, KTIA's 2021 legislative agenda has been incorporated into the plan. However, those are only a part of the RAFT picture, with recommendations also provided for the industry, state agencies and offices, including the Governor's Office, local government, the industry, KTIA and others.







## **KENTUCKY'S TOURISM INDUSTRY**

To understand and appreciate the severity of the crisis, it is important to understand the Kentucky tourism industry – who and what it is and the numerous and significant contributions it makes to the commonwealth and the people of Kentucky in normal times.

#### Destination Kentucky

Kentucky possesses what any tourism destination must have as a foundation for success in the hotly competitive destination marketing arena. That foundation must consist of a varied set of authentic and compelling experiences, some of which are unique to the destination. Experiences related to bourbon and horses, two authentic Kentucky icons, are as unique to Kentucky as they are compelling for visitors.

However, Kentucky offers far more than bourbon and horses to attract visitors. Our outdoor recreation and adventure, historical and cultural offerings, Bluegrass and other music genres, our own special version of Southern cuisine, folk art and craft and the artisans who create them, and authentic small towns and urban excitement all comprise Kentucky's portfolio of tourism assets. Two others are often noted by visitors and are reflected in Kentucky tourism research: the beauty of the state and the friendly and hospitable people who live here. The full array of Kentucky's assets forms a mosaic of experiences unlike anyplace else in the world.

#### The Industry

The size, scope and economic contributions of the industry as described here and in other sections emphatically point to the fact that recovery of Kentucky's economy, overall, will not fully occur in the absence of recovery by the travel & tourism industry. Unlike some other important Kentucky industries, tourism is not limited to certain regions of the state or to either rural or urban settings. Kentucky tourism is a thoroughly statewide industry and every region and every legislative district benefits from tourism, especially in the massive number of jobs the industry supports. Although Kentucky's tourism industry includes a number of large companies, it consists primarily of small businesses and provides fertile ground for entrepreneurs.

## TOURISM'S CONTRIBUTIONS TO THE PEOPLE OF KENTUCKY

#### **Visitor Spending**

Visitors to Kentucky spent nearly \$8.0 billion in 2019, which generated \$11.8 billion in total business sales, including indirect and induced impacts.

#### Jobs

Visitors to Kentucky supported more than 95,000 jobs in 2019. Quantity is not the only value of the jobs tourism creates for Kentuckians. The range of job-types is also a key strength. The mix of tourism jobs includes highly skilled, highly paid technical, managerial and professional positions. Tourism also generates a significant number of entry-level employment positions that provide ample opportunities for upward mobility, many of which provide an excellent training ground for young workers.

#### Tax Revenue

A vital by-product of a thriving industry's infusion of money into the economy and jobs creation is that the industry also generates significant amounts of local and state tax revenue. Tourism in Kentucky generated \$1.5 billion in tax revenues in 2019, with \$823 million accruing to state and local governments. This amount far exceeds public funds invested in tourism marketing and in the operation of public facilities and attractions that serve visitors. The net effect, therefore, is that the tax revenue generated by tourism is a significant source of funds for non-tourism governmental services and operations.

#### Kentucky Tourism Markets Kentucky

Experiences that attract visitors add significantly to Kentuckians' quality of life, an end unto itself. Additionally, an enhanced quality of life fostered by the travel and tourism industry is a major calling card in economic development efforts to attract new businesses, investments and jobs to the state.

Tourism marketing is also a source of Kentucky product marketing. Kentucky bourbon, horses, automobiles, agriculture, and art are simultaneously important as Kentucky products and as compelling visitor experiences. Marketing these experiences builds demand for the products. In broader terms, tourism marketing builds awareness of what is good and positive about Kentucky, one of the few concerted national and international efforts that counters the sometimes negative pictures painted of the state.



## COVID'S TOLL ON THE KENTUCKY TOURISM INDUSTRY

The onset of the virus, coupled with Kentucky's emergency orders and guidances restricting travel and business operations, resulted in Kentucky's tourism industry suffering an enormous year over year loss of revenue in the first two quarters. Although there was an uptick in business activity in the third quarter, the surge of the virus in the fall and winter, combined with the normal downturn in winter tourism activity, paints a dire picture for the industry.

