

**Lufthansa and Portland, Oregon**  
**July 2003-June 2004 Strategic Plan and Budget**  
December 2003 Draft, Bladholm

**Background:** For more than fifteen years the Portland Oregon market attempted to recruit European air service. In 1992, hopes of a new service were dashed with the fall of the Berlin Wall, and Lufthansa's shift away from adding new U.S. destinations. In the spring of 2002, Portland, Oregon was given the opportunity to present to Lufthansa sales directors—and the pitch engaged the Lufthansa team. The notable difference for the Portland pitch that distinguished itself from other markets was the creation of a travel bank—a guarantee by private-sector companies to use the service. The business case for the new service continued to grow and be thoroughly researched through the summer of 2002. In October 2002, the service was officially announced, and March 30, 2003 was the targeted launch date.

The launch was comprised of several events, most notably to reach out to the business community and elected officials to make them aware of the time savings and potential business development opportunities the flight offered, as it bridged two continents and saved on average six hours of travel time. The service is predicated on filling the business class seats, but with the advent of the Iraq War in mid-March and soured economies in Oregon and Germany, marketing efforts focused on filling the coach seats.

A special launch fare price and enormous leisure travel interest fueled the overbooked flight through September, 2003. The flight will likely encounter a seasonal swing in bookings, as winter bookings for 2003-04 have dropped off from summer load averages. To compensate for the decreased demand, the one flight a day, seven days a week schedule has been temporarily reduced to a five-day, five flights schedule. Ongoing outreach to the business community confirms that the corporate partners are supporting the flight.

**Team:** The Portland Oregon team works closely together, with many members having worked together for 15 years or more. The key players include:

- Oregon Tourism Commission (OTC): The OTC is responsible for promoting Oregon to national and international markets to motivate travelers to choose the state as their leisure destination. The OTC has marketed in Europe for 15 years, with efforts greatly enhanced in recent years. The OTC is the lead agency for European-based trade shows, travel trade outreach, hosted research trips in Oregon, and media outreach. Todd Davidson, executive director; and Billie Rathbun-Moser, international trade director, are the key contacts. Billie originates from Austria and coordinates brochures and advertorial promotions with various travel trade partners. Historically, the OTC has been funded through state funds; beginning in summer 2004, the OTC will have an enhanced budget due to a one-percent statewide room tax. The OTC takes the lead for the European market when working with the Portland Oregon Visitors Association, additional Oregon Partners (Convention and Visitors Association of Lane County, Mt. Hood Territory), and travel industry leaders around the state.

- Portland Oregon Visitors Association (POVA): POVA is responsible for marketing the Portland region. Given that Portland is the gateway to Oregon and Southwest Washington, and is Oregon's largest city, the organization plays a lead role in marketing the region. POVA is funded through room tax revenues and city funds, and is responsible for marketing the recently expanded convention center as well as programs to help fill hotel room inventories. POVA takes the lead on the Japan market when working with the OTC and Oregon travel industry leaders. POVA aggressively works with the OTC on the development of promotional materials and works with travel contacts in Europe. The primary contacts are Joe D'Alessandro, executive director; and Teresa O'Neil, international travel trade manager.
- Port of Portland (Port): The Port is responsible for developing and enhancing domestic and international passenger and cargo service for Portland International Airport's top markets. The Port surveys and researches the Portland marketplace to determine new service demand, and calls on airlines to ensure successful service for current airlines as well as potential air service providers. The Port takes the lead on developing the business case and pitches, business outreach/travel manager outreach, marketing materials, inaugural/milestone event activities, travel agent outreach, airline liaisoning, and special incentive promotions for business travelers. The Port is in the lead with POVA and OTC for inbound leisure promotion (until summer 2004), has the lead for leisure outbound and is in the lead for corporate travel inbound and outbound. The primary contacts include Bill Wyatt, executive director; Steve Schreiber, aviation director; Suzanne Miller, aviation general manager; Susan Bladholm, corporate marketing senior manager; and Heidi Benaman, market development manager and Lufthansa liaison.

**Strategy:** Ongoing outreach is critical to reaching prospective customers, and the new market access has posed challenges and opportunities.

