

Destination Marketing Organisation (DMO) Review Brief (updated 4 April)

Introduction

On 1 March 2021, the Department of Digital, Culture, Media and Sport (DCMS) announced a review of Destination Management Organisations (DMOs, formerly known as Tourist Boards). The review will be led by Nick de Bois (Chair of VisitEngland) who will oversee the review in an independent capacity, with administrative support from DCMS and reporting directly to the Secretary of State.

This review is extremely welcome: Marketing Manchester has been lobbying for a review of structures and funding for a number of years. Marketing Manchester is considered an exemplar DMO as we continue to capitalise on our Gateway status providing leadership and coordination across the North. We therefore welcome this review as a chance to get our rightful voice heard at the national table.

Key DMOs such as Marketing Manchester have been undertaking activity that delivers core governmental priorities – levelling up/Global Britain for some time. However, DMOs are not currently centrally funded to do this; instead relying on local public funds and commercial income streams. Other core activities do receive central funding to undertake local delivery of national services, including Growth Hubs and International Trade.

Indeed, COVID-19 has highlighted that England needs a much more sustainable approach to sub-national tourism development and support going forward.

Key recommendations that Marketing Manchester would like to see result from the review are:

- The establishment of a new network of a **small number of Strategic DMOs of scale, supported by core funding**. Core funding should be based on a formula linked to the size of the local visitor economy (value, number of businesses), with incremental resources allocated to DMOs for specific services and with Gateway airports. Core funding would sit alongside and leverage funding from local public and private sector partners.
- Establishment of a new national Strategic DMO Forum, Chaired by VisitEngland, to ensure joint working across Strategic DMOs and with the national agencies, and to collaborate on issues such as standardised performance measurement

Review Consultation Process & Scope

Terms of reference for the review can be found at <https://www.gov.uk/government/consultations/independent-review-of-destination-management-organisations-dmos-consultation>. From a briefing session with DCMS we believe the review process will include:

- Consultation via online survey – open to individuals/organisations to complete by 11.45 pm 28 April
- A more in-depth survey for DMOs to complete and Marketing Manchester will complete this
- 121 discussions with key organisations incl Combined Authorities, LEPs and DMOs
- Roundtable discussions, anticipated to be conducted in May
- Discussions with national bodies, including ACE, Sport England, VB/VE, Tourism Industry Council (TIC)

In essence the review will examine how DMOs across England are funded and structured, and how they perform their roles. The goal is to establish whether there may be a more efficient and effective model for supporting English tourism at the regional level, and if so, what that model may be.

The review will examine the extent to which the current DMO landscape:

- is economically efficient, effective and sustainable (re: funding, structure and performance)
- best enables the government to meet its leisure and business tourism policy objectives at a national, regional and local level
- engages within the wider local and regional economic landscape, and the current focus on English devolution and Levelling Up

The review will report by September 2021 and will make recommendations on:

- whether DMOs might be structured or funded differently, and if so, how any proposals might maximise post-COVID-19 recovery and long-term success
- what the role of DMOs should be, bearing in mind existing other local structures such as Local Enterprise Partnerships, Mayoral Combined Authorities, local authorities and other similar local/regional bodies, and where these might intersect
- how DMOs should best engage with, and be engaged by, VisitEngland, VisitBritain and DCMS, as well as wider government/public bodies where relevant (e.g. Arts Council England; UK Sport)

Stakeholder Engagement

Marketing Manchester, as the DMO for Greater Manchester, will take a proactive role in the process and will brief and engage with local stakeholders, including GMCA and the GMLEP, to ensure they are aware of the consultation and provide input to strengthen Marketing Manchester's operations and sustainability.

Value of Tourism, Hospitality to the UK's Visitor Economy

- The tourism and hospitality sector in the UK accounts for 7% of GDP and 11% of all jobs. It is the UK's third-largest employer, supporting 3.2 million people as well as 1.5 million in the supply chain
- The sector generates £130 billion in turnover a year – double the size of financial services and more than the automotive, pharmaceuticals and aerospace sectors combined
- UK's inbound tourism and hospitality is bigger than UK's Food & Beverage exports combined
- It contributes £39 billion in tax, equivalent to the entire UK defence or social care budget
- Pre- Covid-19, the hospitality industry was growing at a rate of 4.5% (compared to 1% growth in the wider economy) and creating 1 in 6 net new jobs

Value of Tourism & Hospitality to Greater Manchester's Economy

- Tourism contributes £9 billion per annum in visitor spend to the Greater Manchester economy
- Tourism activity across Greater Manchester supports 100,700 jobs - 69,861 FTEs within customer-facing businesses, and 30,852 within their supply chain
- The Conference, Business Visits and Events sector alone is worth £904 million per annum
- Between 2017 and 2018, the value of tourism in Greater Manchester grew by 7%, compared to national average growth of 4%
- Greater Manchester is the third most visited UK destination by international visitors, behind London (1st) and Edinburgh (2nd). London dominates the inbound market – in 2019, Manchester received 1.7 million visitors, compared to London's 22 million (just 8% of what London receives).

