

Winter Tourism Development Report

This report has been prepared by MBA students at the Leeds School of Business at the University of Colorado - Boulder for Ouray County and the Ouray Chamber Resort Association.

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I. Executive Summary

For the past few months, a team of CU Boulder MBA students studied, surveyed, and analyzed opportunities for Ouray County to increase their winter tourism visitor numbers. Given current assets, brand positioning, and the business community's offerings in Ouray and Ridgway, we recommend targeting a younger target market, shifting brand strategy towards a more approachable and family-friendly angle, and building out a more robust support system within local public offices to help set and execute on a five-year development strategy.

II. Summary of Findings

Hillsdale Research Summary

The Hillsdale survey was conducted in the fall of 2016 by undergraduates at Hillsdale College in Michigan. The survey explored the demographics of Ouray's visitors as well as gathering feedback on their visit to Ouray. This survey was used in conjunction with the Leeds MBA Survey to the Ouray business community to make our recommendations.

The Hillsdale survey garnered a net response rate of 7.3% with 1,331 completed surveys of the 18,231 surveys sent via email. Of all the respondents, 61.7% of them had visited Ouray within the last five years. The majority of the respondents to this survey (55.1%) were visitors between 50-70 years old, while visitors under 50 years old comprised of 34.4% of respondents (Exhibit 1). Winter and spring had the lowest visitation rates from respondents, 3.5% and 7.2% respectively (Exhibit 2).

Current visitors skew older (50+) and visit during the summer and fall. We see a strong opportunity to not only draw younger visitors (under 50), but also the need to draw them to Ouray in the winter months and shoulder seasons. This will not only spread out the visitation load, but also help to create a sustainable year-round economy for Ouray County.

Winter

Overall, we determined that there was a minimal awareness of winter activities among respondents of the Hillsdale Survey. Most visitors came during the summer and fall months, 57.9% and 31.4% respectively.

When asked about visitation season preference, the 21 to 30-year-old group indicated they would visit in the summer as equally as winter (31.0%). Interestingly, spring followed closely at 26.2%. Of all the age groups, this group indicated that the winter season was preferred more or equally to other seasons. Age groups above 31 years old indicated that

winter was their least preferred season to visit Ouray. These findings are helpful in reaching Ouray County's goal of increasing winter tourism (Exhibit 3).

Visitation

The Hillsdale survey revealed that the primary driver for visitation is word of mouth from friends and family (42.6%) and social media is a minimal contributor, driving less than 10% of visitation drivers. Travel information about Ouray was primarily gathered through online resources (67.5%). Information acquired via phone or tourism office visits only comprised of 10% of respondents. This indicates the importance of utilizing digital marketing channels to both establish the primary relationship with visitors pre-trip and also to retain a connection and reinforce a visitor's positive experience post-trip (Exhibits 4 & 5).

The survey also found a statistically significant relationship between which season a return visitor would prefer to visit, and how far in advance they began planning their most recent trip. Most respondents indicated they would return in the winter, and they planned their most recent visit one month in advance (46.3%). Hot springs were indicated as the primary activity for those who planned their trip one or more months in advance (25.3%), leading to promising prospects for the upcoming hot springs developments (Exhibit 6). Trips that were planned less than a month in advance had the least amount of activities planned by respondents (35.2%). For visitors, who planned 1-4 months in advance, this rate increased to 39.4% (Exhibit 7).

This showcases the current need for the business community to work together when it comes to promoting each other. For example, guiding services should inform hotel staff about what their company can offer guests, so hotel staff can subsequently share this information with hotel visitors. Creating an email drip campaign (automated email sent out on a schedule) for hotel guests that sends timed emails with restaurant and activity information could also help drive customers to other businesses.

Ouray County Stakeholder Survey Summary

In December 2016, the Leeds MBA consulting team conducted the Ouray County stakeholder survey. Major stakeholders were identified by Katharina Papenbrock, the Executive Director of the Ouray Chamber Resort Association. The survey was sent to 122 members of Ouray County and yielded an impressive response rate of 68%. The survey was developed by MBA Students at CU Boulder's Leeds School of Business to assess where stakeholders of Ouray County saw room for improvement and possible investment in their county's winter outdoor recreation industry. The underlying goal of the survey is to help illustrate to community stakeholders where their visions of Ouray Counties Outdoor Industry overlapped, allowing the MBA team to make recommendations that would be embraced by the bulk of the community and provide a unified direction for future growth and improvement.

Results from the survey showed that 92% of respondents were permanent year around residents of the county and that 57% had been residents for eleven or more years (Exhibit 8). The majority age range was 35-49 (42%) followed by 50-64 (28%). 54% of respondents were business owners, of which the majority (42%) stated their business was related to recreation (Exhibit 9).

Perceived Customer Demand

There were two questions focused on customer demand. First, stakeholders were asked to rate how various product offerings meet current demand (Exhibit 10). The second question asked stakeholders how important they felt their customers would find investment/expansion in product offerings (Exhibit 11).

1. Results showed that much of the community felt Ouray's hot springs facility adequately met current customer demand (80+%). The recent investment in the facility will likely further improve the capacity of this popular attraction. Similarly, the Ouray Ice Park was deemed to meet current demand (80+%). Results indicated that stakeholders feel that the hut system, snowmobiling, backcountry skiing, cross-country skiing, and snowshoeing all fell short of meeting current demand (40-80%). Restaurants and Entertainment (Music, Film, Theatre) also fell short of perceived customer demand only meeting 40-80%.
2. Results show it is perceived that customers would find investment in the following areas to be "Very Important": Hot Springs Facility (currently underway), Ice Park, and Restaurant Offerings. Results showed it is perceived that customers would find investment in the following areas to be "Somewhat Important" (2nd highest importance rating): Hut System, Backcountry Skiing, Cross-Country Skiing, Snowshoeing, Lodging, and Entertainment (Music, Film, Theatre). Of these, the only that was rated as not currently meeting at least 80% of customer demand are restaurants, indicating alignment that the categories that meet the majority of customer demand are also deemed to be most important by the community.

Stakeholder Perception

There were three questions that focused on stakeholder perception. The first asks how important Stakeholders themselves would find investment/expansion in the same products offerings (Exhibit 12). The second asks stakeholders to choose three areas that businesses would be most interested in expanding their business if given the right business opportunity (Exhibit 13). The third question asks how stakeholders felt various regional entities promote/support their business (Exhibit 14).

1. Results showed that Stakeholders felt investment in the following offerings was "Very Important": Hot Springs (currently underway), Backcountry Skiing, Cross-country Skiing, Ice Climbing, Restaurants, and Entertainment (Music, Film, Theatre). Results showed that stakeholders felt investment in the following offerings was "Somewhat

Important” (2nd highest importance rating): Hut System, Snowshoeing, Festivals/Events, and Lodging.

2. The three most popular areas for business expansion in order from 1st to 3rd are: Entertainment (Music, Film, Theatre) (34%), Festivals/Events (28%), and Ice Climbing (18%).
3. This question was rated on a Very Poor, Poor, N/A, Good, Very Good scale. The five entities rated were the City of Ouray, Ouray Chamber Resort Association, Ouray County, Ridgway Area Chamber of Commerce, and Town of Ridgway. When N/A scores are removed, the City of Ouray, Ouray County, Ridgway Area Chamber of Commerce, and town of Ridgway all received slightly higher “Poor” votes than “Good” votes. In no case is there a large disparity. The Ouray Chamber Resort Association is the lone entity to receive majority “Good” and “Very Good” scores. While these results could be discouraging, there is an opportunity for improvement. We recommend further surveying to understand how these entities could improve on their rating.

