

News / [Convention and Visitor Bureaus](#)

How CVBs Are Surviving in the Age of COVID-19

With revenues from hotel occupancy taxes down severely, convention and visitor bureaus are examining alternate ways to find funding and stay relevant.



by [Lisa A. Grimaldi](#)

September 8, 2020



San Francisco Travel is one of many CVBs looking to reinvent their business models.

When Don Welsh, president and CEO of [Destinations International](#), kicked off the group's annual convention last month, he laid out the hard truths of what destination marketing organizations are facing today. "We all entered 2020 with great hope, vision and enthusiasm," he told 3,000-plus online participants. "However, Covid-19 changed and halted this momentum for all of us... Our world was rocked."

The pandemic has taken a particularly devastating toll on DMOs (also known as convention and visitor bureaus): A DI/Northstar Meetings Group study conducted in April revealed that 42 percent of CVBs faced budget cuts of 50 to 100 percent. Many bureaus had to furlough or lay off employees. San Francisco Travel, for example, reduced its ranks by 60 percent, and NYC & Company furloughed 55 percent of its team. DI's 32-person staff was cut in half.

CVBs were particularly vulnerable for several reasons. The vast majority are set up as 501(c) (6) organizations (nonprofits), leaving them ineligible for federal relief initiatives. The way CVBs are funded also contributed to their crash: Nearly all (96 percent) of their revenues come from a single source: hotel bed taxes, according to DI. With hotel occupancy falling to unprecedented levels (the second week of April saw a 22 percent

ADVERTISEMENT

Most Popular



[10 Ideas for Effective Hybrid Events](#)



[Greater Miami](#)



Don Welsh, CEO and president, Destinations International

occupancy rate in the United States; rates still remain under 50 percent as of mid-July, according to STR), bed taxes dropped off, leaving bureaus with a fraction of their prepandemic revenue.

The Covid crisis comes on top of other concerns that threaten DMO's coffers, such as politically motivated boycotts (e.g., North Carolina's "bathroom bill"); municipal needs (when a local government hijacks bed taxes earmarked for destination marketing to pay for local projects); or natural catastrophes like Hurricane Irma, which

wiped out Puerto Rico's tourism and convention business for more than a year.

Following is a look at short-term solutions helping CVBs stay afloat, along with ways to restructure business models to ensure the future viability of their services.

Seek Government Aid

Simply to remain in operation, DMO leaders are seeking government aid. On the federal front, it's been an uphill battle. While many travel entities have been able to obtain funds through the CARES Act, DMOs were left out in the cold, despite the best efforts of the [U.S. Travel Association](#), the lobbying body for the country's tourism industry.



Jack Johnson, chief advocacy officer of Destinations International

U.S. Travel was proactive in pointing out significant shortfalls in the CARES Act pertaining to DMOs. A document released by the organization in April explained that bureaus' funding was halted by the economic shutdown and steep decline in hotel occupancy, forcing them to lay off staff and threatening to slow the economic recovery. U.S. Travel asked the government to amend one of the sections under the Paycheck Protection Program to include 501(c)(6) entities in the definition of an eligible nonprofit.

DI launched its own initiatives and sent letters to all members of the House and the Senate. At press time, these efforts had not yielded results. On July 17, U.S. Travel [sent an appeal to Congress](#) and the administration asking for specific legislative action to be



Safe Setup for the Registration Area

ADVERTISEMENT

included in the next coronavirus-relief package that would extend the Paycheck Protection Program through the end of 2020 and expanding eligibility to DMOs. (At press time, the government's plan had not been finalized.)

Look for Local Lifelines

A handful of bureaus have secured emergency financial support from their local governments. [Visit Anaheim](#), for one, received an unexpected lifeline of \$6.5 million dollars from a \$15 million tourism grant issued by Mayor Harry Sidhu and the city council.



Jay Burress, president of Visit Anaheim

That infusion of dollars “kept our doors open,” says Jay Burress, the Anaheim CVB’s president and CEO. As a result, the bureau – which had 55 cancellations for citywide groups through November 2020, representing \$861 million in lost business – plans to reinvigorate its sales and marketing efforts. At press time, 13 citywide conventions had been booked for 2021 and beyond.

Burress applauds the city leaders’ “belief in us and their belief in the industry” and for recognizing the impact tourism and meetings have on the community. But this is a temporary fix, he acknowledges: “It’s not a well we can go back to again.”

Rethink Funding Models

To build long-term sustainability through the pandemic and beyond, insiders have long urged bureaus to revamp their business models and funding strategies.

“We need to start thinking not about a return to normal, but about the next normal,” says Jack Johnson, DI’s chief advocacy officer. “We need to think about how we would like to look so that we can rebuild confidence and structure. As we navigate this great interruption, where better to start than with funding? It’s core to what we do.”

During a DI session that Johnson helmed, his team made the case for DMOs to diversify their revenue sources, rather than relying almost exclusively on hotel taxes for support.

