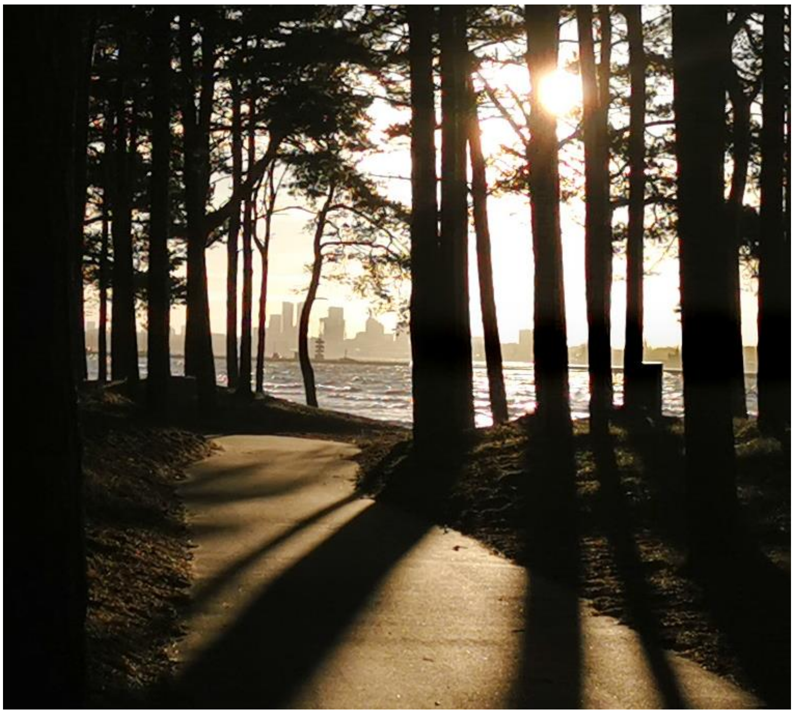
KATALEST
MARKETING CHANGE AGENCY



PROJECT RESTART

A RECCOMENDATION

"What got us here is not what will bring us forward…"

Strategic Consulting for Tourism Sector

CPV: **79400000-8** "business and management consultancy and related services"

ESTONIA TOURISM
IT'S ABOUT TIME..
for a MARKETING GEAR CHANGE

PROJECT RESTART - FINAL RECOMMENDATION

Table of Contents

Introduction:

This RESTART report is centred on immediate and medium term recommendations for Visit Estonia and the Estonian Tourism Industry, focussed on marketing strategy and tactics and following an objective outside-in review of industry status within the current highly volatile international tourism market.

There is clearly much that is right about Estonia's current tourism marketing approach and tactics and the overall brand direction "It's about Time" looks right – the key issues are on substantiating this positioning with substantive breakthrough marketing – both more relevant compelling content and more precise targeting – and of course investing resources sufficiently to enable this breakthrough in an increasingly competitive post COVID tourism marketplace. In addition aligning the industry more efficiently and effectively behind this effort is also a key ongoing challenge covered here.

The key changes recommended focus on

- more precise targeting of markets and products via a new Product Market Fit model
- the use of more detailed higher quality and additional new tourism performance measures
- a significantly higher level of marketing engagement in terms of
    - a more substantive differentiated brand positioning
    - subsequent more specific high quality compelling content centred on a portfolio of quality tourism products/experiences
    - the creative leveraging of PR, events and non-traditional marketing channels utilising Estonia's smallness and agility and global digital reputation
    - an investment in specific digital capability and content right across the industry
- adjustments & clarification of marketing roles and responsibilities across the Industry
- a significant effort by the industry to correct the misperception around the true value and worth of controlled tourism to the economy and society - including the formation of a new single representative Tourism Industry umbrella organisation

At the core of the recommendation is a recognition that Estonia Tourism needs to move assertively -and to move now - as tourists generally re-assess their "usual' tourism behaviours in a post COVID light - to close the clear classic "perception gap" between the high quality tourism portfolio of products/experiences and the generally low awareness of this in the relevant marketplace.

The key overall guiding principle of the RESTART project is to objectively recommend the optimum strategic and tactical marketing development approach for Estonia Tourism - arguably Estonia's largest and most indigenous national wealth generator - at this critical once-in-a-lifetime "moment" - as we all reset for a post COVID "new normal" in arguably the world's biggest industry and definitely the one most adversely effected by the COVID crisis.

Finally some acknowledgements…
The Project was carried out over the past few months by KATALEST in collaboration with many people across the Estonian tourism Industry and some additional friends.
Most are listed formally in the Industry consultation Appendix 1 document and a number need particular acknowledgement here - for their input, time and patience throughout this process.

These include Liina-Maria and the whole team at Visit Estonia; the steering group members – Ain, Annika, Eero, Ott and Piret.

We got valuable external perspectives and insights from Ruth, Eoghan and Mark from Tourism Ireland and the Irish Tourism Industry Confederation – as well as guidance from Guy Bigwood of GDS and some others who wish to remain anonymous.

1. Project RESTART: Executive Summary

A Timely Marketing Gear Change

CONTENTS

1. Project RESTART: Executive Summary – A Timely Marketing Gear Change

This first section 1 of the report serves both as an executive summary of the key recommended actions - both shorter term tactical actions and longer term strategic shifts - which are then further detailed in the rest of the document's sections; as well as outlining considered positions on the key strategic issues identified either in the original brief, or which surfaced as critical issues during the course of the RESTART project.

1.1 Scope of the Recommendation

The Estonia tourism sector has both significant challenges as well as a once in a lifetime opportunity emerging from the COVID19 crisis over the next 6 months and into the 2024 medium term planning cycle. **This paper addresses the short term - immediate through 100 days - recommended post-COVID marketing actions for Visit Estonia and the Estonian Tourism Industry; as well as the recommended medium term strategic shifts in time for 2022 planning cycle and as basis for the 2024 plan for both the tourism industry and for Visit Estonia's overall development and marketing strategy.**

1.2 Sources & Context of the Recommendation

The recommendation is driven by an objective expert outside-in set of views and observations based on international tourism marketing expertise and experience, desk research, limited field visits (mostly virtual) and an exploratory kick-off on-line workshop and guided by extensive 1-on-1 interviews and group discussions with more than 50 Estonian tourism stakeholders and outside tourism/marketing experts – over an approximate 100 day period – see sources listing in appendix.
Some of the recommended changes in both strategy and action could be seen as significant shifts while others could be seen as very small subtle changes at best – but all recommendation points are based on that objective, mainly outside-in viewpoint and all are rooted in straight and honest feedback from this wide range of the Estonian tourism Industry and a few outside experts and of course recognise the volatile changing nature of a post COVID tourism world.

1.3 Perspective on Current Brand Strategy Direction & Story "It's About Time"

This recommendation is broadly supportive of the current top line overall core brand marketing proposition "It's About Time" and its associated focus on its three associated "Passion" themes - nature, culture and food. The recommendation is particularly supportive on the recent clear move from the historical - Estonia as a set of places and attractions to visit - to a much more specific interest driven passion-led, rather than place/attraction led approach.
However - <u>**we would go further**</u> - especially now - given the clear challenges for all, but also given **significant opportunities presented particularly for Estonia** by this post COVID changing travel and tourism market.
Specifically

- The recommendation builds on the move to more experience led marketing - by going further to develop a brand portfolio model - with the product offerings as experiences taking the lead and with brand Estonia clearly as the ingredient platform brand linking everything and to the development and creative deployment of relevant novel "breakthrough" marketing content and campaigns
- It is felt that a singular major focus on Free Independent Travellers could be over-limiting and that an additional detailed segmentation and relative prioritisation of more specific market sub-sectors and also more specific products/interests areas broadly within these passions - would be important.
- Hence a core recommendation here is the development of a detailed segmentation, prioritisation and matching model - the so called Product Market Fit Model. Here market segments and product sectors are evaluated on the basis of their overall long term socio-economic attractiveness for Estonian tourism industry as well as on the total relative cost and probability of "delivering them as tourists"
- the recommendation suggests a more substantive call out in all direct and indirect communications media of Estonia's significant tourism competitive benefits, especially those related to the changed post COVID tourism world.