#### In the first six months of 2020:

- 100% of the tourism industry reported lost revenue
- None incurred less than a 10% revenue reduction
- 35% lost between 10%-40% of their revenue
- 65% lost over 40%
- 27% lost more than 60%

#### Lost revenue means job loss:

- 49% have reduced fulltime positions
- 33% have lost at least one-fifth of their fulltime positions
- 60% have reduced part time positions
- 24% have lost from 80%-100% of their part time employees

#### Financial difficulties in addition to payroll & employee retention:

- 93% have had financial difficulties in addition to personnel
- Highest incidences of difficulties are in inadequate funds for marketing & advertising (67%) and sales costs of attracting future business (40%)
- Payments to vendors and suppliers has been difficult for 30% and making mortgage/rent payments for 23%
- 30% have had difficulty paying costs of implementing social distancing and other protocols (signage, plexiglass barriers, etc.) and 23% have had difficulty paying for cleaning and sanitizing supplies and services

## KENTUCKY'S TOLL MIRRORS NATIONAL PICTURE

The toll the crisis has taken on Kentucky's travel & tourism industry is evident through the following national data:

- Travel spending totaled an unprecedented 42% annual decline (nearly \$500 billion) from 2019.
- Since the beginning of March and through the end of 2020, the pandemic has resulted in \$492 billion in cumulative losses for the U.S. travel economy, equating to a daily loss of approximately \$1.6 billion for the past 10 months.
- Hotels will add 200,000 direct hotel operations jobs in 2021 but will remain nearly 500,000 jobs below the industry's pre-pandemic employment level of 2.3 million employees.
- Hotel occupancy averaged just 44% in 2020 (33% lower than in 2019), and Revenue per Available Room (RevPar) was just \$45 (48% lower than in 2019)—all-time lows in terms of both absolute numbers and year over year declines.
- The continual depressed level of travel spending has caused a loss of \$64 billion in federal, state and local tax revenue since March 1.
- Business travel is forecasted to be down 85% compared to 2019 through April 2021, and then only begin ticking up slightly.
- After declining drastically in March and April, air travel recovered some of its losses through the rest of 2020, but remains at less than half of 2019 levels.

Sources: U.S. Travel Association & American Hotel & Lodging Association





## RECOVERY RECOMMENDATIONS

### **GENERAL AREAS OF RECOVERY & SPECIFIC RECOMMENDATIONS**

#### Thematic Categories

Over the course of the RAFT process, the following four themes emerged for the industry's recovery:

- 1 INDUSTRY SUSTAINABILITY
- 2 TRAVELER CONFIDENCE AND DEMAND
- 3 RESPONSIVE MARKETING
- 4 ADAPTATION AND INNOVATION

These thematic categories are described in the following pages, with each translated into and followed by its relevant recommendations. While the categories are a useful means of recommendation groupings and offer context for the recommendations, they are by their nature broadly stated and carry with them a degree of unavoidable imprecision and overlap.

#### Recommendations

Collectively, the recommendations are best described as a mosaic. They range from narrow and specific to broad and general and from sector-specific to industry-wide. Some require short-term action while others are much more long-term in nature. Also, there are recommendations that speak to direct aspects of industry recovery, and others, both broad and specific, that will contribute to an industry that in the course of its recovery emerges even stronger and more effective than it was prior to the crisis.

This wide-ranging assortment of recommendations serves an additional purpose beyond the particular actions they present. They can also be used to spark discussion, even debate, that can result in different and additional ideas that will contribute to recovery. As already noted, the RAFT process and recovery itself, will be a continual work in progress and new ideas spawned by this report are welcomed and encouraged.

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## 1 INDUSTRY SUSTAINABILITY

Overwhelmingly, surveyed KTIA members indicated a need for **short-term funding support**. That need was addressed by the COVID-19 Economic Relief Bill signed into law in late December. The tourism industry, which is one of the primary drivers of Kentucky's economy, is the industry that the COVID economic crisis hit first, the most deeply and is saddled with a likely long recovery path. Therefore, a financial bridge continues to be needed to span from the industry's current devastation to a point that it can sustain itself and return to its previous productivity for Kentucky communities and families.

Recognizing that new or additional funds originating from within Kentucky are limited at best, it is imperative that existing tourism funds be protected.

Sustaining the industry also includes **enactment of policies that support the industry**, including with issues that existed pre-COVID, and opposition to any actions that create burdens that hamper recovery as well as long-term strength and productivity. It is for this reason that all KTIA legislative priorities have been included in this section, including those that speak more to industry strength and productivity and less to direct recovery.

Also, sustaining the industry involves a recognition by state and local policy makers and key stakeholders of the importance of recovery and renewed productivity to the overall recovery of Kentucky's economy. **Kentucky's economy cannot fully recover until the tourism industry fully recovers.** 

# 1 INDUSTRY SUSTAINABILITY RECOMMENDATIONS

#### CONTINUING NEED FOR FEDERAL SUPPORT.

While the December 2020 federal stimulus package took some important steps to acknowledge and address the economic impact and struggles of tourism entities, further federal stimulus should be enacted, including for the travel and tourism industry.

#### THE GOVERNOR SHOULD ALLOCATE RELIEF FUNDS TO THE TOURISM INDUSTRY.

In light of the critical role the industry will play in Kentucky's overall economic recovery, and as has been done in numerous other states, the Governor should invest relief funds in sustaining the tourism industry.