Marketing Manchester's Role

As Greater Manchester's DMO, Marketing Manchester leads, plans, coordinates and facilitates the growth and development of the tourism and hospitality sector across Greater Manchester.

Marketing Manchester includes Greater Manchester's Convention Bureau, working in partnership with businesses to attract and deliver Business Conferences and Events into the city region.

Marketing Manchester also delivers a wider promotional remit, including investment, student and business attraction.

Working closely with over 1200 businesses Marketing Manchester delivers destination promotion, business advice and support, training, and real-time business insights and research. Marketing Manchester collaborates and coordinates with related sectors and strategic bodies, horizontally across Greater Manchester and the North and vertically with national structures and organisations. Marketing Manchester is part of The Growth Company, which is a real strength to enable close collaborations with other GC service delivery partners: this enables Marketing Manchester to work closely with business start-up and growth teams and workforce and skills development teams, helping to shape and deliver services to the Tourism & Hospitality sector.

Reflecting the specific needs of Greater Manchester, Marketing Manchester is seen as an exemplar DMO in the UK, founded on strong partnerships with local and national bodies across the public and private sector. Marketing Manchester provides strong links between local businesses, authorities and other public bodies with national bodies and government, playing a crucial role to deliver the services listed in Annex 1.

Marketing Manchester's Return on Investment (ROI)

Pre-COVID Marketing Manchester generated 70% of income from the private sector through membership, commission and sponsorship. Services and activities have been reviewed by external consultants and demonstrate a high return on investment (Hatch Regeneris in 2019). Key attributes include:

- Marketing Manchester directly generates £395 million per annum in visitor spend and net additional economic value of £80 million, supporting 1,500 jobs for Greater Manchester
- Delivers ROI on GMCA funding of 20:1 for domestic and 10:1 for international campaigns
- Leverages £6 million from the private sector to promote Greater Manchester, creating a higher return to the city region, resulting in £110 return per £1 of GMCA core funding

Marketing Manchester has proven its value for 25 years: generating continued loyal support from the private sector. The combination of funding sources – from the public and private sector and from commercial activities – is a real strength and allows flexibility and ability to react to local demands and opportunities. A future model should build on this, and yet recognise that core funding is essential to underpinning all of the other work that the DMO delivers and would provide a solid foundation for longer term planning.

Marketing Manchester works with and across the tourism sector in Greater Manchester, which by its nature is fragmented and made up of large numbers of businesses of all sizes and vital for to the Greater Manchester economy. DMOs are uniquely positioned to coordinate and collectively promote and support a wide range of businesses in the visitor economy including accommodation; hospitality (bars and restaurants); retail; culture, arts, heritage, music and sport organisations and attractions; and conference/events venues.

An outline of Marketing Manchester's annual performance highlights and its activity to support the sector during the Covid-19 Pandemic are set out in Annex 2 and Annex 3.

Principles and Challenges to be addressed by the DMO Review

- The review should be set in the context of the Government's policy ambitions around **Levelling Up** and **Global Britain**, recognising that there is huge opportunity for growth in tourism, particularly in England, outside of London. Over the past decade, Manchester has consistently remained the third most visited city for international visitors to the UK after London and

Edinburgh (source: IPS). However, with 1.7million visits in 2019, this still represents just 4% of all international visits to Britain. As the world recovers from Covid-19, the north of England must capitalise on the opportunity to grow high spending international markets outside London, using Manchester Airport as a Gateway and promoting the North's world class visitor offer to global audiences