Open Answer Sections

There were five open answer questions in the survey. The first asks where stakeholders see untapped opportunities for growth in Ouray County (83 responses). The second asks for specific feedback about how well/not well the regional entities listed in the above section promoted stakeholder business (42 responses). The third asks what a balanced outdoor recreation economy looks like in the eyes of the stakeholder (51 responses). The fourth asks where stakeholders saw outdoor recreation in Ouray County in the future (55 responses). The fifth was a completely open answer section (35 responses). Below are common themes that emerged from stakeholder responses.

- Ouray County requires a centralized entity that can help improve community planning and management of the limited natural resources that exist so they are effectively promoted but not overrun and overused.
- Ouray County requires an organized and stronger marketing effort to draw attention to the many natural resources that are currently being underused. Diversification of the tourist base will attract those customers that are unaware of but would value the pristine alpine environment that Ouray Country offers.
- Ouray County should seek to increase the number of festivals/events and entertainment offerings in the winter to help create more of a complete tourism experience.
- Ouray County needs to invest in a backcountry hut system to help attract and facilitate more winter alpine touring and exploration.
- Ouray County needs to invest in improved affordable housing options to maintain a more stable workforce that will help sustain year-round recreational growth.

On-Site Visit

On the weekend of January 27th-29th, four out of six group members of the CU-Boulder BluePrint project visited Ouray County for an on-site evaluation. While on the visit the group was able to gain valuable insights surrounding the potential opportunities within Ouray County.

The group immersed themselves in the local Ouray County economy and lifestyle from the perspectives of a tourist, permanent resident, and business owner. We had the opportunity to visit the main attractions in downtown Ridgway such as Trouts Fly Shop, Hartwell Park and Colorado Boy Brewery.. In Ouray, we were able to explore the downtown area as well as the Million Dollar Highway and the Ice Park. We took a day to ice climb in Box Canyon and experienced the renowned outdoor culture.

The most valuable part of our trip to Ouray County was meeting with the stakeholders at KJ Wood Distillery. At the meeting, we were able to present our initial findings and engage directly with community stakeholders. The discussions that occurred at the meeting provided our group with more information and insight into the opportunities to be considered for Ouray County.

Overall, our group found the trip to Ouray County to be a success to the project. Moreover, we felt very welcomed by the community and the stakeholders. The on-site visit informed insights that the town can leverage its current infrastructure, attractions and culture to be better positioned for increased tourism during the offseason. These recommendations are further detailed below.

III. Recommendations

Marketing Recommendations

Brand Analysis

Based on our research and analysis, we found a chasm between Ouray County's current brand perception and stakeholders' target brand perception. The current brand speaks to dedicated outdoor enthusiasts looking for "extreme" adventures, who know Ouray for its unmatched opportunities for authentic outdoor adventure. Stakeholders have expressed concern over this brand image due to it potentially isolating and limiting the types visitors Ouray is able to attract. The target brand image lends well to capturing a wider audience, and attracting new and different types of tourists.

| Current Brand | Target Brand |
|--|--|
| <ul style="list-style-type: none"> ● Extreme ● Hardcore ● Adventurous ● Rugged ● Uncharted ● Unpretentious | <ul style="list-style-type: none"> ● Approachable ● Family-friendly ● Natural/Retreat ● Unique/Special ● Sense of Heritage ● Undiscovered ● Local |

Our initial research suggests that a combination of the current and target brands could benefit Ouray. Although potentially limiting, Ouray’s “extreme” identity is one of its primary differentiators when assessing competitor destinations. Many Colorado towns offer a local, family-friendly atmosphere, but not as many can attest to being unpretentious and undiscovered. The below recommendations suggest options for incorporating both brand identities into messaging that might better connect with Ouray’s target audience. However, we recommend that additional customer discovery be conducted through qualitative and quantitative research to: a) confirm current brand perceptions and b) test proposed brand perceptions. This data will be critical to achieving a successful brand strategy.

The keyword analysis already conducted by the PR company indicates high potential for keywords that are heavily in the current brand category, including “mixed climbing,” “13’ers,” “14’ers,” and “ice climbing.” The keywords under a more approachable brand lag behind with small percentages of current market share and minimal opportunity. However, strong assets that could help change the digital footprint towards the target brand include the more general “Ouray (travel related)” keyword, which is used in press mentions and could help change the public perceptions of traveling to Ouray County. The keywords already mentioned in press articles also focus on hiking, skiing, fishing, and photography -- all of which are more approachable and family-friendly. The current digital landscape underscores the challenge that Ouray County faces in transitioning from an extreme brand to a more approachable one, but there are also silver linings in this data.

Of a small note but something that future branding should keep in mind: Switzerland of America scores quite low as a marketing asset and we would recommend discontinuing usage of this tagline. Borrowing brand identity from Switzerland brings all of that brand’s connotations: neutrality, cheese, cold, extreme mountains. These do not fit with Ouray County’s target brand and may hurt more than help, or at very least, confuse consumers.

Target Customer Journeys

Based on our stakeholder survey and on-site stakeholder meeting, we identified three target customers that Ouray would like to reach in order to draw more tourism dollars into the County:

1. Outdoor-oriented couples in their late 20's and 30's
2. Younger families with children
3. Groups of friends in their 30's

In order to bring these customer personas to life, we have created two sample customer journeys indicating how a potential visitor is likely to discover Ouray, and then what one of their trips to Ouray may look like. These hypothetical scenarios are meant to offer an idea of each customer's process, interests, and potential revenue.

1) Denver Outdoorsy Couple

Kevin and Joanne are in their late 20's, outdoor-loving urbanites who live in Denver.

Discovery

While on Instagram, Kevin notices a photo from one of his favorite outdoor photographers with a location tagged in Ridgway. He shows Joanne the photo and they decide they should make a trip one weekend in May.

Visit Day 1

Kevin and Joanne check into their room at the Timber Ridge Lodge and decide to go hike the Old Horsethief Trail. They wind down with dinner at O'Briens, followed by a visit to the Hot Springs.

Visit Day 2

Kevin and Joanne hire a fly fishing guide from Rigs Adventure Co. and go out for a half-day excursion. They come back for lunch at Maggie's Kitchen. Kevin and Joanne go for one last walk around downtown Ouray, check out of their hotel, and head back to Denver.

2) Young Family with Children

Christine (38) and Tom (40) have two children, ages 5 and 7. They live in Boulder, Colorado.

Discovery

Christine is searching for the next family vacation in driving distance of Boulder. She finds an article by *5280 Magazine* listing “5 Weekend Trips Not to Miss This Year,” including Ouray as number one. She has been wanting a trip with a historical component for her kids so she checks the school calendar and books a trip for the family’s next three-day weekend in November.

Visit Day 1

Christine and Tom check into their cabin at the Ouray Riverside Inn. They start the afternoon with lunch at the True Grit Cafe. After lunch they bring the kids on a gold mining tour with the Old Hundred Gold Mine Tour. That night they stop by Ducketts and cook dinner at their cabin.

Visit Day 2

Christine and Tom booked a horseback tour with Switzerland of America in order to get the kids doing something active, outside, and also somewhat historical. Afterwards they decide to go explore the town of Ridgway and grab dinner at Panny’s Pizza.