The Food & Beverage Relief Program was established by the Governor in late November 2020 using up to \$40 million in CARES Act Coronavirus Relief Funds (CRF). However, that funding source expired at the end of December 2020. While appreciative of the help for restaurants and bars, the need for relief extends to the broader industry and we ask that current or future relief funds be applied to that broader need. It is critical that funding be available to ensure a quick recovery as vaccine use is more widespread.

### THERE SHOULD BE NO REDUCTION, RE-DIRECTION, OR REPURPOSING OF EXISTING TOURISM FUNDING MECHANISMS.

It is essential that the 1% statewide transient room tax, local transient room tax, restaurant tax, and Tourism Development Act not be altered in any way that diminishes their ability to support and sustain the tourism industry.

#### METHODS OF INCREASING REVENUE FROM THE LOCAL TRANSIENT ROOM TAX SHOULD BE EXPLORED.

Applying the tax to campgrounds and providing for more complete collection from short-term rental platforms are two methods of generating increases in these funds.

### THE INDUSTRY IS SUPPORTIVE OF EXPANSION OF THE RESTAURANT TAX, BUT ONLY UNDER CERTAIN SPECIFIED CONDITIONS.

The following is the position of KTIA and KACVB regarding an expansion of the Restaurant Tax, which was established in 2019: The tourism industry supports the expansion to all cities the eligibility to enact a restaurant tax if that expansion preserves current restaurant tax requirements in those cities that have previously enacted it and if a reasonable portion of the monies from the tax in newly eligible cities are dedicated to the city's tourist commission.

# 1 INDUSTRY SUSTAINABILITY RECOMMENDATIONS

#### **ENACT COVID-RELATED LIABILITY PROTECTION FOR BUSINESSES & EVENTS.**

Hotels, attractions, restaurants, events and others in the industry that follow proper health and safety guidelines should be shielded from frivolous lawsuits and abusive litigation.

### MAKE ADJUSTMENTS TO THE STATE'S FILM INCENTIVE PROGRAM IN WAYS THAT MAKE THE PROGRAM MORE ATTRACTIVE TO FILMMAKERS AND THEREBY MORE BENEFICIAL TO THE TOURISM INDUSTRY.

Support the use of film incentives to foster a strong Kentucky film industry and the increase of economic activity and jobs that result from a growing film industry. Specifically, the refundability of the program's tax credits should be restored.



## 1 INDUSTRY SUSTAINABILITY RECOMMENDATIONS

#### ENACT TAKE HOME COCKTAILS ON A PERMANENT BASIS.

The pandemic related allowance of take home cocktails should be enacted on a permanent basis. Doing so will benefit restaurants, bars and the bourbon and winery industries, all integral tourism industry sectors.

### GAMING LEGISLATION SHOULD BE ENACTED, SPECIFICALLY HISTORICAL RACING, SPORTS WAGERING AND A CONSTITUTIONAL AMENDMENT TO LEGALIZE CASINO GAMING.

Gaming is a source of tourism activity and revenue and both now represent especially critical needs in regard to industry recovery. Legislation that remedies the Kentucky Supreme Court ruling that bans historical racing is the most immediate recommendation, but previous issues of sports wagering and casino gaming have taken on new importance.

### NO LEGISLATION SHOULD BE ENACTED THAT IS CONTRARY TO THE COMMONWEALTH BEING OPEN AND WELCOMING TO ALL VISITORS.

Kentucky's communities and its people are characterized by warm hospitality and a welcoming attitude. These attributes are a driving force in attracting a diverse array of visitors to Kentucky and the economic benefits that result from those visits.

### THE INDUSTRY SHOULD ACTIVELY ENGAGE IN A PROCESS OF IDENTIFYING RACIAL JUSTICE AND EQUALITY TOURISM-RELATED ISSUES AND BEST PRACTICES.

In addition to opposing legislation that is contrary to welcoming a diversity of visitors, the industry needs to be proactive in exploring issues specifically related to people of color and develop best practices ranging from internal operations & employees to marketing & visitor services.

#### CONTINUE ADDRESSING HUMAN TRAFFICKING.

With hotels and other tourism locations targeted by human traffickers, the industry should continue its support of legislation to more fully and effectively addresses human trafficking. While human trafficking eradication may seem far afield from the industry's recovery, tourism businesses are often secondary victims of this crime and as such, its eradication would benefit the future strength and productivity of the industry as well as always putting our guests safety first.







## 2 TRAVELER CONFIDENCE & DEMAND

Traveler behavior is like that of other consumers: confidence is a determinant of demand. During the pandemic and in its aftermath **traveler confidence must be bolstered** and be done responsibly. Until confidence begins to rebound, demand and ultimately tourism business activity will continue to languish.

