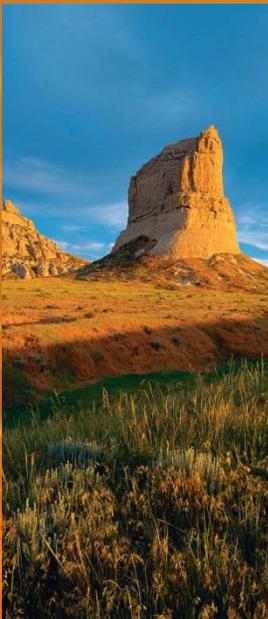


Nebraska Tourism Industry Strategic Plan Appendices

Presented to the:
Nebraska Tourism Commission

August 27, 2012



List of Appendices

- Appendix 1. Addressing Board Rules, Responsibilities and Policies
- Appendix 2. Equation Research, Nebraska Tourism Study
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**Appendix 1. Addressing Board Rules,
Responsibilities and Policies**

Appendix 1 - Addressing Board Rules, Responsibilities and Policies

As of July of 2012, the Nebraska Tourism Division became the Nebraska Tourism Commission, a semi-autonomous organization led by industry, to direct the strategic tourism efforts of the state. A new board for the Commission has been appointed, and efforts are underway to formulate the “rules of the road” for the organization. In this section, we include specific comment on organizational issues that can impact the Nebraska Tourism Commission, followed by a more general set of ideas and comments as to initiatives important to a highly functional and strategic tourism board.

With respect to Board structure and makeup for the Commission, we recommend that over time, the board member skill sets be clearly defined to include representatives from traditional local/regional destination marketing organizations (CVB’s), as well as from private businesses operating in the tourism industry. These private businesses provide a real-world perspective on how tourism in Nebraska is trending, and what initiatives could best support entrepreneurs critical to growing the industry. Also, high level executives in non-tourism industries should be included in order to introduce high quality business practices into the organizations. For example, a chief marketing officer at a large corporation could provide very valuable insight into state of the art marketing techniques. Many times, a board member with a very strong financial background is useful.

It is likely that board representation from CVB’s and from large businesses will have the time and resources to attend board meetings that are held around the state during the year. We have some concern in that owners of smaller businesses have significant time constraints, particularly during peak tourism seasons. Attending board meetings can result in real and unsustainable costs to the business beyond those that are travel related. Every effort should be explored within current legislation to institute a type of stipend to compensate small business owners for their needed contribution to helping guide the tourism industry for the state.

There are a number of other principals and suggestions what we offer as the new Commission board becomes established. These are summarized below.

The Board’s role should be clearly spelled out in written bylaws, and should include the following.

- Provide advice and consent with respect to overall Commission policy and goals, while not interacting in day-to-day activities of the executive or staff.
- Approve the annual operating budget and monitor the Commission’s finances.
- Provide broad direction and general oversight to the Executive Director for the Commission’s operations.
- Monitor the performance of the CEO, President or Executive Director.
- Represent the Commission’s interests among external audiences and serve as an advocate for tourism and destination marketing issues, speaking with a single voice. No board member should publically express individual views on Commission topics that are not consistent with the will of the Board.

Bylaws for the Commission are being developed, using documents from other state organizations as a model. As this process moves forward, we recommend several elements be included to both establish certain legal protections as well as to provide a clear definition of board and staff roles.

- Mission statement and supportive objectives that frame the organization's function of work.
- Meetings of membership—annual meetings, special meetings, adjournment, quorum, waiver of notice, notice of meetings.
- Board of directors—purpose, board composition, terms of office, training and orientation, eligibility for re-election, vacancies, termination, attendance requirements, voting, etc.
- Officers—election of officers, removal and resignation, duties of officers including chairman, vice chairman, secretary, chief financial officer and president/executive director.
- Committees—duties, committee chair appointments, meetings, executive committee, nominating committee duties, etc.

It will also be important to provide a mechanism to formalize the powers of the Board in relationship to the staff, and for the organization to provide clear job descriptions for each executive officer position (president/executive director and department heads), as well as for all board members.

The bylaws should provide detailed direction for the following topics.

- Board and Executive Committee size
- Standing committees
- Task forces
- Board orientation and training recommendations
- How to evaluate the board
- The traditional roles of the board, staff, committees and task forces
- Board member code of conduct
- Board – CEO relationship
- How board members and executive leadership interact with the public/press
- Process for monitoring executive director performance

Wherever feasible, we recommend incorporating governance recommendations from the American Society of Association Executives, along with many best business governance practices and policies in use by many of the most successful tourism organizations. In addition, we recommend that the Commission rely on procedures and information from the Destination Marketing Association International, the professional industry association of DMOs, which has membership of more than 500 destination offices worldwide, including Nebraska Tourism.

Appendix 2.

Equation Research, Nebraska Tourism Study

Nebraska Tourism Study

Updated June, 2012

equation
RESEARCH

NEBRASKA
possibilities...endlessSM

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Design & Methodology

- Overview

- Nebraska Travel & Tourism partnered with Equation Research to conduct an online study to gauge overall leisure travel behavior and patterns, awareness and consideration of Nebraska as a travel destination (compared to other states/destinations), and satisfaction with the most recent Nebraska leisure trip among visitors.
- Fieldwork conducted: April 12-20, 2012

- Methodology

- 15 minute online quantitative survey
- Respondents recruited from Equation's nationally representative panel partner via email

- Sample

- Total (n=552): To qualify for the study, respondents had to be involved in planning leisure trips for the household and have taken a minimum of one leisure trip in the past 12 months that included at least one overnight stay in paid accommodations. The number of respondents who were not at all likely to consider taking a leisure trip to Nebraska in the next year (Rejecters) were capped at 50% of the sample.

- Reach of Target Visitors Recruited for this Study

- Participants for the Nebraska Tourism Study were recruited from key target states where advertising and communications are targeted as well, including the following states:

Arkansas, California, Colorado, Iowa, Illinois, Kansas, Minnesota, Missouri, Montana, North Dakota, Oklahoma, South Dakota, Texas, Wyoming

SUMMARY OF KEY FINDINGS

Summary of Key Findings – Travel Behavior & Patterns

- The economy is a big factor in both past and future travel.
 - Past year travel behavior was heavily influenced by monetary concerns, with 53% of respondents saying they chose less expensive accommodations/destinations and spent less money on their vacation overall, and 27% saying they took shorter trips.
 - Gas prices are the chief factor (65%) determining whether or not people will travel in the next year, followed by cost of living increases, inflation, current status of the economy overall, and rising food prices (all over 40%).
 - Almost 50% of travelers say they spent 2-4 nights at their destination on their last trip, tying back to their desire to save money and take shorter (weekend/long weekend) trips.
 - On their last leisure trip, travelers' mean transportation spend was \$549, and other mean trip spend was \$1,042. However, 37% of travelers say they spent less than \$500 in total other expenses.
- Online vacation search engines/planning sites/booking engines are very useful in both past and future trip planning.
 - 60% of respondents said they used search engines to plan their most recent trip, while 56% said travel/other websites, and 48% said booking engines (e.g., Travelocity, Orbitz).
 - When asked for open ended/unprompted responses about travel/other website usage for their last trip, 87% named these types of websites. Similarly, and again unaided, 84% say they use these sites when thinking about travel information/reservations.
- Florida is the state most travelers have visited since January 2010 (42%), followed by Texas (35%), and Colorado (33%). 12% of respondents visited Nebraska in that same time frame.
 - Unaided, Florida was also the most commonly noted location of respondents' last leisure trip (17%).

Summary of Key Findings – Vacation Destination Awareness & Visitation

- Florida tops the list of vacation destination states that travelers are very/somewhat familiar with in terms of what it has to offer (84%); Colorado is a close second (78%), then Texas (69%). Nebraska is much less well known as a vacation destination (31%).
 - This level of familiarity with vacation destination sites is likely associated with advertising, as respondents most remember seeing ads for Florida (43%), Colorado (29%), and Texas (36%) in the past 6 months- compared to 4% for Nebraska.
 - In addition to a lack of advertising awareness for Nebraska in the past 6 months, 71% of respondents say they have not seen or read any stories/articles about Nebraska in that same time period.
- As with recent visitation and familiarity, Florida (59%) is the vacation destination state most respondents say they are very/somewhat likely to consider for a trip in the next year, followed by Colorado and Texas. Nebraska is further down on the list (17%), likely due to lack of awareness of its vacation offerings.
 - 35% of those who say they aren't likely to visit Nebraska in the next year cite a lack of interest, while 17% attribute it to a lack of knowledge about what Nebraska has to offer.
 - And those who are likely to consider visiting Nebraska in the next year mainly attribute their interest to visiting family/friends (40%).
- Natural beauty/scenery and a relaxing environment (~70%) top travelers' list of ideal vacation offerings.
 - But only about 25% of respondents associate these traits with Nebraska- compared to the 59%-86% who link these traits with Florida and Colorado.
 - Nebraska is seen more as offering open spaces (47%), ease of travel to/within the state (42%), and as having welcoming residents/atmosphere (34%).
- Nebraska faces some barriers in its perception as a vacation/leisure destination. More information is needed to entice prospective visitors.
 - While about one-third of people have a positive impression of it, about the same number feel somewhat negative toward it. 45% feel it's lacking momentum as a vacation/leisure travel destination.
 - Unaided, 24% of people say they lack information about what makes Nebraska a different vacation destination.
 - Unprompted, 18% feel the state is boring and/or lacks things to do.
 - Most descriptions of Nebraska's vacation offerings are quite motivating to people as reasons to consider a future visit to Nebraska, especially the Omaha Zoo, 'where the west was won', & the 'Nebraska Migration', but ongoing awareness is low.

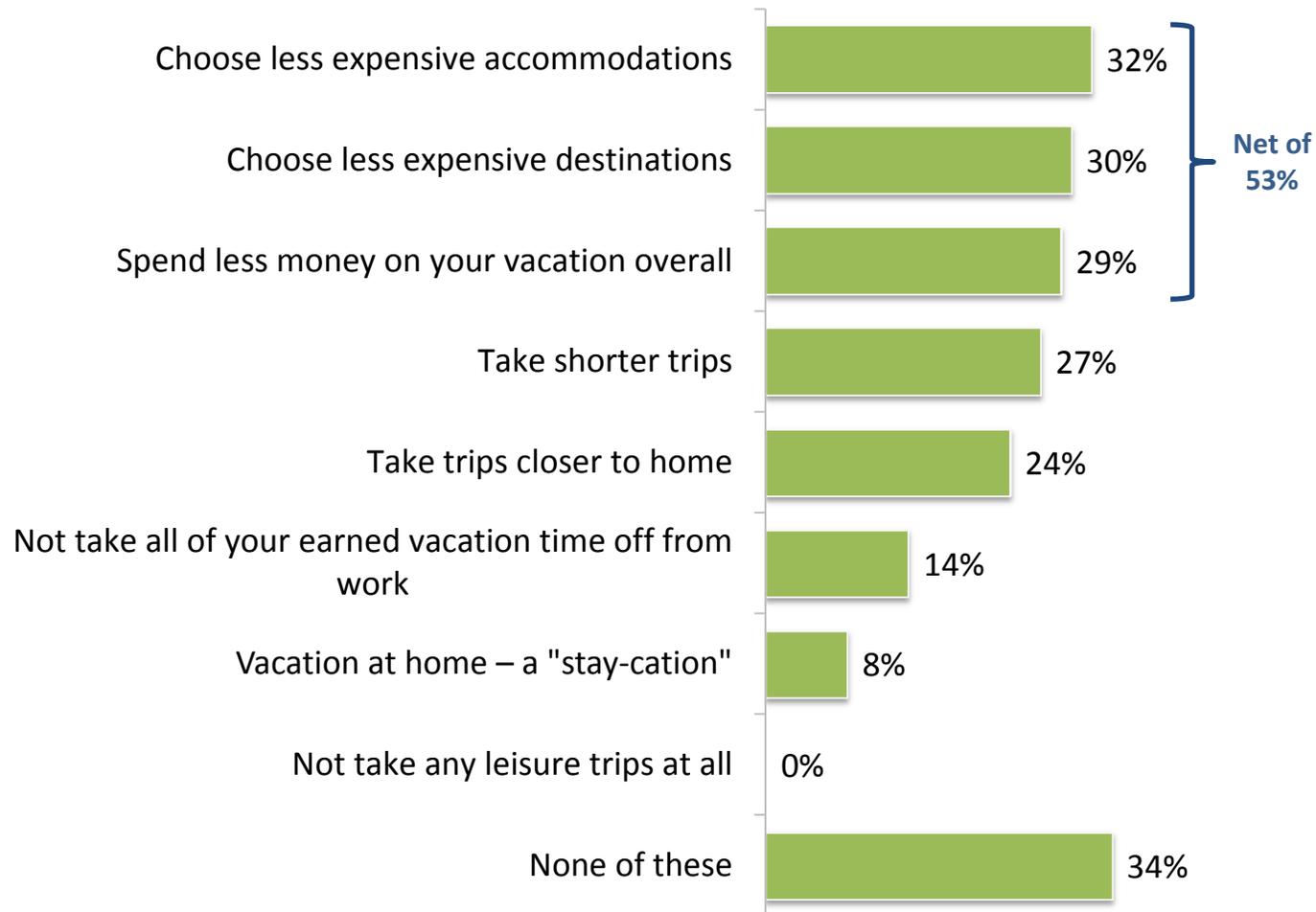
Summary of Key Findings – Nebraska Visitation & Satisfaction with Last Trip

- As previously noted, Nebraska is much less well known as a vacation destination (31%) compared to other states, and only 12% of travelers in this study have visited since January 2010.
 - 1% say Nebraska was the location of their last leisure trip.
- About two-thirds of Nebraska visitors say their most recent trip met their expectations, and 30% say it was much/somewhat better than they expected.
- Almost a quarter of recent Nebraska visitors say they would be very likely to recommend visiting Nebraska to friends/family, but 56% say they would not be likely to do the same.
- When asked an open ended question about what they liked best about their experience, 53% of recent Nebraska visitors noted activities, outdoors, recreation (e.g., the Omaha Zoo, Downtown Omaha, etc.)
 - But 27% point to time spent with family/friends, a factor that often motivates people to visit in the first place and is not an attribute we can use to attract those who do not have friends/family in Nebraska.
- When asked an open ended question about what they liked least about their experience, 39% of recent Nebraska visitors said something about the driving/lack of activities/landscape.
 - 12% did not like long distances driven between towns, 11% lamented a lack of things to do, and 8% thought it was flat/lacked scenery.
 - 14% had complaints about the weather.

TRAVEL BEHAVIOR & PATTERNS

Travel Habits – Past 12 Months

- Past year travel behavior was heavily influenced by monetary concerns, with 53% of respondents saying they chose less expensive accommodations/destinations and spent less money on their vacation overall, and 27% saying they took shorter trips.