1.4 Recommendation Highlights – 7 main changes/developments

Overall the recommendation calls for **7 main changes/developments** to current tactics and strategy covering immediate, short and longer term time frames.

I. **An immediate and more proactive, confident and definitive approach to COVID messaging locally and internationally –** with adjusted key specific COVID detailed content, a deliberate change in tone and a more proactive confident media engagement strategy – *details in section 2*

II. **A specific industry-led effort to elevate a much broader and clear understanding - especially with government policy makers and with local politicians - of the Estonian tourism industry's significant positive effects on the economy and society - in terms of national wealth generation (GNP), income distribution and job creation.** The key objective is to clarify - with all stakeholders - that tourism is highly controllable, measurable and - with adequate funding and resources facilitated by more active partnerships can become the key driver of Estonian long term national and regional economic growth.
Key elements of this recommended effort include - *details later in this section at 1.8*
   a) **the urgent formation – by the Industry - of an Estonian Industry-wide national tourism representation federation** – with a single unified voice and single clear representation at government level
   b) **the development in the short term of a new tourism macro-economic model - as integral part of the 2024 Visit Estonia strategy** - for validating the long term socio-economic benefits of controlled tourism and demonstrating direct linkage with new marketing planning approach outlined in the sections below (*Product Market Fit Model, new measures etc.*)
   c) **a medium term ground-level specific industry education/training campaign** targeting destinations and product companies on both the broader socio-economic positive effects of tourism - to get everyone in the industry "on message"; as well as on the use of specific new measures in local marketing planning – to ensure strategic and tactical alignment

III. **A strengthening of the overall "post COVID" Estonia Tourism brand positioning, further development of the brand marketing operating model and development of "breakthrough" post-COVID marketing content and more product/interest focussed campaigns.** This requires relatively simple "brand re-engineering" and is do-able with some dedicated resources within a 3 month period - *details in sections 3 & 5*
   a. adding more substance and highlighting Estonia's strong post COVID competitive benefits - *section 3*
   b. rebalancing overall marketing message towards more specific priority tourism product special interest offerings for identified priority target markets as the main message and with tourism brand Estonia post COVID benefit re-assurance as a supporting common message across all product – *section 3*
   c. the development of "breakthrough" marketing content and campaigns, more focussed on product special interest messaging, highlighting more specific relevant-to-audience benefits and overall re-enforcing Estonia's post COVID competitive benefits – *section 5*
   d. more extensive use of creative leveraging of non-traditional or indirect tourism assets and channels e.g. events (*Tartu 2024, Tallinn Music Week etc);* soft-power (*The President & Government leadership, diplomatic corps, celebrities, the diaspora abroad & local ex-pat community*); the "tech-sector" locally and internationally.

IV. **The short term development of a highly segmented approach for identification and prioritisation of target markets and product portfolio offerings** and their subsequent matching in a new **Product Market Fit Model.** This Product-Market Fit Model is essential to govern the selection of the most attractive priority markets and priority products to enable effective and efficient marketing breakthroughs and to maximise the long-term return of the marketing investment. – *details in section 4*

V. **A significant and novel strengthening of the overall Digital Presence of the Estonia Tourism offering** across the industry - destinations, product specialists and companies – guided and driven by Tourism Estonia; as well as an upgrade in Visit Estonia's overall digital marketing efforts in terms of content range and quality, engagement and promotion levels - *details in section 6*

VI. **An urgent upgrade in overall tourism measurement efforts** in order to close the existing gap in up-to-date, more relevant critical travel and tourism quantitative data and qualitative insights on key target customers attitudes and behaviours as well as for the establishment of important new customer satisfaction tracking and tourism macro-economic measures for defending higher levels of investment and tracking progress. - *details in section 7*

VII. **A key focus on the packaging, linkage and active marketing of a number of key existing product elements** both from specific destinations and/or featuring specific special interest products - identified via the findings of the Product Market Fit Model *details later in this section at 1.6*

*A summary list of specific **sequenced action points** as a result of these changes are covered in following section 1.5 with comments on timing and expected resource requirements & references to relevant sections for details.*

1.5 Key Actions Listing

Based on the above recommended 7 main changes - the following is a listing of the key recommended actions, in rough priority sequence,

I. **Tighter more confident, more consistent, more detailed COVID related messaging** for the industry and public, in Estonia and internationally, and including more pro-active PR tactics involving the Government and the media.
Action Summary in 2.4
Timing: immediate. Resources: mostly in place internally; could benefit from specialist international PR advice.

II. **More substance added to the Estonia "It's About Time" tourism proposition** - capturing more explicitly the key concepts of *"Heritage & Culture, Modern Outdoors, Naturally Green, Natively Digital"* and highlighting Estonia's specific post COVID-related strongly competitive benefits - *quality, convenience, proximity, safety and value.*
Actions & Implications in 3.3 & Tactical Actions in 5.3
Timing & Resources covered below

III. **A further development of the current brand and marketing architecture model** – building on the recent move away from the classic national tourism brand/marketing umbrella model and **going further** to a more deliberate **portfolio marketing led** approach – featuring specific purpose of visit/passion products "out front" with **fully developed marketing content deployed in specific interest specialist channels**, always **supported by clear brand Estonia ingredient platform as the basis** across all products and sectors.
Actions & Implications in 3.3 & Tactical Actions in 5.3
Timing & Resources - 2 & 3 above: these 2 marketing strategy developments can be actioned together via collaborative re-engagement with Lantern brand agency over a number of workshops supplemented ideally by some confirming qualitative research and could be completed within 6-8 weeks, depending on internal team availability

IV. **A deliberate and well considered move to a highly segmented approach for identification and prioritisation of target markets and product portfolio offerings - weighted by their relative economic attractiveness and marketing costs - and their subsequent matching in a new Product-Market Fit Model (PMFM).**
Action Summary in 4.3
Timing: 1st version 6 weeks; validated version 10 weeks. Resources: internal with specialist analyst and market research specialist support.

V. **The development of breakthrough marketing campaign content based on the more substantive proposition above and explicitly calling out post COVID competitive benefits while focusing on the product portfolio out-front.**
Action Summary in 5.3 & Campaign "Concept Outline" specifically in 5.3 subsection IV
Timing: immediate. Resources: blend of internal content creation resources, external content agency and specialist multi-channel media planning input.

VI. **Digital as Default Marketing Operating System: Direct to Tourist (D2T) features 3 essential elements:**
1. **upgrade in digital presence for regions/destinations & product specialist's** driven & managed by Visit Estonia
2. an increase in **activity, content quality and range, and engagement levels for www.visitetonia.com both** with potential visitors and external partners as well as more linkage, engagement and coordination across the priority product portfolio, with the destinations/regions and other specialist product groups
3. the addition of **dedicated concierge-like help support staff** to the digital engagement platform: skilled customer service agents & technology to increase customer engagement levels overall and to especially help people find their relevant and currently heightened travel information efficiently - both by live chat and voice
Action steps summarised in 6.1
Timing: short to medium term. Resources: complementary to existing digital Development Plans; concierge-like support staff can be trialled initially as an emergency response to the post COVID customer requirements for more detailed pre-book / pre-trip information

VII. **A Closing of the significant gap and deficiency in up-to-date useful accurate marketing data, market and product intelligence and qualitative up-to-date insights on consumers attitudes and behaviours as well as new customer satisfaction tracking and macro-economic measures for defending higher levels of investment and tracking progress.**
Action steps summarised in 7.1
Timing: urgent. Resources: similar and complementary to the PMF work - internal with specialist analyst and market research specialist support and specific macro-economic specialist input.

The remainder of this section 1 outlines positions on the key strategic issues identified for consideration either in the original RESTART brief, or which surfaced as critical issues during the course of the project.

1.6 Product Development - Key Issue is Packaging & Linkage, not More New Product (Ingredients)

It is clearly evident throughout this project that in the main **the quality of Estonia tourism products and experiences is already relatively high** on a number of critical bases – compared to competitive offerings, compared to likely general expectations and in some cases compared to the past.