Visit Day 3

The next morning, Christine and Tom go out for a self-guided ghost town tour in the morning, followed by lunch at Backstreet Bistro. They bring the kids to a fall festival that happens to be going on that afternoon and then head back to Boulder.

As indicated in the sample journeys we believe digital will be the primary avenue for reaching potential visitors. Mediums such as Instagram may be useful to engage with the suggested target markets by running “best photo giveaway contests” or by partnering with

bloggers, journalists, photographers, and other organizations that have a large user following. Public relations will also be critical and reaching out to major local media outlets to receive coverage in digital publications may be productive. Examples include the Denver Post, 5280, Boulder Daily Camera, the Coloradan of Ft. Collins. Any of these recommendations allow Ouray County to use a smaller number of channels that have outlets to large numbers of potential target customers, thus maximizing effort.

We recommend additional research be conducted to: a) confirm these target customers have an interest in visiting locations like Ouray; b) quantify their customer lifetime value (how much each customer is likely to spend per trip to Ouray, and how much they will spend in Ouray in a “lifetime”). This will help determine what customer acquisition costs should be (the amount it takes to reach and then convert a potential customer into an Ouray visitor); and c) understand how and where to better reach and get in front of these customers.

Signage

One last recommendation related to marketing and communications is signage on major roads approaching Ouray County. Our team noticed on their site visit that there is a lack of highway signage indicating directions to Ridgway and Ouray. This is one smaller but actionable item to raise awareness for all travelers in Colorado, regardless of their current intent to visit.

Other Recommendations

In addition to our suggested marketing initiatives, we have several recommendations that are non-marketing in nature that would be beneficial to Ouray County. These recommendations include additional staffing recommendations, building on existing recreational infrastructure, and improvements in business coordination.

Throughout our visit to Ouray County and during town hall meeting, we learned that external communication and community relations is incredibly important for a county’s ability to be involved in and stay up-to-date with the community. Because this is a crucial element to the cohesion of a county and its stakeholders, we recommend that a full time position within the county be added/established to be the liaison for county officials and integral stakeholders within the county. Katharina Papenbrock, the current Executive Director, currently fills this role as well as many others, but we recommend adding a staff member to help support the initiatives of Kat’s office given the scope of the opportunities that lie ahead. The investment in creating this position will deliver invaluable results such as an improvement in stakeholder and county official relations, as well as a singular voice to harmonize the needs of both Ouray and Ridgway, to unify Ouray County. These benefits will produce a more satisfied stakeholder group, increased business, and increased awareness of Ouray County.

Ouray County is a playground for many tourists in the summer, and does not have as large an attraction in the winter. Instead of reinventing the wheel and spreading the County too thin by delving into several new winter outdoor activity markets, we recommend building on the existing infrastructure that is in place. Ouray County has an unofficial winter branding as being an “extreme winter sports” town. We recommend moving away from this to channel a more lucrative target market. In order to do this, we recommend reinvigorating the local ski/sled slope. This activity could be run by volunteers from the local high school, which would in turn produce volunteer credit hours necessary for student’s high school education. We also recommend further investment in the ice rink, ice park, and future hot springs. Investing and promoting in existing infrastructure will allow Ouray County to build its brand and thrive in the winter season, with the intention of promoting to the correct demographic once tourists arrive in Ouray.

Our experience as tourists in Ouray led us to identify another improvement that could be made to increase tourists awareness of activities in Ouray County. We would encourage all local businesses to submit one page of information that the County could compile into a directory of services, which could then be given to tourists upon their arrival at their hotel in Ouray County. This could be similar to the directory of services found at the end of the *Ouray Colorado Official Visitor’s Guide 2017*; alternatively, this guide could be more widely distributed upon points of contact with visitors. We would also recommend sharing this guide between businesses to educate the business community of Ouray County about their peers and neighbors. We find this improvement incredibly necessary to generate profit for Ouray County business, and to promote more non-extreme options to tourists who are looking for a more approachable winter experience.

All of these improvements coincide with one another to help improve Ouray County in the form of business profit generation, increased communication between stakeholders and county officials, and assisting in rebranding Ouray County as a less extreme sports area in the winter.

IV. Appendix

Exhibit 1:

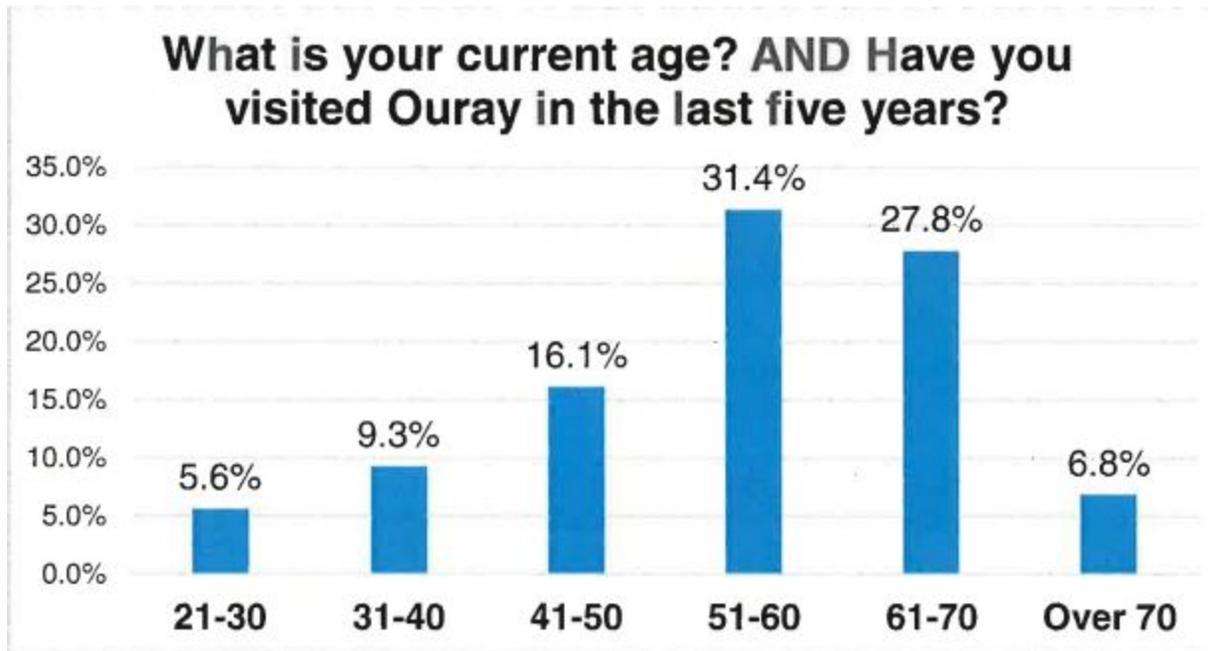


Exhibit 2:

During what season was your last visit to Ouray, Colorado?