Now and for the foreseeable future, travelers' confidence will largely be dependent on their **sense of security and safety**; that they can travel without putting their health at risk. Implications for the industry include an ongoing and unwavering operational **commitment by every industry sector to matters of health and safety** and to providing travel experiences consistent with that commitment. This **commitment and the actions that stem from it must be a part of industry marketing messages** until traveler confidence has fully returned and may need to continue even beyond that point.

Confidence and resulting demand includes one of the most damaged segments of the industry, meetings and events. Policy makers, organizers, planners, venues and attendees must work together to rebuild confidence and **resuscitate the meetings and events sector**.

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## 2 TRAVELER CONFIDENCE & DEMAND RECOMMENDATIONS

## ALL INDUSTRY PARTNERS MUST ADHERE TO BEST PRACTICES IN REGARD TO HEALTHY ENVIRONMENTS, MASKS, SOCIAL DISTANCING, CLEANING AND SANITIZING.

Most industry partners have demonstrated in practice their genuine commitment to the often-heard statement, "Our first priority is our guests and employees." As the virus persists, this commitment must be maintained, both as a moral imperative as well as a function of business recovery.

#### HEALTH AND SAFETY EFFORTS NEED TO BE CLEARLY VISIBLE IN EVERY VISITOR EXPERIENCE.

Doing all the right things is not enough. Health and safety efforts must be apparent and highly visible to the visitor through signage, employees engaging in cleaning and sanitizing and in one-to-one communication and interactions.



## TRAVELER CONFIDENCE & DEMAND RECOMMENDATIONS

#### MARKETING & MESSAGING FOR THE FORESEEABLE FUTURE MUST ADDRESS HEALTH & SAFETY.

Messaging must convey the confidence that travelers can have in visiting the destination or individual businesses. Visitor testimonials and reviews can be especially powerful for this purpose. Also, images of people doing the right thing and having enjoyable experiences should be a part of the effort, including with social media activations such as KTIA's #KYTravelConfidently.

#### HOTEL BRAND HEALTH AND SAFETY ACTIONS AND MARKETING SHOULD BE MODELED.

Hotel brands have been aggressive in mandating extensive safety, cleaning and sanitizing protocols to their hotel owners, in many cases more extensive than the state's guidances. Particular practices and the overall brand emphasis should be adopted and utilized by the industry at large.

### AS CIRCUMSTANCES PERMIT, THE GOVERNOR CAN SUPPORT THE INDUSTRY BY ACTIVELY EXPRESSING HIS OWN CONFIDENCE REGARDING SAFE TRAVEL.

By necessity, the Governor has had to encourage people not to travel, gather or convene at points during the pandemic. As soon as that necessity abates, the Governor can benefit the industry by becoming equally aggressive in expressing confidence about travel and encouraging visitation to the state. KTIA will undertake a concerted effort to enlist the Governor's engagement in that messaging.

#### DMOS AND TOURISM BUSINESSES SHOULD BE RESPONSIVE TO TRAVEL GENERATORS' CLIENT MARKETING.

To illustrate this recommendation, those seeking tour operators' business need to recognize and be responsive to the fact that tour operators are promoting to their clients the safety of their tours and the care that they are taking in selecting destinations, hotels and attractions. In addition to the normal factors to be marketed to tour operators, they now need to also hear about health and safety protocols. The same point applies in marketing to meeting planners, associations and others that generate travel by their clients.

## SPECIAL EFFORTS, INCLUDING BY SMALLER DMOS AND KDT, WOULD AID IN RESUSCITATING BUSINESS MEETINGS AND CONVENTIONS.

Meetings and conventions are likely to be among the most lagging markets to return to normal levels. Businesses' financial limitations will be a factor. Also, new conditioning brought on by remote work practices, virtual versus in-person interaction and liability concerns may have long-term impacts on the resumption of in-person meetings. While the loss of business meetings and conventions has had the greatest impact in urban destinations, smaller DMOs should also recognize this impact and address it. Traditionally, KDT has focused on leisure travel, but exploring strategies to also support meetings and conventions could benefit the industry.

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# TRAVELER CONFIDENCE & DEMAND RECOMMENDATIONS

## IN ADDITION TO BUILDING CONFIDENCE BY PROTECTING AND MESSAGING HEALTH AND SAFETY, THE AFFIRMATIVE CASE NEEDS TO BE MADE ABOUT THE IMPORTANCE TO TRAVEL FOR "WELLNESS."

While a health and safety based sense of security are critical to building traveler confidence, travel's powerful contributions to mental and emotional health should not be overlooked. Few, if any social phenomena in modern history, have created the level of mass anxiety, stress, and mental exhaustion as has the coronavirus pandemic. The experiences, positivity and new memories travel offers can have a healing and recuperative effect and that should be promoted.

