



2015 NASPO Cronin Award Nomination

Tourist Development - Marketing and Advertising

**Submitted on behalf of the Department of General Services (DGS)
Central Procurement Office**

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Executive Summary

Project Background: In 2012, Tennessee Governor Bill Haslam created the Tennessee Tourism Committee comprised of leaders from the State's tourism industry. The goal was to develop a clear vision for State branding and provide a forum where the stakeholders could have input and work collaboratively on the direction of the State's Tourism industry. In 2013, the State was nearing the end of its current marketing and advertising contracts, which included three (3) different contracts for specific types of advertising: traditional (TV, Radio, Print), website, and online digital. Historically, it had proven difficult to find one contractor capable of doing all well. Given the strengthened initiative of our State to develop a new brand, reach new markets and demographics, and heavily expand international promotion, it was time for Tennessee to bring all services under one contract and seek out the most capable contractor available to meet the State's needs.

In order to accomplish this, Tennessee's Central Procurement Office (CPO) developed a highly innovative procurement method, utilizing a four-tiered approach to determine the successful vendor for traditional, website, and online digital marketing and advertising. The CPO partnered with public and private sector experts to obtain the best value for the State in a solicitation process that could easily be imitated by public sector procurement organizations. As a result of increased marketing and advertising through this awarded procurement, coupled with Tennessee Tourism Committee activities, the State has generated an estimated \$1 billion in increased tourism spend from 2013 to 2014.¹ Furthermore, one of the ad campaigns that resulted from this procurement received the advertising industry's prestigious Cannes Lion award (See Video 1). Tennessee is the first State to ever receive this award.

¹ Please see <http://tntourismcommittee.com/ttc-strategy/>.

Innovation and Initiative

Marketing and Advertising: The primary objective was to procure best-in-class marketing and advertising services for the State. The awarded firm was tasked with assisting in the State's rebranding initiative to replace the tagline of 30 years, "We're Playing Your Song." Additionally, the firm was to modernize the State's marketing and advertising campaigns by utilizing current technology, such as social media, to drive interest and tourism from around the world. Previously, Tennessee tourism marketing and advertising efforts were limited to regional and national campaigns that were pushed through television, radio, and print media. The new contract was to reach a national and international audience through online advertising and very deliberately targeted campaigns.

Stakeholder Buy-In from the Public and Private Sectors: The State understood that buy-in from the tourism industry was vital to the success of this procurement. Therefore, the CPO invited industry leaders to participate as subject matter experts (SMEs) in the procurement process. These SMEs were CEOs and leaders of local, public, and private tourism stakeholders from across the State. Involving these leaders created tremendous support for the State's new tourism initiative.

Procurement Method: The second objective was to use a procurement method that would ensure the awarded contractor was highly qualified while still allowing cost to be a factor in determining the award. This was the first time the State had altered its Request for Proposals process to incorporate the following four-tiered approach to determine the successful vendor:

Tier 1 Evaluate RFP Mandatory Requirements on a pass/fail basis. Respondents were required to meet ten (10) requirements to continue to Tier 2.

Examples of mandatory requirements included:

- Please provide a statement that accurately indicates the current annual billing for the agency meets or exceeds Twenty Million Dollars (\$20,000,000).
- Does the Proposer have experience in domestic and international media placement?

Tier 2 Those who passed the Tier 1 evaluation were invited to make oral presentations. The State applied a standard equitable evaluation model, which included a qualitative assessment of each Respondent's technical proposal. The qualitative assessment of each Respondent included information derived from the oral presentation. The State utilized five (5) private sector tourism industries during the presentation. The SMEs provided written reports (screened by the CPO) to the evaluators. These reports provided input on both the technical response and the oral presentation for each vendor.

An additional innovative approach was to prohibit proposers from providing a Tennessee-specific campaign pitch to the State. Instead, the State requested that proposers provide examples of campaigns they had completed within the previous two (2) years. Proposers were also asked to create a mock campaign for a fictitious brand to illustrate the proposer's creativity. This approach was taken to reduce the risk of a losing Respondent claiming that the idea for a future concept or campaign was generated from their campaign pitch.

Tier 3 Following Tier 2 evaluations, the State held Interviews with the top three (3) technically evaluated Respondents. The top three (3) Respondents were asked a series of identical, specific questions that were used to provide a more in-depth understanding of the firm’s ability to perform the full scope of the contract. The State utilized a “Super Group” of three (3) SMEs, who were different than the original five (5) SMEs. This group consisted of the three (3) most influential people in our State’s tourism industry. These SMEs provided reports, which were screened by the CPO, for the evaluators to review in the evaluation process. Examples of interview questions included:

- Please provide an example of how you have leveraged the network of companies that your firm is a part of to promote international tourism **into** the U.S.?
- How will public relations integrate into the overall marketing plan?
- Describe how you intend to operate the TN contract over the first 60 days, 90 days and 12 months. Will you maintain an office here? Will you relocate staff to be in TN? How will past research initiatives and findings from the efforts of the Department of Tourist Development and the TN Tourism Committee influence your research or discovery phase?