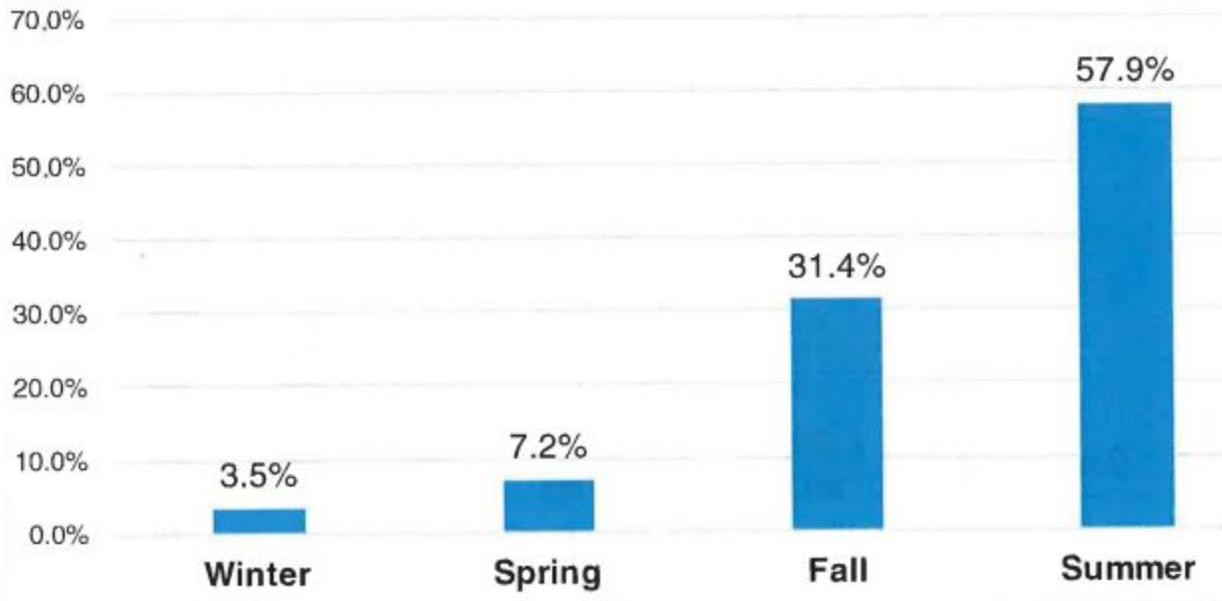


Exhibit 3:

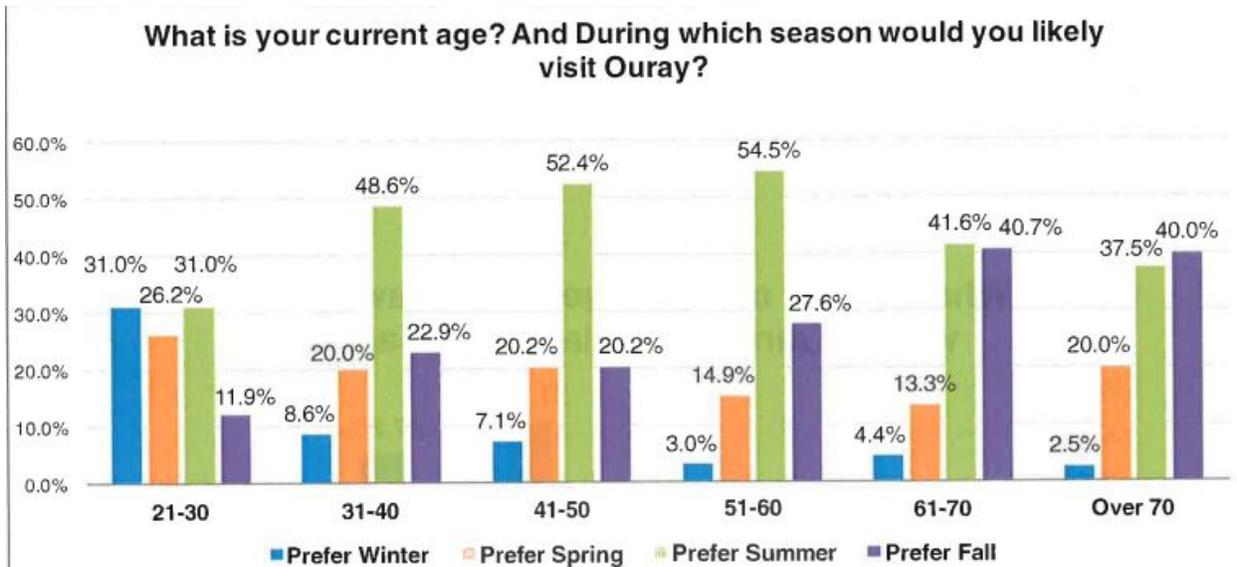


Exhibit 4:

How did you first learn of travel options in Ouray?

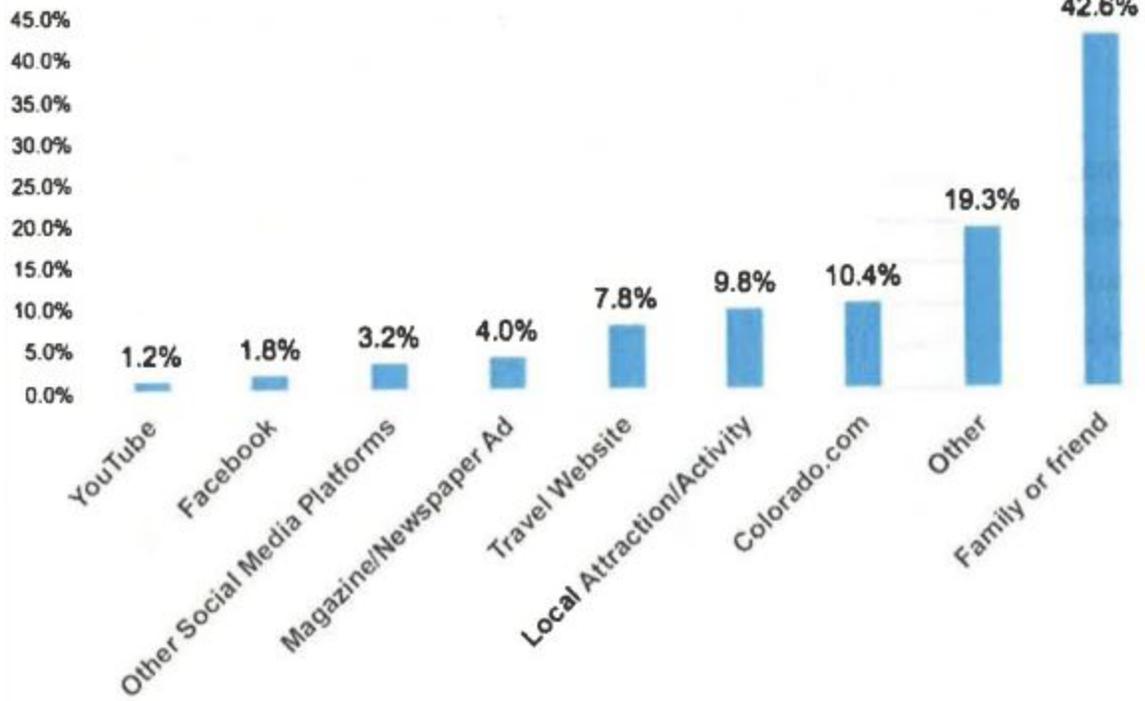


Exhibit 5:

How did you first request travel information about Ouray?

