

San Diego, California

Weathering Through the Storm



▲ An early pioneer for Tourism Marketing Districts (TMD), San Diego Tourism Authority suddenly found itself a victim in the middle of a political smear campaign against the TMD.

A DMO's budget often comes under scrutiny, but San Diego Tourism Authority found its funding suddenly held hostage during a political stand-off in 2013 with the city's mayor. The DMO launched a multi-faceted, integrated campaign called "Why Travel Matters" that framed the discussion, coordinated stakeholder efforts, and drove attention to the crisis. Ultimately the DMO recouped its funding to continue promoting San Diego, California, and continues to advocate for travel locally today.

Pioneering the Tourism Marketing District

Tourism Marketing Districts (TMD), which are also known as Tourism Improvement Districts or Tourism Business Improvement Districts, are considered quite common with over 80 in California alone, and hundreds across the U.S. supporting destination marketing efforts.

However, in 2007, San Diego, California was one of the first large cities to establish a TMD. The City Council approved the district as a way to bolster the shrinking pot of tourism marketing funds.

The original agreement was for five years, with renewal in 2012. The renewal was approved by City Council and outgoing Mayor Jerry Sanders, but unfortunately, the proper paperwork for the new, five-year operating agreement was not filed on time.

DMO Funding Caught in a Political Stand Off

In December that year, a new mayor, Bob Filner, took office and as "the People's Mayor," publicly stood against the TMD.

Filner withheld his signature from the agreement unless the following

concessions were met:

- Living wage ordinance.
- More funding for public safety.
- Indemnification for the City against legal challenges.
- Shorter period for the contract.

The dispute caught the attention of local and national media throughout the start of 2013, which damaged the image of the San Diego TMD and in turn, the San Diego Tourism Authority.

TMD funding for tourism marketing fell from \$23 million in 2012 to \$4 million in 2013. As a result, the DMO was forced to lay off 40% of its staff and cancel advertising for San Diego tourism.

“We believe that [DMOs] have a responsibility to advocate for issues that have an impact on the health of the hospitality industry ... We have a responsibility to continue to educate our community and elected officials on the economic value of

tourism and the positive impact it has on creating jobs,” said Joe Terzi, President & CEO of the San Diego Tourism Authority. “Unfortunately, [this was] a great example of how fragile tourism promotion is when the community and elected officials do not understand the direct link between tourism and economic health, quality of life, and other larger issues that impact the community.”

Orchestrating Advocacy

In the midst of the crisis, the DMO pulled together a local campaign in support of travel and



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Joe Terzi, President & CEO
San Diego Tourism Authority

tourism industry called “Why Travel Matters.” The campaign was supported by an online resource library for DMO members and staff to achieve three goals:

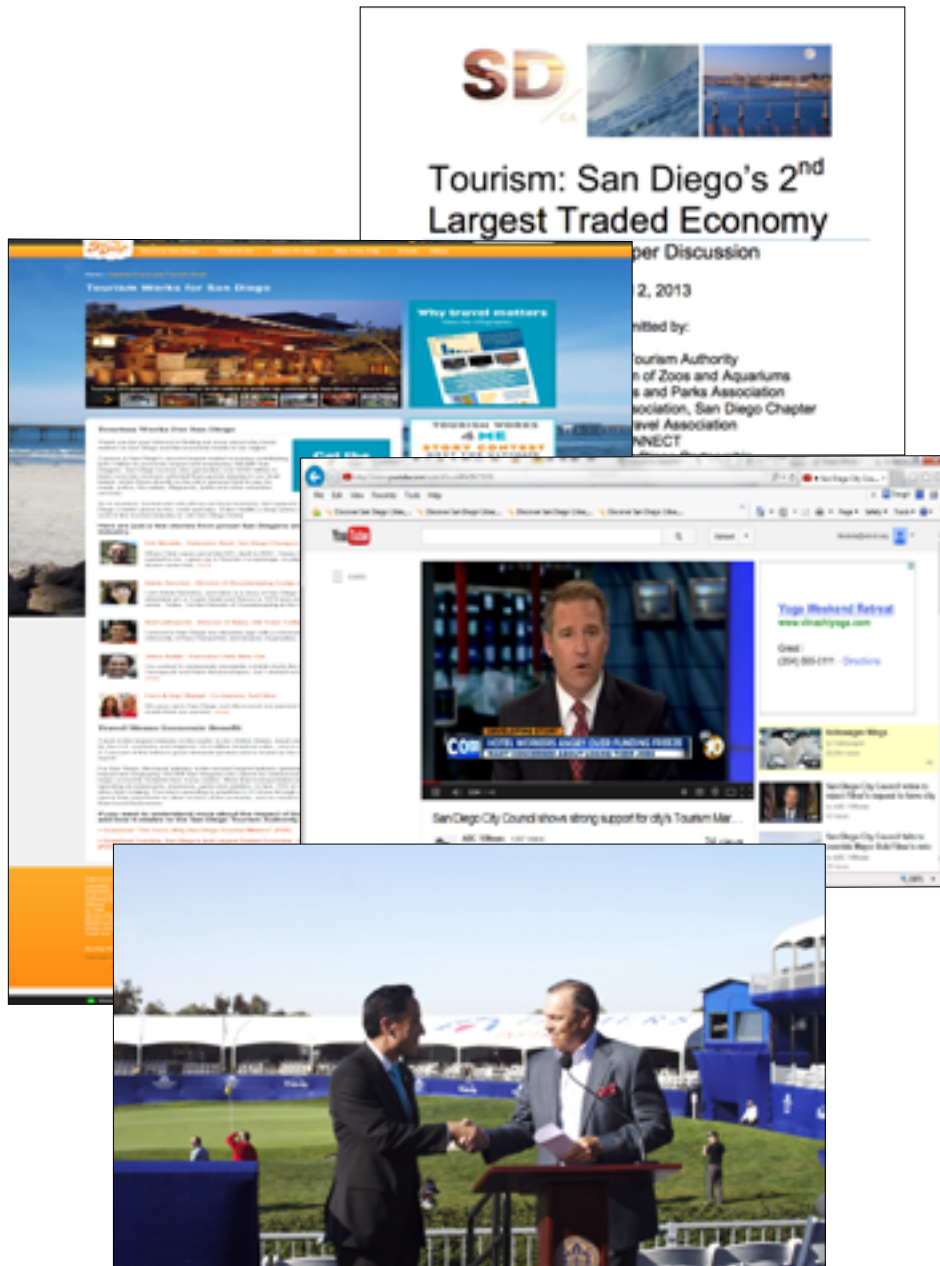
1. Work in coordination with industry stakeholders to change the the mayor’s attitude toward destination marketing.
2. Educate the general public about the value of tourism and its impact on San Diego’s economy.
3. Create a longer-term conversation about the work the DMO does and the