### **I. Inbound (Europeans traveling to Oregon)**

- Inbound leisure: European awareness of Oregon as a destination is minimal, but German's leisure travel interests parallel Oregon's vacation attributes. To best focus efforts with minimal staff and financial resources, the Oregon team has targeted Germany as its number one European market. The strategy is to begin reaching out to secondary markets once a foothold has been established in Germany. The OTC and POVA must focus on inbound promotions given their organizational bylaws to help support Oregon's economy.
- Inbound business: It is difficult to motivate business travelers to visit a destination unless they have a business purpose. Thus, efforts have focused on companies that currently have Oregon and German offices, such as Daimler Chrysler, Freightliner; Wacker, Wacker Siltronic; Nike, Nike Europe, and Adidas, Adidas America. The new flight provides the opportunity for the German- and Oregon-based offices to work more closely together, especially in terms of transporting high tech components and perishable foods.

To help generate new business development opportunities and explore potential trade ties, Governor Kulongoski and 75 Oregon business leaders traveled to Frankfurt and Munich in late September/early October 2003 for a Governor's Trade Mission. The trip included business sector meetings focusing on biotech, high tech, agriculture and investment banking. The Oregon business development team is comprised of the Portland Development Commission (PDC); the Oregon Economic and Community Development Department, International Trade Division (OECDD); the Portland Business Alliance (PBA); the Oregon Department of Agriculture (ODA); and the Port of Portland. Subsequent follow-up will take place through written correspondence, personal sales calls in February/March 2004, ongoing trade efforts matching Oregon suppliers with German distributors and an annual trade mission in fall 2004.

- Inbound advertising: Advertising funds expended for inbound promotions will focus on a brand campaign to build awareness about where Oregon is located and all it has to offer as a leisure destination.
- Inbound research (German leisure travelers): Germans are “dedicated” vacationers. Holiday is very important to them. They research vacations thoroughly and, for long-haul trips, typically stay more than two weeks. Germans account for 7.4 percent of total overseas travel receipts. They are the third most important market to the US (after Japan and GB.) More than two million Germans (2,072,000) visited the United States in 2000 (Office of Tourism Industries, U.S. Dept. of Commerce, estimate). Their most popular destinations in descending order are California, Florida, New York, Nevada and Arizona—overall, New York and the Sunbelt states. Key interests include outstanding scenery, wide open spaces, value for money, opportunity to increase knowledge, natural ecological sites, the ocean, soft adventure, lakes/rivers and mountainous areas, shopping, national/state parks and big modern cities. Print is the medium from which Germans get initial ideas and information.

▪ Inbound budget (July '03 – June '04):		
Port/LH Advertising:		275,000
Media buy	250,000	
(all brand building)		
Production	20,000	
Events/Trade miss.	5,000	
Port Business Marketing:		200,000
Port Trade Mission:		50,000
OTC total:		170,000
POVA total:		75,000
Portland Oregon total inbound investment		\$770,000

**II. Outbound (Oregonians traveling to Europe)**

- Outbound leisure: Oregonians are well aware of the European marketplace. Initial messaging at the launch of the flight conveyed the leisure opportunities

that Europe offers as well as the affordability and ease of the nonstop flight. Outbound efforts have included media relations, travel agent fairs, Lufthansa staff fairs, trade show promotions and print ads (countdown to new service and fare ads).

- Outbound business: As was listed for inbound business, focus has been placed on companies that currently conduct business in Europe to ensure that staff who travel to Europe for business are traveling on Lufthansa. The corporate community is supporting the service. The Oregon business development team is looking to capitalize on the service for trade opportunities and business development pitches, which will benefit business class bookings. Ongoing activities, led by the Port of Portland, include meetings with corporate travel managers, travel agents for corporate business, preferred traveler programs and special incentives.
- Outbound advertising: Focus will be on special fares and promotions in the Portland area as well as secondary feeder markets, which include Eugene, Redmond/Bend, Boise and Seattle.
- Outbound research: Oregonians are known for their independent spirit and love for the outdoors, and are environmentally savvy. They are more adventurous in their travel habits, preferring to discover new destinations as opposed to traveling to the same location year after year. This independent attitude fuels an entrepreneurial mindset among the Portland/Vancouver metropolitan area's three million residents. The region has a high percentage of small businesses and a small corporate base.