Tier 4 Following the Tier 3 evaluation, the State opened only the top three (3) technically ranked cost proposals and engaged only those Respondents in cost negotiations.

This process was a key step to ensuring that the State received the best value for its money. By moving the top three (3) technically evaluated respondents forward for further evaluation prior to opening costs, the State guaranteed the awarded firm would be well-qualified. Furthermore, including an oral presentation and interview round, the State evaluators had an additional level of quality evaluation, which enabled Respondents to set themselves apart before cost proposals were scored.

The State completed its evaluation process using a panel of five (5) evaluators. All evaluators were State employee Marketing Directors from various agencies that are stakeholders for Tennessee tourism. Examples include the Department of Economic and Community Development, State Parks, and the Department of Transportation.

Contract Flexibility: This contract was designed for flexibility. It was developed with the ability to incorporate not yet developed marketing opportunities into the contract. For example, the contract includes a clause requiring the contractor to “maintain expert-level knowledge of new technology and lead generation techniques and make recommendations that may benefit the State’s database and lead generation activities.”

Transferability

Tennessee’s four-tiered procurement method could be used by any state that is willing to step away from traditional Request for Proposal models. In fact, many states have contacted the Tennessee Department of Tourist Development inquiring about how Tennessee was able to solicit, evaluate, and award to a quality Respondent while engaging the expertise of key stakeholders and only allowing cost as one of many factors in determining the award outcome.

These states frequently mention a similar desire to boost tourism within their borders, while encountering difficulty in obtaining qualified, desirable Respondents due to cost considerations. In Tennessee, in order to truly obtain the best value and subsequent benefits to the State, the four-tiered procurement approach advanced only the top three (3) most technically qualified firms, thereby making cost a factor while eliminating unqualified, low cost Respondents. Furthermore, utilizing the expertise of the public and private sector stakeholders is something that any state can do to further their own tourist development initiatives. Tennessee has been proud to share copies of the original RFP with states desiring to incorporate Tennessee's procedure into their own solicitations.

Service Improvement

Previous Service Levels: Prior to this procurement, Tennessee had three separate contracts with marketing and advertising vendors concurrently running to allow for specialization in distinct areas of the industry: traditional, web development, and digital/online strategy. This was done because in years past, the State was unable to contract with a single firm that could provide quality service in all areas of the industry. The previous contract structure, however, created silos and difficulty managing a consistent brand. Additionally, only minimum service levels required by contracts were met as cost played an overly large part in the determination of award (previous proposers would price services too low thereby affecting future quality of work). As an example of the quality of work that the vendor has provided, please view the included 'Video 2'.

Current Service Levels: By consolidating the State's tourism advertising and marketing services into one contract, the State has 1) reduced the amount of time dedicated to contract management and oversight and 2) ensured consistency of the campaign across multiple media formats. Furthermore, the quality of media buys has significantly improved. With the State's focus on quality, the procurement attracted Respondents who were able to demonstrate strong buying power within the industry. These firms were capable of obtaining more for every dollar spent than agencies with much smaller portfolios.

Additionally, the structure of the staffing rate card ensured that the State would have approval rights to all individuals assigned to work on the contract. The rate card cost methodology contained three (3) components; The Core Team Rate Card, Media Buys Rate Card, and Adhoc Positions Rate Card. The Core Team rate card identified key roles that must be covered under the contract. State approval was required for all individuals acting in the specific roles. The Adhoc Positions rate card was used to allow for changes to the media plan for each year. This would allow for appropriate compensation to the contractor if the State requested a change in the media plan. This flexibility creates the best possible value for the State because the contractor knows it will be fairly compensated for all work completed.

Cost Reduction

The purpose of this contract is to increase national and international tourism to the State of Tennessee. In 2013, Tennessee had an aggregate of 96.4 million visitors. Upon execution of this contract in 2014, Tennessee experienced a 5.1 percent increase in tourists for a total of 101.3 million travelers. During this same period, the national average growth in tourism was 4.4 percent. This growth resulted in more than 1 billion dollars in additional revenue to the State's tourism industry. Below, you will see the increased travel expenditures by Tennessee tourists through the 2014 calendar year:

Travel Expenditures	TN 2013 (\$ Millions)	TN 2014 (\$ Millions)	TN 2014/13 (Percent)
Domestic Total	\$16,183.0	\$17,185.3	6.2%
International Total	<u>531.6</u>	<u>576.5</u>	<u>8.4%</u>
Total	\$16,714.6	\$17,761.8	6.3%

Although the numbers are impressive the value brought through this contract far exceeds the number of tourists and increased revenue. This procurement and resulting contract has allowed the State to reach new markets that were not part of its core audience in the past which will provide more value for years to come. (*See Attachment 1*).