#### VACCINE MESSAGING SHOULD BECOME A PART OF THE INDUSTRY LANDSCAPE.

The single most important contribution to traveler confidence will be the availability of a vaccine. The Kentucky travel industry in all its forms and at all levels should prepare to be a part of encouraging vaccinations. Tourism businesses should also consider direct involvement in the methods of distributing and administering the vaccine to the extent practical.

#### DMOS CAN LEAD IN FOSTERING CONFIDENCE.

With most of the recommendations in this section, actions revolve around those that need to be taken by individual tourism businesses. DMOs should view this as an opportunity and a need to continue the growing pre-pandemic trend to be community and industry leaders. That leadership should include organizing and planning, information dissemination, training, technical assistance and encouragement.

#### TOURISM BUSINESSES MUST PREPARE TO COMPETE.

As traveler confidence builds, so too will competition to capture their business. Tourism businesses must be prepared to activate special offers, discounts and other strategies to attract visitors.









## 3 RESPONSIVE MARKETING

A public health crisis resulting in an economic crisis presents daunting marketing challenges for the tourism industry. Marketing strategies have to be simultaneously responsible in public health terms and successful in business terms, even as they are executed within a constantly changing environment. KDT provided an excellent example of nimble responsive marketing by first recognizing traveler trends of shorter, in-state trips and responding with the Stay Close, Go Far campaign and then shifting to the *Unwrap Kentucky* campaign which focused on patronizing local businesses when the virus surged and the holidays approached.







# RESPONSIVE MARKETING RECOMMENDATIONS

#### OUTDOOR ACTIVITIES SHOULD CONTINUE TO BE HEAVILY PROMOTED.

Throughout the summer and into the fall of 2020, outdoor activities were the saving factor for many destinations. In the midst of uncertainties and lagging traveler confidence, the outdoors represent certainty and safety and those attributes should be fully exploited throughout 2021.

### DESTINATIONS THAT ARE NOT TYPICALLY THOUGHT OF AS OUTDOORS-ORIENTED SHOULD CONTINUE THE DEVELOPMENT OF OUTDOOR EXPERIENCES.

This includes how activities normally occurring indoors can be converted to outdoors.

#### THE CRISIS-ORIENTED OUTDOORS MARKETING CAN USHER IN A LONG-TERM EMPHASIS.

A long-term benefit of the outdoors emphasis is that although border to border, Kentucky possesses tremendous outdoors experiences, it has not consistently been marketed as a signature asset of the state to the same extent as other states such as West Virginia and Tennessee. There is now an opportunity to elevate it to that level.

#### NIMBLENESS AND FLEXIBILITY WILL BE NEEDED IN TARGETING GEOGRAPHIC MARKETS.

The safe bet is that shorter, drive-oriented trips will dominate in 2021. However, to the extent that currently limited resources allow, DMOs should position themselves to also expand their marketing to put their destination on the radar of travelers contemplating future, longer trips, and especially if there is vaccine-driven surge in traveler confidence.

## LOCAL TOURISM BUSINESS AND BUSINESSES CAN BE AIDED BY PRODUCING LOCAL PACKAGES CONSISTING OF HOTEL STAYS, ATTRACTIONS AND RESTAURANTS.

DMOs and their partners should create packages either as sample itineraries or where practical for sale with vouchers as a means of promoting partners and driving bookings. This could also be a potential revenue source for DMOs.



## **49** ADAPTATION & INNOVATION

The tourism industry has prided itself in adapting to changing trends and employing innovation and creativity in doing so. Those abilities now face their stiffest test ever. Nothing is the same as it was less than a year ago and very little is likely to fully return to the exact ways of the past. Therefore, adaptation and innovation are essential. And although that need has been forced on the industry by the pandemic, it should be embraced with enthusiasm and boldness and go beyond short-term crisis management to long-term transformative action.





## KDT CAN PROVIDE A SIGNIFICANT VALUE FOR THE INDUSTRY BY ACTIVATING AS SOON AS PRACTICAL ITS INTEREST IN DEVELOPING A STATEWIDE STRATEGIC PLAN.

The RAFT plan is designed to provide recovery recommendations. An invaluable compliment to it would be a comprehensive and highly inclusive strategic planning process led by KDT. The sort of research, expertise and full industry input into such a plan can result in a blueprint for the future of tourism in Kentucky that goes beyond recovery and speaks effectively to building tourism and the industry beyond pre-pandemic levels.

#### DMOS SHOULD DEVELOP NON-TRADITIONAL PARTNERSHIPS.

There may be grant opportunities available to DMOs for which they would not otherwise be eligible in the absence of partnering with another community-based organization that is eligible. This type of partnership could enhance the prospect of success in securing the grant. This is just one example of why non-traditional partnerships should be pursued. Another reason is that through those partnerships, the DMO can enhance its local value and the community's awareness of that value.