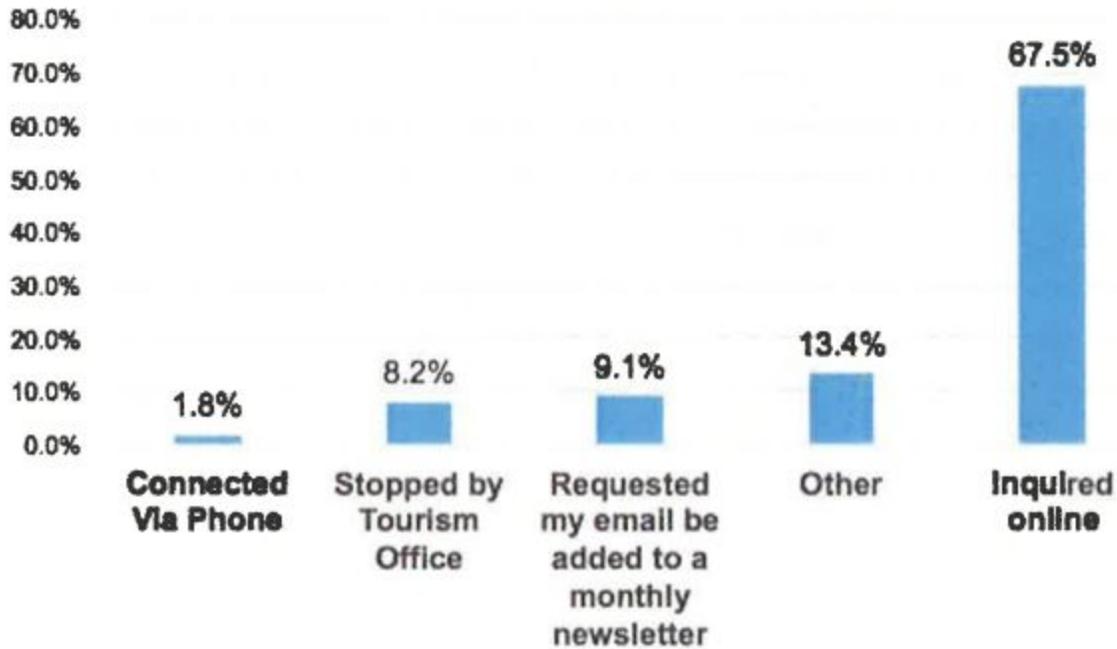


Exhibit 6:

If you plan to visit again, what season would you prefer next time? AND How far in advance did you begin planning your most recent trip to Ouray?

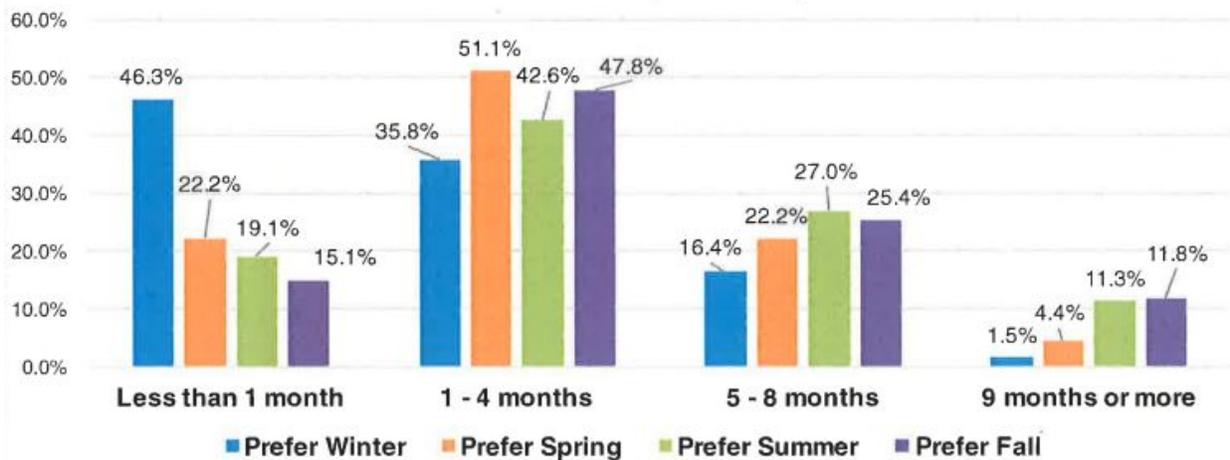


Exhibit 7:

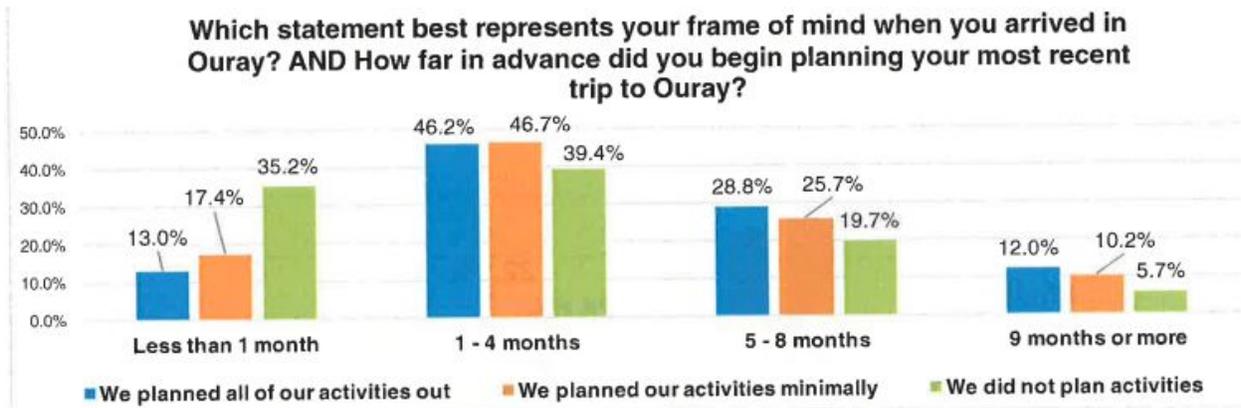
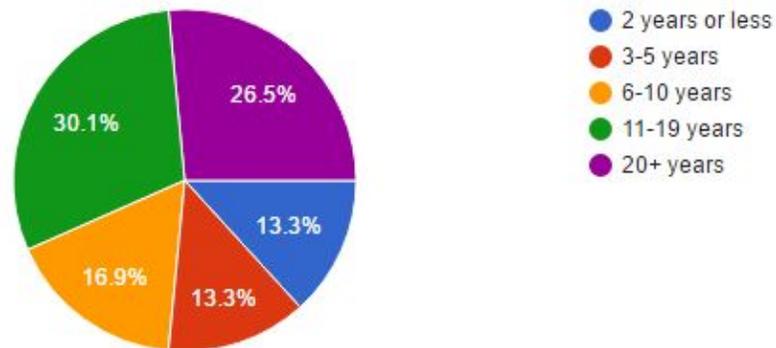


Exhibit 8:

How long have you lived in Ouray? (83 responses)



Which months of the year do you live in Ouray? (83 responses)