Conclusion

This procurement and resulting contract mark the first time Tennessee contracted with one firm to propel all areas of the brand to a national and international level through the use of traditional, website, and digital online campaigns. This procurement has set the standard for marketing and advertising procurements through the use of Industry SMEs, various stakeholders participating as evaluators, and is a process that can be emulated by every State. This procurement is an example of how innovation, creative thinking, and long-term planning can ensure the best opportunity for a successful contract with a high quality contractor.

Market Areas

FY14/15: SUMMER & FALL 2014



Core/Maintenance Markets

Atlanta, Birmingham, Jackson, Louisville, Little Rock
Greenville, Paducah-Cape Girardeau



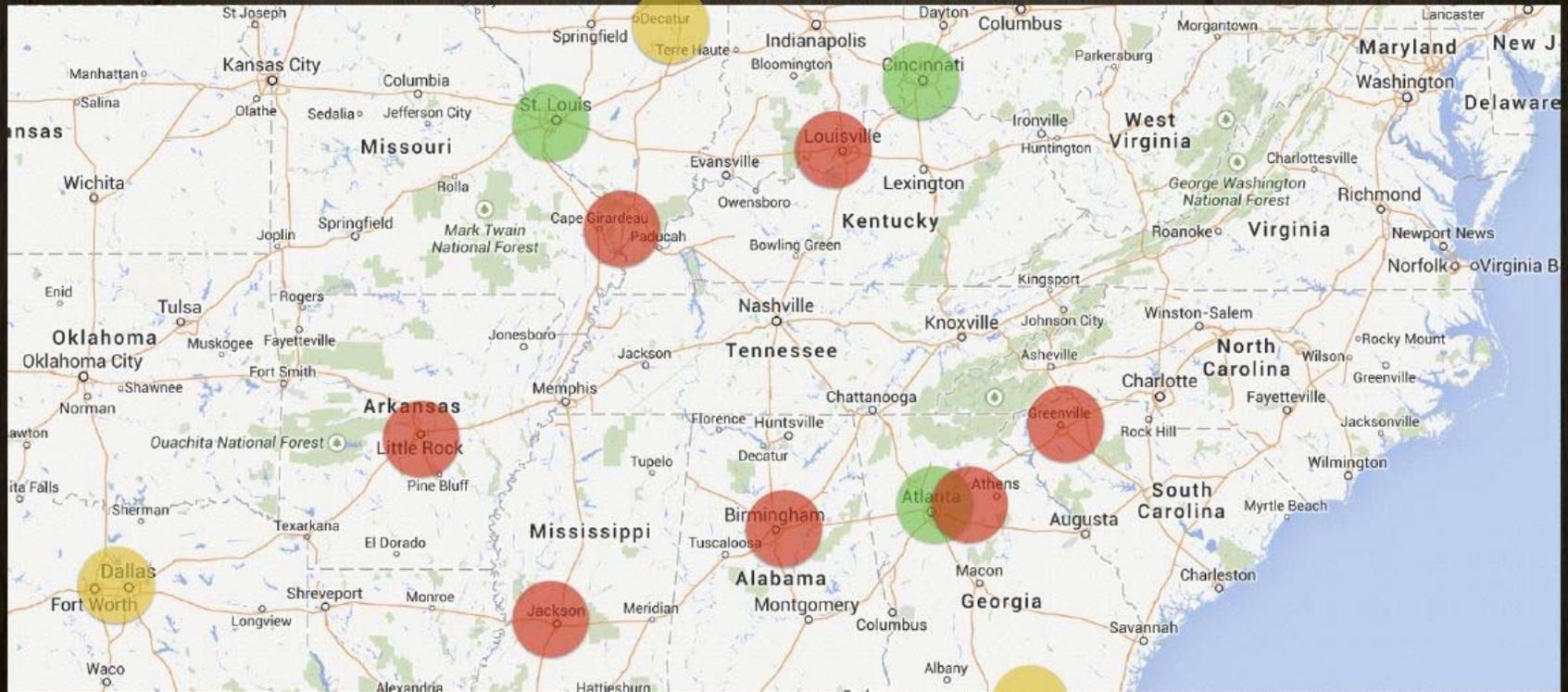
Priority/Growth Markets

Atlanta, St. Louis, Cincinnati



Digital Market Extension

Chicago, Dallas-Ft. Worth,
Orlando, + Core & Growth



Refer to '*OneMinVacation MediaData CoOp-V2-HD.mp4*'

Refer to '*TN Tourism_MIA_Case Study-HD.mp4*'