#### HOTELS SHOULD MORE FULLY ENGAGE WITH THEIR DMOS AND LOCAL INDUSTRIES.

While there are many individual examples of destination engagement and leadership by hoteliers, broadly speaking the majority of hotel owners and general managers have a tendency to focus internally on their operations and have limited time to engage with their DMOs and other segments of the local industry. For their own benefit as well as the industry overall, now is the time for hoteliers to look outside of their individual properties and establish strong, collaborative partnerships with their DMOs and fellow industry colleagues.

## THE INDUSTRY – ALL SECTORS – NEEDS TO UNDERGO A TRANSFORMATION IN BECOMING MUCH MORE ENGAGED, AGGRESSIVE AND EFFECTIVE AS ADVOCATES.

The crisis driven need for stimulus relief has given rise to heightened advocacy efforts by the industry, but even in crisis-mode there has not been a sufficiently comprehensive "all hands on deck" mobilization by enough businesses and individuals. Although virtually every business has and continues to need relief, far too many have left the advocacy effort to far too few of their colleagues. KTIA and others need to use the crisis experience to convince industry professionals of the importance of getting to know local, state and Congressional leadership and to communicate the needs and interests of the industry. There needs to be a greater comfort level and sense of urgency in reaching out and taking action on behalf of supporting the industry and one's own business interests. One of the few positive legacies of the COVID economic crisis would be if it served as the impetus for the industry achieving a new level of advocacy activism and influence.

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#### KTIA NEEDS TO ADAPT ITS EDUCATION PROGRAMMING TO NEW REALITIES.

The travel & tourism industry has experienced profound change. Some of those changes are temporary and will be followed by subsequent changes, and other changes may be permanent. In either case, education and information is needed to navigate the next several years and the industry's association needs to lead in providing those including new and emerging best practices, issues education stemming from the crisis, and other "new normals."

#### COLLABORATIVE MARKETING SHOULD BE VIEWED AS AN IMPERATIVE.

The industry has prided itself on being collaborative. Collaborations between industry segments and between destinations should shift from being an option to being a recovery imperative.

## INDUSTRY EFFORTS SHOULD BE MADE LOCALLY AND AT THE STATE LEVEL TO USHER IN A NEW ERA OF AWARENESS AND SUPPORT OF THE TOURISM INDUSTRY, WITH A GOAL OF ESTABLISHING A VIEW OF KENTUCKY AS A "TOURISM STATE."

Even now many local and state elected officials view Kentucky as a "coal state." An "agricultural state" and "manufacturing state" are also labels applied to the commonwealth. These are far more than labels. They are industries that politicians fight to protect and take actions to support. Elections have been lost by candidates who were not seen as sufficiently pro-coal, pro-agriculture or pro-manufacturing. With the enormity of tourism's contributions to the people of Kentucky, the tourism industry should be viewed in the same light. The crisis the industry is now experiencing and the contrast of what the industry contributes in normal times can be the basis for pursuing this goal.



### DMOS AND THEIR LOCAL ELECTED OFFICIALS ARE ENCOURAGED TO CONSIDER HOLISTIC MODELS FOR MARKETING THEIR DESTINATION.

A general tourism principle is that the effectiveness of marketing a destination is enhanced by a unified approach to that marketing. However, in Kentucky there are numerous instances of two or more DMOs located in the same county; and despite Kentucky statutes allowing for the establishment of multi-county DMOs, only one such organization exists.

Fragmented destination marketing can arise for a number of reasons, including matters of funding, issues of control and authority, political differences, and jurisdictional and historical divides. These issues are realities and present substantial barriers to DMO consolidation. However, competing considerations – also realities – are that visitors are focused on experiences, not boundaries within which those experiences occur; and as with any consumer, they are not responsive to mixed or overlapping marketing messages.

Local dialogue is encouraged to explore possibilities for consolidating multiple DMOs existing in the same county and in other cases to explore where marketing resources and effectiveness can be increased through formation of a multi-county DMO.

Notwithstanding situations in which excellent relationships have been formed by DMOs in the same county and among some in different counties, at the least it is hoped that the dialogue recommended here can result in increased intra and inter-county DMO coordination and collaboration.

#### KTIA SHOULD WORK TOWARD ASSISTING ATTRACTIONS AND EVENTS IN HAVING A COMMON VOICE.

Currently there is no functioning association of Kentucky attractions and events. Although involving a highly diversified set of organizations, there is sufficient commonality that KTIA can aid in a more effectively addressing attraction and event issues and interests, which in turn would add to the strength of the overall travel & tourism industry.

## KTIA SHOULD CONSIDER RESURRECTING A MEMBER BENEFIT PROGRAM THROUGH WHICH MEMBERS RECEIVE DISCOUNTS WHEN VISITING OTHER MEMBERS' PROPERTIES, DESTINATIONS AND ATTRACTIONS.

