

12. THE VISITOR INDUSTRY

Oregon's visitor industry directly generates about \$1.8 billion per year in revenues from hotels, restaurants, attractions, and retail establishments. The industry employs about 37,000 Oregonians throughout the state. Out-of-state visitors contribute \$1.1 billion of the total. Ninety-two percent of visitors originate from within the domestic United States, with about 50 percent from Californian, Washington, and other western states. Eight percent of the visitors are foreign, mostly from Canada.

While the industry is one of Oregon's largest, the total size represents only slightly more than 1 percent of the total United States visitor industry market. Given Oregon's natural attractions, excellent weather much of the year, its unusually attractive urban areas, and its proximity to California, Oregon's visitor industry can fairly be described as underdeveloped. Through concerted efforts to develop attractions and advertise the product, the industry should be able to grow substantially in the decade ahead.

Due to recent activities, Oregon's visitor industry is poised for a new stage of development and growth. During the period from 1975 to 1987, employment grew at a sluggish rate of less than 2 percent annually. However, with the development of new facilities throughout Oregon (in many cases connected with the State's Regional Strategies Program), and an effective advertising campaign, the state is well positioned to grow. Visits to Oregon in the past two years have increased substantially, with lodging at capacity throughout much of the state.

Oregon enjoys many scenic attractions, which is the major drawing card for the state. At the same time, through the development of more facilities that attract visitors, both in urban and rural areas, the state is offering a greater variety of activities to enjoy along with the natural scenery. The growth of the West Coast, and especially the growing congestion in California promise a growth in interest in the state by our neighbors.

Vision

The visitor industry will experience rapid growth during the 1990s, with significant growth in visitors from along the West Coast, and, increasingly, from abroad and from the rest of North America. This industry will make four important contributions to the Oregon economy.

First, through the development of quality attractions that are fully compatible with the protection of Oregon's natural beauty, Oregon's visitor industry will help make Oregon itself a showcase attraction. This will lure businesses in other industries to

come to the state, and will retain and attract the skilled professionals needed in an advanced economy. The importance of such a visitor-business attraction link was documented and recognized in Central Oregon's regional strategy.

Second, the visitor industry can play a key role in the globalization of Oregon's culture. By creating a climate that is comfortable for foreign visitors throughout the visitor industry, which will help to fulfill the broader strategy of encouraging a wide variety of cultural, educational, and business exchanges.

Third, the visitor industry will strengthen the transportation infrastructure into and within the state. Because Oregon is a relatively sparsely populated state, the transportation links into and within the state are not as strong as those of our larger neighbors. A strong visitor industry can partially overcome that disadvantage, improving the transportation access for a variety of economic activity.

Finally, the visitor industry will directly increase employment and generate increased revenues for state and local government.

Strategy for Achieving the Vision

In most states, tourism development is equated with marketing and promotion. While Oregon is marketing itself well, the State's strategy for visitor industry development envisions a broader role for state and local government in its development. Oregon intends to systematically develop attractions and lodging throughout the state through cooperation between the private, non-profit, and public sectors to create a diverse set of attractions that draw on the state's natural beauty and livable urban areas. This effort is already well under way through the Regional Strategies Program. The next step is to build a network of statewide attractions, focusing on such diverse issues as siting destination resorts, improving signage and rest stop information, and setting priorities for attraction developments.

The visitor industry strategy can tie directly into the state's international trade strategy through the promotion of a wide variety of exchanges in which Oregonians are hosts to visitors through home-stay programs, conferences, and tours. The friendships created by such exchanges will enhance potential business dealings.

The primary focus of promotion and advertising will be on the West Coast in the near term, because that is the area where the greatest immediate payoff can be anticipated. However, to reinforce the international trade strategy and to take advantage of expected growth in foreign visitors during the 1990s, the State should continue to concentrate now on selective promotion abroad, especially in Japan.

To carry out this broad industry development, the Visitor Industry Committee proposes a number of new responsibilities to the State, the regions, local

government, and the private sector, as well as increased cooperation among these segments. The general framework is an excellent model for industry cooperation. The specific details need to be worked out among the various visitor industry participants.

The Committee has several strategic recommendations for marketing:

- The largest potential market for recreational visitors is the West Coast. Target segments of that market that tend to stay in hotels, motels, and recreational vehicle parks (as opposed to campgrounds, which provide smaller contributions to the economy).
- Market the Oregon Convention Center to industry associations.
- Pitch longer stays to business, convention, and drive-through visitors by enhancing rest stops and including material on Oregon's attractions in hotels, airports and convention material.
- Promote Oregon in Japan to learn more about that market and the possibility of developing it more fully during the early 1990s.

To measure the success of this strategy and to help make modifications to it in the future, it is useful to set goals for visitor industry growth consistent with the strategy elements. Tables III-1 and III-2 present visitor industry goals for 1995. The "baseline" forecast assumes that the visitor industry in Oregon maintains its current levels of penetration in the various domestic and international markets. Because those markets -- most notably California -- are growing, we can expect some increase in the size of the industry absent any special effort.