- General Examples - range and quality of cycling and walking routes, yachting in Sarema and the islands, overall cleanliness of public and private areas, general security issues, food service range and quality, local mobility options, overall daily costs
- Specific Examples - Haapsalu Castle, Tallinn parks, Pärnu beach promenades, Soviet museums in Tallinn and in the "borderlands region" of Narva, Tartu street culture and the Estonian National Museum, Spas, bog trails

The most important "missing" on Estonian tourism product is much more about **the packaging of these existing product "ingredients" into more complete packaged linked completed tourism offerings** and their **presentation to pre-identified target markets in "easy-to-relate-to" and "easy-to-buy" compelling bundles** - and most importantly in the eyes of relevant prospective customers.

In addition there is there are also weaknesses and gaps in the overall product experience e.g. inconsistent customer service, some language gaps and surprisingly underdeveloped digital presence at least in some regions and product sectors. However most of these gaps are recognised, by most of the industry and can be corrected with some specialised effort and extra support.

This effort is likely to include broad usage of new customer satisfaction measures, e.g. NPs (Net Promoter Score) or similar customer satisfaction standard measurement system combined with an overall education, motivation and training program on delivering quality customer focussed hospitality services.

Product Development Lessons from the Regions - detailed in Appendix 1 on Tourism Industry Consultation Detail.
In these consultation sessions, both formal and informal, with individuals face-to-face and in group discussions - there is a genuine understanding that particularly for the regions/destinations

- their key roles are
  - communicating local relevant information especially on the regions benefits attractions
  - ensuring that local product experiences are up to consistent quality standards
  - ensuring that the visitor genuinely has an overall great customer experience in their region
- their key challenges are
  - assembling great sellable tourism product into finished sellable packages parts of packages - with clear appropriate information and supporting content - easily buyable for prospective tourists
  - partnering with other tourism stakeholders outside their region
- their key missings are
  - a real understanding of the international tourists "customer journey" including appreciation of the customer perspectives on many important travel related issues e.g. time, distance, value etc.
  - a sufficiently good "digital presence" with customer appropriate content in the right language.

There was also universal evidence of growing realisation that there was real benefit in focusing on specific specialist target groups who were visiting for a specific purpose e.g. cyclists, history enthusiasts, birdwatchers, caravanners rather than the vague more general tourist - and that this required specialist information, content and partnerships.

Specifically there seems to be opportunity for viable regional tourism packages or parts of packages in combination with other regions or Tallinn - details and examples are provided in section 4.4 and in Appendix 1.

The recommendation is to continue to engage actively with the regions on product and package development particularly and to particularly involve them in the co-development of the Product Market Fit Model.

Also recommended - in the next section 1.7 - is a realignment/clarification of Roles & Responsibilities covering the various stakeholders including the regions and specialist product groups as well as Visit Estonia

1.7 Responsibilities & Resources

RESTART is calling for a what looks like a lot of changes

- some could be seen as significant e.g. 1. *a new advanced more formal Product Market Fit Model* and 2. *the addition of concierge-like service to support the Visit Estonia digital marketing interface and increase customer engagement in a relatively novel way*
- others are clearly smaller incremental or slight emphasis changes or no operational change but just involving scaling up with associated higher levels of resources - people and budgets deployed e.g. 1

overall increase in Digital engagement levels and 2. *increased and more formal leverage of Government ministers and the diplomatic corps*.

From the significant industry consultation process it is clear that the industry in general and the regions specifically are enthusiastic on developing novel partnerships - based on specific target markets and products; they recognise their roles well and realise that they particularly need guidance on preparing appropriate tourism relevant information in the right language and tone as well as significant help on improving their overall digital presence. They also appreciate that COVID is shaping a new tourism opportunity and that they probably need to do things a lot differently from before to capitalise on these opportunities.

Overall there is a clear call for a generally increased level of resource and investment - as well as some shifts or at least clarifications in roles and responsibilities.

I. Roles & Responsibilities

The overall top-line roles and responsibilities recommendation is summarised in the table below.

A - Approval; **FR** - Full Responsibility, *to recommend & execute*; **JR -** joint Responsibility, *to agree & share;* **PR** - Proposal Rights *to initiate &propose;* **C** - Consultation, *interactive collaboration*; **I** - Input, *1-way lobbying*

	Visit Estonia	Regions Destinations	**Key Tourism Enterprises**	Tourism Industry Rep. Associations	**Government Department**
Estonia Marketing Strategy	**FR**	**C**	**I**	**C**	**A**
Estonia Marketing Plan Execution	**FR**	**JR**	**-**	**I**	**A**
Key Measurements Tracking Reporting	**FR**	**I**	**-**	**I**	**C**
Information & Advice to Potential Tourists	**JR**	**JR**	**JR**	**I**	**-**
PMFM - Product Market fit Model	**FR**	**JR**	**JR**	**C**	**C**
Product & Package Development	**JR**	**JR**	**FR**	**I**	**-**
Regional Destination Marketing Strategy	**JR**	**JR**	**-**	**I**	**I**
Regional Destination Marketing Activity	**JR**	**PR/JR**	**-**	**-**	**-**
Tourist Arrivals Care & Service	**PR**	**JR**	**FR**	**I**	**-**

This is of course an external objective view based on understanding of the key marketing planning issues, challenges and opportunities; but also based on interaction with the various stakeholders over the course of this project. No doubt there are other historical, organisational and "political" perspectives that need to be considered carefully; but this could be a good point to start planning a clarification or resetting of roles and responsibilities for the recommended post COVID gear change.

II. Resource - The Case for Marketing Investment

To effect this overall marketing shift and to ensure effective marketing breakthrough efficiently there is a clear requirement for additional marketing resources in terms of budget, expertise and dedicated personnel.

This recommendation is <u>not</u> recommending incremental tactical change, but <u>is</u> recommending timely structural strategic step change more in the sense of capital expenditure rather than annual budget increases.

Obviously this investment proposal needs to be fully costed, value analysed and a case to be made and evaluated in terms of alternative use of capital funds both for traditional tourism capital development and also in comparison to other relevant investment cases for winning near term foreign earnings for Estonia.

In reality a relatively small capital allocation on this strategic tourism effort - say of the order of **€4.3 million** - could enable the significant gear change in marketing effort required and enable the kind of overall significant breakthrough envisaged. This amount would be a once off investment within the 2024 plan with the majority spent in the first year

on critical research and insights, accelerated digital capability, breakthrough portfolio campaign and content development as well as breakthrough media planning.
Measuring the forecast ROI is of course a forecast and essentially a matter of opinion. However if this effort succeeded in "only" moving the ****tourism export value** needle by a conservative incremental annual 2% - and ignoring the other associated direct economic benefits – domestic revenue increase, season extension, regional spread of income and linked job creation as well as the other indirect halo effects for inward investment and export promotion - this forecast would still result in an impressive almost 10 times short term annual return on export value - €41 million (based on 2019 reported export value actuals) - a very attractive use of capital case for any Government economic policy adviser.

*****based on 2019 reported travel & tourism export value of €2.07 billion***

In terms of "source of funding" the argument can be made relatively easily that Estonia tourism essentially **does not need much more tourism product capital investment right now -** what it clearly needs is **investment and a focussed effort to better sell the current great product** - to the right people, at the right price, in the right package, targeting the right time (season) & developing the "right regions".
Additionally and importantly this kind of national strategic capital investment with its proven wide regional socio-economic benefit and with a significant meaningful digital and green transformation element - all of which are at the core of the RESTART recommendation - makes this ideal for EU funding support.

Two critical elements remain to ensure this investment case has a strong chance to succeed - first the industry needs to unify behind this approach and be seen to be unified - and just as importantly the truly unique and significant value of the tourism industry to be recognised much more broadly and especially by government representatives and officials. *Both of these are covered in the following final section 1.8.*

1.8 Elevating Tourism Industry Image & Stature - to secure critical Investment & Adequate Resources

The clearly evident relatively poor image of the tourism sector as representing a "serious" industry with significant economic effects – like the technology sector, the food industry etc. - needs urgent addressing - especially now in the shadow of this industry's biggest crisis and its resultant future potential opportunities.
Most importantly it needs to clearly established amongst the key policy decision makers that Estonian tourism is also both highly controllable and measurable and with adequate funding and resources at local, national and EU level can actually become the key driver of national and regional economic growth in the near term.
This tourism industry undervaluing is a glaring deficiency and is the single biggest block to meaningful progress. Importantly it's also clearly the responsibility of the tourism industry itself to correct this misunderstanding.