importance of funding its mission.

“Why Travel Matters” employed several channels to not only communicate the positive economic impact of destination promotion, but also put a face to the industry.

This crisis communication plan included:

- City Council outreach.
- White paper to frame the conversation.
- Public relations campaign.



◀ Examples from the San Diego Tourism Authorities “Why Tourism Matters” local campaign show the impact of tourism and the DMO’s role.

- Digital communications to drive traffic to the microsite and foster online discussion.
- “Tourism Works for Me” contests and “I am Tourism” profiles during National Travel and Tourism Week.

In late March, City Council voted to require Filner to sign the operating agreement, and by May, the two parties finally reached a compromise. Filner ultimately agreed to release the DMO’s funds after negotiating greater legal protection and funding for the centennial celebration of San Diego’s Balboa Park.

Following Filner’s resignation in August 2013 in the wake of a sexual harassment scandal, City Council voted eight-to-one in November to release 2014 TMD funds and

restore the DMO’s program of work, and San Diego was finally “back in the game,” as quoted by Interim Mayor Todd Gloria in a press conference.

Keeping Up the Cause

Through this experience, the San Diego Tourism Authority discovered that the tourism economy is complex and often not well understood by stakeholders.

Therefore, the DMO continues to educate elected officials and local residents on the huge economic impact that the tourism industry has on San Diego. The organization relies on the support of public-private partnerships and coalitions to achieve this, and continues to encourage locals to share their hometown pride and how tourism touches their lives. •

Words from a DMO Advocate

Joe Terzi

President & CEO San Diego Tourism Authority

Why do you think tourism became a contentious industry in San Diego?

Until Filner was elected in 2012, the tourism industry in San Diego was supported by the community and elected officials. The Mayor was set on imposing new policy supportive of his pro-labor campaign supporters, which took aim at the hotel industry among others. With newly elected Mayor Kevin Faulconer now in office, we have returned to a very supportive environment, and we continue to communicate the value of tourism to others.

What has been the biggest

win from the your efforts?

Travel and tourism is the second largest traded economy in our region, employing 166,000 San Diegans and producing over \$18 billion in economic impact. One in eight San Diegans are associated with the tourism industry and the TOT is the largest unencumbered income for the city of San Diego at \$161 million. Our data also shows that 70% of the spend for those visiting San Diego is somewhere other than hotels.

The challenge we faced when we lost our funding actually helped raise the recognition of the important economic value that the tourism industry provides to



the region and city. We were able to bring the City Council together both Democrats and Republicans in support of our industry.

What's next on your advocacy agenda to tackle?

We're currently working on a compromise on a living wage ordinance being considered by the City Council. This issue has surfaced in all major California cities, which again has been a union-driven issue to attack the restaurant and hotel industries.

What is one lesson that other destinations can learn from San Diego?



With extensive experience in the hotel industry from 1972 with the ITT Sheraton Corporation, Terzi distinguished himself as General Manager for a diverse set of hotels in locations from coast-to-coast. He was eventually promoted to Vice President of Operations with responsibility for all Starwood brands in California and Nevada, shortly after Starwood acquired ITT Sheraton in 1998. Recognized for high performance and leadership, Terzi received numerous awards during his tenure in hotel management, Terzi was promoted to Senior Vice President for Starwood Hotels & Resorts in 2002 and continued in that capacity until his retirement in January 2009. Terzi was recruited to fill the role of President and CEO for the San Diego Tourism Authority in March 2009.

There is a need for constant communication with elected officials and the general community on the value of tourism. The message needs to focus on value to the citizens in the way of economic impact, jobs, reduction in tax burden, funding for road repairs, hiring more police and fire, and so much more. •

NATIONAL TRAVEL & TOURISM WEEK



MAY 3-11, 2014

U.S. TRAVEL
ASSOCIATION



The first full week of May is annually recognized as National Travel and Tourism Week. The U.S. travel community has collectively marked the event in a number of creative ways, from staging local rallies and conducting media outreach to securing proclamations and resolutions from local legislative bodies. Each year, localized events are presented in cities, states and travel businesses nationwide to champion the power of travel.

Learn more here: <http://www.ustravel.org/marketing/national-travel-and-tourism-week>

Keep up with stories from the DMAI's series "Travel & Tourism Advocacy in Action" throughout National Travel and Tourism Week. You can find all case studies on our blog at <http://www.destinationmarketing.org/blog>.

Help get your advocacy projects and strategy off the ground when you join us for our complimentary webinar:

"Building Better Stakeholder Relationships"
May 20 at 1:30 PM EDT

[Learn more and register here.](#)