The goals for the industry growth contrast with the baseline forecast. This strategy sets ambitious targets for attracting visitors, especially from various regions within California. Because the marketing will be targeted mainly on California during this period, the strategy sets more modest goals for the rest of the United States, although some increases can be anticipated as the state develops a wider variety of attractions, including the Oregon Convention Center. This strategy envisions a broader international and national marketing effort later in the 1990s as major attractions are developed and the state has tapped California.

The goals also reflect the strategy of increasing the length of visitor stays in Oregon and the average expenditure. Because of the high volume of drive-through traffic in Oregon along Interstate 5, through a concerted marketing campaign (including better signage and improved visitor information at rest stops), the state has the

Table III-1. Visitor Industry Goals: Target Markets

	1995 Baseline		1995 Goals			Total Visits (000s)
	Market Penetration*	Total Visits (000s)	Increase Above Base	Market Penetration	Total Visits (000s)	
<u>West Coast:</u>						
Puget Sound	582	594	10%	640	653	
Spokane	264	39	20%	317	47	
Idaho	336	144	20%	403	173	
SF Bay (CA)	231	512	20%	277	614	
Southern CA	129	327	40%	180	1,158	
Central CA	139	200	50%	208	300	
Arizona	155	242	30%	201	314	
<u>Other States:</u>						
Illinois	37	159	12%	42	179	
Texas	37	289	12%	41	324	
Florida	45	251	12%	50	281	
Remaining US	49	<u>3,526</u>	12%	55	<u>3,950</u>	
TOTAL DOMESTIC VISITS		6,283			7,991	

* Visitors/1000 households

Table III-2. Visitor Industry Goals

		<u>Goals Above Baseline</u>			
	Actual 1987	"Baseline" 1985	Increase State Visitors	Increase Average Length of Stay by 1/4 day per visit	Increase Average Expenditure by 5%/visitor
<u>Expenditures:</u>					
Oregonians	855	941	941	941	941
Other States	984	1,101	1,398	1,450	1,522
Foreign	<u>86</u>	<u>101</u>	<u>130</u>	<u>130</u>	<u>136</u>
	1,925	2,143	2,469	2,521	2,599
<u>Tax Receipts:</u>					
Room Tax	19.2	21.4	54.6	25.0	25.7
State Tax	48.5	54.0	62.1	63.3	65.2

opportunity to encourage travelers to stop here for longer periods. In addition, marketing weekend and longer stays to business travelers should increase the average length of visit in Oregon. The payoff from such marketing can be large.

As illustrated by these goals, the payoff of a successful visitor industry strategy is not just in jobs and income for Oregonians, it also reaps benefits for state and local government through increased tax revenues. A success visitor industry campaign can repay itself directly in increased government receipts.

Setting goals for the visitors industry will help Oregon to monitor progress and reassess its strategy over time. During this past biennium, the Tourism Division contracted for far more research on the industry than ever before. As part of a strategy for industry development, it is important that the State continue to develop good data to measure the success of visitor industry efforts.

Actions To Implement the Strategy

- In addition to its marketing and regional strategies program, the Economic Development Department should assign a person to work on statewide product enhancements to the visitors industry, and to help coordinate activities among the various industry participants, state and local governments, and others in the private sector. Working with an advisory committee under the Tourism Council the staff person will accomplish the following:
 - Working with experts in destination resort development, identify good locations for destination resorts, and work with the Department of Land Conservation and Development, local governments, and the national forest service to make sites available. Once this occurs, invite developers to participate in building new facilities.
 - Identify major new attractions consistent with the overall image of the state, including facilitating the development of the Oregon Trails Project and working with the Columbia River Gorge Commission on plans for that region.
 - Review the State's transportation regulations and make recommendations to the Public Utility Commission on tour bus regulations impacting visitor industry development.
 - Work with the Department of Transportation to improve signage and rest area facilities to more fully communicate Oregon's visitor industry attractions to drive-through traffic.

- Facilitate the assignment of responsibilities among state, regional and local governments, and the private sector.
- Maintain information on industry growth trends, including data on numbers of out-of-state visitors, total industry expenditures, and employment.
- The Economic Development Department's Tourism Division should continue to market the overall image of the state, according to the priorities described above. The campaign should continue to build broad awareness of Oregon like a quality brand, and it should be carried out with consistency over several years.
- Those regions selecting tourism as their primary regional strategy should coordinate their efforts in facilities improvement and marketing with the Economic Development Department's statewide programs.
- The Economic Development Department and the Visitor Industry Committee should articulate at a statewide conference the proposed assignment of roles for the various industry participants, and refine those roles to build a statewide, coordinated effort to develop and market the industry.