Estonian Tourism Industry's lack of unified voice and single clear representation at government level was a topic that surfaced at many stakeholder engagement meetings from the start of this project - hence the clear recommendation is for the urgent formation an Estonian Industry-wide national tourism representative association or federation.
In addition the recommendation is calling for a specific industry-led effort to elevate this much broader and clear understanding - especially with government policy makers and with local politicians - of the Estonian tourism industry's significant positive effects on the economy and society - in terms of national wealth generation (GNP), income distribution and job creation.

This is not only directly from the tourism and directly related sectors themselves but well managed tourism is a key governor of Estonia's nation image internationally, significantly helping efforts to attract foreign direct investment, critically skilled worker immigration and sell Estonian goods and services. Importantly when executed correctly it is also a key lever of establishing and building Estonia's distinctive sense of identity and unique culture in the broadest world sense - one of the few truly positive mass market ways to help this important national political objective and one of the few on which almost everyone agrees.

2. Adjusting to a post-COVID Tourism Market

CONTENTS

2.1 Changing Tourism Attitudes & Behaviours

2.2 Estonia Tourism viewed through a post-COVID lens

2.3 Recommended *COVID related* Communications Approach

2.4 Recommended Actions: COVID Estonia Messaging

2. Adjusting to a post-COVID Tourism Market

In a significantly changed travel and tourism post COVID world a significant shift in overall tourism marketing strategy and tactics is essential for all destinations, including Estonia, to maximise recovery momentum.

2.1 Changing Tourism Attitudes & Behaviours

We are seeing many signs of shifts in attitudes and behaviours of tourists worldwide especially in their pre-booking considerations as well as in their booking and eventual travel behaviour. Some of these may drift back to pre-COVID normality, but this will take some time, and some changes are likely here to stay.

Key, relevant-to-Estonia, likely permanent changes in habits include:

- A general search for less crowded, more open, safe and secure, closer-to-home destinations
- A willingness to therefore consider less traditional hot-spot tourism destinations
- A complimentary need for much more detailed trip information – pre-booking and pre-travel; particularly relevant for non-traditional tourism spots
- A particular need for pandemic related relevant details on health and safety protocols, medical and emergency recovery facilities etc.
- An overall preference for international travel which features
    - longer average stays
    - shorter distances
    - direct routes generally with avoidance of transfers
    - smaller airports versus busy hubs
- When considering internal within-destination travel, a clear preference for
    - Independent versus group travel
    - Independent private transport with general avoidance use of public transport
    - A wide range of internal travel options – including "greener" options

2.2 Estonia Tourism viewed through a post COVID lens

Within this post-COVID changed travel environment Estonia in general is relatively well positioned versus other more traditional tourism destinations and arguably better positioned than ever before.

Specific post-COVID benefits and attributes of Estonia as a travel destination include…

- Uncrowded, low people density, high quality, "outside living", natural environment
- Strong reputation for nature, parks, open-air, forests, trailways, islands, lakes, seascapes - and importantly also including very clean, nature friendly, naturally green clean-air, cities and towns
- Highly developed modern visitor mobility options and overall ease of moving around: short distances, wide range of high availability transport options, language friendly, ease of booking, relatively inexpensive, usually good signage, highest quality paths, roads, trails infrastructure
- World class digital on-the-ground public infrastructure including generally high quality public wifi and significant use of up-to-date ecommerce, physical-digital cross-over signage (QR codes) – resulting in a highly connected, always-on safe & secure visitor-friendly environment

Some of these post COVID benefits are recognised, some well-known others relatively unknown and many not even recognised by Estonians.

As mentioned in the previous section there are also weaknesses and gaps of course e.g. inconsistent customer service, some language gaps and surprisingly poor digital presence in some regions and sectors – but all are well recognised - by the industry at least - and can be corrected with some effort and extra support.

Most importantly this story - surprising to many - of Estonia's unique, COVID-relevant set of high quality tourism attributes and benefits – needs to be told – in a truly breakthrough impactful way ; to the "right" people – identified via a value segmentation analysis; at the right time – some COVID specific messaging right now and then "new" campaign messaging progressively from September through February.

The following paragraphs in this section 2 detail the immediate communications messaging recommended.

2.3 <u>Recommended immediate *COVID related* Communications Approach for Estonia tourism</u>

The recent significant decline in COVID infection rates in Estonia, including last few week's positive move into "GREEN" infection status is very encouraging and is leading to an advancement of lifting of restrictions locally and potentially for welcoming international visitors also.
However there are growing concerns within the international travel community and particularly within the EU and Middle East – that despite the successful acceleration of vaccination programs – DELTA strain infection rates are also accelerating and this is leading to significant slowing down of many re-opening plans (UK) and in some cases significant reversals (Israel) and other cases of significant and unexpected sudden third waves (South Africa) and most worryingly in Russia – including St Petersburg. This is particularly concerning given that these first two are among the world's leading vaccinated nations – both of whom just this month announced confident and extensive travel and tourism re-opening plans – which have now been effectively postponed at best.

Travel related COVID is now an <u>hourly evolving situation internationally</u> and it is recommended here - that although in general Estonia needs to continue to be cautious on its tourism re-opening messaging; <u>more clarity on the COVID detail and a clear sense of quiet confidence and preparedness should now be added.</u>

- COVID messaging on the visit Estonia website should be highlighted more prominently on the landing page and overall be more simplified and clear but also confident and positive.
  Many of these elements exist currently within the Visit Estonia website with all the relevant links , but could be **improved in terms of prominence, clarity and connection**
    - Clarification on latest Estonia infection rate and **"Green to Go"** status
    - Reassurance that *"We got this…"* in terms of planning & procedures
        - Now generally safe and relaxed – ***"mostly re-opened and almost normal"***
        - But….recognise the risks and ***"respecting the unexpected"***
        - Monitoring & testing continuing – Estonia's science and technology approach - including advanced connected health system, advanced water testing etc.
    - Estonia through a COVID lens
        - **Natural Spatial advantages** – outdoor by nature, low people density, high parks density, space, high air quality
        - **Native Digital advantages** - vaccination passports, connected, advanced independent mobility options, cashless
        - Lessons learned – like all countries ***"we have lived through our lockdown and learnt what works"***
        - Events procedures - including successful staging of 2020 COVID era events (as shown)
        - The "Safe Here" program explained simply
- Travel and tourism related COVID Estonia messaging needs to be more consistently managed across all stakeholder communication channels – including within the tourism industry nationally and internationally, across government and the diplomatic corps and right through local and international trade and consumer press. Specifically messaging
    - Needs clear consistent & regularly updated messaging across the industry, government, partners
    - Additionally "for the public" - simplified messaging - covering both trade and consumer press
    - Specifically for the Government & diplomatic corps – important key talking points formally briefed - with "Estonia's vaccination digital passport" as potential international "news hook" - ***"Estonia leading the way…"***

In addition and although strictly not within the formal scope of the RESTART project but related very much to COVID Industry messaging and general planning: an additional key recommendation arising is to form an Industry-wide national tourism representation association or federation.

- Longer term the Estonian Tourism Industry is clearly missing a single voice of authority - and not just for crises communication such as COVID - but even more importantly for policy formation and co-ordination with government.
- This critical lack of a single voice of industry representation was evident in most engagements and was ever present in formal and informal discussions with stakeholders on this project.

<u>This critical Industry deficiency needs addressing as a singular matter of urgency and the formation of a single representative umbrella federation is strongly recommended.</u>

The rest of the report is focussed on the recommended more segmented portfolio-led marketing strategy changes, campaign for September ignition and longer term strategic shifts.