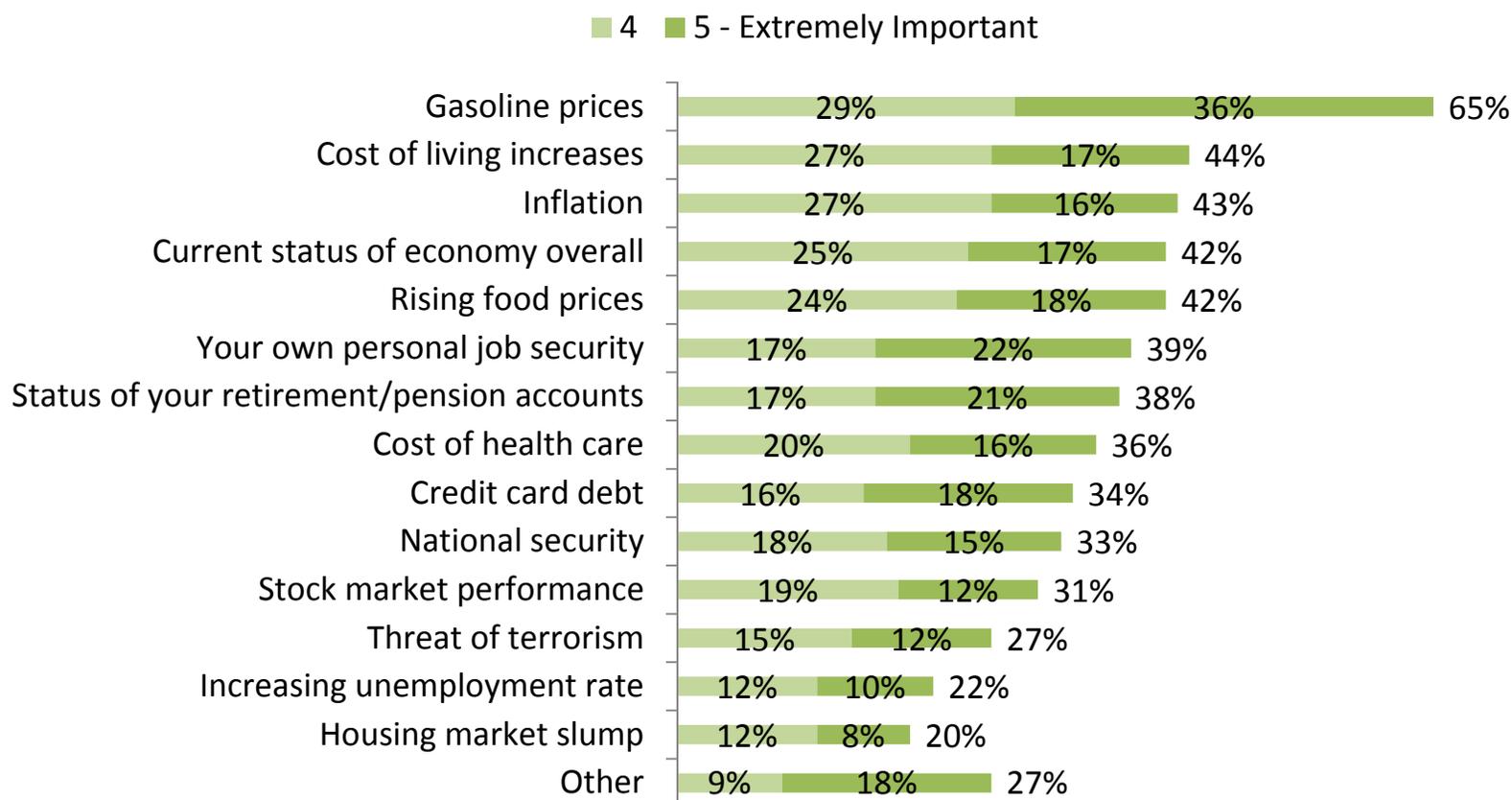


Base n=552

Q1. During this past year, which, if any, of the following applied to you/your family when it came to your actual leisure travel behavior?

Factors in Decision to Travel – Next 12 Months

- 65% of respondents cite gas prices as the most important factor in deciding whether or not to take a leisure trip in the U.S. next year. Cost of living, inflation, overall status of the economy, and rising food prices are also important determinants.

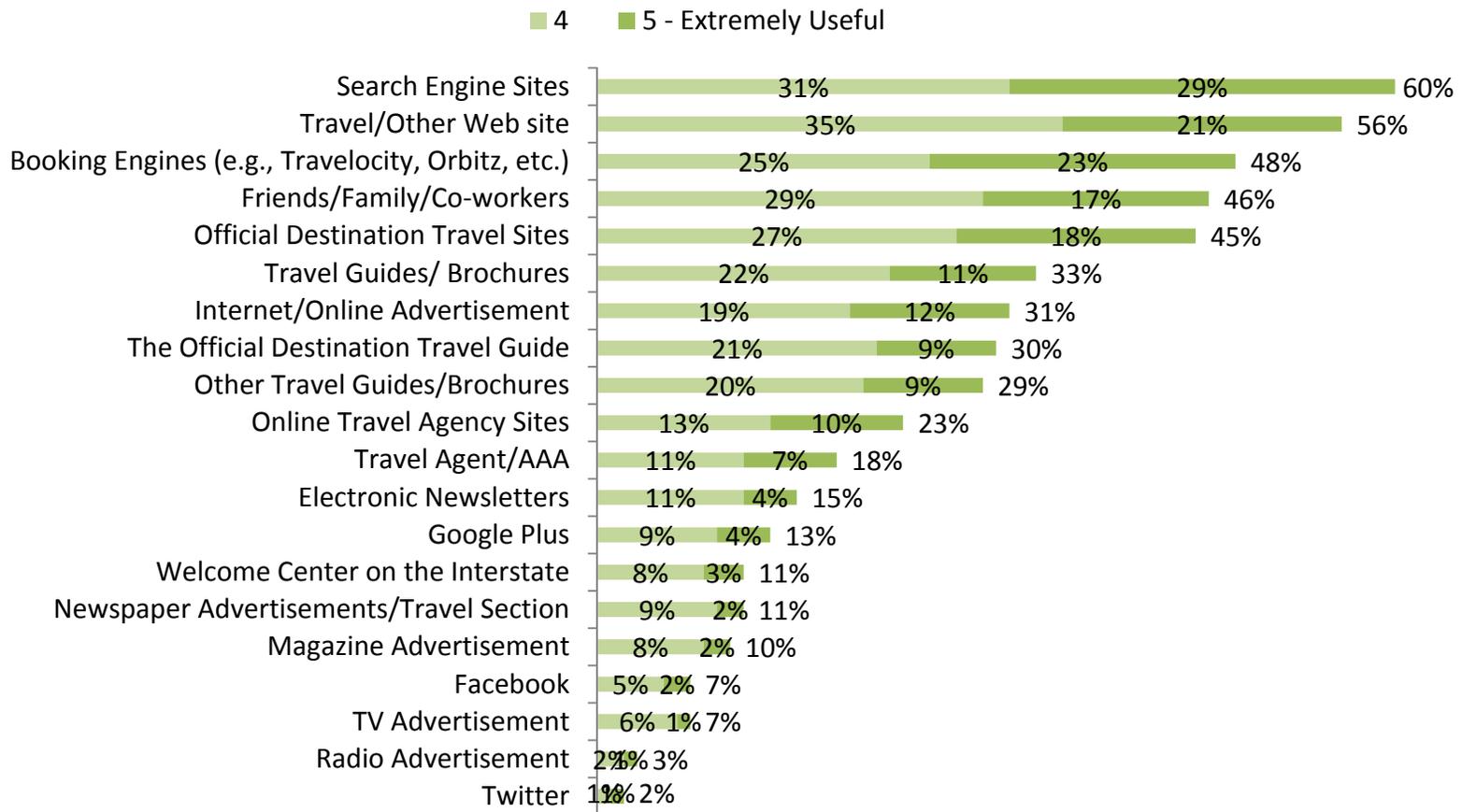


Base n=552

Q2. Now, thinking ahead to next year, in terms of your decision of whether to take a leisure trip/vacation in the U.S., how important are each of the following factors to you?

Usefulness of Travel Planning Tools

- The internet is extremely useful in trip planning. Search engine sites (60%) and travel/other websites (56%) top the list of most useful trip planning tools. Booking engines like Travelocity and Orbitz are also seen as useful (48%).



Base n=552

Q3. How useful were each of the following in planning your most recent leisure trip/vacation?

Travel/Other Websites Used to Plan Vacation

- Unprompted, the majority of people (87%) say they used travel planning/booking engine websites like Travelocity, Expedia, and Orbitz and/or search engines like Google to plan their most recent vacation.

	Used "Travel/Other Website" in Q3.
General Travel Planning/Search Engine Sites NET	87%
Travelocity	28%
Expedia	21%
Google	20%
Orbitz	19%
City/state tourism/destination sites (misc.)	13%
Kayak	11%
Tripadvisor	10%
Priceline	8%
AAA	5%
Yahoo/Yahoo Travel	5%
Disney	4%
Airline Sites NET	19%
Southwest	10%
Hotel Sites NET	14%
Hotels.com	5%
Hotel/resort sites (misc.)	4%
Cruise Line Sites NET	4%
Other	16%
None	4%

Note: Sites with less than 4% not shown.

Base: Used "Travel/Other Website" in Q3. n=484

Q3a. Which sites did you use?

Top Websites Visited When Thinking about Travel Information/Reservations

- And on an unaided basis, 84% of people report visiting a travel planning/booking engine website like Travelocity (37%), Expedia (28%), or Orbitz (25%) or using a search engine when thinking about travel information or reservations. 25% visit an airline website directly.

	Total
General Travel Planning/Search Engine Sites NET	84%
Travelocity	37%
Expedia	28%
Orbitz	25%
Google	22%
Kayak	15%
Tripadvisor	13%
Priceline	12%
City/state tourism/destination sites (misc.)	12%
AAA	9%
Hotwire	6%
Yahoo/Yahoo Travel	5%
Airline Sites NET	25%
Southwest	14%
Airline sites (misc.)	4%
American Airlines	4%
Delta	4%
Hotel Sites NET	19%
Hotels.com	7%
Hilton/Hilton Honors	4%
Other	14%
None	7%

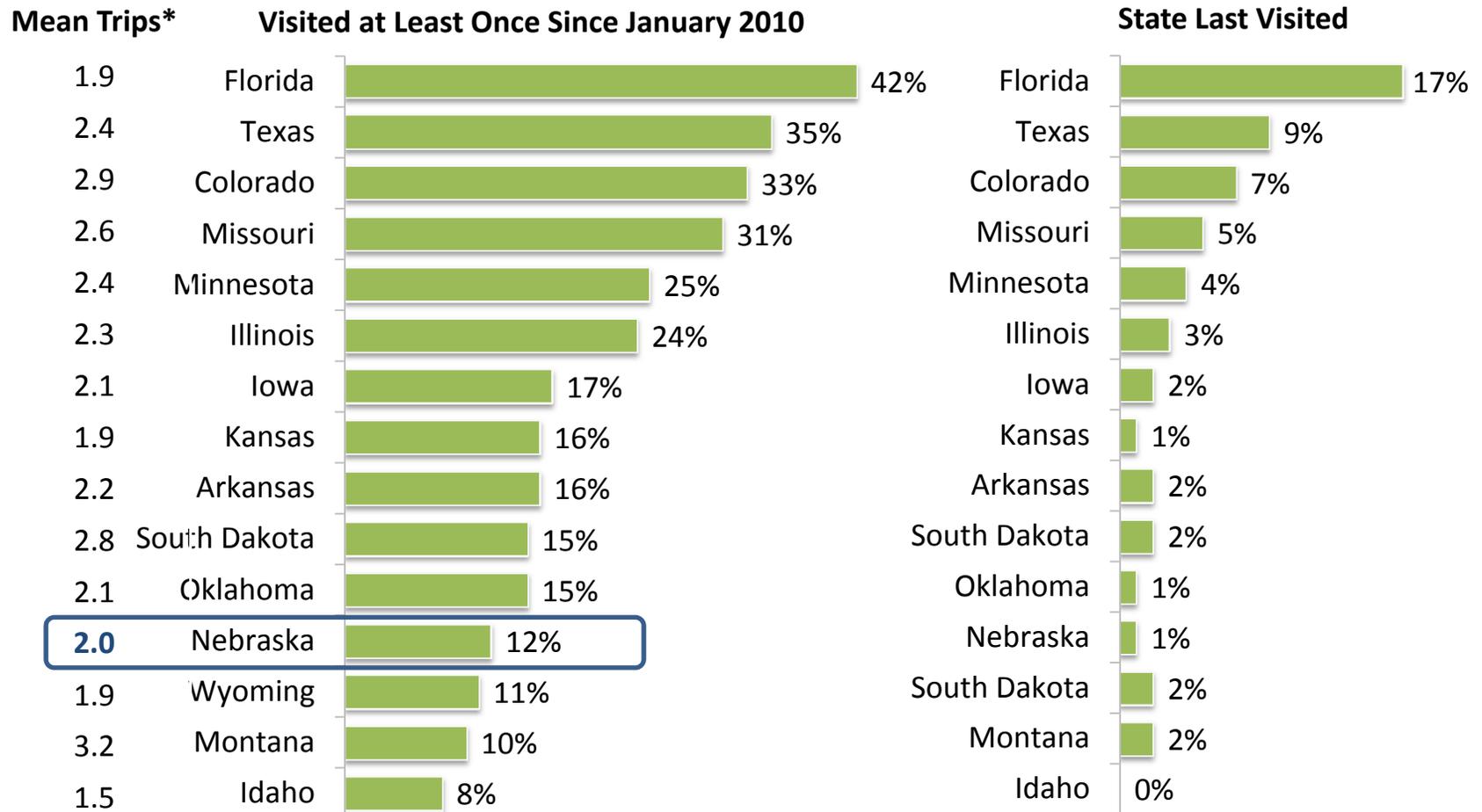
Note: Sites with less than 4% not shown.

Base n=552

Q31. Please list the top websites you visit when thinking about travel information or reservations.

Leisure Trips Taken to Competitive States Since January 2010

- Florida is the most popular leisure travel destination, with 42% of travelers having visited at least once since January 2010. Texas, Colorado, and Missouri are close behind (at/near 33%). Nebraska was visited by 12% in the past 2 years, with an average of 2 visits.



* Mean trips among those visiting at least once.

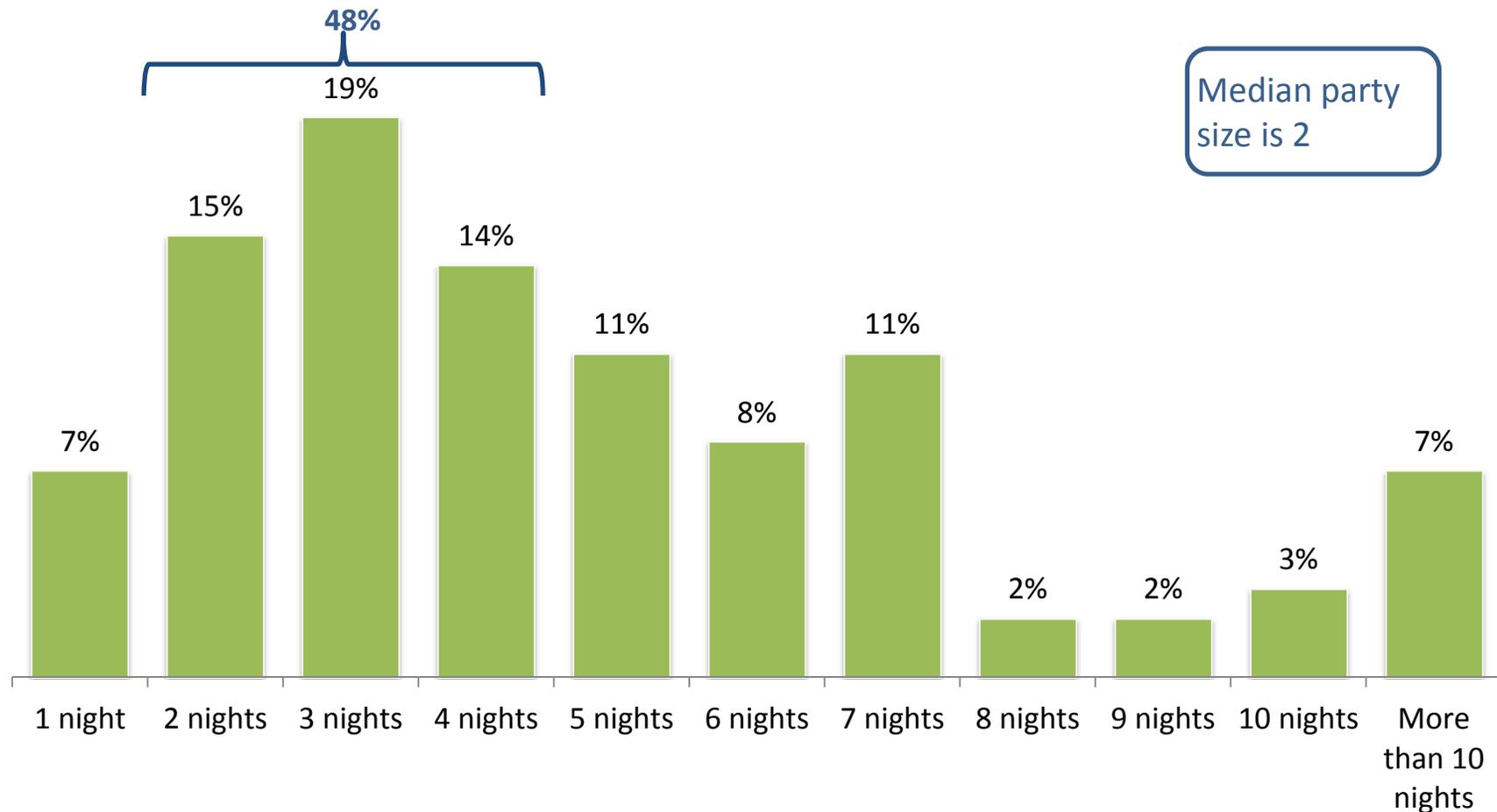
Base n=552

Q4. How many leisure trips did you take to the states below since January 2010?