Beyond the immediate value to members, this program could generate a greater degree of awareness and collaboration among members. Currently limited staff time and ultimate value to the industry will be considerations in assessing if this program should be resurrected.

## KTIA SHOULD WORK WITH THE KENTUCKY RESTAURANT ASSOCIATION (KRA) TO HELP KRA MEMBER RESTAURANTS MORE FULLY UNDERSTAND AND UTILIZE TOURISM INDUSTRY RESOURCES AND RELATIONSHIPS.

Many restaurateurs are not as familiar as they could be with the marketing opportunities and other resources available to the them through their local DMOs and KDT. KTIA can assist in closing this gap by working with KRA in the development of conference sessions, identifying key resource people in the DMO community, and other means of bolstering restaurant traffic through closer ties with the travel and tourism industry.

## DMOS AND HOTELS SHOULD INCREASINGLY VIEW THEMSELVES AS PARTNERS WITH THE BROADER BUSINESS COMMUNITY TO ASSIST IN DEVELOPING A VIBRANT ECONOMIC CLIMATE AND INCREASED BUSINESS ACTIVITY, A BY-PRODUCT OF WHICH IS BUSINESS TRAVEL TO THE DESTINATION.

All DMOs focus efforts on leisure travel, and mid-size and large city DMOs also place an emphasis on attracting meetings and conferences. While those traditional leisure and meetings & conventions approaches to destination marketing benefit hotels and other local partners, what can get overlooked is the importance of the local economic climate and general business activities that generate a great deal of day-to-day business travel to the community. DMOs and hotels should engage with major local businesses that generate inbound travel to the destination, local Chambers, economic development agencies and others to assist in enhancing the overall economic climate and business activities within the community.

### WHERE THEY DON'T ALREADY EXIST, RELATIONSHIPS SHOULD BE DEVELOPED BETWEEN DMOS AND THEIR LOCAL ECONOMIC DEVELOPMENT AGENCIES.

An often-heard perspective expressed by many tourism professionals is that tourism is economic development, but that it is not sufficiently recognized as such. This time of crisis and recovery for the travel & tourism industry in particular and all industries in general is a time to circle the economic development wagons and to solidify an understanding that tourism is an important form of economic development and to partner in enhancing local economic development in all of its forms. In short, very few industries pack the economic punch that is delivered by tourism and the industry should have a place at the economic development table.

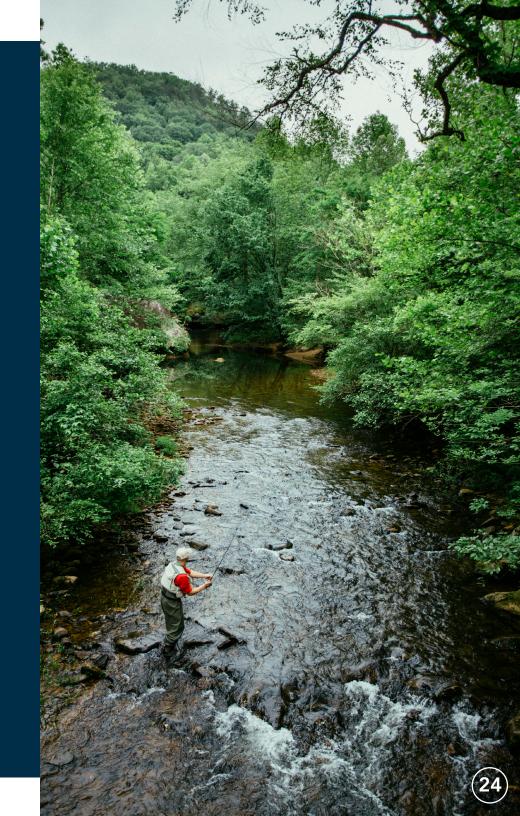
## CONCLUSIONS... FOR NOW

The RAFT process has been a matter of driving the train of recovery at the same time the tracks are still being laid toward an unclear horizon.

The process got underway shortly after there had been a reasonable flattening of the curve of the spread of the virus and the lifting of many of the restrictions that had impacted the industry. Travel had begun to tick up slightly. Then, during our information gathering and deliberations, a second spike occurred, which receded; and then during the drafting phase of this document, there was a record setting surge in the virus and new restrictions were ordered by the Governor. Yet during that surge, vaccines have been approved and vaccinations are underway, but there is growing unsettling news about virus variants.

This roller coaster ride highlights the uncertainties the Kentucky travel & tourism industry currently faces and will continue to face. It also underscores two points made at the outset of this report: we cannot await the end of the crisis to begin efforts to recover from it and that our RAFT process will be a continual work in progress.

In the midst of all the uncertainties, there are overriding certainties. We know that the crisis will eventually pass. We know that people are driven to explore, interact and experience – to travel. And we are absolutely certain about the resilience, willpower and creativity of the people who comprise Kentucky's travel & tourism industry.