3. Refreshed Marketing Strategy
Key Amendments & Model Adjustment

CONTENTS

3. Refreshed Marketing Strategy - Key Amendments & A Model Development

As well as the recommended immediate COVID relevant marketing/communications refinement action outlined in the previous section 2 – this paper recommends some changes in overall marketing strategy, immediate tactics and potentially some changes in roles and responsibilities. All the post-COVID benefits outlined above are significant and timely competitive advantage points for Estonia tourism - but are are of little use without external long term recognition awareness and acknowledgement with the people that matter – our priority tourism target audiences.

Effective messaging cut-through particularly in this post-COVID "tourism/travel re-consideration period" - directed to specific critical high value target audiences is essential to truly capitalise on these significant competitive advantages for Estonia.
In addition this critical messaging cut-through is particularly required as soon as possible as there is growing evidence of a significant marketing war starting as the bigger budget countries especially (e.g. Portugal, Greece, Ireland) increase their marketing campaign efforts in a search for long-awaited tourists, short and long-haul - as Europe, in particular, cautiously emerges from the worst of the COVID crisis.

The COVID crises and resulting destination re-consideration evident in most intending travellers provides Estonia with a once-in-a-lifetime opportunity to re-present itself in a compelling way - with its unique set of timely benefits versus alternative destinations Estonia can..

I. **effectively get higher up the consideration order of potential tourists - already aware of Estonia**
II. **get on to the consideration set list of other tourists who are currently seeking novel alternatives to their traditional pre-COVID destinations, and normally would not have actively considered Estonia.**

It is clear that this requires some amendments and changes to the marketing strategy and tactics of Estonia tourism – which are covered in strategic terms in the next paragraphs in this section 3 and in tactical terms through the rest of this document.

3.1 Tweaking the Brand Proposition & further Developing the Portfolio Model

The Estonia emerging overall tourism *"It's About Time"* proposition, with its associated Culture Nature Food passions is generally well positioned especially in a post-COVID world but would now benefit from a few key amendments and additions, as well as further development of the recently changed brand and marketing operating model. The specific recommendation is..

I. **Refinement and Substantiation of the fundamental Estonia Tourism brand proposition:** More substance should be added to the Estonia "It's About Time" tourism proposition - capturing more explicitly the key concepts of *"Heritage & Culture, Modern Outdoors, Naturally Green, Natively Digital"* and highlighting Estonia's specific - and particular COVID-related clear competitive benefits *quality, convenience, proximity, safety and value.*

   The overall key objective of this proposition refinement and substantiation is to register Estonia in carefully chosen target markets as **the new, maybe even surprising, quality European destination for a post-COVID, more aware discerning traveller –** both as a general tourism/travel destination and amongst priority target groups considering specific interest travel (e.g. culture, MICE, Spa, walkers etc.)

II. A further development of the current brand and marketing architecture model – building on the recent move away from the classic national tourism brand/marketing umbrella model and **going further to a more deliberate portfolio marketing led approach** – featuring specific purpose of visit/passion products "out front" with **fully developed marketing content deployed in specific interest specialist channels,** always **supported by clear brand Estonia ingredient platform as the basis** across all products and sectors.

The long term strength of brand Estonia in this portfolio model mainly derives from its unifying consistent presence and messaging across all products, passions and sectors combined with its greater cut through potential with more specific motivating content for specific priority target audiences

Essentially this brand marketing strategy adjustment involves

- the *further* development of more specific propositions and high quality marketing content around specific priority passions or products from the portfolio e.g. Tallinn (city) breaks, Nature family holidays, Islands,

- Grouped into Passions Culture Nature/Outdoors, (Food)…featuring specific hero products e.g. Spa's, nature routes, classical music breaks/festivals, cycling safaris
- Marketed via highly targeted narrow specific media channels, mainly digitally but also via complimentary traditional channels where appropriate as well as relevant and consistent in-market messaging and novel re-assuring "brand presence" signage and merchandising
- <u>Importantly</u> the choice of specific target markets and associated portfolio product and key marketing and media channels is governed by a new proposed <u>super-segmentation exercise</u> and associated <u>Product Market Fit model</u> outlined in section 4 following
- <u>the Estonia evolved masterbrand proposition remains as the omnipresent common linking ingredient</u> – but its role in marketing and communications becomes more obviously supportive of the specific portfolio product offerings as well as providing top level re-assurance on *quality, convenience, proximity, safety and value* of the destination

3.2 Key Benefits of this Portfolio Model refinement

- Higher chance of effective marketing cut-through in the key market sectors
- Gets relevant motivating marketing content quicker and more directly to target audience - mainly digitally – all to facilitate easier "decisions to buy" for target customers
- Overall long term costs of campaign marketing become lower – even though this approach requires initially higher production costs and efforts, the overall cost of effectively reaching and converting more specific narrow target markets is generally lower and certainly more efficient

3.3 Recommended Actions & Implications

Clearly this strategy shift requires increased resources in terms of effort and budgets and the following action steps are recommended

I. "Workshop" through the substantiated amendments of "It's about Time" with original agency Lantern

II. Develop amended Masterbrand campaign messaging and top-line content – could be disaster checked as part of recommended insight research steps recommended *in section 7*

III. Finalise the ingredient platform brand model and brand management system, framework and assets

IV. Following the completion of the Product Market Fit model (*see following section 4*) and the associated selection of priority market sectors and priority portfolio products/passions – amend/develop final marketing content/campaigns each of the selected featured products/passions (*more detail on breakthrough campaign development in section 5)*

V. In parallel to the content development work, finalise market specific / portfolio specific media action plan derived from the Product Market Fit Model – probably requiring the help of a specialist media agency for target market detailed targeting.

Dependent on resource level and assuming agency availabilities and fast completion of first pass of Product Market Fit exercise (*see following section 4 on Super Segmentation & Product Market Fit Model and subsequent section 5 on Breakthrough Marketing Content*) **– with dedicated adequate resources and focussed effort <u>this process could be completed within 100 days</u> – with 1st Masterbrand new content and selected portfolio marketing content ready to be deployed by mid-September.**

4. Product Development Super Segmentation Product Market Fit Model

CONTENTS

4 Super Segmentation & Product Market Fit Model

This recommendation calls for a deliberate and well considered move to a highly segmented approach for identification and prioritisation of target markets and product portfolio offerings and their subsequent matching in a new Product-Market Fit Model (PMFM).

4.1 Product Market Fit Model - Objectives

This Product-Market Fit Model is essential to govern the selection of the most attractive priority markets and priority products to enable effective and efficient marketing breakthroughs and to maximise the long-term socio-economic return of the marketing investment. The Product Market Fit Model results also guide optimum product and package linkages as well as identify key high value product portfolio gaps for specific product development opportunities.

The key ultimate measures* of success and basis for ROI calculations should focus on revenue performance – overall and per head; effective season extension (measures to be confirmed), regional spread and performance of specific "beyond-Tallinn" retained revenue. Existing industry market investment also needs consideration – especially the key transportation companies plans and assets. Additional key trackable performance indicators could include revenue per stay, average length of stay, incidence of add-on packages, cost of effective marketing, etc.

