

**Effective Promotion
of the
Baltic Sea Region in the American Market**

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The events of this past week regarding a great Polish citizen, Karol Wojtyla, have changed my opening remarks. He rose to become the longest reigning Pope in the Catholic Church and leaves your area a legacy second to none.

While we mourn the loss of this great man, we must celebrate the great life he has had and the dramatic gifts he has given Poland and the Baltic's – not only in the spotlight that is shining on your area, but also in the skillful ways that he promoted the Catholic Church. Now his skills can pass on to you in the effective growth in sustainable tourism to Poland and the Baltic region.

On June 2, 1979, when the Holy Father uttered the words "Do not be afraid," he knew that the world was listening. And when the television cameras shone on these words, they sparked signs all over the shipyards with his photo and the word Solidarity. "Do not be afraid" became the words that united Poland towards independence.

This great man, John Paul II, has placed the world spotlight on Poland. Every radio, newspaper, magazine, television media and every other means of communication beamed images of Poland to every corner of the world. This intimate association of the Pope with Poland gave this area recognition which no amount of money could buy. Every citizen on earth has now heard of Poland and your region.

Another skill of this great Pope was his ability to touch people. He did not simply pontificate, but touched the people. This was a skill always mentioned by Sam Walton, head of Wal*Mart, the worlds largest department store chain. Mr. Walton always said that the key to success is to "walk the aisles" – in other words, touch the people. This skill also works in promoting tourism.

I am happy to be in Gdansk, a city with tremendous historical importance. The first city to feel the unfortunate brunt of World War II was, however, the cornerstone of the downfall of the system which had occupied your area for so many years.

Today let me address three key items in the development of sustained tourism:

1. Government must understand the important role of Tourism in allocating funds for promotion.
2. How to get the most from your tourism dollars
3. Marketing your region in the American Market

OK Let us get started.

There is an ancient Chinese saying that goes: "Even the highest towers begin from the ground."

Since everywhere I go I find shoestring government tourism budgets, we must look at the reasons that this situation is so commonplace.

Why just last November, when I was becoming a fellow of the Tourism Society based in London, the opening remarks of a speaker on tourism went like this: "We tell them we need money but they just don't listen!" This situation exists in far too many nations.

In 1995 my country went so far as to abolish the Department of Tourism and made it a part of the Department of Commerce. This situation exists to this day.

Recently in India I encountered the same situation. Shoestring budgets for the promotion of the biggest industry in the world: Tourism!

Why is this so? Why do governments provide so little funding to promote and develop tourism?

The most important reason was stated in the United Kingdom many years ago. It was stated so succinctly – we are an "Invisible Export."

Legislators can see ingots of steel, barrels of Oil, bushels of wheat and tons of coal; however, tourism, despite her ubiquitous nature, is not seen. Tourism is never seen nor appreciated until it is gone.

This is precisely what happened in the UK when the Hoof and Mouth disease virtually shut down tourism. Just as the

Jammu/Kashmir shut down tourism in India and the Tsunami shut down tourism in Phuket, 9/11 shut down tourism in New York.

It was only during the days following 9/11, when the City found empty hotels, empty restaurants, empty tour busses, empty stores and empty streets, that New York saw the value of tourism.

The need for the availability of tourism funds to combat the sudden drop in business is the fact that the visitor count drops merely on perception. Perception is reality! While Phuket, Jammu/Kashmir, New York and the U.K. were perfectly safe for tourism following the events, the perception prevailed and shut down lucrative tourism! My book covers how to immediately address this problem but it takes an investment. Funds must be available.

It was only following the crisis in each are above, unfortunately, that tourism becomes visible. As the economic value of the thousands of purchasers of our nation's products and services dries up and disappears.

My book, which was published last year, contains countless pages explaining tourism to legislators. By the way, the net proceeds from the sale of this book are being donated to the charities in Haiti. I have some copies here and will be happy to make them available to you.

A one shot budget increase following a catastrophe is merely a bandage on a wound. What is needed is a total understanding of tourism by a government department of finance. To this end I have with me a hard cover copy of my book for you to give to your minister of finance.

Why is there a continued absence of information on the unbelievable power of tourism in the minds of those who are not involved in our industry? An industry that is the engine of prosperity lacks common knowledge.

The reason lies in the fact that we are so new. Prior to 1958 travel was for the wealthy! The masses of the population could not even consider travel as it entailed too much time away from jobs.

However, 1958 introduced the first trans-Atlantic jet travel. This opened the door to the possibility of a trans-Atlantic weekend trip! It allowed for the introduction of tourism into the minds of people from all over the world! However, being so new, the full impact of the power of the spending that tourism generates escaped the minds of those who determine government budgets to promote tourism.