## **ACKNOWLEDGEMENTS**

We are deeply appreciate the contributions of the RAFT Committee:

Mary Quinn Ramer (Chair), VisitLEX Claude Bacon, Lingate Hospitality Frank Bennett, National Quilt Museum
Erin Carrico, Murray CVB
Kim Collier, London-Laurel County Tourist Commission
Patrick Gregory, Galt House Hotel Anne Hardy, Horse Country, Inc.
Don Howard, H&W Management Company

Julie Kirkpatrick, meetNKY
Commissioner Mike Mangeot, Kentucky
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Chenelle McGee, ShelbyKY Tourism &
Visitors Bureau
Sherry Murphy, Bowling Green Area
CVB
Kevin Smith, Beam Suntory
Nancy Turner, Winchester-Clark
County CVB
Karen Williams, Louisville Tourism

The following organizations were included in the outreach for RAFT information and ideas:

Kentucky Association for Economic Development Kentucky Association of Convention & Visitors Bureaus Kentucky Association of Counties Kentucky Chamber of Commerce Kentucky Department of Tourism Kentucky Distillers' Association Kentucky League of Cities Kentucky Marina Association Kentucky Restaurant Association Longwoods International Miles Partnership

A special thanks to the following organizations who contributed photos to this plan:

Bardstown/Nelson Co. Tourism & Convention Commission
Hart County Tourism (Norman Warnell)
Hopkinsville Convention and Visitors
Bureau
Horse Country, Inc.
Kentucky Department of Tourism

Kentucky Derby Museum Kentucky Lake CVB Louisville Tourism Pike County Tourism CVB Somerset-Pulaski County CVB VisitLEX Visit Owensboro





### **APPENDIX**

Since legislative action is integral to the recovery of Kentucky's travel & tourism industry, the RAFT Committee also served as KTIA's Legislative Committee in the development of the association's agenda for the upcoming session of the General Assembly and legislative recommendations have been included throughout the RAFT plan. Below is the consolidated KTIA 2021 Legislative Agenda.



#### **2021 KTIA LEGISLATIVE AGENDA**

#### **TOURISM FUNDING**

#### Transient Room Tax

In order to maintain tourism as a premier driver of Kentucky's economy and to support it in its recovery from the COVID economic crisis, there cannot be a reduction, re-direction or repurposing of the 1% statewide transient room tax or local transient room tax and we support any efforts for additional investment in tourism marketing and development including the enhancements noted below.

#### 1% statewide transient room tax:

There can be no "sweeping" of those funds.

#### Local and 1% transient room tax enhancement:

Expand to include camparounds.

Provide for full collection from short term rental companies on behalf of local hosts.

#### Restaurant Tax

The tourism industry supports the expansion to all cities of the eligibility to enact a restaurant tax if that expansion preserves current restaurant tax requirements in those cities that have previously enacted it and if a reasonable portion of the monies from the tax in newly eligible cities are dedicated to the city's tourist commission.

#### Small Business Relief

Should the General Assembly decide to fund a small business relief program, please ensure it includes assistance for tourism industry businesses. No type of tourism business has been spared from being critically hurt during the pandemic.

#### **LIABILITY PROTECTION**

Provide temporary and immediate safe harbor for businesses and events that follow proper health and safety guidelines and take steps to protect struggling businesses against frivolous lawsuits and abusive litigation.

#### **FILM INCENTIVE SUPPORT**

We support the use of film incentives to foster a strong Kentucky film industry and the increasing economic activity and jobs that result from a growing film industry. Specifically, the refundability of the program's tax credits should be restored.

#### WELCOMING KY

The Commonwealth should remain open and welcoming to all visitors. Kentucky's communities and its people are characterized by warm hospitality and a welcoming attitude. These attributes are a driving force in attracting a large and diverse array of visitors to Kentucky and the economic benefits that result from those visits.

#### **BOURBON VISITOR EXPERIENCE**

With bourbon experiences among Kentucky's most iconic visitor attractions, KTIA joins with the Kentucky Distillers' Association in efforts to enhance those experiences and to strengthen the bourbon industry's ability to provide them.

#### Take Home Cocktails

The pandemic related allowance of take home cocktails (carryout/delivery) should be enacted on a permanent basis.

#### **GAMING**

#### Historical Racing

We support legislation that remedies the Kentucky Supreme Court ruling that bans historical racing.

#### Sports Wagering

We support the legalization of sports wagering in Kentucky due to its positive revenue impact and increased visitation to Kentucky it will generate.

#### **Expanded Gaming**

We support a constitutional amendment to legalize casino gaming.

#### **HUMAN TRAFFICKING**

We support legislation that continues to more fully and effectively addresses human trafficking.