**Measures & Insights recommendations are covered in section 7*

4.2 Product Market Fit Model - Overview & Implications

This involves the identification, classification and prioritisation of Estonian **tourism target market audiences and product groups** in terms of measured **attractiveness** of the target market according to a set of critical measures such as those outlined below and importantly recognising key transportation companies perspectives, assets and plans and measured **realisability** i.e., a weighted measure of the relative ease and cost of "landing" each target market in Estonia - again based on a number of critical measures as below

- Attractiveness Measures for both market sectors and product : could include revenue per head, seasonality habits, ambassador effect, regional profile, average length of stay, average party size, loyalty levels, environmental awareness, add-ons consumption, digital "virality" (digital influence effectiveness) etc.
- Realisability Measures could include: ease of access (direct air, short ferry, cross border own car), existing awareness of Estonia, cost of break-through effective marketing - both digital and traditional, environmental sensitivity, specific high profile relevant event linkage e.g. (Iron-Man, Rally, Tartu 2024 etc.) language/food/culture pre-requisites etc.
- Target Market Sectors examples include – German nature enthusiasts, Helsinki urban hipster nature lovers, older German/Swiss/Austrian high culture seekers, EU walking/cycling enthusiasts etc., Asian medieval Europe scholars
- Portfolio Product examples include – Spas, Tallinn city break, Nature Trails/Hiking/Biking, History & Heritage tours, Family Nature Holidays, Soviet History experience. *(see final section 4.4 here for some detailed examples)*

4.3 Recommended Key Actions on the Product Market Fit Model

I. **Enabling a meaningful Product Market Fit Model (PMFM) requires clear, consistent up-to-date data and insights input** on each of the identified target markets and on the portfolio offerings as well as planning, route and access development perspectives from the larger transportation companies.
   a. **Data** requirements include: current and projected numbers and estimated revenue, average length of stay and party size, seasonality profile, regionality profile
   b. **Insights** requirements include: key motivators, table-stakes (must haves), add-on requirements (beyond their main interest to travel)

II. Importantly in the absence of formal up-to-date consistent data and insights - then initially **educated estimates** can be made from analysis of existing and historical data, ideally supplemented with some basic fast track qualitative research to fill in the missing insights ***– see section 7 on Measures.***

III. The PMFM is best built in a couple of collaborative workshop sessions using all available data, quantitative & qualitative insights from all available latest sources both off line and online with some professional analytics and marketing strategy facilitation to develop a **1st cut draft version.**

IV. A subsequent sharing and stress testing session involving the transportation companies, new regions/destinations, the various product specialist groups can refine this first draft model. Ideally some basic confirming qualitative research with priority carefully chosen markets - run in parallel or in advance of workshops - can also feed insights and provide significant objective input to the PMFM.

V. Estimated time to completion of **1st draft** PMFM – 8 weeks; with **final** verified version in 16 weeks

4.4 Product Development – Some Portfolio Potential Development Opportunities

Considering the move to a more experience and product oriented marketing architecture and model and considering all the evidence and input from industry consultation there seems to be opportunity for a portfolio of viable regional and specialist tourism packages or parts of packages in combination with other regions/products or Tallinn – as well of course as Tallin itself as a clear "stand alone" offering.

Considering Tallinn first:

- **"Tallinn Breaks"** – maybe not with the traditional generic *"euro city break"* content and look and feel, but more explicitly tailored for a post COVID city audience & stressing Tallin's high quality difference! This would require some work on tightening down a more specific and more competitive post COVID positioning for the Tallinn brand versus its usually much larger scale competitive set. This could involve

    1. dialling up the city nature, city trees, city parks, city beach side; outdoors, cycle & walking amenities; overall internal proximities in terms of short distances and ease and range of tourism independent mobility options) scooters, bikes, cars, public transport; and family friendliness – kids activities, general security and safety; and digital connected-ness.. the recent GDS Sustainability program, the clean-air European city top 5 ranking and finalist selection as European Green Capital 2023 – are all good supporting evidence also
    2. additional featuring of course the traditional Tallinn unique benefits - historical old town (UNESCO designation), and range and quality cultural attractions
    3. target markets: a move to possibly a more upmarket segmented targeting of special interest groups in European cities in general with particular focus on priority air connection source cities - *London Paris Vienna Frankfurt Zurich Warsaw Rome Amsterdam*: longer term potential long haul markets: *USA, Japan*
    4. seasonality: all year but spring and autumn particularly with a winter Christmas niche market

- **Tallinn as the "new" MICE in-location –** Tallinn particularly has significant international credentials – even more so post COVID - as a leading modern, green, digital-first site for small and medium hybrid senior management meetings.

    1. Although the overall international meetings and incentives business and especially the large scale convention market is clearly slow to recover…there is growth increasingly evident in this niche of smaller senior and management international companies physical and hybrid meetings. Much of this driven by the rise is remote and hybrid work practises.
    2. Tallinn has proven itself over the past year particularly in hybrid event management in challenging circumstances. This focussed opportunity builds naturally on Estonia's global digital reputation, the country's smallness, flexibility and agility – major advantage amongst European capitals and larger cities.
    3. Other major Tallinn competitive advantages here include the availability of highest quality historical venues with full tech support and a significant range of "add-on" cultural experiences, range of local transport options.
    4. Importantly there are clear leverageable international MICE trade and industry PR opportunities in this "story". Particular opportunities exist for joint initiatives with the tech community as well as with the development of satellite events programs for the bigger "under threat international large scale events. In this specific regard – KATALEST is facilitating a direct approach for the Estonian Convention Bureau to the leadership team at the websummit organisation – organisers of some of the world's biggest and most prestigious "tech in society" conferences - to explore possibilities for hybrid events for Tallinn.

Considering the rest of Estonia…some potential examples..

- **a *Borderland soviet theme product/package - centred on the Narva** region and potentially connected to the Soviet museum offerings in Tallinn; significant niche market for European, cold-war and Soviet history enthusiasts and a growing general interest market. Lessons to be learnt from other European cities Berlin, Vienna, Prague, Budapest etc. Target audience is relatively easy to identify and connect with digitally via specialist websites, conventions, academic communities etc. Potential opportunity for “summer schools”, festivals etc…as well as tie-in with St Petersburg

1. target markets: special interest history groups in European cities including priority air connection locations - *London Paris Vienna Frankfurt Zurich Warsaw Rome Amsterdam*: longer term potential long haul markets: *USA, Japan*
2. seasonality: essentially weather independent so could be focussed on shoulder periods and specific winter offering

- **a *Baltic-Islands set of offerings** – focussed on (but not limited to) an upmarket presentation of Saaremaa - with a *Baltic Martha’s Vineyard’ type of image; proximity and direct air linkage to Tallinn

  1. target markets: upmarket yacht/harbour resort enthusiasts in Germany Scandinavia Netherlands; upmarket family holidays from Scandinavia, Germany, UK/Ireland
  2. seasonality: Spring & Summer

- **Pärnu** - 2 separate products - 1. *family beach activity holiday – high quality, safe, child-friendly, teenage safe, quality spas – proximity to and access via both Tallinn and Riga; 2. specialist Spa enthusiasts

  1. *** Pärnu family beach activity holiday**
     - target markets expand beyond traditional strongholds of domestic Estonia, Latvia to Germany, Sweden (some limited success currently) as well as to Netherlands & UK
     - seasonality: Spring & Summer

  2. *** Pärnu specialist Spa Experience**
     - target markets: domestic Estonia, Latvia, Germany, Sweden, Netherlands
     - seasonality: Autumn & Winter

Importantly the above are illustrative conceivable examples of mainly geographically rooted potential portfolio product/package offerings.

The recommended Product Market Fit Model combined with fresh insights from the recommended research (section 7) will of course determine the most “attractive” product offerings and target marketplaces and this is what should ultimately govern product development priorities.

5 “Breakthrough” Marketing Campaign & Content

CONTENTS

5.1 Strategic Context:

Overall and having talked to a cross-section of the industry over the past few weeks as well as seen and experienced some of the Estonian tourism offerings at first hand over the past 10 months – **it's clear that the overall Estonian tourism product quality is exceptionally high by international standards.** This is true right across the extensive range of tourism offerings and includes the supporting essential infrastructure experienced by all visitors.

In addition it is also apparent that many of the Estonian tourism industry actually do not realise just how good the product is - on an international scale and this is somewhat of a problem/challenge - when combined with most Estonians' natural inclination to not overclaim and often undersell!

It is also abundantly clear there is a significant gap between the "mostly lazy" common external consumer **perception** in many non-neighbouring markets of Estonia as - *at best* – an average tourism experience (beyond Tallinn's acknowledged "impressive old town"); versus the pretty consistent **reality** of a high quality world class visitor experience in the main.

Importantly whatever the objective actuality is here - the critical issue is that **the actual great tourism experience in Estonia nearly always significantly beats its pre-experience perception**.

Again this was a recurring theme among most stakeholders and although one could argue that this is "a good problem to have", significantly narrowing this perception gap will give Estonia a much better chance of securing stronger revenue growth and attracting new more "attractive" long term business especially in this more cautious but also more considerate post COVID times.