Q5. And where did you visit for your last leisure trip?

Travel Party Size and Number of Nights Spent at Destination

- Almost 50% of travelers say they spent 2-4 nights at their destination on their last trip, tying back to their desire to save money and take shorter (weekend/long weekend) trips. Median travel party size was 2 adults, indicating couples vacations.



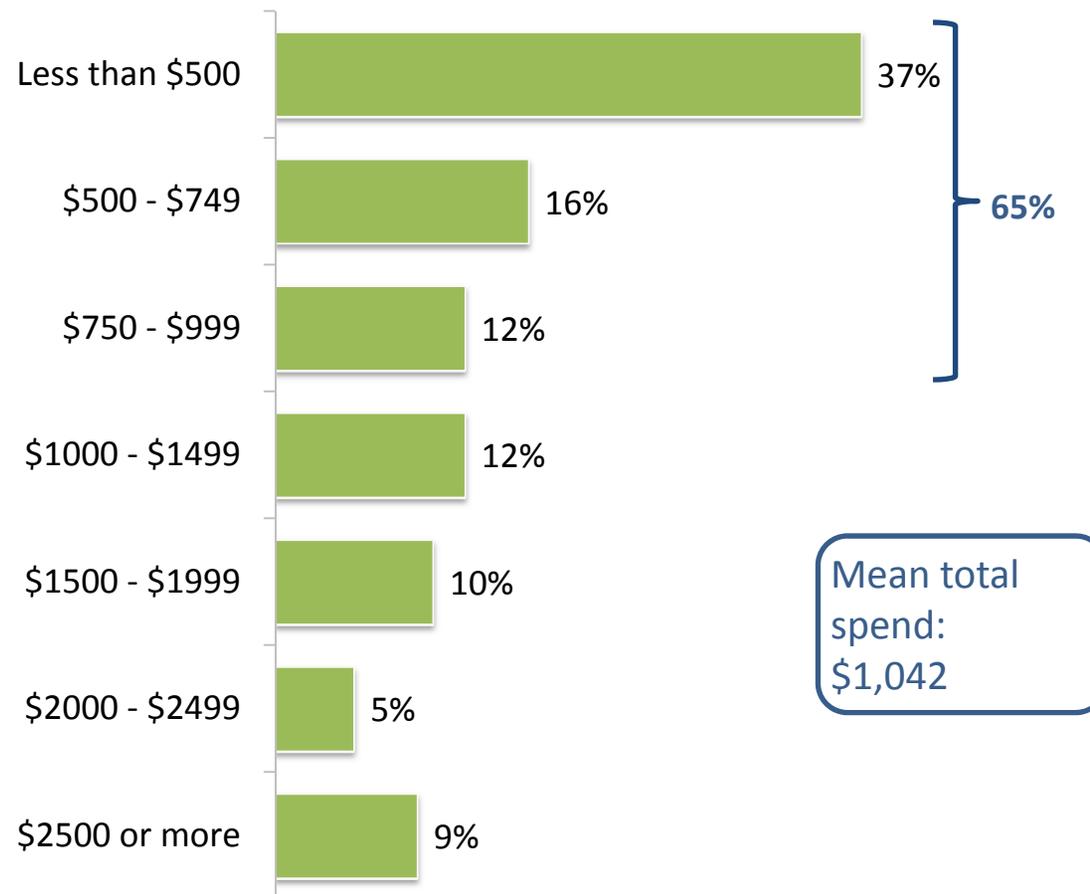
Base n=552

Q6. Including yourself, how many were in your travel party?

Q7. How many **total** nights did you spend at your destination during this last trip?

Total Spend on Last Leisure Trip (Excluding Transportation)

- Excluding transportation, 37% of travelers say they spent less than \$500 while on vacation at their destination, and a total of 65% spent less than \$1,000-- further underscoring respondents' budget consciousness and shorter stays.

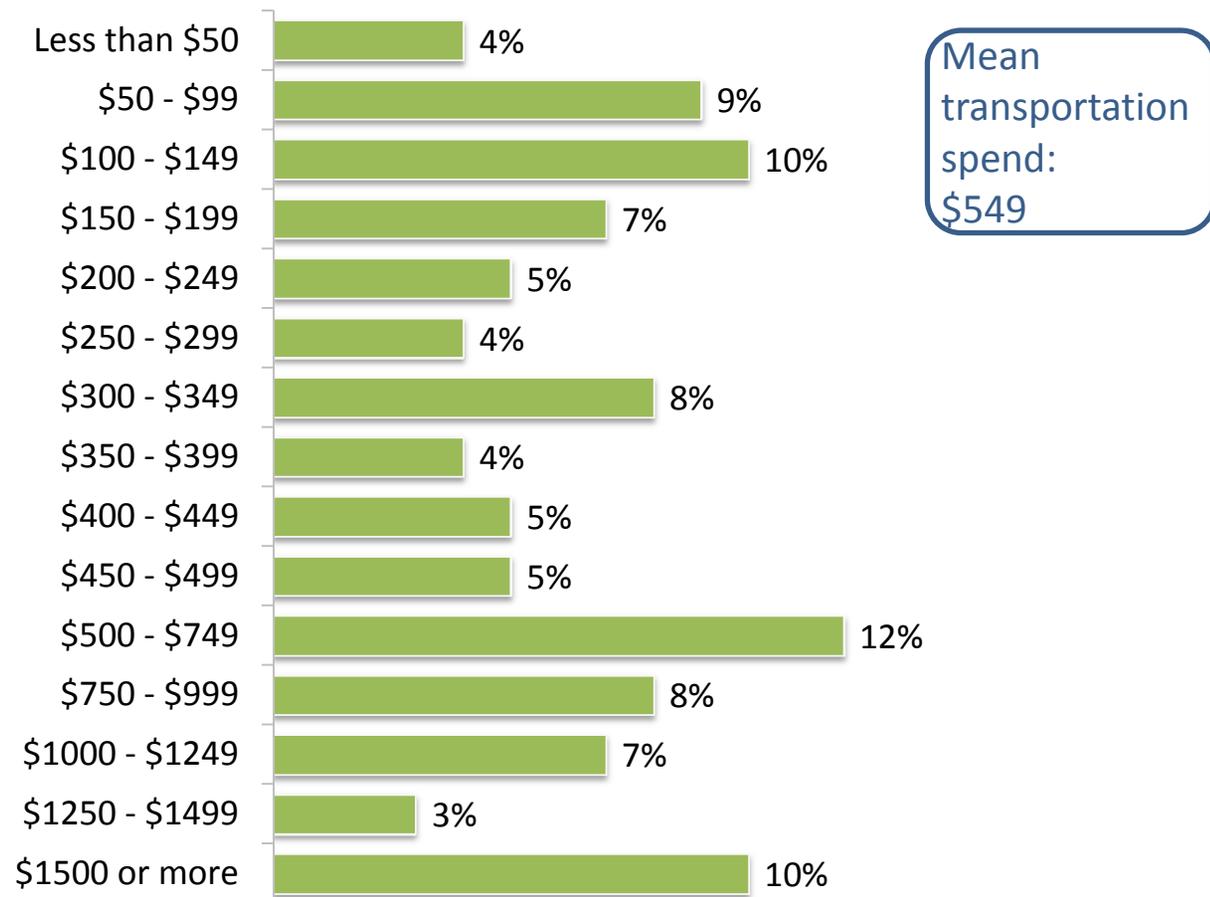


Base n=552

Q9. In total, how much did you spend while on vacation (including accommodations) at your destination? *Please exclude airfare and other transportation costs to your destination.*

Transportation Spend on Last Leisure Trip

- On average, respondents spent \$549 on transportation (including gas, rental car charges, or airfare) to their destination for their entire travel party.



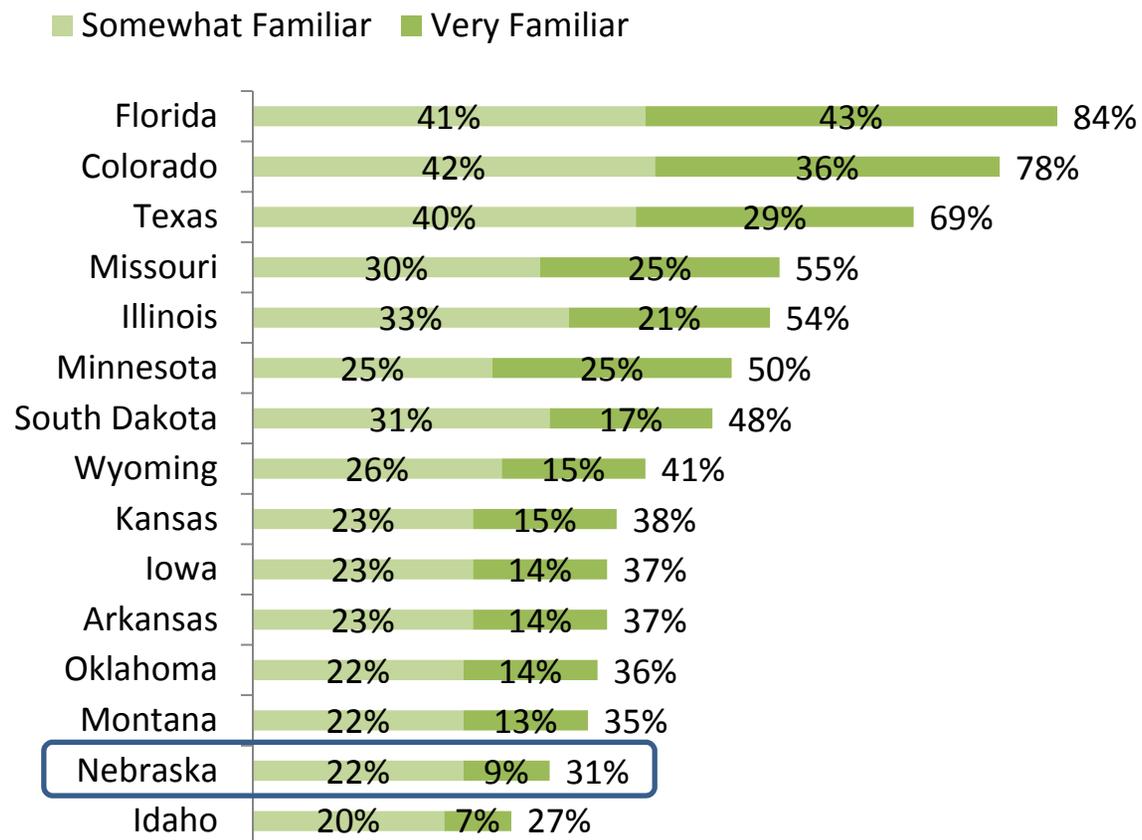
Base n=552

Q8. How much did you spend on transportation to your destination (including gas, rental car charges or airfare) for your entire travel party?

VACATION DESTINATION AWARENESS & CONSIDERATION

Familiarity with Specific States as a Vacation Destination

- Florida tops the list of vacation destination states that travelers are very/somewhat familiar with in terms of what it has to offer (84%), and Colorado is a close second (78%). Nebraska is much less well known as a vacation destination (31%).

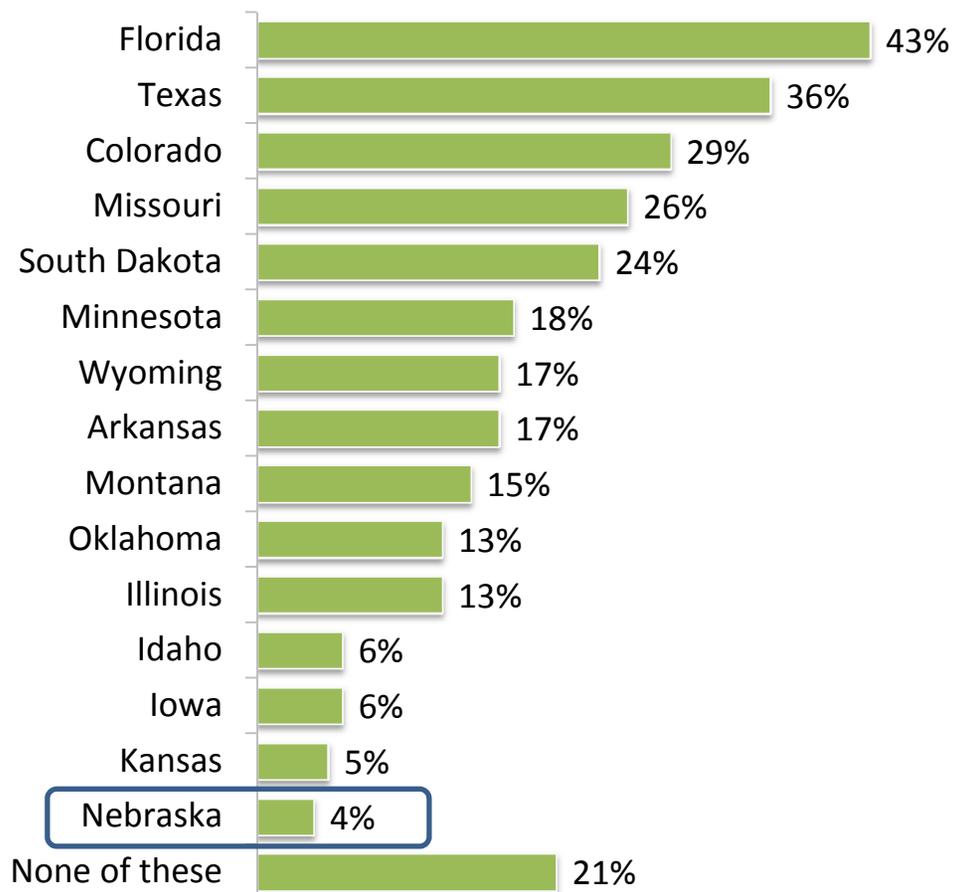


Base n=552

Q10. How familiar are you with each of the following states, in terms of what they have to offer as a place for a leisure trip/vacation?