▪ Outbound budget:		
Port/LH Advertising:		150,000
Media buy	125,000	
75,000 off-season fare		
50,000 brand/other		
Production	15,000	
Events/World Cup	10,000	
Port business marketing		200,000
OTC total:		0
POVA total:		0
Portland Oregon total outbound investment		\$350,000

### III. Secondary Markets

Given the low awareness levels of Oregon, and meager staff and financial resources, it is critical to focus on specific markets based on the strength of current trade/travel patterns and new business opportunities. Advertising efforts in these markets will be minimal, and primary marketing activities include tour operator catalogues and travel trade outreach. The Oregon Tourism Commission has joined Rocky Mountain International (RMI) in their marketing efforts for outreach in Europe. Portland, Oregon

joins this consortium of states to jointly market this corner of the U.S. in Europe. The secondary markets on which the Oregon team is focusing include the following:

Italy  
France  
Netherlands  
UK

### **Marketing and Communications Activities:**

- **Media Relations:** Increase German consumer awareness of Portland and Oregon as a visitor destination by placing stories in both German/European and Oregon markets to educate readers about the diversity of activities and landscapes in the respective markets. Develop storylines, meet with editors/writers, host media events. Lead: OTC, POVA, Port
- **Research Trips/Fams:** Invite and host travel agents, tour operators, travel managers and journalists to Oregon to educate them about the diverse array of travel experiences the state offers. Lead: OTC and POVA and regional partners.
- **Trade Shows:** Increase German consumer awareness of Portland and Oregon as a visitor destination at trade shows for outbound promotion in Europe. Lead: OTC. Include Lufthansa in trade show promotions in Oregon to raise travel industry and general consumer interest in the flight. Lead: Port
- **Advertising:** Increase German consumer awareness of Portland and Oregon as a visitor destination. Run consumer print ads in Germany, and long-term in targeted secondary markets, that convey messages about Oregon offering something different and off the beaten path from the rest of America. Key value messages include: Oregon is authentic, unspoiled, wild, a good value, packed with many things to do and within easy reach. Inbound advertising will likely shift to the OTC in summer 2004 when its room-tax-enhanced budget begins supporting the advertising program. Lead: Port
- **Fare ads:** Paid for by the Port, they will incent travelers to travel outbound during the off season and fill available capacity. Most fare ads will run in Portland and in secondary feeder markets in the Pacific Northwest.
- **Brand-building ads:** Running primarily in Europe, the full-color print ads will prompt Europeans to consider a new undiscovered destination “that offers so much to do.”
- **Governor letter ads:** Governor letter ads will run in Germany to invite visitors to the state and to show that Oregon is open for business. In Oregon, the Governor letter ads have run to show the Governor’s support for the flight.
- **One-on-one calls:** Maintain and increase “buyable” Oregon product by meeting with tour operators and travel agents in person. Increase awareness of Brand

Oregon in all industry sectors. Meet media to encourage media exposure. Lead: All

- Corporate Travel Managers: Meet with corporate travel managers in the Pacific Northwest and in Europe to encourage them to book their employees on Lufthansa flights. Lead: Port
- Direct Mail/brochures: Provide quality and informational brochures in German for the traveling public and travel trade (travel agents and tour operators). Lead: OTC and POVA
- Tour operator catalogues: Financially support top five tour operator catalogues. Develop gateway itineraries and market proactively to receptive tour operators. Lead: OTC
- Web: Maintain customer-friendly information for prospective European visitors. Key Web sites include [traveloregon.de](http://traveloregon.de), [travelportland.de](http://travelportland.de), [OregonInvitesYou.com](http://OregonInvitesYou.com), [PortofPortland.com](http://PortofPortland.com), and [TravelPortland.com](http://TravelPortland.com). Lead: All
- Preferred Programs: Establish incentive programs for Oregon and Washington State businesses to prompt them to fly from PDX on Lufthansa. Lead: Port

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Attachments:

Media buy  
2003-04 Oregon Team Activity Spreadsheet