In addition in the more Estonia-familiar neighbourhood markets there is the feeling - clearly evident from the range of face-to-face industry consultations and various group discussions with destination representatives - that, as well as the above perception gap in "virgin" markets, there is evidence that Estonia is losing relevance with especially older Finns and Russians. Also amongst many of the younger generation, it is felt that Estonia can sometimes be generally perceived as dated, and generally not cool, nor relevant.

Paradoxically for specific young sub-segments - that are clearly more aware - there is also much evidence of recognition of Estonia as a hot bed of cultural artistic cool e.g. Jazz, film

This general Estonia perception gap in both virgin and "familiar" markets is both a problem but also presents a significant opportunity particularly in these re-evaluative post-COVID times.

5.2 Marketing Breakthrough Strategy – Closing the Perception Gap

This timely closing of the general Estonia tourism perception gap should be the driving critical objective of the overall Estonia tourism marketing and development strategy as well as the focus of immediate term marketing campaign content tactics as we emerge from the COVID crisis.

This is best achieved via a number of specific marketing actions – which will again require increased investment of resources to enable effective break-through and significant perception changes.

These are:

I. the consistent deployment of exceptional high-quality Estonia tourism multi-channel marketing content – at least "matching" the high quality tourism experience. There are already some examples of this in the current content portfolio – it's just about taking this to the next level of quality finish across the full range of priority products/markets and with a consistent recurring substantive Masterbrand re-enforcement message
II. delivered with "rifle shot precision" to relevant target audiences – mainly digitally - but also reflected physically in traditional media where that's more effective, creative on-the-ground physical signage and consistent multi modal brand presence in market.
III. clever consistent creative leveraging of non-traditional tourism complimentary channels, events, spokespeople, celebrity, sport, government and diplomatic soft-power channels, journalists and the tech industry particularly – with the overarching objective of maximising effective message reach and "earned media"
IV. In an effort to achieve this level of breakthrough, and given the reality of historically low marketing activity budget the recommended marketing logic calls for a non-traditional marketing spend model featuring a **proportionally "higher than normal" spend and effort on content production** – enabling a noticeably overall high quality and range of brand marketing assets - with a proportionally lower-than-normal percentage spend on paid-for media and general deployment.

Truly high quality un-expected quirky content – effectively earns its own media and garners strong reputation via **word of mouth** – a much more realistic path than insufficient and unrealistic classic media spending.

This is key to "breakthrough" marketing - enabling a meaningful closing of the Estonia tourism perception gap and seeding and growing a reputation as a "surprising" world class tourism destination.

5.3 Recommended Actions - Marketing Content Development

With the dual objectives of achieving the overall breakthrough of Estonia post-COVID confident messaging as well as delivering more detailed sector level critical information to specific target audiences efficiently and effectively – and assuming agreement to the marketing positioning refinement and amended portfolio model strategy as recommended *in section 3* - the overall recommended marketing content development plan can be summarised as follows

I. Finalise the enhanced brand **Estonia "Masterbrand" messaging**, building on the current "It's About Time" proposition and adding the critical *open, open-air, safe, convenient, connected messaging* to arrive at a more specific longer term post-COVID-era refined brand positioning – e.g. *"Naturally Green, Natively Digital, Conveniently Connected"*

II. Development of a simple pragmatic consistent **Masterbrand hosting framework and ingredient brand management system** - clearly based on, and a natural development of - the current "It's About Time" brand identity system and with the objective of maximising the ingredient Masterbrand presence and visibility across all portfolio campaign content and associated collateral.

III. Development of layered specific post-COVID messaging and top-line content both for the Estonia Masterbrand as well as on the key priority portfolio offerings (as identified as priority offerings from the Product Market Fit model – as in *section 4*)

IV. **Campaign "Concept Outline" – a suggested potential approach** - based on early thinking and discussions with several industry stakeholders. **Importantly this to illustrate the scope and scale and obviously this needs formal development** via the Content Development Process outlined above here.

- Overall Objectives: Secure Breakthrough noticeability & positive surprise - for Estonia as an ideal post COVID destination in general and in particular with identified priority target audiences featuring identified priority product portfolio offerings (via the PMF exercise)
- Overall Tonality: *Positive Confident Happy Quirky Indirectly Re-assuring* (*on post-COVID concerns)*
- Campaign Format/Device: TESTIMONY video snippets - "UGC style" featuring Real People (not "influencers") showing & telling; still photography for traditional media, outdoor
- Critical Casting - 3 types of cast: 1. tourists, 2. "real" Estonians, 3. "famous" Estonians
- Demonstrating
  - things being done, not just listing things-to-do; in general and for portfolio products
  - in surprising/arresting ways – conductor in nature, cyclist at world class restaurant, the President cycling, the Rally star bird watching..
  - Proximity & Accessibility – "minutes between attractions" both in Tallinn & across Estonia
  - Travel Convenience & Safety: ease of mobility, modern range of choices, ease of using, wide availability, independent nature
  - Nature Near & Everywhere – Tallinn Parks & Street Furniture, Pärnu boardwalk, Haapsalu Castle, air quality, people density, "outdoor by nature"
  - All The Seasons – spring summer autumn winter – *own the lighting!*
- Important Content considerations – both in general and also in featuring portfolio products
  - Recency – clearly a post COVID current reality world
  - Regions – as well as Tallinn & stressing surprising proximity (in time units) and linkage
  - Reassuring – showing, more than telling: *quality, safety, outdoor (air quality), convenience, proximity, nature everywhere, connectivity (digital) everywhere, remote but connected (lowest people density with highest digital access rates)*

5.4 Marketing Content Development - Implications/Requirements

Obviously, this requires very specific development and production work on structure, architecture, and content – but represents a clear and natural development of existing Lantern foundational work and more recent internal creative work.

In my experience – with close control and involvement – this can be done collaboratively with the agency and with expert help and facilitation - quite efficiently **over 8 to 10 weeks**. This is of course following agreement on a clear brief, which is ideally derived from up-to-date research insights and the first draft findings of the Product Market Fit model.

This can also be done over stages e.g. Masterbrand messaging refinements first as a clear priority for soonest possible use in marketing - realistically Autumn campaigns. The rest of the ingredient brand model elements and the portfolio offerings content to come later - in effect in time for winter and for next spring season pre-marketing.

6. Digital as Default Operating System – D2T: Direct to Tourist

Digital as a "standard default marketing operating system" clearly makes sense to deliver the recommended highly segmented portfolio marketing strategy. This is even more relevant considering Estonia's global reputation for all things digital and the **likely consumer expectation that an Estonia tourism digital experience will be "good to great" anyhow**..

Although it's clear that Visit Estonia marketing effort is mainly digital already – this recommendation calls for **all the industry to adopt digital as default**, guided and led by Visit Estonia as well as for **Visit Estonia itself to upgrade its own digital marketing efforts in terms of scale of activity, breadth and depth of original content** and overall push for increased engagement levels across relevant social specialist channels as identified in the Product Market Fit model.

The Recommendation calls for clear Digital as Default Marketing Operating System - D2T - featuring 3 essential elements:

I. Significant upgrade in regions/destinations and product specialist's digital presence – websites, maps and choice of languages – as well as close integration with visit.estonia website.
The regions/destinations in particular recognise their shortcomings on digital in general, as identified in consultations with the industry engagement sessions, and in particular in the pre-meeting survey results. (see appendix X for Industry Survey Findings)

- "*lack of a clear digital presence/website in the right languages*" was identified as the second most important challenge facing destinations currently (outside of COVID)
- improving their digital marketing skills and capabilities was also recognised as the most important change necessary in helping build <u>future</u> business

Clearly this upgrade effort requires some investment in terms of time, resources, budget and clear responsibility as well as close co-operation with visit.estonia website and its digital marketing activity. However, solving this deficiency would be an important gain for the total tourism marketing effort and in particular will greatly help information quality flow to potential customers.
The Tourism Industry clearly sees its shortcomings on most things Digital and know they need help. Visit Estonia needs to guide and drive this Direct-to-Tourist D2T, Digital as Default O/S as a strategic priority and with sufficient dedicated resources to ensure this happens effectively and efficiently.