Seen Advertising for Vacation Destinations in Past 6 Months

- 43% of respondents say they've seen vacation-oriented advertising for Florida in the past 6 months and 36% for Texas. But only 4% have seen Nebraska advertising in that time frame.

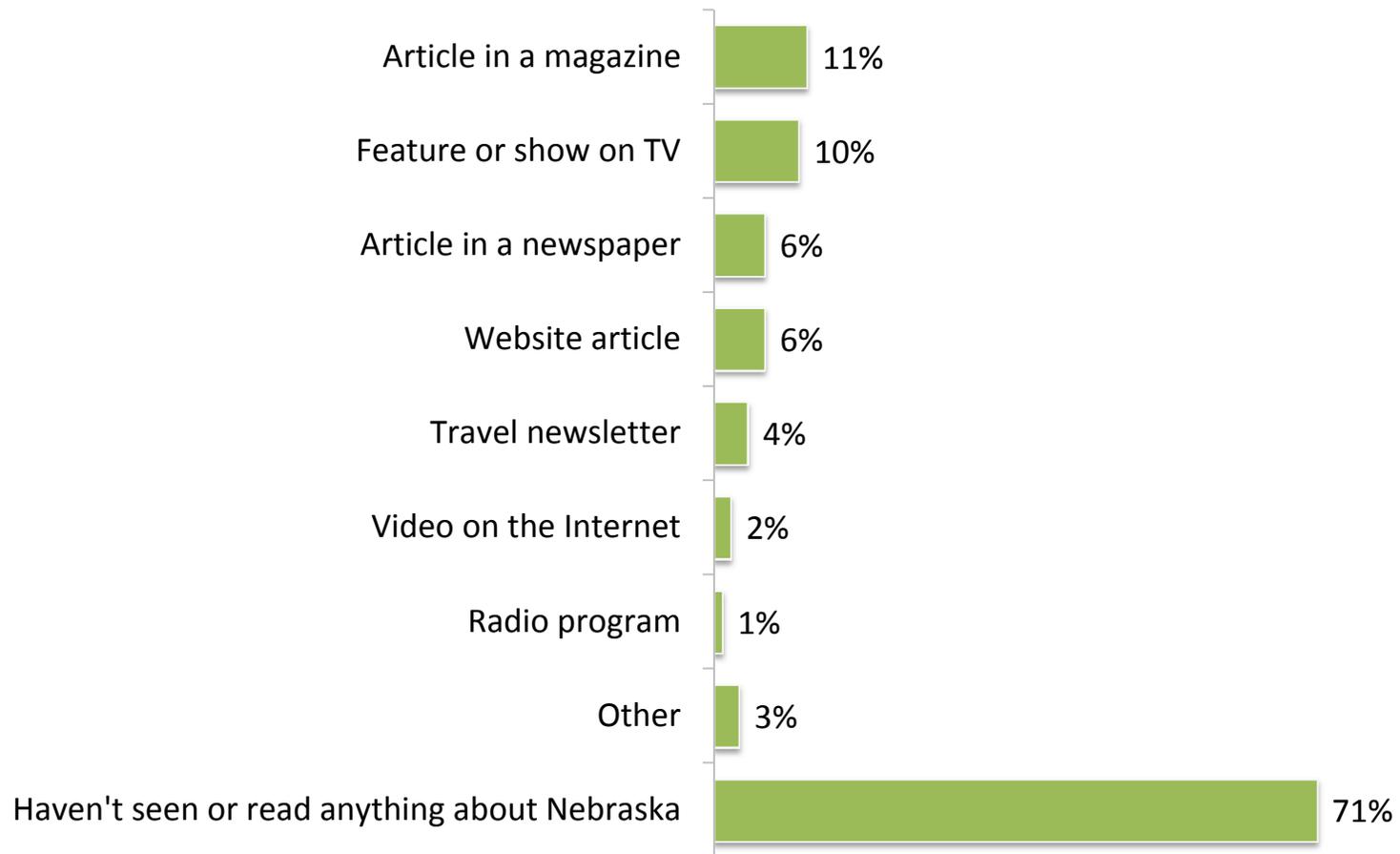


Base n=552

Q27. In the past 6 months, have you seen any advertising for the following destinations?

Sources of Nebraska Stories/Articles Seen in Past 6 Months

- 71% of respondents say they have not seen or read anything about Nebraska in the past 6 months. Those who did see/read something about Nebraska mainly report seeing an article in a magazine (11%) or a feature/show on TV (10%).

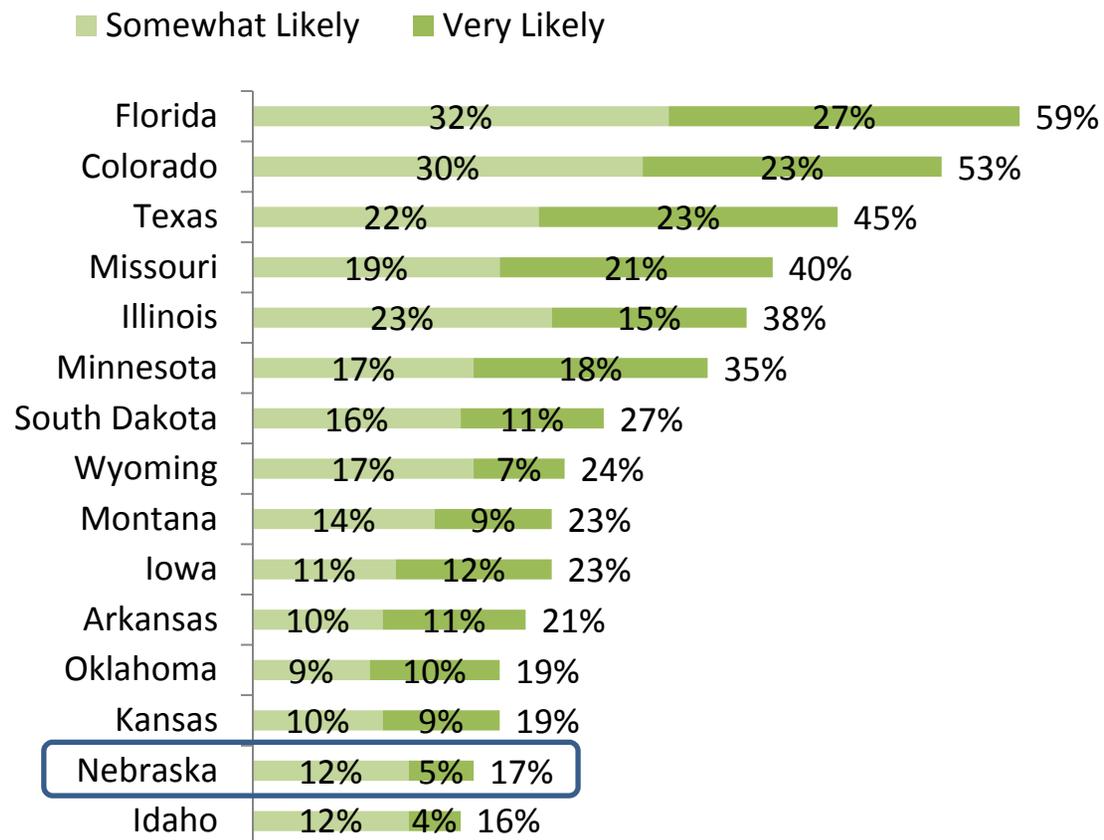


Base n=552

Q29. And where have you seen or read stories or articles about Nebraska in the past 6 months?

Likelihood to Vacation in Specific States in the Next Year

- As with past two year visitation and familiarity, Florida (59%) is the vacation destination state most respondents say they are very/somewhat likely to consider for a trip in the next year, followed by Colorado and Texas. Nebraska is further down on the list (17%), likely due to lack of awareness of its vacation offerings.



Base n=552

Q11. How likely are you to consider taking a leisure trip/vacation to any of the following states in the next year?

Reasons Why Likely to Consider Visiting Nebraska in the Next Year

- Unprompted, 40% of those who say they are very/somewhat likely to visit Nebraska in the next year attribute their interest to visiting family/friends. 19% are drawn by sporting events.

	Those very/somewhat likely to visit Nebraska next year in Q11.
Family/friends live there	40%
Sporting event(s)	19%
Convenient/close to home	12%
Sounds like fun/would be a nice vacation/would like to visit (unspecified)	11%
The zoo	10%
Other recreation/sightseeing comments	6%
Might travel through it/on our way elsewhere	5%
Camping/fishing	4%
Hunting	3%
Sandhill cranes	3%
Casinos/gambling	3%
Museum(s)	3%
Parks/state parks	3%
Like to travel/want to see/visit every state	2%
Inexpensive	2%
Good food/restaurants	2%
Other	0%
Don't know	1%
None/wouldn't consider	5%

Base: Those very/somewhat likely to visit Nebraska in the next year n=94

Q17. In your own words, please describe other reasons you might consider visiting Nebraska:

Reasons Why Not Likely to Consider Visiting Nebraska in the Next Year

- 35% of those who say they are not very/not at all likely to visit Nebraska next year cite a lack of interest, and 17% attribute it to a lack of knowledge about what it has to offer.

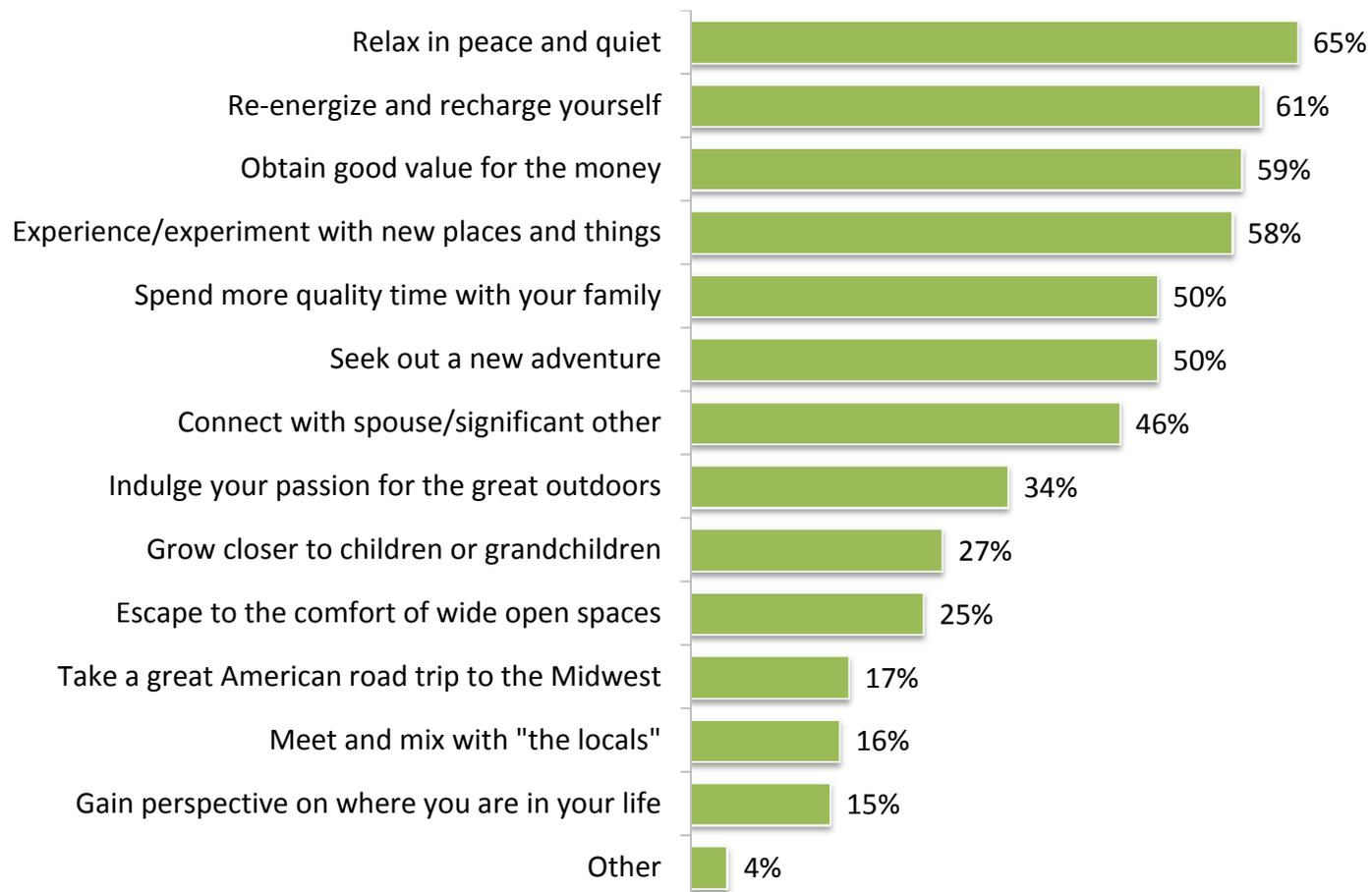
	Those not very/not at all likely to visit Nebraska next year in Q11.
Don't want to/not interested/no reason to go (unspecified)	35%
Don't know enough about it/not sure what there is to do there	17%
Don't know anyone there/no friends/family live there	10%
Boring/not exciting/not much to do there	8%
There are other places I would rather visit	8%
Have already made other vacation plans/going elsewhere	6%
Have already been there/was there recently/no need to go again	6%
Too far to travel/too far from home	4%
Too cold/prefer warmer climates	2%
No landmarks/points of interest	2%
Flat/no mountains/only farmland	2%
Limited time/can't get time off work	2%
Would consider going for a sporting event	2%
No beach/ocean	1%
Limited income/can't afford it	1%
It's close to home/wouldn't consider it a vacation destination	1%
Other	3%
Don't know/never thought about it	1%
NA/no reason	1%

Base: Those not very/not at all likely to visit Nebraska in the next year n=454

Q12. You mentioned you were not likely to consider visiting **Nebraska** in the coming year. Can you please tell us why you said that?

Vacation Benefits/Outcomes Sought in 2012

- About 60% of travelers hope to relax/re-energize, get a good value for the money, and experience/experiment with new places/things on a leisure trip in 2012.



Base n=552

Q13. For you personally, which of the following benefits or outcomes would best be met with a vacation or leisure trip in 2012?

Ideal Vacation Offerings and Perceived Nebraska Vacation Offerings

- Natural beauty/scenery and a relaxing environment (~70%) top travelers' list of ideal vacation offerings, but only about 25% of respondents associate these traits with Nebraska.