- A new **strategic structure** for the delivery of tourism development in England should provide not only a set of **strategic priorities**, but also a **strategic framework** for how these should be delivered at a national and sub national level. The review should set out the principles for what DMOs should do and how they should work together and with the national agencies to be most effective in delivering national and regional tourism priorities
- Working across Government departments to better support businesses, DMOs should have a formal remit for **coordination** of all aspects of the visitor economy across an agreed geography, including partnering with relevant support programmes funded across relevant government departments eg BEIS, DEFRA, ACE, etc
- Many DMOs currently deliver a range of services to support the sector, often requested by national bodies but without any **formal system of funding**. DMOs support the development of the sector with account management, workforce development, skills and business development, and sector intelligence, research and data coordination. However, the current pandemic has demonstrated that there is a major funding problem: at a time when tourism needs the services and support of DMOs most, DMOs themselves are facing cuts from both their public and private sector funders and significant shortfalls in their commercial income streams. The review should set out a more robust support mechanism for sub national tourism delivery
- Learnings might be taken from **other Government departments where local delivery is core funded and supported within the framework of a national programme**. DiT and BEIS already contract with local delivery organisations to core fund account management and business support. For example, DiT's Key Account Management programme through the Northern Powerhouse funds 4 FTEs to account manage a minimum of 160 companies in Greater Manchester which in turn realises 20 investment projects per annum (and about 585 jobs created roughly). The contract outlines how to deliver the programme, report and keep records etc. In a similar manner, BEIS core funds 38 local Business Growth Hubs through the LEP network with a multi-year contract, based on the size of the local business population, in addition to discretionary funding for specific project delivery

Key Propositions to be Considered in the DMO Review

- Recognition that **cities have a major role in tourism recovery, levelling up and delivering the global Britain agenda**. Cities represent the main opportunity to grow the domestic short breaks market, to attract more high spending visitors from abroad and are best place for conferences and business events.
- Recognition that not all local tourism organisations are DMOs and that a **network of Strategic DMOs with adequate and sustainable core funding would provide a more effective mechanism** to support tourism recovery and growth.
- Establishment of a **new network of Strategic DMOs** to work in conjunction with VisitEngland, VisitBritain and other Government funded programmes which impact on the Visitor Economy, supported with core funding to deliver activities, including the following:
 - Provide a formally agreed framework for business engagement and account management, leveraging 1:1 private sector funding
 - Provide a framework to enable business advice and support, start-ups and growth
 - Set out a local strategic framework for workforce development, working with local workforce development support services

- Maintain and share a local programme of market insights, performance research and industry intelligence
- Communicate regularly to all relevant local businesses and Local Authorities
- Responsibility for domestic leisure marketing and media activity, aligning with national priorities (recognising that core budget should not be spent on marketing delivery activity)
- Coordinate, lead and deliver international marketing across a wider geography (ie thematic, gateway, etc) aligned to VB/DMO/airport key markets
- Coordinate, lead and deliver activities which address the local needs of business visits and events
- Recommendations will need to be accompanied by core budget resource with a multi-year commitment
- A future network of Strategic DMO's should support a **small number of DMOs of a scale** within a geographical area with core funding, based on a formula linked to the size of the local visitor economy (value, number of businesses), with additional resources allocated to DMOs with Gateway airports
- Establishment of a new national Strategic DMO Forum, Chaired by VisitEngland, to ensure joint working across Strategic DMOs and with the national agencies, and to collaborate on issues such as standardised performance measurement

Annex 1: Services Delivered by Marketing Manchester

Strategy & Policy

- The official Tourist Board and Manchester Convention Bureau for Greater Manchester
- A key coordinating link between national and local Tourism & Hospitality bodies
- Coordinates the development and delivery of the Greater Manchester Visitor Economy Strategy across a wide number of public bodies and agencies and private sector partners
- Strategic tourism, skills & place shaping advice
- Efficiencies in expenditure for Greater Manchester's 10 local authorities
- Sector advice to local authorities and the LEP
- Advisory role on planning policy and developments
- Local information dissemination and delivery of national programmes
- Represents Greater Manchester nationally at national Tourism Boards and forums

Product Development & Scale up

- Advising investors and developers on market opportunities and connecting them into the local business infrastructure and support networks
- Creating and developing bookable products by working with private sector operators, and taking them to market

Business Support and Engagement

- Key account management of commercial partners via The Manchester Partnership
- Business training, start-up support and growth advice
- Creating local business networks across the tourism, hospitality and leisure sector
- Collaboration to deliver impact and economies of scale
- Advisory role to investors – international and domestic
- Business conference and events research and bidding services

Routes to Market

- Marketing and promotion of Greater Manchester domestically and internationally, funded from our membership income and facilitating the campaigns of the national bodies.
- Development and maintenance of digital and social media platforms to promote Greater Manchester's products and services
- Local delivery of national campaigns and initiatives
- Event organisation and facilitation to drive business
- Business databases/content with distribution platforms/routes to market

Data, Insights and Intelligence

- Local insights to national government and VisitBritain/VisitEngland
- Destination performance data, dissemination of insights to businesses and investors
- Sharing best practice with the sector