“When we ask ourselves to reimagine a funding model for destination marketing, we should think about who benefits [from the CVB and the business it brings to a city],” says Gabriel Seder, DI’s senior director of advocacy policy and program development.

DMOs should reach out to the local organizations that have always benefitted from the bureau's efforts – hotels, sports venues, restaurants, transportation companies and attractions – all of which should still be the main source of the bureau's revenue.

Tap Area Businesses

DMOs should consider all the industries, organizations, businesses or other stakeholders in their communities that benefit from their work. Airports fall into this category, yet few airport authorities contribute to destination marketing budgets, according to DI's research.



Gabriel Seder, senior director of advocacy policy and program development for Destinations International

Large companies seeking to lure the best talent could be another source of funding. "Look at Amazon's recent search for their new headquarters; their No. 1 priority in selecting an East Coast home was finding a city where they could attract talent, a place where people wanted to live," explains Seder. "Employers in your community rely on the strength of your brand to attract and retain the best employees. When they go out recruiting, they talk about what a great place your community is. They depend on your effectiveness and they have a vested interest in your success."

Hospitals and universities are among other entities that rely on a destination's reputation to draw doctors and students.

Align With Local Leaders



Julie Hart, president of CFO by Design

Another funding solution is being explored by Julie Hart, president of [CFO by Design](#), which outsources financial officers to CVBs, DI and associations. Rather than rely on hotel tax revenues, she suggests a shared-services model between the CVB, chamber of commerce and economic development council. "All three are generally nonprofit organizations that are formed for the betterment of the community," Hart explains. "I've been thinking about how we can work more purposely with those groups in a way that we all lean into our

own strengths."

Under this model, the CVB develops the branding and creative services for the city, the chamber educates local businesses on the value that tourism and meetings bring to the destination, and the economic development council works in conjunction with the CVB to attract industry, businesses and talent to the city. For example, when a nursing convention is booked, the EDC – which might be looking to attract more nurses to work in area hospitals – would reach out to the group and meet with them when they are in town.

“There’s so much synergy between these three groups that the shared-services model seems like a natural,” says Hart.

Team Up With Neighbor Bureaus

Another suggestion from Hart: Regions with multiple CVBs, like the Minneapolis and Dallas-Fort Worth metro areas, could share back-office operations like human resources and accounting. “I am realistic enough to know there are going to be some turf wars,” she says, “but if we can reduce those costs by sharing some services across multiple CVBs, that seems to be a huge opportunity for the industry.”

How to Be of Service Right Now

While they might not be booking citywides or actively promoting their cities at present, many DMOs have found a new purpose as a trusted source for their customers and communities – repositories for the most up-to-date news on government regulations, health and safety protocols, and the status of area meeting venues and suppliers.

“It’s important that the DMO gets in front of the messaging to ensure we’re receiving the right information. You have this opportunity to control the messaging and to get the facts correct, and to send them to your clients,” said Deidre Clemmons, CMP, CAE, senior vice president of events and strategic partnerships for the [Airports Council International–North America](#), during DI’s recent planner-influencer board session.

Clemmons cited two bureaus doing an outstanding job on this front: Meet Hawaii, for keeping planners updated on the state’s quarantine, and the [Greater Fort Lauderdale Convention & Visitors Bureau](#), for its communications regarding safety and cleanliness protocols.

Kate Kurkjian, CMP, events manager for the [Zillow Group](#), also looks to CVB partners to “have their finger on the pulse, be the boots on the ground and really deliver all that information that’s actually happening in their cities.”

DMOs themselves are demonstrating value by offering recommendations and solutions that local events require now: hybrid-event technology suppliers, capacity charts that take social distancing into account and lists of smaller venues to accommodate the reduced size of in-person events.

TAGS

[DESTINATION NEWS INTERNATIONAL, SAN FRANCISCO,](#)
[DESTINATIONS INTERNATIONAL, GREATER FORT LAUDERDALE,](#)
[U.S. TRAVEL ASSOCIATION](#)

ADVERTISEMENT



-
- | | | | |
|--|------------------------------------|-----------------------------------|--|
| News | Planning Tools | About Us | Newsletter Signup |
| Destination Guides | Events Calendar | Terms | Magazine Subscriptions |
| Planning Tips & Trends | Career Development | Privacy | |
| Incentive | The Stella Awards | Advertise With Us | |

Northstar Travel Media Sites

- | | | | |
|--|------------------------------|-----------------------------------|--|
| Meetings & Conventions | Incentive | Retail Travel | Data Products |
| Meetings & Conventions Asia | Meeting News | Travel Technology | Star Service Online |
| Meetings & Conventions China | SportsTravel | Corporate Travel | See all Northstar Brands |
| Successful Meetings | | Hotel Investment | |

Copyright © 2021 by Northstar Travel Media LLC. All Rights Reserved. 100 Lighting Way, Secaucus, NJ 07094-3626 USA Telephone: (201) 902-2000