	Ideal Vacation Offerings	Perceived Nebraska Vacation Offerings
Natural beauty/scenery	72%	22%
Calm/relaxing environment	70%	26%
Scenic mountains	63%	4%
Nice national parks	54%	6%
A good array of events/festivals	41%	6%
Rivers and lakes for recreation	41%	14%
Scenic photography for the natural outdoors and historic places	40%	16%
Diverse historical sites/history museums	36%	12%
Expansive wilderness and wildlife viewing	36%	16%
A great sense of adventure	33%	4%
Openness/nice open spaces*	30%	47%
Nice boating/canoeing lake and river activities	28%	7%
World class zoos that are hard to find in most places	21%	15%
Old West heritage	17%	19%
Great golf courses to play for any skill level	16%	3%
Fun winter activities like alpine or backcountry skiing and snowmobiling	15%	2%
Native American culture	15%	19%
Archeological sites/digs to explore	14%	3%
Plenty of good camping/RV-ing options	13%	13%
Authentic adventure in the Great Plains	9%	22%
Unique dude ranches as an alternative place to stay	9%	5%
Some of the best fly fishing/fishing available	8%	2%
Good hunting opportunities	6%	14%
Diverse birding	6%	5%
Other	7%	8%
None of the above	2%	22%

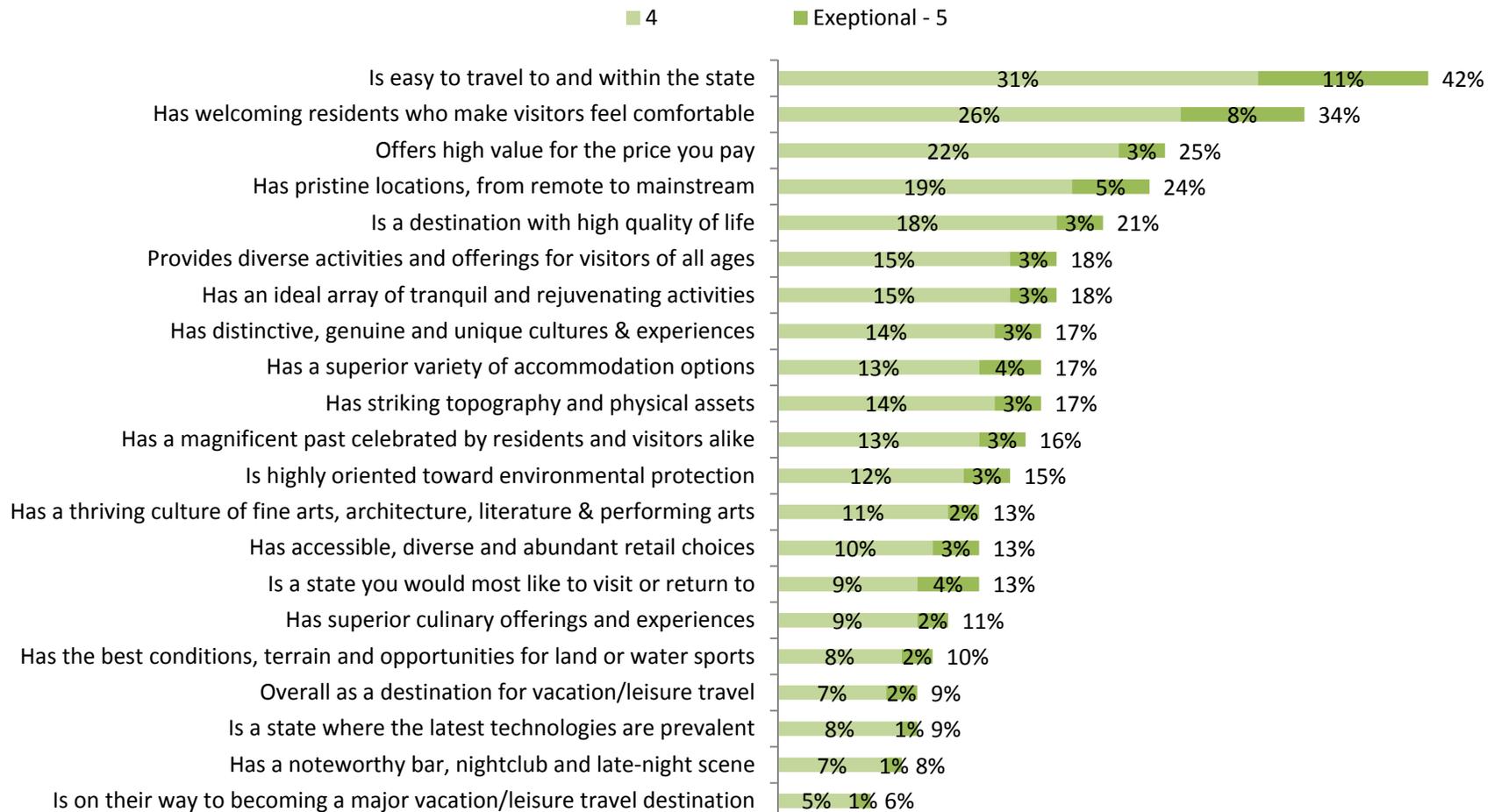
*Most associated with NE

Base n=552

Q14. The following thoughts or images can be used to describe leisure travel destinations. Please select the thoughts or images below that would apply to your ideal vacation or leisure destination.; Q15. When you think of Nebraska specifically, which of the following thoughts or images come to mind?

Nebraska Vacation Offerings Ratings

- Ease of travel to and within Nebraska stands out the most to respondents (42%), followed by its welcoming attitude toward visitors (34%). About a quarter of people also noted its good value for the money and pristine locations (from remote to mainstream).



Base n=552

Q16. Now, please rate how well you feel Nebraska delivers on the following attributes.

Competitive States' Vacation Offerings

- Montana, Colorado, and Idaho are overwhelmingly associated with natural beauty/scenery and scenic mountains and also rank high on calm/relaxing environment-traits at the top of travelers' list of ideal vacation offerings.

In Order of Ideal Vacation Offerings on Total (Q14):	Colorado	Idaho	South Dakota	Texas	Montana	Wyoming	Minnesota
Base	111	23*	218	76	26*	26*	239
Natural beauty/scenery	86%	91%	77%	51%	92%	69%	68%
Calm/relaxing environment	68%	70%	54%	36%	77%	58%	56%
Scenic mountains	90%	78%	53%	20%	96%	81%	5%
Nice national parks	69%	39%	70%	22%	81%	81%	29%
A good array of events/festivals	50%	13%	30%	58%	15%	19%	47%
Rivers and lakes for recreation	68%	78%	44%	47%	85%	77%	86%
Scenic photography for the natural outdoors and historic places	81%	65%	67%	45%	81%	69%	51%
Diverse historical sites/history museums	33%	9%	58%	54%	58%	23%	24%
Expansive wilderness and wildlife viewing	69%	78%	58%	30%	88%	65%	47%
A great sense of adventure	59%	35%	43%	36%	85%	58%	33%
Openness/nice open spaces	68%	70%	70%	62%	65%	69%	45%
Nice boating/canoeing lake and river activities	48%	65%	29%	30%	65%	46%	77%
World class zoos that are hard to find in most places	13%	4%	3%	17%	4%	0%	16%
Old West heritage	39%	22%	59%	58%	73%	65%	5%
Great golf courses to play for any skill level	32%	13%	8%	36%	12%	0%	26%
Fun winter activities like alpine or backcountry skiing and snowmobiling	80%	61%	24%	0%	73%	38%	54%
Native American culture	30%	22%	67%	26%	50%	46%	28%
Archeological sites/digs to explore	19%	0%	32%	12%	23%	23%	5%
Plenty of good camping/RV-ing options	51%	52%	50%	33%	58%	54%	44%
Authentic adventure in the Great Plains	19%	9%	48%	14%	12%	35%	14%
Unique dude ranches as an alternative place to stay	25%	22%	17%	32%	38%	42%	2%
Some of the best fly fishing/fishing available	35%	35%	17%	4%	69%	46%	31%
Good hunting opportunities	31%	43%	48%	26%	62%	54%	45%
Diverse birding	13%	22%	11%	9%	31%	8%	19%
Other (please specify)	2%	4%	2%	4%	0%	0%	4%
None of the above	1%	0%	3%	3%	0%	4%	3%

*Caution: small base.

Q18. When you think of [DESTINATION] specifically, which of the following thoughts or images come to mind?

Competitive States' Vacation Offerings (cont'd)

- Florida also ranks high on travelers' ideal vacation offerings of natural beauty/scenery and calm/relaxing environment, tying back to its popularity as a vacation destination.

In Order of Ideal Vacation Offerings on Total (Q14):	Oklahoma	Kansas	Missouri	Iowa	Arkansas	Illinois	Florida
Base	176	21*	252	15*	27*	259	108
Natural beauty/scenery	41%	48%	56%	27%	78%	25%	59%
Calm/relaxing environment	34%	43%	48%	33%	59%	17%	66%
Scenic mountains	11%	10%	18%	0%	44%	0%	1%
Nice national parks	11%	5%	17%	13%	48%	8%	27%
A good array of events/festivals	27%	38%	47%	20%	41%	56%	50%
Rivers and lakes for recreation	51%	14%	68%	40%	63%	48%	40%
Scenic photography for the natural outdoors and historic places	28%	43%	46%	20%	56%	25%	41%
Diverse historical sites/history museums	35%	29%	38%	33%	30%	49%	14%
Expansive wilderness and wildlife viewing	24%	29%	20%	0%	37%	5%	20%
A great sense of adventure	18%	5%	22%	13%	26%	22%	33%
Openness/nice open spaces	56%	62%	38%	40%	44%	19%	23%
Nice boating/canoeing lake and river activities	32%	5%	56%	33%	63%	34%	39%
World class zoos that are hard to find in most places	9%	0%	29%	0%	4%	31%	18%
Old West heritage	56%	43%	14%	0%	7%	2%	0%
Great golf courses to play for any skill level	11%	14%	23%	13%	22%	23%	64%
Fun winter activities like alpine or backcountry skiing and snowmobiling	1%	5%	4%	7%	0%	9%	2%
Native American culture	73%	14%	10%	7%	15%	7%	6%
Archeological sites/digs to explore	11%	0%	5%	0%	11%	7%	2%
Plenty of good camping/RV-ing options	27%	29%	38%	20%	52%	14%	19%
Authentic adventure in the Great Plains	30%	24%	13%	7%	4%	8%	1%
Unique dude ranches as an alternative place to stay	14%	10%	1%	0%	0%	1%	2%
Some of the best fly fishing/fishing available	3%	0%	17%	0%	33%	1%	13%
Good hunting opportunities	22%	24%	26%	33%	44%	8%	2%
Diverse birding	6%	5%	8%	13%	15%	5%	28%
Other (please specify)	5%	5%	3%	20%	7%	13%	18%
None of the above	5%	0%	6%	20%	7%	7%	2%

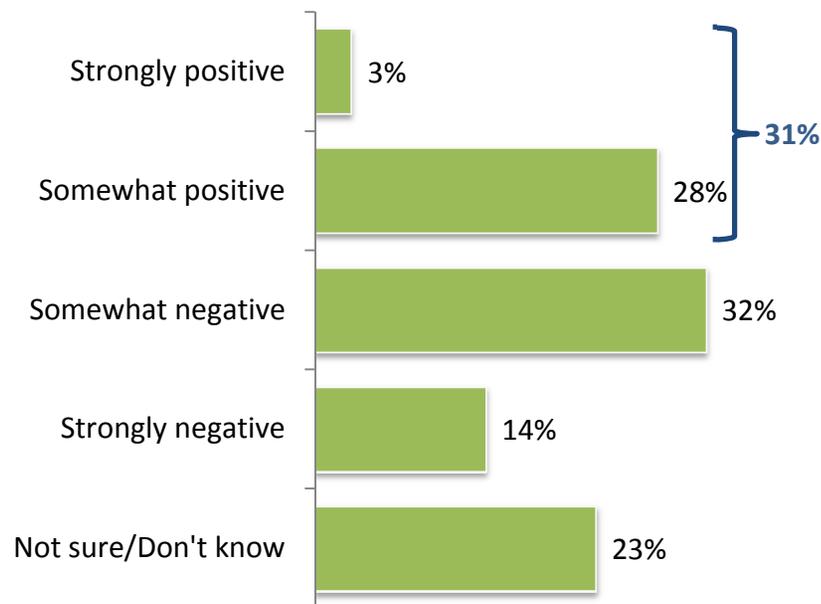
*Caution: small base.

Q18. When you think of [DESTINATION] specifically, which of the following thoughts or images come to mind?

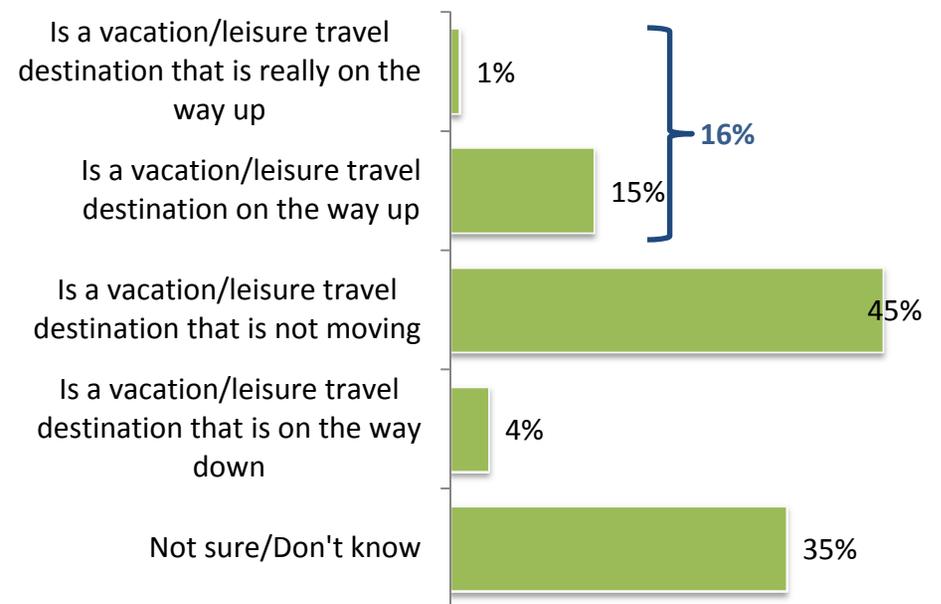
Impressions and Perceptions of Nebraska as a Vacation Destination

- Nebraska faces some barriers in its perception as a vacation/leisure destination. While about one-third of people have a positive impression of it, about the same number feel somewhat negative toward it. 45% feel it's lacking momentum, and many lack information about it.

Impression of Nebraska as a Vacation/Leisure Destination



Perceptions of Nebraska



Base n=552

Q20. What is your impression of Nebraska as a vacation/leisure destination?

Q21. Based on your own experience and perceptions, which of the following best describes Nebraska?

What Makes Nebraska Different as a Vacation Destination Compared to Others

- While about a quarter of respondents (unprompted) have positive views of Nebraska and what makes it different as a vacation destination, the same number don't know enough about it, and a bit more have negative perceptions.

	Total
Positive Perceptions NET	24%
Activities/Outdoors/Recreation NET	10%
The zoo/Henry Doorly/Omaha Zoo	2%
Has some big cities (Omaha, Lincoln)	2%
Other recreation/sightseeing comments	2%
Convenient/close to home/easy to get to	3%
Family/friends live there	3%
History/Old West/Native American Culture NET	2%
Good sports/athletics/sports teams	2%
Low key/relaxed/quiet/laid back	2%
Neutral Perceptions NET	20%
Landscape/Scenery NET	18%
Flat/rural/no mountains/open land/space/not much scenery	13%
Agriculture/farming/corn fields	3%
No ocean/beaches	2%
Negative Perceptions NET	29%
Boring/nothing exciting/interesting/not much to do (unspecified)	11%
Not interested in going there/don't consider it a vacation destination/would rather go elsewhere	10%
Not close to me/far from home	2%
Don't know/don't know much/anything about it/never been there/not well-advertised	24%
Nothing/NA/It's not different	11%

Base n=552

Q19. In your opinion, what makes Nebraska different as a vacation destination from other places you considered?

Other Emotions/Feelings about Nebraska

- On an unaided basis, 22% of respondents have positive associations with Nebraska (friendly people, sports teams/events, activities), but there are a fair amount of negative perceptions it will have to overcome to attract more visitors, namely the idea that it lacks things to do.