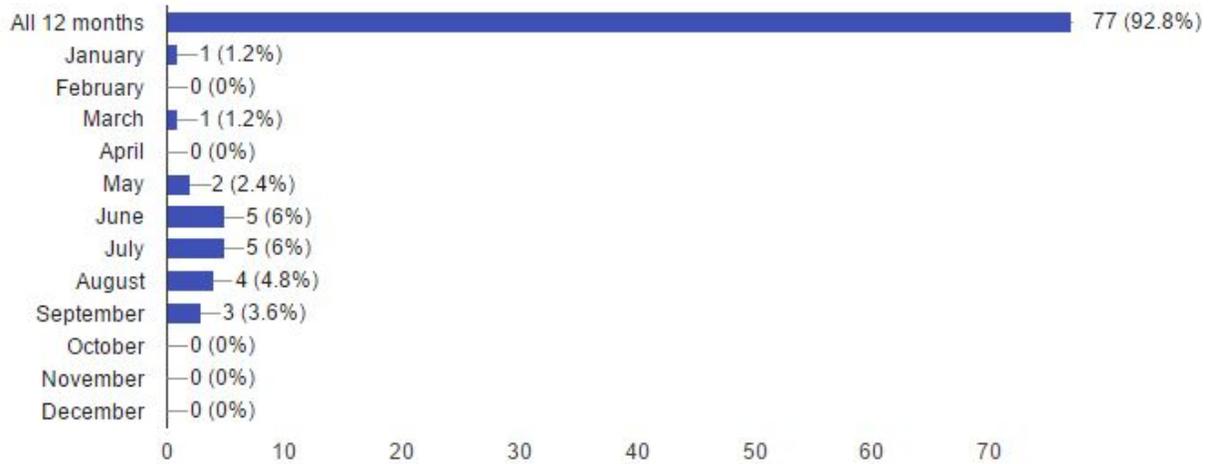
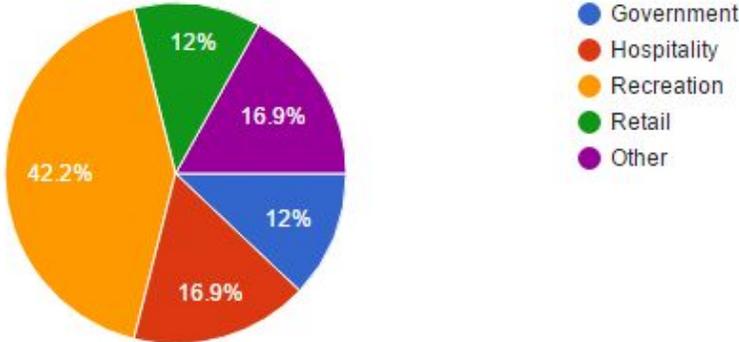


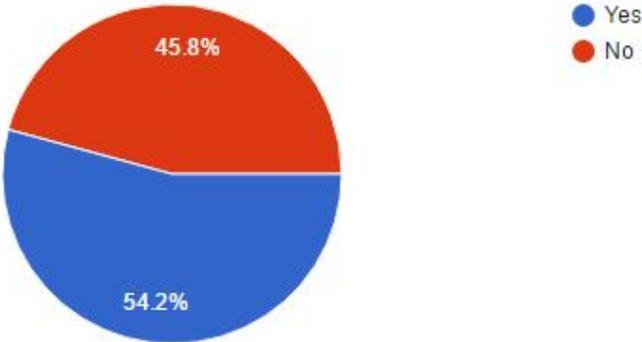
Exhibit 9:

How are you most connected to the Ouray community? Choose only one.

(83 responses)



Are you the owner of a business in Ouray County? (83 responses)



What is your age? (83 responses)

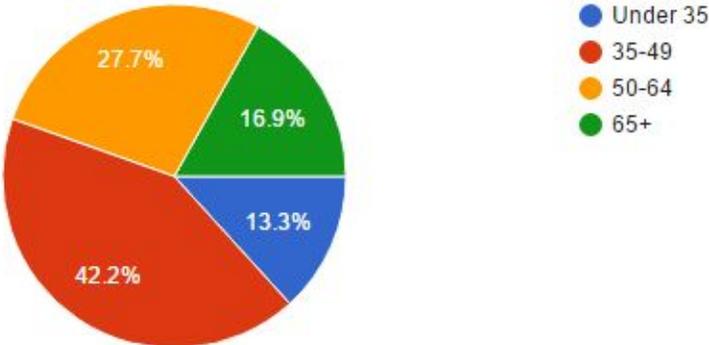


Exhibit 10:

How do you feel each of the following services meets current seasonal tourist demand? This question asks about the demand of tourists.

Meets less than 20% of tourist demand 20-39% 40-59% 60-79% 80% +

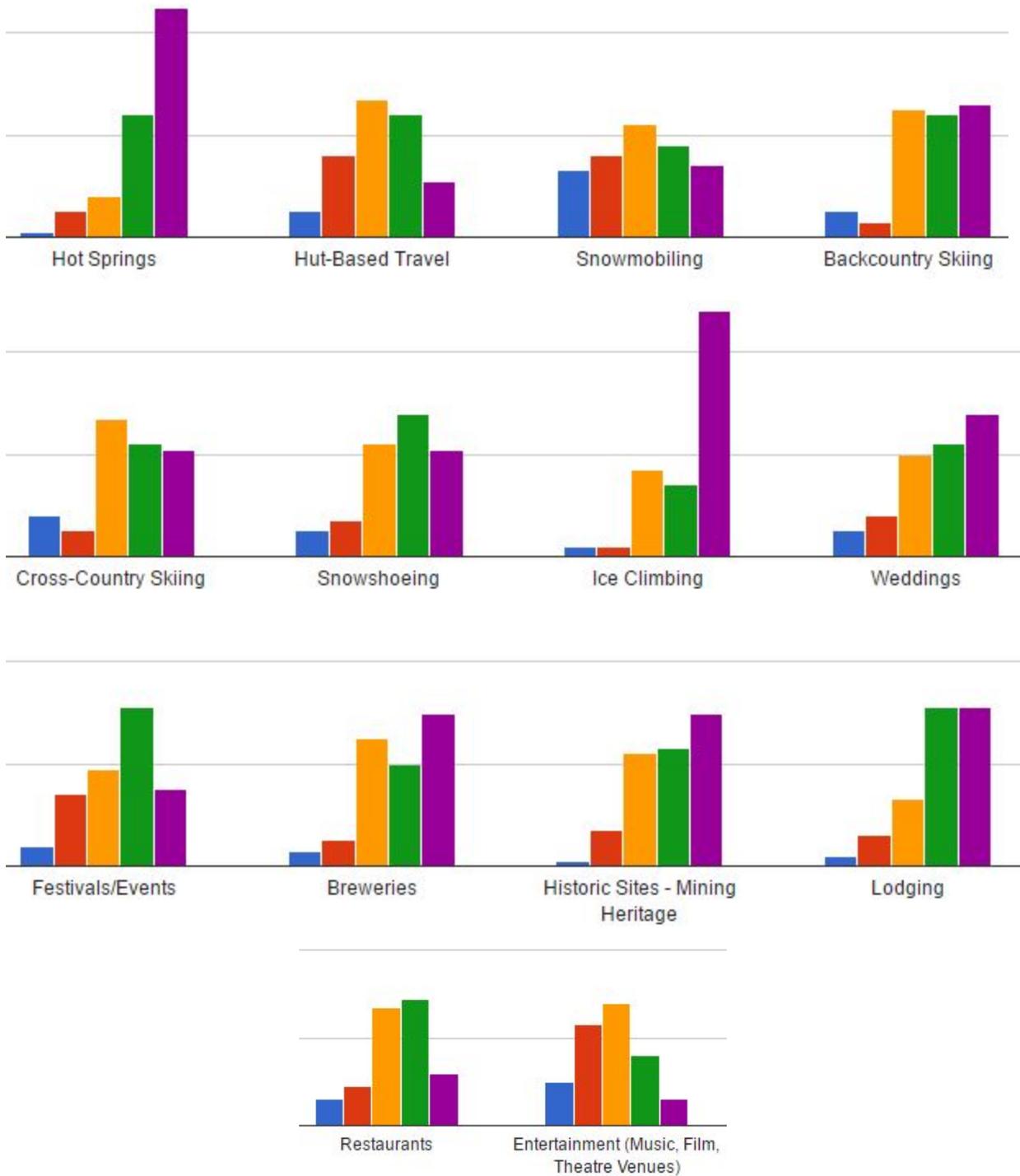


Exhibit 11:

How important do you think customers would find Ouray's investment in/expansion of each of the following areas?