Within countries which have become open to the world only since 1989, the problem is even more severe, as these countries are also involved in heavy spending to rebuild their infrastructure and emerge into private ownership.

My message here is that all of you must have your industry continually lobby your governments to fully understand tourism. I would give a free copy of my book to any finance minister in the world who would take the time to read it. I have it available in paperback for ease of carry on a flight and the book has been sized to be read on any 3 hour trip!

Unfortunately, just as I observe in my country, there are far too many in government who will say: "Oh, everyone knows about us! Why waste money promoting?"

I guess Coca Cola would dispute this. The moment they let down their guard in promoting their product, Pepsi moved in. As I write this, Pepsi profits are up, Coke profits are down! You must never take status for granted.

Furthermore, it would be safe to assume that everyone knows where the church is located, yet, we hear them ringing their bells just to remind you where they are and to get to Church.

These words alone drive home the fact that those making that statement know absolutely nothing about tourism. Any destination, without continual promotion delivers only the low hanging fruit of the tree of tourism. Look at countries which are always in the top 5 like France, Italy and Spain. These nations have top tourism budgets and know how to spend their funds. Each are shining examples to follow.

If you want a healthy tourism budget, then you must get your government legislators and department of finance to understand tourism. One way to do this is to keep tourism in the spotlight and to shower them with the hard economic facts on tourism.

Hard economic facts on the economic power of tourism can be gleaned from the appendix of my book and be presented to them. This appendix is on jobs creation. Jobs creation should be of interest in your country of Poland, who leads the EU with 18.1% unemployed. Tourism can reverse these numbers. I am sure that jobs creation is the key problem of every government.

However, a much easier method to prove the value of tourism as an investment – and not an expense – is how easily a nation may recoup all spending on tourism:

In addition to the value of the continual spending of visitors, tourism generates taxes for every level of government. For instance: VAT taxes, Sales taxes, Income taxes, Hotel taxes, Car Rental Taxes, Gasoline Taxes, Restaurant Food Taxes, Tolls, Telephone Taxes, Internet taxes, Parking fees and Entrance fees ... there are taxes on everything that a visitor touches.

Want an example? Let us just look at one state in the USA, New Hampshire. In a study which they conducted, based upon a standard **return on investment** model used by a number of states, the following results ensued:

- For each dollar spent by the Division of Travel and Tourism, New Hampshire received \$ 66.78 back!
- For each dollar spent to promote tourism, NH received \$ 8.12 in taxes! And NH does not even have a Sales tax!

You certainly do not have to be a rocket scientist to understand that return on investment can be easily calculated. In each and every tourism budget measured for return on investment, the return far exceeded any funds allocated to promote tourism! In other words, there is no cost to any government to provide funds to promote tourism, as it is merely an investment.

Once governments understand that the tourism budget is an investment – and not an expense – our battle is won.

It should be further noted that a departure fee could be levied on travel that would be used toward the tourism budget. However, it is urgent that the fee or portion of any fee levied on travelers be specifically earmarked for the tourism budget and not touched for other purposes. A full explanation of how this would work is contained in my book.

It is important that all of us continually bring these facts to governments, as you cannot stand at a fence and expect a cow to back up to you if you desire milk. You must go to the source. Just as the squeaking door gets the grease, and the crying baby gets the milk, we, too, must make our needs known to government by producing reports and delivering them with enthusiasm.

Let us now talk about Tourism Budgets, their size and use.

The naïve approach is, the bigger the tourism budget the better. The problem with this simple solution is abuse. The reason lies in Parkinson's Law, wherein expenses simply grow to meet any size budget.

The key lies in having the right size of a budget, using each annual budget effectively and growing it to meet new promotions and not simple expenditures. Once you have a reasonable budget, the next key is to spend it wisely. My book covers this in great detail.

The key to spending can be found in the story of the first orbit of the Moon and how Houston handled of a problem that occurred:

In 1970, the National Air and Space Administration (NASA) had three astronauts circling the moon. Suddenly, the entire communications center went down and Mission Control in Houston could not communicate with the astronauts. NASA technicians could not locate the problem, and the mission director was in a panic. In desperation, he called in a well-known communications consultant to help. This small, slightly-built consultant arrived – complete with his tiny bow tie, horn-rimmed glasses and a small electronic tool-kit belted around his waist. He circled the control center slowly three times, studying the computer and its relays. Finally, he stopped in front of a small relay, reached into his pocket and took out a small rubber hammer. He carefully tapped the relay and the entire communications center came back on line instantly. The director was elated.