	Total
Positive Perceptions NET	22%
Good/friendly people	4%
Positive feelings/I like it/it's a nice place to visit/want to visit (unspecified)	3%
Calm/relaxed/peaceful/quiet	3%
Sports NET (Sports/college sports/football/Huskers/Big Red/College World Series, Cornhuskers)	6%
Activities/Outdoors/Recreation NET	4%
Neutral Perceptions NET	24%
It's OK/neutral/indifferent	3%
Landscape/Scenery NET	17%
Flat/flat plains/no mountains/open space	10%
Corn/cornfields	3%
Farming/agriculture	3%
Negative Perceptions NET	35%
Boring/uneventful/uninteresting/nothing to do there	18%
Negative feelings/don't like it/no interest in going/going back (unspecified)	5%
A drive through state/on your way elsewhere	3%
Weather NET (Cold/Cold Winters/Too Cold, Hot/Hot Summers, Windy, Dry)	4%
Don't know/don't know much/anything about it/never been there	5%
None	24%

Base n=552

Q22. What other emotions or feelings do you have when thinking about Nebraska?

Motivation Level of Statements About Nebraska & Prior Awareness of These Vacation Offerings

- Most descriptions of Nebraska are quite motivating to people, especially the Omaha Zoo, ‘where the west was won’, & the ‘Nebraska Migration’, but ongoing awareness is low.

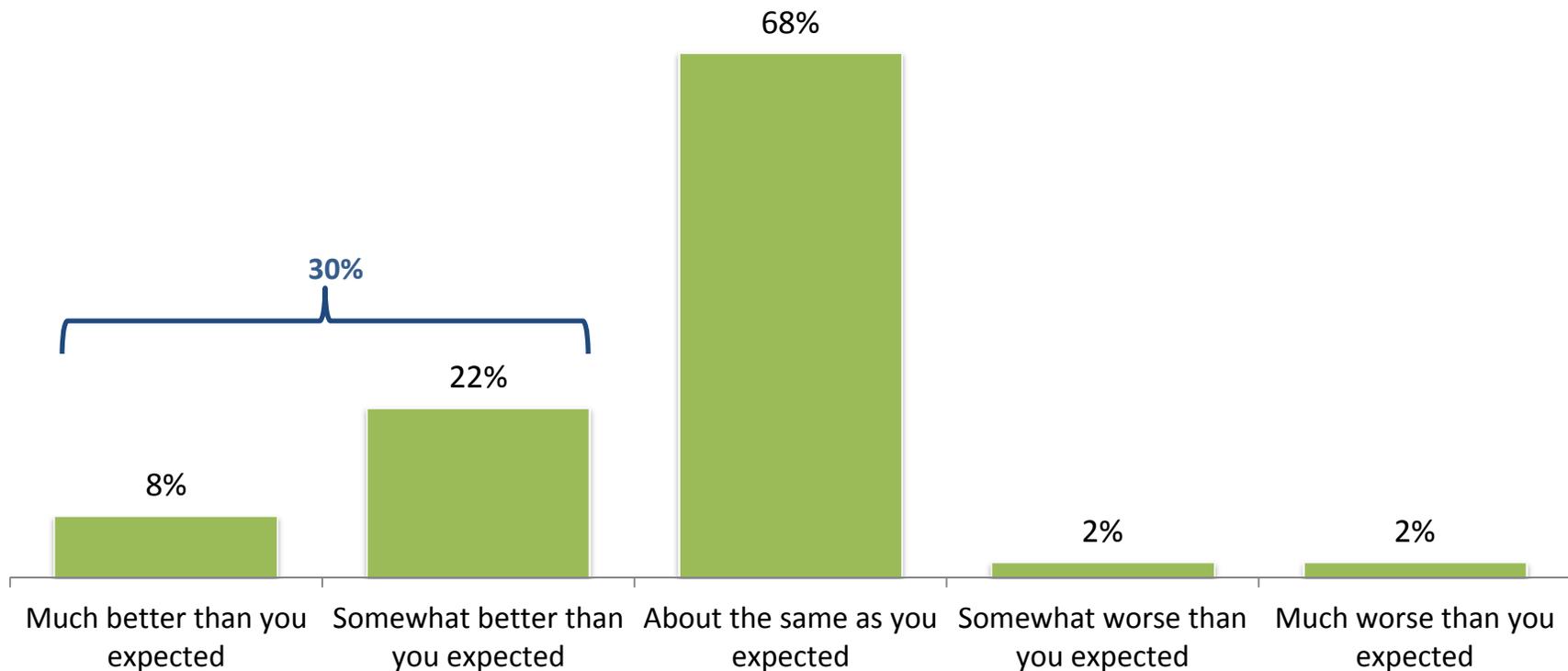
	Very/ Somewhat Motivating	Very Motivating	Somewhat Motivating	Not Motivating	Very familiar	Aware but not too familiar	Unaware completely
Discover the world's largest indoor desert, and the country's biggest indoor rainforest—just two of many adventures at the Omaha Zoo that's acclaimed as one of America's most spectacular wild animal playgrounds.	71%	31%	40%	29%	16%	19%	65%
Step back in time where the west was won in Nebraska. Begin your adventures along the Lewis and Clark Scenic Byway with its western history and Indian culture, amidst majestic bison, waterfowl of every description, wooded bluffs and historic waterways.	68%	20%	48%	32%	10%	47%	44%
Catch your breath in sheer amazement as you witness the great Nebraska Migration— an astounding ten million Cranes, swans, pelicans, ducks and geese that fill the skies year-round — one of nature's most awe-inspiring experiences anywhere.	65%	24%	41%	34%	8%	24%	68%
Experience the special charms of Nebraska's easy-to-get-to- know cities and towns like Omaha and Lincoln that are right-sized for easy access and oh-so comfortable lifestyle living, dining, shopping and good times.	61%	13%	48%	39%	17%	46%	38%
No matter when you visit, check out the hundreds of year-round special events that have become unique Nebraska traditions— from rousing square and round dancing that'll set your toes to tapping, to outdoor fairs, festivals and local celebrations that promise a warm Nebraskan welcome every time.	57%	9%	48%	43%	5%	30%	65%
Explore our Great Outdoors. With rolling hills and pine- studded views and vistas throughout Nebraska's fabled Great Plains. Discover why award-winning designed golf courses have shaped our rolling landscape into one of America's premier golf destinations.	56%	15%	41%	44%	7%	35%	57%

Base n=552; Q22b. Below are statements that could be used to describe Nebraska. Prior to this survey, how aware are you that these statements are something Nebraska has to offer vacationers?; Q22c. And how motivating are these statements? That is, how much do these statements about Nebraska motivate you to consider visiting Nebraska the next time you take a leisure trip?

SATISFACTION WITH MOST RECENT TRIP TO NEBRASKA

Satisfaction with Most Recent Trip to Nebraska

- About two-thirds of Nebraska visitors say their most recent trip met their expectations, and 30% say it was much/somewhat better than they expected.



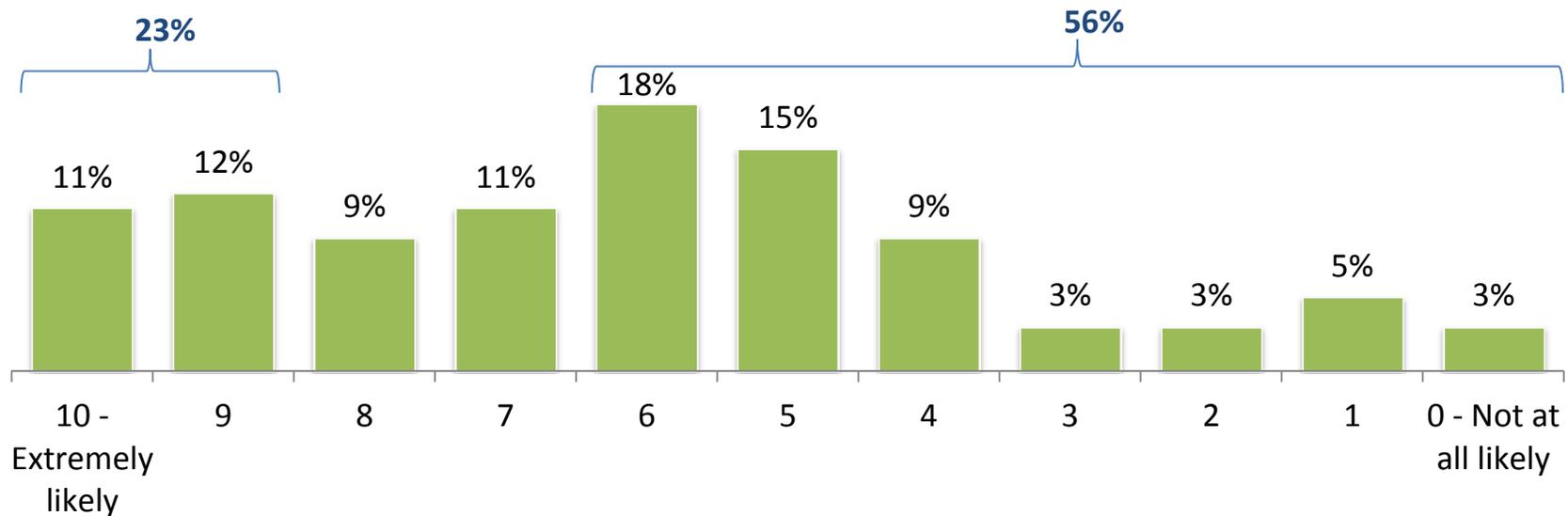
Base: Visited Nebraska at least once since January 2010 n=65

Q23. Do you feel your most recent trip to Nebraska was...?

Net Promoter Score Index Explained

- How likely is it that you would recommend Nebraska as a vacation place to your family/friends?
 - The Net Promoter Score (NPS) is a brand in and of itself and correlates extremely highly with satisfaction but is a more sensitive measure to high and low scores.
 - ‘Recommendations’ are what every brand should aim for – we need to set that bar.

Total Proportion of Promoters	= 23%
	(minus)
Total Proportion of Detractors	= 56%
Net Promoter Score	= -33

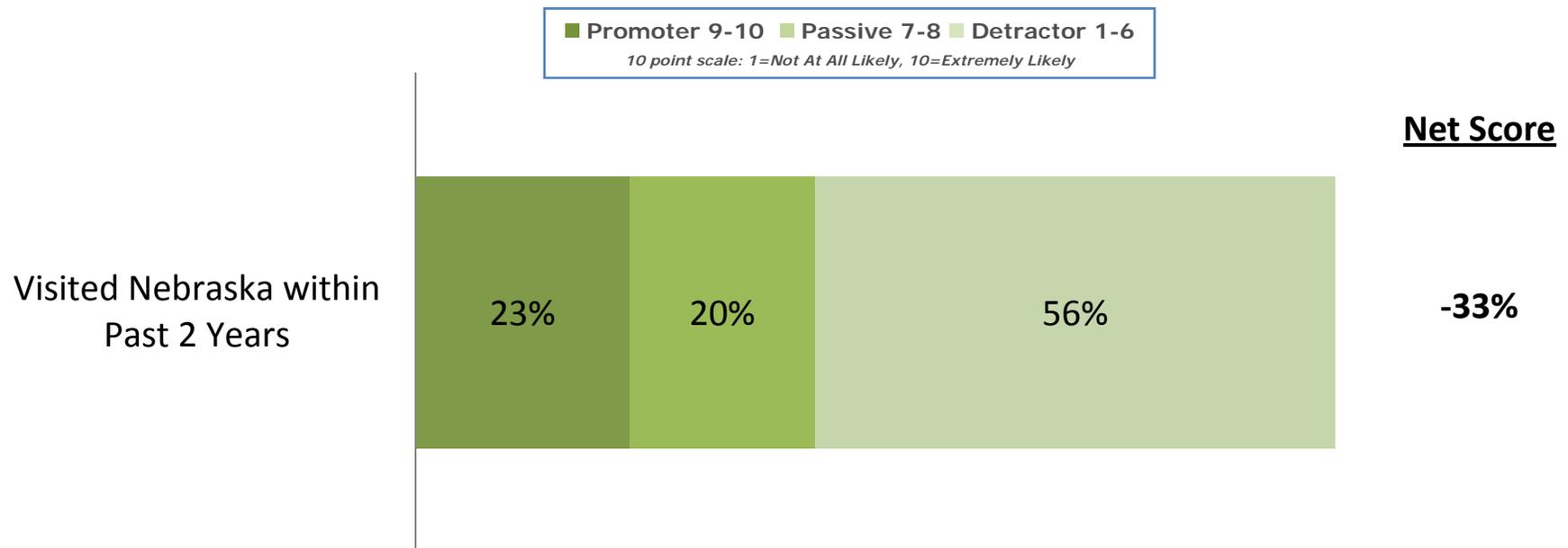


Base: Visited Nebraska at least once since January 2010 n=65

Q24. How likely would you be to recommend visiting Nebraska to your friends and family?

Likelihood to Recommend Visiting Nebraska

- Almost a quarter of recent Nebraska visitors say they would be very likely to recommend visiting Nebraska to friends/family.



Base: Visited Nebraska at least once since January 2010 n=65

Q24. How likely would you be to recommend visiting Nebraska to your friends and family?

What Nebraska Visitors Liked Best About Their Experience

- Unaided, those who have visited Nebraska within the past 2 years largely cite its activities/outdoors/recreation as what they liked best (53%), with 16% noting the Omaha Zoo. 27% say they most enjoyed the time spent with family/friends.

	Visited Nebraska within Past 2 Years
Activities/Outdoors/Recreation NET	53%
The zoo/Omaha/Henry Doorly Zoo	16%
Other recreation/sightseeing comments	12%
Omaha/downtown Omaha	6%
Watching a sporting event	5%
Doing new/different things (unspecified)	5%
Museum(s)	3%
Sandhills/sandhill cranes	3%
Shopping	3%
The lake/Lake Ogallala	3%
City/state parks	3%
Driving along the Platte River	3%
Spending time with family/friends	27%
Friendly/down to earth people/residents	17%
Food/restaurants	8%
Enjoyed it/it was good/great (unspecified)	5%
Relaxing/catching up on sleep	5%
Close to home/didn't have to travel far	3%
Other	3%
Nothing	3%

Base: Visited Nebraska at least once since January 2010 n=65

Q25. What did you like *best* about your experience?

What Nebraska Visitors Liked Least About Their Experience

- And unaided, those who have visited Nebraska within the past 2 years say they least enjoyed driving long distances between towns, a lack of things to do, certain aspects of the landscape (flat/lack of scenery), and the weather.