■ Not at all important
 ■ Not very important
 ■ Neutral
 ■ Somewhat important
 ■ Very important

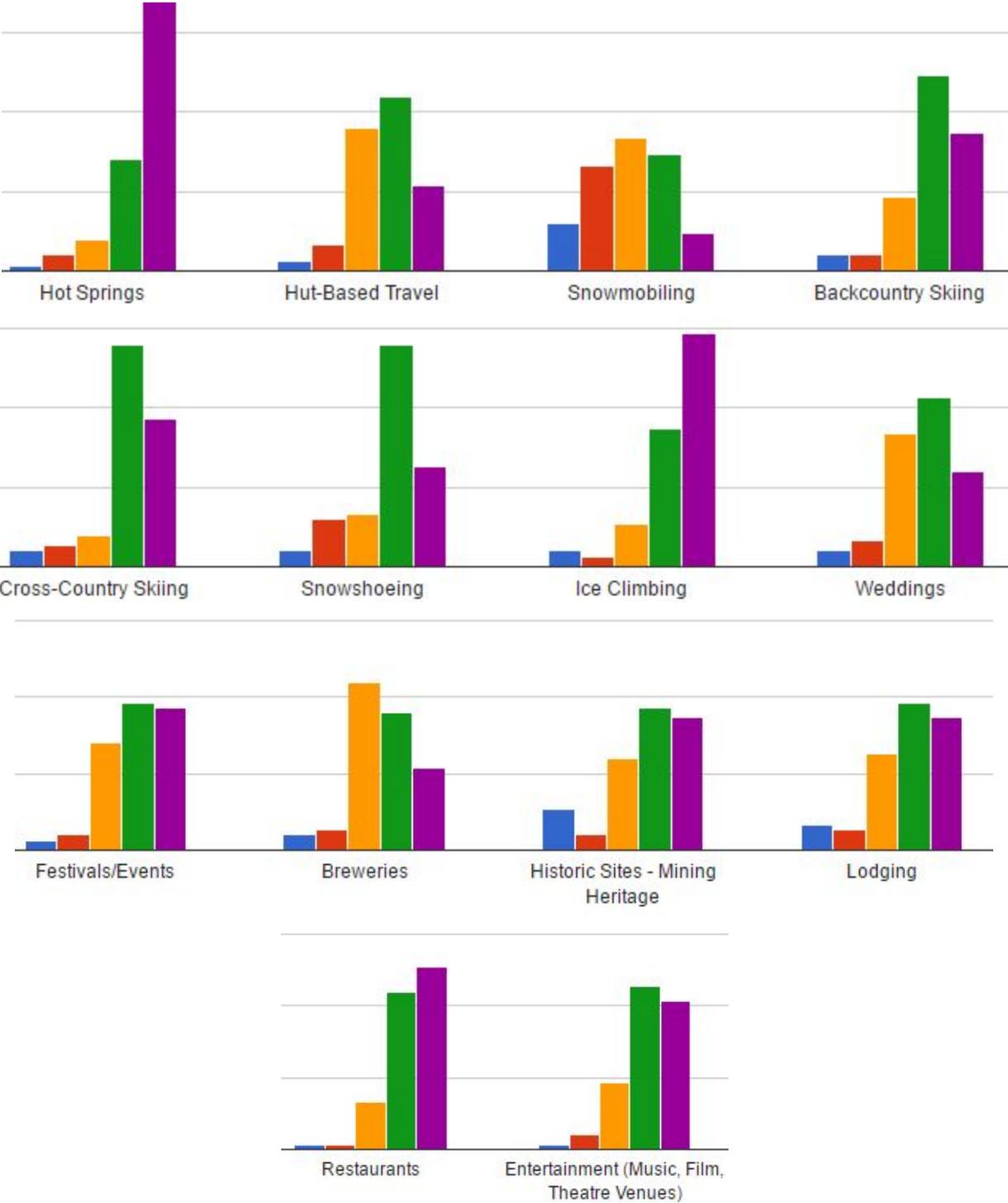


Exhibit 12:

How important to you is Ouray's investment in/expansion of each of the following areas?

■ Not at all important
 ■ Not very important
 ■ Neutral
 ■ Somewhat important
 ■ Very important