A week later the director received a bill for \$50,000 from the consultant.irate, the director called the consultant and demanded an explanation for such charges. After all, the consultant had merely tapped a relay with a rubber mallet. "Oh, you must have misunderstood my bill," the consultant said. "I charged you just \$1,000 for the technician's visit and tapping the relay.

The \$49,000 was for knowing where to tap!"

The key to spending budget dollars is getting to know exactly where to spend them: Knowing where to tap. My book stresses the structure of the US travel market, and the use of US travel marketing people and organizations in the travel trade. It stresses the use of cooperative budgets with other countries in joint promotions. Conduct Baltic Blitzes of the travel trade.

Your competition is not the nation adjoining you, as visitors to any one will invite visitors to the other. For example a visitor to Estonia will naturally want to continue south to cover Latvia, Lithuania, Russia and Poland. This works with any nation that adjoins or is close to another. Joint promotions can cut the cost of international arrivals.

You have heard two of our speakers this morning stress the importance of knowing your market. They stressed that the USA market is far too large to try to cover each and every state. The

major business coming from the USA is concentrated in just 7 areas. One key is to focus on which of these zones will make and impact on the Baltic States. This is knowing where to tap.

While a concentration on the Baltic States is most important, it is further important to understand that all travel to any country of Eastern Europe, as the Americans call this area, will spin off visitors to your all of you.

The American public has spent too many years visiting the standard "Tuesday this must be Brussels," route and seeks something different. Travel is all about change.

The Eastern European countries have been out of reach for this market up through 1989 plus the transition years.

Now is the perfect time to get the compressed spring released and open the doors to various itineraries to the Eastern European countries ... and the Baltic States is a good place to start.

So how do we tap the big market: The USA

Years ago they asked a big bank robber why he robbed banks. His response was: "Because that is where the money is!"

The USA is where the money is for tourism. That is where to tap. The western EU nation's area is also a great market for you.

In marketing to the USA, or any other area, know some keys to success and have knowledge of marketing rules:

- Thinking out of the box
- K.I.S.S. (Keep It Simple Stupid): Keeping all promotions simple
- Knowledge of your market
- Branding your country or area

When you engage in marketing your region, your goal is the high hanging fruit. Any nation, regardless of size, will receive a certain amount of visitors by doing little or nothing. This is the low hanging fruit and does little to fuel the economy.

If you truly seek the high hanging fruit, which gives you a far greater share of the market than your competitors, it will entail a

burning desire to succeed and continual strong marketing. The use of a consultant within your target market is essential.

What does a burning desire entail?

Well, I can give you an example from ancient Greece. It seemed that Socrates was bathing in the Mediterranean one day and a student approached him and asked: "Master, how can I achieve the wisdom that you so honorably possess?"

Socrates took the boy's head and immersed it under water. He held it there until the boy was gasping for breath. He then let him up and said, "Son, when you desire wisdom in the same degree that you desired air just then, you shall achieve true wisdom." A simple desire will achieve nothing.

So the message here is that you must become personally motivated and find ways to keep your staff motivated using every means possible to get your area into the minds of the buyer of tourism.

Just as your good Pope John Paul II always remained in the limelight to promote the Catholic Church, you want to seek the limelight at every turn. John Paul II full understood the value of the television camera lens and made sure that they covered his every key move. Learn how to always receive good media coverage from him. He was a genius at this.

Here are some positives you have going for you:

1. You have been off the radar screen of the American Consumer from 1940 to 1990, 50 long years. There is a pent up desire to visit you area in the minds of travelers.
2. You are like a compressed spring ready to be released as you are the E.U.'s best kept secret. In fact, many E.U. nations' younger people know little about you.
3. Your region has diversity and historical culture different from what the American Market has normally traveled.
4. Your region has the legacy of Pope John Paul II. I have already been informed by tour operators in the USA that there is a new interest in travel here. Pilgrimage tours are flourishing.

With these advantages come some challenges:

- Most Americans do not know the Baltics from the Balkans! As they learn they will yearn to visit you.
- First-timers know only the London/Paris/Rome circuit.
- Most Americans are weak in geography.
- Most Americans cannot identify your brand, so branding is of extreme importance.

YOUR GOAL: Educate, Market and Sell

Before I talk about marketing, it is important to understand that most people consider marketing to be light subject, which are simply ideas and ways to sell which anyone could figure out. The fact of the matter is that it is a science with undisputable rules that work when you follow them ... and simply do not work when violated.

Just as it takes 2 parts hydrogen and 1 part oxygen to make water, and that the sun will rise tomorrow at a specific time, everything, including marketing, operates via rules of the universe. Once you learn the key rules to marketing, those rules will never fail you. Two great books written on this subject are by the authors Al Ries and Jack Trout. One is Positioning and the other is 22 Immutable Laws of Marketing.