	Visited Nebraska within Past 2 Years
Driving/Landscape/Activities NET	39%
Lots of driving/long stretches/distance between towns	12%
Boring/nothing to do	11%
Flat/nothing to see/lack of scenery	8%
Traffic	5%
Gas prices	3%
Road construction/poor driving surfaces	3%
Weather NET	14%
Hot/humid	6%
Other weather/climate comments	5%
Windy	3%
Other	14%
Don't know/don't remember	2%
Nothing	31%

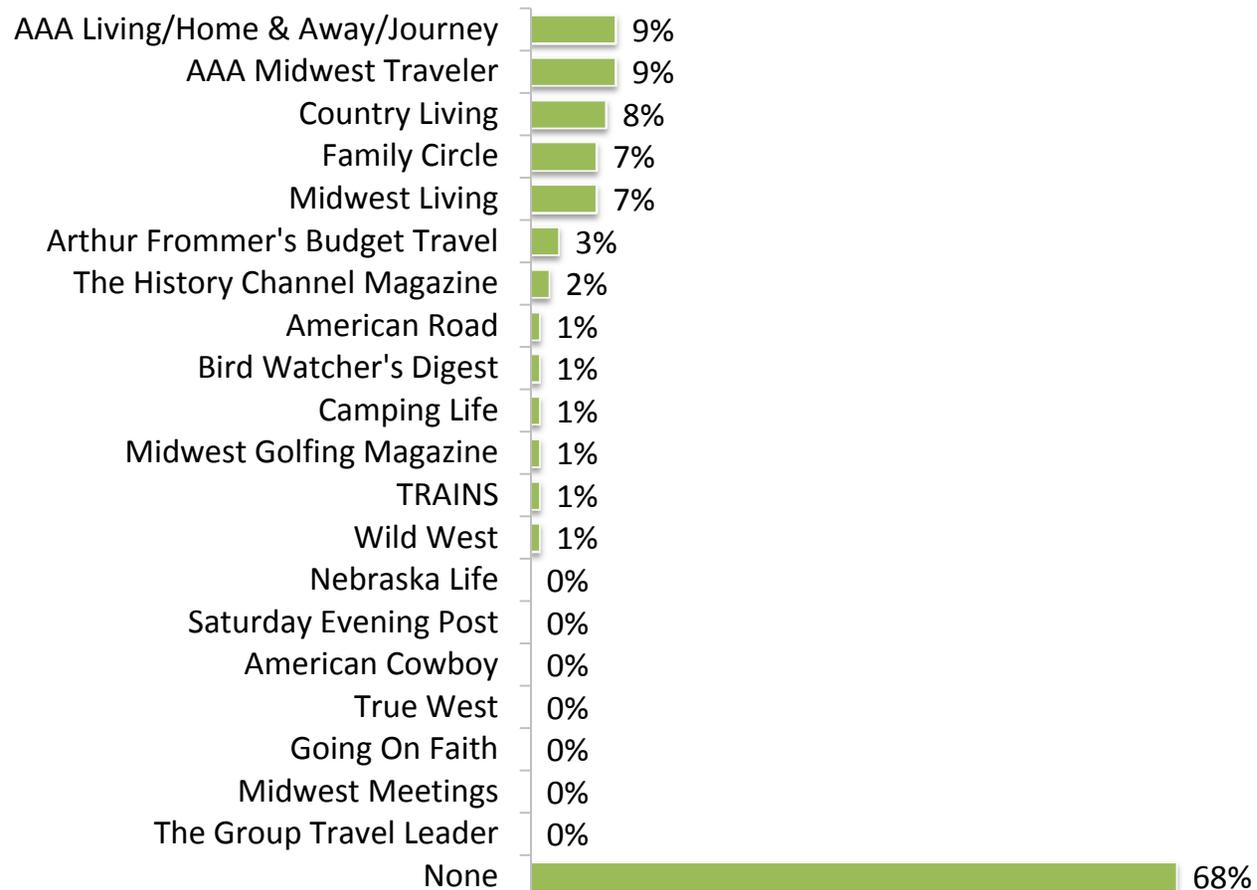
Base: Visited Nebraska at least once since January 2010 n=65

Q26. And what did you like *least* about your experience?

APPENDIX I: ADDITIONAL METRICS

Magazines Subscribed to/Read Regularly

- The majority of respondents do not subscribe to/read the magazines on our list, but some say they subscribe to/read AAA travel magazines (9%), Country Living (8%), Family Circle (7%), and Midwest Living (7%).



Base n=552

Q30. Which of the following magazines do you or someone on in your household subscribe to or read regularly?

Top Websites Visited in General During a Typical Month

- And unprompted, 69% of respondents say they use search engines and visit travel planning websites in a typical month. 29% visit News sites, and 24% go to Facebook.

	Total
General Travel Planning/Search Engine Sites NET	69%
Google	37%
Yahoo/Yahoo Travel	22%
Travelocity	7%
Expedia	6%
Orbitz	5%
Tripadvisor	4%
News Sites NET	29%
News/Newspaper sites (misc.)	10%
CNN	8%
MSN	8%
ESPN	6%
Fox News	4%
Facebook	24%
Banking/Financial Sites NET (misc.)	10%
Airline Sites NET	10%
Southwest	6%
Email Sites NET (Gmail, Hotmail, etc.)	6%
Weather Sites NET (Accuweather, Weather.com, etc.)	6%
Amazon	6%
Sports/Sports Teams Sites NET (NFL, MLB, SI, etc.)	5%
Hotel Sites NET	4%
Ebay	4%
Other	33%
None	7%

Note: Sites with less than 4% not shown.

Base n=552

Q32. Now, please list the top websites you visit in general during a typical month.

Words/Phrases Used in Web Search for Next Travel Destination

- On an unaided basis, 31% of respondents say they search for the name of the specific destination they want to visit when thinking about their next vacation. 27% search for more general activities/recreation they're seeking (e.g., beaches, camping, festivals, etc.).

	Total
Name of city/state/specific destination we want to visit (misc. mentions)	31%
Activities/Outdoors/Recreation NET (e.g., Parks, Camping, Fishing, Festivals, Museums, Historic Attractions, Dining, Shopping, etc.)	27%
Fun/activities/things to do/see/events/attractions	8%
Beaches/Ocean	6%
Hotels/accommodations/discount hotels	5%
Cheap/affordable/inexpensive/the best deals/last minute deals	5%
Travel/vacation (unspecified)	4%
Other search engine/website comments	3%
Airfare/flight deals/discounts	3%
Yahoo	2%
All-inclusive vacations/packages/resorts	2%
Relaxing/quiet/peaceful	2%
Other	2%
Don't know	4%
Nothing	2%

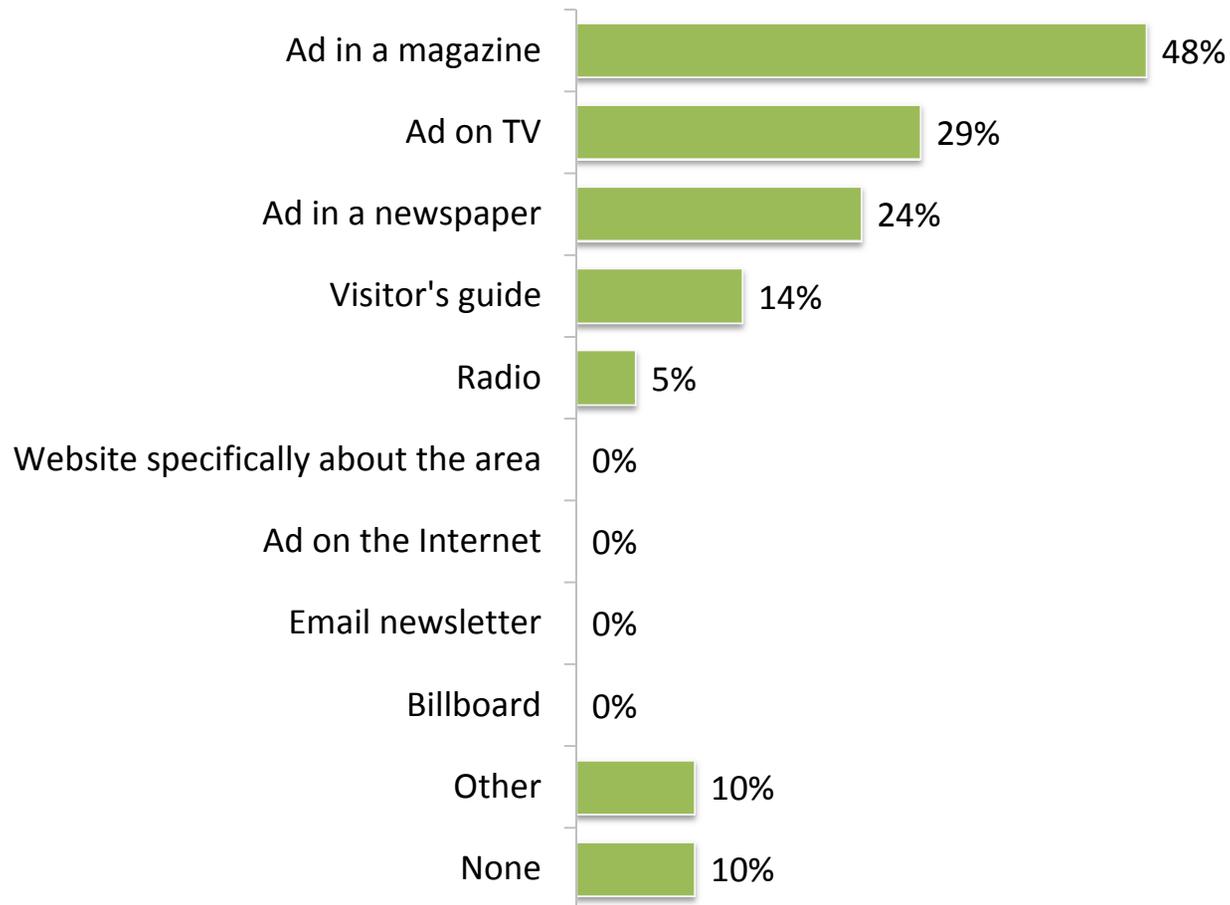
Note: Items with less than 2% not shown.

Base n=552

Q33. If you were to use your favorite search engine to look for information on the web while considering your next travel destination, what word or phrases would you likely type for that search?

Sources of Nebraska Advertising Seen in Past 6 Months

- Among the 4% of respondents who say they've seen vacation-oriented advertising for Nebraska in the past 6 months, about half saw it in a magazine, 29% saw it on TV, and 24% saw it in a newspaper.



*Caution: small base.

Base n=21

Q28. Please indicate which, if any, sources or types of information or ads you have seen about Nebraska in the past 6 months:

APPENDIX II: SAMPLE PROFILE

Gender, Age, Income

	Total
Gender	
Female	53%
Male	47%
Age	
21-24	2%
25-29	10%
30-34	11%
35-39	7%
40-44	7%
45-49	14%
50-54	7%
55-59	11%
60-64	13%
65 or older	18%
Income	
\$40,000 but less than \$50,000	3%
\$50,000 but less than \$75,000	26%
\$75,000 but less than \$100,000	29%
\$100,000 but less than \$150,000	23%
\$150,000 or more	13%
Prefer not to say	5%

Marital Status, Education, Children

	Total
Marital Status	
Married/Partnered	77%
Single	13%
Divorced/Separated/Widowed	10%
Education	
High school graduate or less	4%
Technical/Trade school	3%
Some college	14%
Associate's degree	9%
College graduate	35%
Post graduate work/degree	36%
Children Under Age 18 Living in Home	
Yes	22%
No	78%
Ages of Children	
Under 2	16%
2-5	38%
6-10	31%
11-15	32%
16-18	20%

Appendix 3.

**Colorado Tourism Impact
Case Study**

What Happens When You Stop Marketing? The Rise and Fall of Colorado Tourism¹

Dr. Bill Siegel
Chairman & CEO, Longwoods International

Abstract

This paper provides through over 20 years of research a quintessential demonstration of the necessity and financial value of marketing. It details the state of Colorado's roller-coaster funding ride, including the complete loss of its tourism marketing budget, and the subsequent successful fight for renewed financial support. Because this is a public sector case, we are not bound by secrecy, and thus are privileged to be able to share it with you.

In 1993, Colorado became the only state to eliminate its tourism marketing function, when it cut its \$12 million promotion budget to zero. As a result, Colorado's domestic market share plunged 30% within two years, representing a loss of over \$1.4 billion in tourism revenue annually. Over time, the revenue loss increased to well over \$2 billion yearly. In the important summer resort segment, Colorado dropped from first place among states to 17th.

It took until 2000 for the industry to convince the legislature to reinstate funding with a modest \$5 million budget. Research tracked the effectiveness of the state's tourism campaigns over the next few years, and demonstrated an ROI of over 12:1. In 2006, Governor Bill Owens signed a bill upping the tourism promotion budget to \$19 million. By 2007, travel to Colorado rebounded to an all-time high, with 28 million visitors spending \$9.8 billion enjoying their trips to the state.

The Colorado saga provides a cautionary tale for financial decision-makers who, in these difficult economic times, are naturally looking at major cutbacks in all areas, including promotion. It clearly illustrates that marketing is an essential net generator of revenue and profits to the organization, not a cost.

¹ This paper was the keynote address at the Nevada Tourism Summit, March 18, 2009, an event sponsored by *Save Nevada Tourism*, a group founded in response to a draft bill proposing to slash the state's tourism marketing budget by 58%. It is based in part on a presentation by Bill Siegel and Eugene Dilbeck at the Advertising Research Foundation's **RETHINK!** Conference, New York, 2006. Excerpts from the Colorado case were also presented at the Travel Industry Association's Educational Seminar for Tourism Organizations (ESTO) by Tom Curtis, Senior Vice President at Longwoods, in Phoenix, August 2007.

Introduction

“Half the money I spend on advertising is wasted; the trouble is I don’t know which half.”

- John Wanamaker, Philadelphia merchant, c. 1900

More than one hundred years have passed since John Wanamaker uttered his famous lament about the lack of hard evidence for the effectiveness of advertising. Despite the huge growth of the communications industry since that time, the search for solid proof of the financial value of advertising continues to this day.

Recent polling has confirmed that defining and measuring ROI has become a top priority for senior marketers.² According to Robert Liodice, CEO of the Association of National Advertisers:

“The face of marketing is changing and now more than ever measuring marketing success is an investment. Once it becomes an investment, the need for accountability goes up. CEOs are now demanding the same level of accountability from marketing that they are accustomed to receiving from operations and finance.”³

Now it is 2009, and with the world in the midst of a global recession, marketing budgets are threatened with serious cutbacks in both the private and public sectors. It is within that context that I am pleased to share with you a case history involving research for the state of Colorado which clearly and simply answers the question: **“What happens when you take a successful advertising campaign and cut the budget to zero?”**

It is a stunning demonstration of the power of marketing and the downside of indiscriminate budget slashing. You will see why, within the tourism industry, the Colorado story has become the poster child for justification of marketing funding. It draws on over 20 years of research, including custom ROI studies and Longwoods **Travel USA®**, the largest ongoing study of American travelers.⁴

² Source: MMA/ANA/Forrester Research, 2005.

³ Source: RBR/TVBR Media Mix, 2005.

⁴ The Colorado program was awarded a best-practice case in research, **Guide to Best Practices in Tourism and Destination Management, Volume 2**, by Rich Harrill, Ph.D. American Hotel & Motel Association, 2005.