II. VISITESTONIA.COM to continue its strategy as the key connector with all the essential information required and/or with clear connections to specific information sources to make any potential tourists decisions to commit-to-purchase/book significantly easier.
However to really deliver on this D2T strategy especially in a post COVID world would require **an increase in <u>activity, content and engagement levels</u> both with potential visitors and external partners as well as more linkage, engagement and coordination across the priority product portfolio, with the destinations/regions and other specialist product groups.**

- **Activity focus – both priority audience specification and specialist content focus will be derived from completion of the Product Market Model and its associated identified priority market sectors and products/interests.**
- **Engagement levels can be increased via more specific relevant content, specialist channels and development of ongoing information loyalty programmes via e-mail sign up services**

Importantly much of this is already done by Visit Estonia – what is called for here is a significant increase in the depth and breadth of content and promotional activity level - which may require investment in technology upgrade and overall staffing and content development costs.

III. The addition of dedicated concierge help support staff to the digital engagement platform: skilled customer service agents to help people find their information quickly <u>by live chat and voice</u> and to address any subsequent information clarification and generally increase customer early engagement levels.
<u>Importantly this "use of humans" is not a drift away from the logical strategy of Digital First - but actually an enhancement of this strategy</u> - recognising that people need help from people and the digital component provides both the efficient interface and the the back end intelligence to be able to quickly anser questions, point people in the right digital directions, increase on-line engagement and win their trust to remain connected digitally via digitally ethical sign-up & subscription etc.
This additional human support/enhancement can be presented initially on a six month "pilot basis" as a COVID emergency response tactic - genuinely addressing customer needs for increased levels of up to date information. If sufficiently successful this can then be integrated as a further enhancement of the existing Visit Estonia responses to enquiries service in active co-ordination with the DMO'.

7. New Measures & Up-to-Date Insights

For various reasons there is clearly a significant gap in up-to-date useful accurate marketing data, market and product intelligence and qualitative up-to-date insights on consumers attitudes and behaviours to tourism and travel.
This gap is a critical deficiency – especially in the light of increasing consumer uncertainty and reported evidence of significantly changing attitudes and intended behaviours in a post COVID travel world.
Additionally there is a requirement for information and data that is currently <u>not</u> captured - at least in a timely fashion and in sufficiently meaningful detail - e.g. identified tourism revenue by market/traveller profile, accurate regionality revenue, updated consistent customer satisfaction measures (e.g. NPS - Net Promoter Score or similar) as well as critical tourism micro-data e.g. tourism party size, length of stay, main reason-for-travel, preferred mode-of-movement etc.
As well as for guiding marketing targeting and measuring campaign effectiveness this type of data is critical to establishing new macro-economic level measures to determine the progress of tourism as national wealth generator and to determine and defend the levels of resource and investment required

Recommended Actions for Closing the Insights Gap

The following urgent action is recommended as an overall project priority step

I. commission basic consumer Attitudes & Behaviour study - a combination of digital 1-on-1 individual interviews (IDI) and selected digital discussion groups - featuring
   - familiar & virgin priority market segments; by geography, profile & purpose of travel
   - across those that have travelled regularly, only once, never
   - including selected special interest identified niche markets - e.g. MICE participants, bird watching, classical music, spa tourists, etc.
   - topics to cover focused on
     - overall attitudes to pre & post COVID travel and expected behaviour changes
     - essential COVID related expectations. table-stakes and "definite deal breakers"
     - overall attitudes to Estonia versus perceived alternatives to Estonia; and pre and post COVID differences - if any
     - quality perceptions pre & post visit (where applicable) ; quality rating vs perceived alternatives; price elasticity and value analyses
     - ranking of best features and benefits - for visitors
     - ranking of key weaknesses and missings - for visitors
     - detailed expectation and reasons for non-visitors and "intend-to" visitors

II. setup post-visit interviews at points of exit (airport, ferry terminals) and also as agreed post -return home interviews - mainly covering
   - experience versus expectations
   - itinerary / journey detail
   - estimated spend & relevant detail
   - satisfaction and opportunity audits
   - intention to revisit and recommend analysis
   - general SWOT

III. Run a key data audit with the relevant government departments, border authorities, statista and other sources (mobile operators, bank sources, transport and mobility providers) to determine the optimum short term solution for "guesstimating" key data points and medium term to establish the best data gathering, research or estimating models
   - Priority Data sets include - revenue detailed to individuals, regional profiles, length of stay, movement pattern detail, seasonal patterns, expenditure splits on accommodation, movement, food, retail, tourism attractions, events, specialist activity
   - Relatively simple "exit survey" sampling can provide initial good basis for pilot to help shorter term estimations; a full tracking study can subsequently be developed for ongoing key measures

IV. Develop a specific customer satisfaction measurement tool for broadscale industry wide-use

V. Combine all of the above with current latest digital footprint and profile data – to formulate an up-to-date accurate picture of target markets' attitudes, key behaviours

VI. A boutique market research consultancy or specialist could facilitate all of the above.

8. Creative Leveraging to enable Marketing Breakthrough

The key to maximising messaging effects, generating significantly higher levels of "earned media" and enabling general marketing breakthrough at a mass market consumer level is the leveraging of non-traditional assets and channels.

In the Estonia tourism case this is both <u>very possible</u> and of course already happens to an extent - no surprise given the relative small size of the overall Estonian "community' and the genuine interest in most things Estonia-related internationally as well as the ease of networking within the community.

Creative Leveraging in this case is also <u>essential</u> as the budgets required for paying for the breakthrough level of media both traditional and digital in Estonia's lead tourism market sectors is prohibitively expensive and general spending at below these levels is mostly a waste of budget and resources.

Creative Leverage is particularly relevant in the following sectors and channels

- **Events**
  again there is obviously close collaboration and support already on many key showcase events - Tallinn Music Festival, Rally Estonia, Tartu 2024 (European Capital of Culture), Bocuse d'Or Estonia, Black Nights Film Festival, Ironman Tallinn as well as various classical & Jazz Music festivals etc.

However some of these larger events that are closely strategically aligned with the emerging tourism portfolio strategy - could be likely leveraged further with even closer longer term brand marketing tie-ins, pre-event co-promotion and on the ground closer involvement and support with add on trips and tours, extended stays, specific journalism programs etc. The real benefits to the event and to tourism in general is this pre-event and post event legacy support - Tartu 2024 & Rally Estonia being good examples.
Again this clearly requires additional resources and budget but certainly could have a number of sources of government funding and if positioned and presented – correctly - as of strategic national economic consequence – and as an integral part of the 2024 tourism plan - could justify EU level structural support.

- **Soft Power**
  from both official and un-official “ambassadors” The key to effective and efficient leverage here is the provision of a comprehensive set of consistent tools and collateral and in some cases consistent formal briefings (to the Estonian diplomatic corps for instance) to enable “ambassadors” both official and unofficial to be as close to “on-message” as possible. A dedicated and updated digital channel would be an obvious asset here.
  Again this has been done before - but its really the scale of effort and resource that is put into this that determines its ultimate value to the overall tourism marketing effort. The diplomatic corps is - in my experience - almost universally under-estimated and under-utilised as a communications channel - but when done right and taken seriously the positive effects can be significant.

- **Tech Sector Alignment & Co-operation**
  This is maybe not an obvious one for tourism - but in Estonia’s case, and again given the global digital reputation the potential for leverage and co-operation is significant.
  In addition, in the specific realms of Data tracking and the general D2T upgrade direction as well as in the provision of novel mobility solutions - **active close partnership could have some obvious practical benefits.**
  The **MICE possibility in terms of establishing Estonia as the mecca for hybrid and truly sustainable planet friendly meetings** is obvious**.** At a strategic level Estonia's and Tallinn’s already strong reputation as a remote working centre and the current program to attract remote working - as genuine long stay visitors - makes total sense and is a great move towards closer co-operation. From the tech community point of view a great place to visit is a great place to remote-work is a great place to live is a great place to invest!