Marketing and Communications

- Creating a multichannel, global media profile for the city region
- Delivering targeted programme of domestic and international B2B and B2C tourism leisure and business conference marketing campaigns focussed on Greater Manchester's priority sectors
- Coordinating multiple partners to deliver consistent messages about Greater Manchester
- Supporting GMCA and the GMLEP to promote Tourism as a priority Foundation Sector and Greater Manchester's economic ambitions via content curation and communications

Annex 2: Marketing Manchester's Support for the Visitor Economy During Covid-19

- Creation of the Covid19 Business Support Hub for the Tourism and Hospitality Sector, providing a single, upto date source of all Government announcements, guidelines and financial support: <https://www.marketingmanchester.com/resources/tourism-hospitality-support-hub>
 - to date this page has received 21,629 views with support and advice being the most viewed pages
- Formed a Greater Manchester TIER Group which comprises 40 key business leaders and stakeholders from across Greater Manchester. The group initially met on a weekly basis at the start of the pandemic and now meets bi-weekly. This group was integral to providing on the ground insights into regional and national Government and in the development of the Tourism Recovery Plan for Greater Manchester
 - 27 Tier meetings have been held since mid-April 2020 to date
 - A further 5 are scheduled to the end of June 2021.
- Compiled and distributed weekly newsletters to 800 industry contacts, updating partners and stakeholders on the work that MM is doing to support the THL industry through the pandemic
 - 48 newsletters have been circulated since April 2020
- Assisted conference organisers that had conferences booked in Greater Manchester from April 2020 and through 2021 to ensure that cancellations were minimised and that any postponements of conferences to future years were kept in Manchester
 - 23 organisers were assisted who were due to have conferences taking place in Manchester in 2020/21
 - Economic Impact of the 23 conferences secured to Greater Manchester - £22,471,015
- At the appropriate times the Manchester Convention Bureau has re-engaged with the conference pipeline to re-ignite and stimulate the sector
 - 88 organisers have been re-engaged with since mid-February to date in the conference pipeline
 - The potential Economic Impact opportunity from these conferences to Greater Manchester is £278,306,197 (not all of these conferences have an EI against them as it is too early in discussions at the moment)
- From the beginning of lockdown, Marketing Manchester initiated 3 marketing campaigns: the first virtual campaign was Manchester Misses You; and as restrictions began to ease the introduction of Find Your Space (highlighting local outdoor space to explore) and Space to Learn (in conjunction with the three main GM universities)
 - These campaigns collectively reached an audience of over 12m from mid April 2020 – 31st December 2020
 - When the 3rd lockdown was imposed, campaigns promoting visiting outdoor spaces were suspended and the Manchester Misses You campaign was then restarted on the 5th January 2021.
 - Since 5th Jan 2021 this campaign has reached 893,385 people across social media and digital channels

- Marketing Manchester was integral in the creation of the Talent Hub to support businesses and individuals within the tourism, hospitality and leisure sectors across Greater Manchester through skills training and recruitment.
 - Since mid-April to date the Talent Hub has placed 36 clients in work, assisted 65 businesses and has signed up 191 clients wanting support.
 - A website was launched <https://talenthub.growthco.uk> which has received 1,962 views to date

- Marketing Manchester has met with the Manchester Hoteliers Association General Managers on a regular basis to update the 64 GMs across the region on the activity that MM is undertaking to support the Tourism Hospitality and Leisure sector across the region
 - 18 meetings to update have been held since mid-April 2020 to date

- Marketing Manchester assisted keyworkers who needed accommodation in Greater Manchester Hotels at the start of the pandemic and sourced
 - 2,961 hotel rooms across GM for NHS workers
 - 1,285 hotel rooms across GM for patients well enough to leave hospital but still in need of care as they could not go home.
 - Total of 4,246 hotel rooms were sourced

- MM supported the 64 members of the Manchester Hoteliers Association in the donation of their minibar stocks (soft drinks, dry foods, chocolate) by introducing them to the NHS Charity contact that supports keyworkers in time of crisis.

- MM were approached by Association of Greater Manchester Authorities (AGMA) looking for support for emergency accommodation that may be needed should there be a flood, gas leak or other issue.
 - A list of 23 hotels that were open along with appropriate contacts was provided

- MM were approached by NHS Nightingale Manchester for assistance with sourcing meeting rooms to train clinical staff near the Nightingale.
 - MM made introductions to 10 hotels/venues in the vicinity of the venue

Annex 3: Marketing Manchester's Performance Highlights 2019/20

Performance Highlights 2019/20

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Our ability to complete campaigns and reporting in some markets has been impacted by Covid-19.