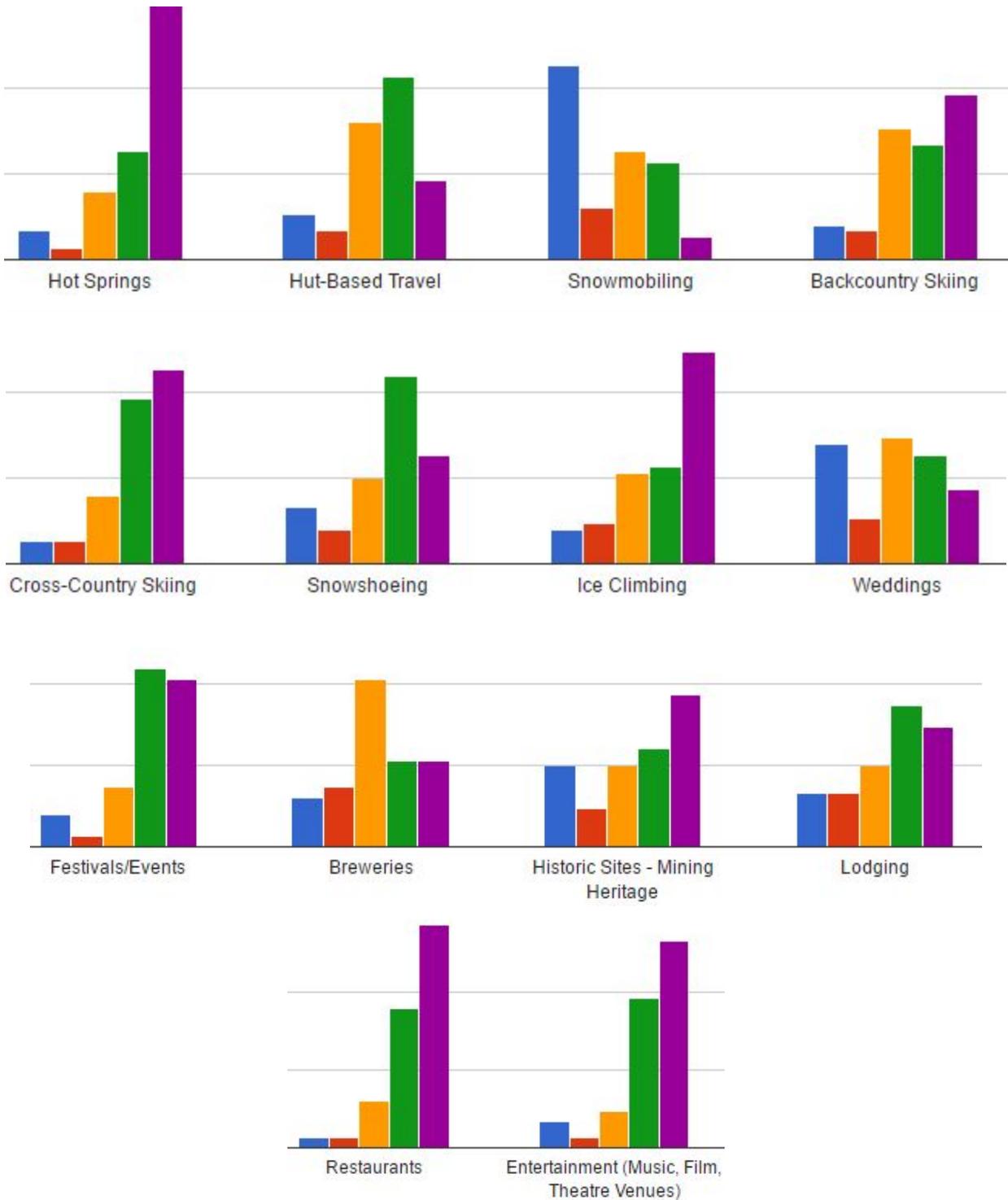


Exhibit 13:

Which of the following areas would you be interested in expanding your business into given the right business opportunity? Choose only 3.

(83 responses)

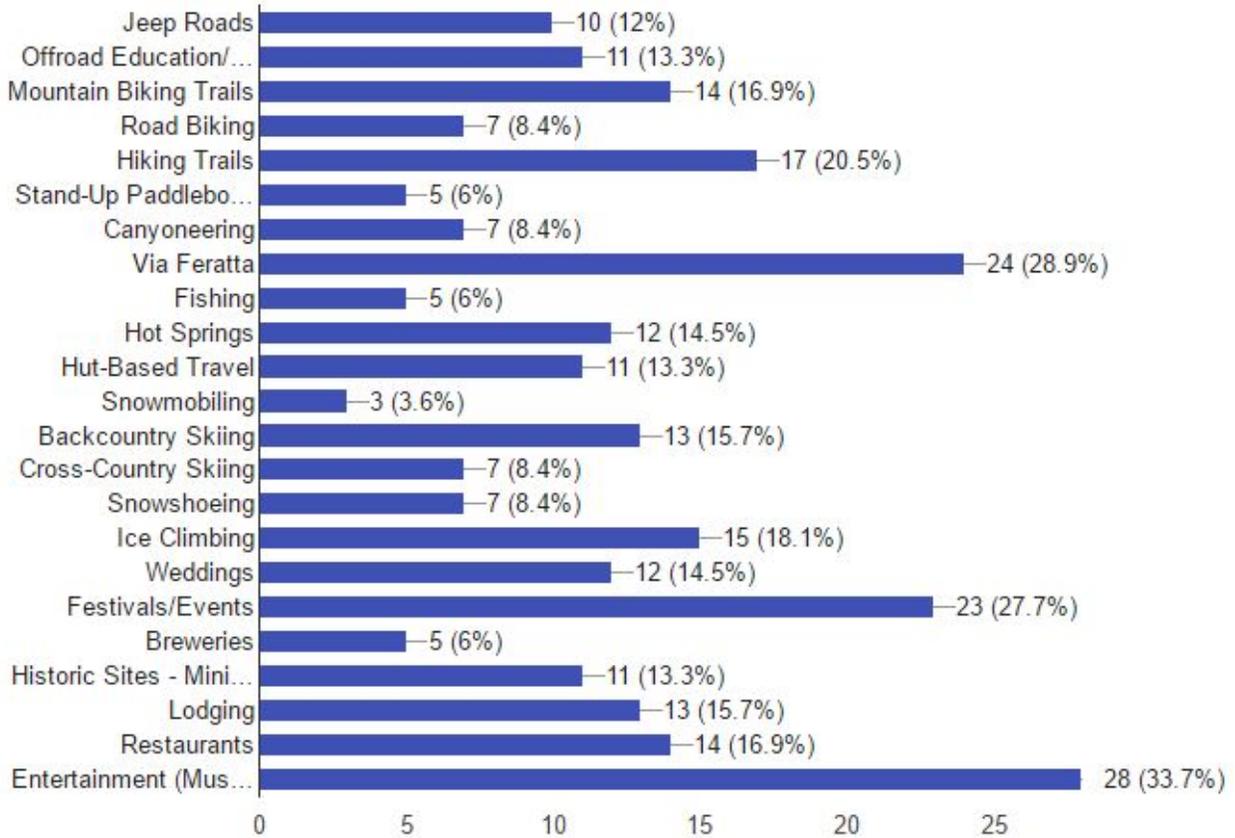


Exhibit 14:

How well do you feel each of the following promote/support your business?

■ Very Poor
 ■ Poor
 ■ N/A
 ■ Good
 ■ Very Good

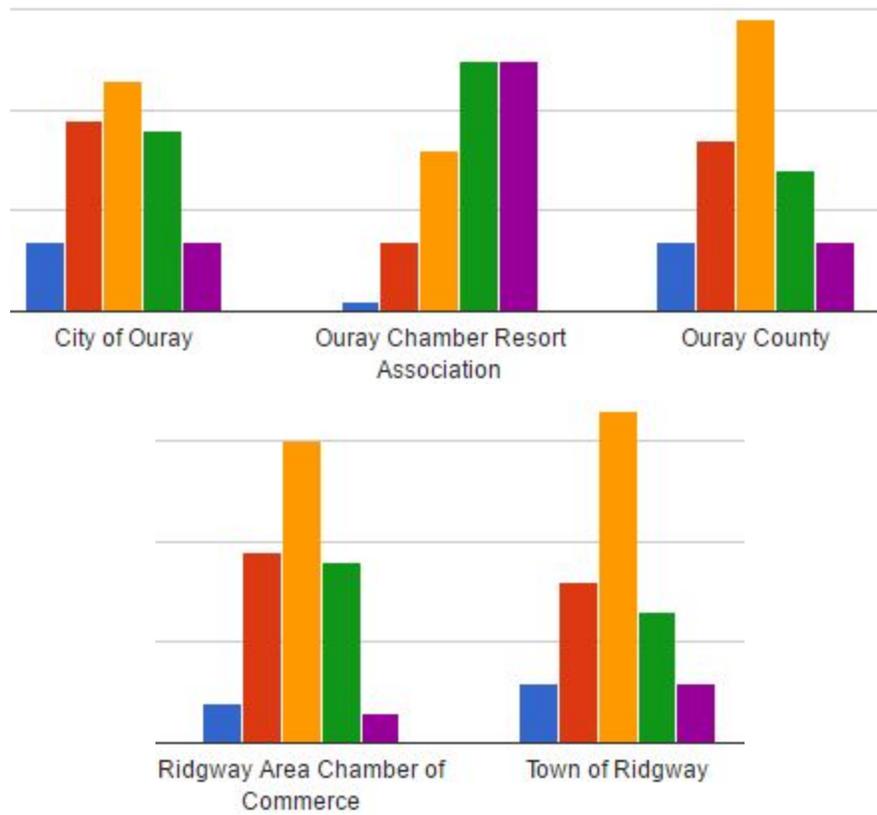


Exhibit 15:

Which of the following areas is your business currently involved with? Check all that apply.

(83 responses)