Here are some marketing ideas for you to easily implement:

- Utilize the strength of famous people visits. Here you have one of the greatest, Pope John Paul II.
- Know your market. The structure of the U.S. travel market must be known and understood. This is covered in my book.
- Become involved with U.S.T.O.A. to find which operators can extend previous successes in other areas, to the Baltics. This is called, "Line Extension." If a tour operator has been had great success in delivering visitors to one country, like Italy, then these travelers would travel to most any other country that this tour operator promotes. This client base of the tour operator is transferred to your destination.
- Keep the Houston story in mind and learn *where to tap*.
- The past travelers of Western Europe are a huge market for your new area. These travelers seek something new.

- Combine the efforts of all Baltic Sea States, and in doing so, you will be able to share budgets. Some smaller nations may feel that Poland may overpower them; however, contribution to the promotion can be by size, and all visitors to Poland are potential customers for all Baltic States.
- Engage in specific Baltic Blitzes in key areas of the country. Reach all sellers of travel in the USA within the blitz. Be very sure that your blitz is patterned after successful blitzes. Do not reinvent the wheel. Produce a whole afternoon of training followed by a trade show and dinner. Always have the dinner last on the agenda. No long movies.
- Adopt a Baltic Specialist program for travel sellers who are engaged in promotional selling.
- Go to the Niche markets in the USA, especially areas with generations who have emigrated from your area. They want to see the home of their ancestors.
- MOVIES: Just one movie filmed in various areas has turned on tourism. "Under the Tuscan Sun" for Tuscany, "Blue Hawaii" and "Acapulco" done by Elvis Presley and other movies like "Three Coins in a Fountain", "April in Paris", "Finian's Rainbow", etc. In fact a movie on the life of John Paul II would be a great success. Karol Wojtyła: A man for all seasons.
- Northern tie-ins for Estonia, Latvia, Lithuania and Russia can include the Scandinavian countries.
- Southern tie-ins for Poland can include Prague and Budapest taken with Krakow

Here are some key markets to pursue with passion

- Ethnic markets! The Chicago area, for instance, is a very fertile market for the Baltic region.
- Senior Citizens. In just 10 years there will be 75,000,000 senior citizens in the USA alone.
- China. This country estimates 100,000 travelers by 2020.
 1. China is now open for travel outside of China for citizens.
 2. They require the receiving nation to have APPROVED DESTINATION STATUS.

3. EU received this status in February; however, I understand that the Baltic States entered the EU in May. Poland has already applied for ADS, and I encourage any nation that has not applied, to do so immediately.

These are some of the ways to generate business. I can assure you that there are many more in my book.

What do we need to implement all of this?

1. Brand your area. This can be accomplished by finding the best ICON that represents your brand. Just as the Eiffel Tower brands Paris for France and the Coliseum brands Rome, it is important to find your brand. The mention of your country or area must bring up a desire to visit within the mind of the consumer via branding. I have a whole chapter on this subject in my book.
2. Get on the Movie bandwagon.
3. Host conferences and world class events. Invite them to this region and maximize publicity. Plan spontaneous events.
4. Perception will always be reality, so it is important to know all perceptions about your region and nurture them. Did you know that Amsterdam has always outdone Belgium in tourism? However, Belgium now knows that this was just a perception of the public, as Michelin Guides to the Benelux countries lists six 3 star cities. 5 were in Belgium, one in the Netherlands! Perception however, has become reality and people flock to the Netherlands over Belgium. Belgium has taken steps to counter this.
5. Develop an original theme, like:
 - Get off the beaten track.
 - Dare to be different.
 - Service like it used to be.
 - Unspoiled, unhurried, original.
 - Visit the European Baltics

CLOSE

In going forward to increase your sustainable tourism, keep in mind my story of Socrates and having a burning desire to succeed.

A great pianist of Poland who also became a Prime Minister tells the story of a lady who approached him after a great concert. She said: "Oh, I would give anything to play like you!" The performer replied: "I think not as very few on earth would put in the time and energy that such skill demands."

It is a time to develop a burning desire to succeed.

"If you always do what you have always done, you will always get what you have always got!"

The time is now.

You have had in Karol Wojtyla a man who has spread the name of Poland, a Baltic state, to every hamlet, village and town in the world. He has had you in every radio, television, newspaper, magazine, church bulletin, pamphlet, billboard and the internet, all over the world. He has brought your region to all 6 Billion on this planet. No other nation has had this honor!

I repeat. The time is now, the place is here.

CARPE DIEM