The Rise of Colorado Tourism

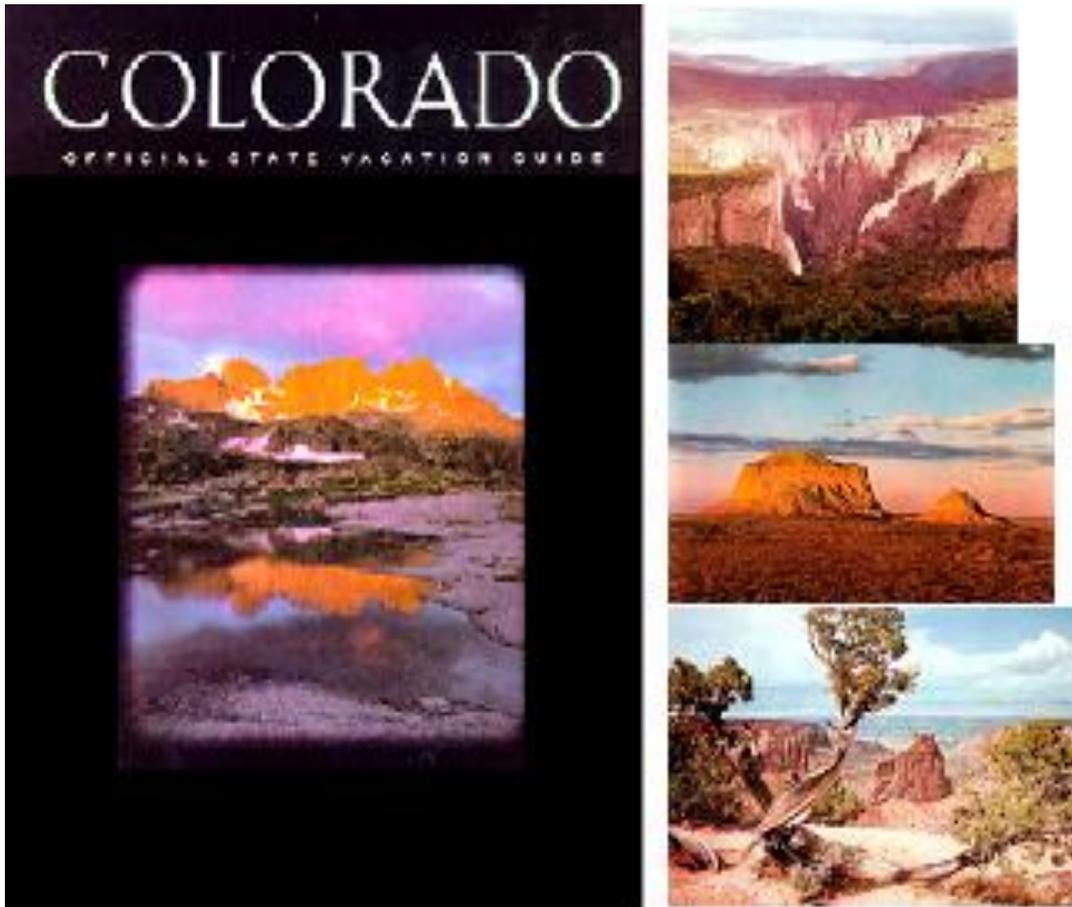


Figure 1. “Mountains, Mountains, and More Mountains”

Our case study begins in 1983, when the Colorado Tourism Board was created to promote the state. To generate dedicated promotional funding for the new tourism board, a small but broad tax of 0.1% on travel-related products and services was enacted. The original tourism tax had a five year sunset provision, but in 1988, because of the program’s success, the legislature increased the tax to 0.2% and extended it for five more years.

Longwoods International was first hired by the Colorado Tourism Board in 1986 to conduct image and visitor research for the state. We found that, with the exception of skiers, Colorado was largely a regional destination drawing people from neighboring states like Texas, Nebraska and Kansas who wanted to escape from prairies and flat farmland. Given the new marketing budget, and since Colorado was blessed with a unique travel generator – the Rocky Mountains –

there was a significant opportunity to draw visitors from across the country and transform the state into a national “fly-in” destination.

The results of our first benchmark study showed, however, that Colorado’s image was weak. While it was seen as having beautiful mountain scenery and wilderness areas (good for skiing and outdoor recreation), Colorado was perceived as lacking amenities for a summer vacation, such as good hotels and restaurants, and – after you’ve stared at the mountains – not having a lot of things to see and do.

We summarized the perception of Colorado at that time as “*Mountains, Mountains, and More Mountains.*” Remarkably, the state was reinforcing this negative stereotype by showing empty mountain landscapes in its promotional material (See Figure 1).

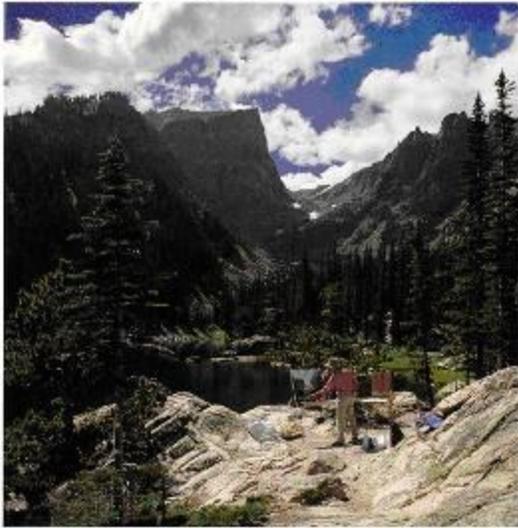
Our recommended strategy was to reposition Colorado as “*Mountains and Much More,*” with the “*Much More*” to be determined by the research. The goal was to hit the top hot buttons in terms of what people wanted from a Colorado vacation. We suggested building on Colorado’s natural strength as the iconic Rocky Mountain experience, but moving the mountains to the background, with people, fun, excitement, and attractions in the foreground.

Our visitor research uncovered an additional problem: While Colorado ranked number one among U.S. states in the ski resort category, it ranked only 14th in the summer resort segment. Upscale resort communities like Aspen and Vail were world-renowned among skiers, but suffered for business after the snow melted. We were puzzled by this because, in general, summer is the high season for Colorado vacations. The reason given was that the industry had not traditionally promoted the resorts for summer.

The logical solution was to transform the state’s ski towns into all-season resorts. The infrastructure was already in place, including hotels, restaurants, bars, shops, and attractions. Ideally the costs could be amortized year-round, and local businesses could hire permanent rather than seasonal staff.

We recommended featuring the resort experience in the summer campaign to demonstrate that there were amenities like golf, spas, excellent hotels and fine dining up in the mountains, not just empty wilderness.

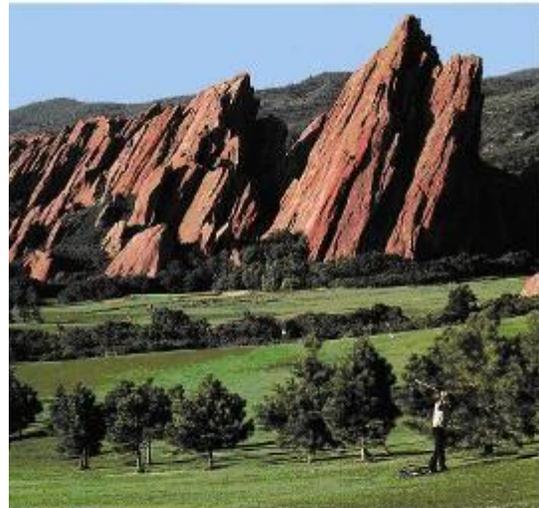
Besides All The Historical Sites,
Western Museums And Indian Ruins, We
Have A Few Other Points Of Interest.



Sometimes even like all people are (especially in our mountains). By as
we will be made them with unique archeological finds, rich history and a number
of possible legends of cultural events, they are still most important to us. It's
It's a good thing to have so many. More than ever before. That way it
water when you go to Colorado, you'll never see far from the beautiful
Rocky Mountains or all the mountains
they offer. If you wish your interests, send
for your free Summer Vacation Kit. Or
call toll free and ask for extension 106. 1 - 8 0 0 - 4 3 3 - 2 6 5 6

Colorado Vacation Kit, Box 38700
Dept. 106, Denver, Colorado 80218
Name _____
Address _____
City _____
State _____ Zip _____
Telephone _____

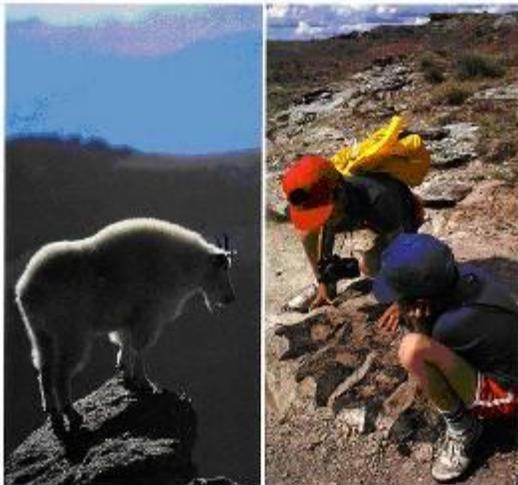
This Is Where The Deer
And The Antelope Play. But Why
Let Them Have All The Fun?



Spoken to a guide here before breakfast and you may feel you're out of
control. As you point back grazing on the highway. Well, maybe it's not so
total. After all, this is Colorado. And so many low mountains we build out
are or have natural so make that landscape, you'll still be surrounded
the rugged Rocky Mountains. So you'll always be able to choose just how
how much you want your mountain to be.
the more about our program, send for
our free Colorado Vacation Guide. Or
call toll free and ask for extension 102. 1 - 8 0 0 - 4 3 3 - 2 6 5 6

Colorado Tourism Board, Box 38700
Dept. 112, Denver, Colorado 80218
Name _____
Address _____
City _____
State _____ Zip _____
Telephone _____

Visit A Place Where The
Zoos Don't Have Fences And The
Museums Don't Have Walls.



The "Three R's" - Rugged, Rugged, Rugged - when you visit here in Colorado. Then,
with 25,000 acres Rocky Mountain National Park, you will see a scene the
wilderness, it's a great place to visit in the mountains. It's a great place to visit.
And of the mountains you'll see and see a little bit of it, it's exploring
nature and the mountains in the Garden of the Gods. The Garden is the best
steps of Colorado at Dinosaur National
Museum. For a list of the best
mountains, send for your free Mountain
Guide, or call toll free for extension 103. 1 - 8 0 0 - 4 3 3 - 2 6 5 6

Colorado Tourism Board, Box 38700
Dept. 503, Denver, Colorado 80218
Name _____
Address _____
City _____
State _____ Zip _____

After A Day In The Mountains,
Most People Could Eat A Horse.
Luckily, They Don't Have To.



Like everything else in Colorado, good food is plentiful, and it's always
a real adventure. Some start with sweet, corn-fed fried fish or chicken and
a small hot peppers sauce. Some like the way of Colorado folk and game. The
the spicy influences of Mexico and the Southwest. Delights in the blending of
entire, with some like chocolate to make with fine cream and strawberries.
The food is what you expect for
Colorado's food, and other dishes as
well, send for your free Vacation Guide.
Or call toll free and ask for ext. 106. 1 - 8 0 0 - 4 3 3 - 2 6 5 6

Colorado Tourism Board, Box 38700
Dept. 109, Denver, Colorado 80218
Name _____
Address _____
City _____
State _____ Zip _____

Figure 2. "Mountains and Much More"

A series of clever magazine ads was developed based on the new strategy, and they ran in national and regional publications (See Figure 2).⁵ Over the next few years, the campaign built impressive equity in the marketplace:

- When we tracked the state's image a few years after the campaign was inaugurated, it had shifted from somewhat dull and limited to an exciting, must-see destination.
- The number of people calling or writing in response to the ads increased dramatically, and the cost per inquiry plummeted.
- The state was evolving from a regional to a national destination.
- By 1992, Colorado had moved to 1st among U.S. states in the summer resort category, up from 14th just a few years earlier.
- Colorado's overall market share of U.S. travelers grew by 50%, representing over \$1 billion in additional spending annually.

By every indication, Colorado was now perceived as the “*Mountains and Much More*” destination that visitors wanted. The advertising campaign was a proven success, bringing visitor expenditures, tax dollars and jobs into the state.

The Fall of Colorado Tourism

Then disaster struck. An anti-tax activist from Colorado Springs, Douglas Bruce, successfully spearheaded an amendment to the State's Constitution called the Taxpayers Bill of Rights (TABOR), which required any new taxes or tax increases to be approved by state voters in a referendum. This effectively removed the traditional responsibility of taxation from politicians and placed it directly in the hands of the populace.

By the early 1990's, the Colorado Tourism Board had a dedicated budget of approximately \$12 million for tourism promotion, paid for by a tax of 20 cents on every hundred dollars of tourism expenditures, including hotels, rental cars, outdoor recreation, restaurants, and attractions. It was a very small tax, largely paid by people from out of state, but it was a tax nonetheless. Over the years, we have conducted many public opinion polls for governments on fiscal issues, and have almost never seen a tax people liked. Unfortunately for the state's travel industry, Colorado's tourism tax was no exception.

The Colorado Tourism Board had a five-year mandate with a sunset clause coming in 1993, just one year after the Taxpayers Bill of Rights passed in 1992. Prior to that, tourism funding decisions were largely invisible to the public. Were it not for

⁵ A Denver agency, Karsh & Hagan, created the campaign.

the new bill, the Board's mandate would likely have been quietly renewed by the legislature without controversy. Tourism was, after all, a key industry for the state, and the campaign was working well.

But now the question had to be decided by a referendum of voters, with their new-found power to veto taxes like this one. Perhaps most damaging was the wording of the referendum question, which framed the tourism tax as a *new* one, not a continuation of a successful mechanism for bringing visitors' dollars into the state coffers. Technically speaking, it was indeed a new tax because the sunset clause ended funding for the Colorado Tourism Board until it was officially renewed.

The local tourism industry mounted a defense by running television commercials that proclaimed how important the industry was to the state, and how many people it employed. All of this was true, but the industry had picked the wrong issue to make their case. ***Our polling research at the time showed that Colorado voters already understood the importance of tourism. They simply didn't want a tourism tax.*** What voters did not understand was that the existing tax was only 0.2% of tourism expenditures and that it was primarily paid for by out-of-state visitors, not by them.

When we explained these facts to survey respondents, they flipped their opinion and supported the tax. Incredibly, they actually believed the tax was too small! Unfortunately, the industry did not address the tax issue, and continued to talk about how important tourism was for the state.

Just before the vote, Douglas Bruce and his supporters came out strongly against the tourism tax. ***It's not that we are against tourism,*** they reasoned. ***But the Rocky Mountains were there long before the Colorado Tourism Board, and they'd be there long afterwards. Surely the tourists will keep on coming.***

Bruce's coup de grace was to argue that, if the rich ski resorts could afford over a million dollars to run a propaganda advertising campaign on behalf of the tourism tax, then surely they should not be lining up at the trough for public funds. Let those fat-cat corporate welfare bums pay for promoting tourism themselves. Bruce's message received extensive media coverage on the eve of the referendum, but the industry had no spokesperson in place to challenge his point of view.

Bruce missed the point that the Tourism Board was primarily responsible for promoting *summer* tourism, and that the ski operators separately promoted winter with private sector funds. The main beneficiaries of summer tourism spending were a myriad of small businesses across the state, the kind of businesses that

don't have the money, time, or mandate to organize a state tourism campaign. Nonetheless, his simple message resonated with voters and carried the day.

In the 1993 referendum, the tourism tax was defeated by a margin of 55% against. Shortly afterwards, Colorado became the only state in the U.S. without an official tourism function. The phones kept on ringing, but there was nobody left to answer them.

The results were devastating and surprisingly immediate:

- Within two years, according to our Longwoods **Travel USA®** syndicated tracking program, Colorado lost 30% of its market share of U.S. tourism (See Figure 3).
- This translated into the equivalent of over \$1.4 billion annually in lost revenue to the state.
- By the late 1990's, the damage had escalated to \$2.4 billion each year.
- An independent economic impact study conducted by Dean Runyan Associates confirmed the decline of the tourism industry in terms of its contribution to the state economy from 1996 to 2000.⁶
- After moving from 14th to 1st place nationally in the summer resort category, Colorado slipped to 17th place in 1994, just one year after the loss of funding (See Figure 4).
- We observed a dramatic increase in the number of Colorado residents and travelers staying with friends and relatives, as opposed to high-yield customers.
- Colorado was starting to shift back toward a regional drive destination, as opposed to the national fly-in venue it had become as a result of marketing.⁷

The Colorado case study answers the question that we as marketers would all like the answer to, but would never have the desire or nerve to test: ***What happens if you take a successful marketing program and cut it to zero?*** It took just two years for Colorado's business to bottom out.

It was a bit like owning a Ferrari, but not having the money for gasoline.

⁶ Dean Runyan Associates, 2001. **The Economic Impact of Travel on Colorado.**

⁷ Longwoods International, **Colorado Travel Year 2004.**

Colorado's Share of U.S. Overnight Pleasure Trips



Percent Identifying Colorado as Main Destination of Trip

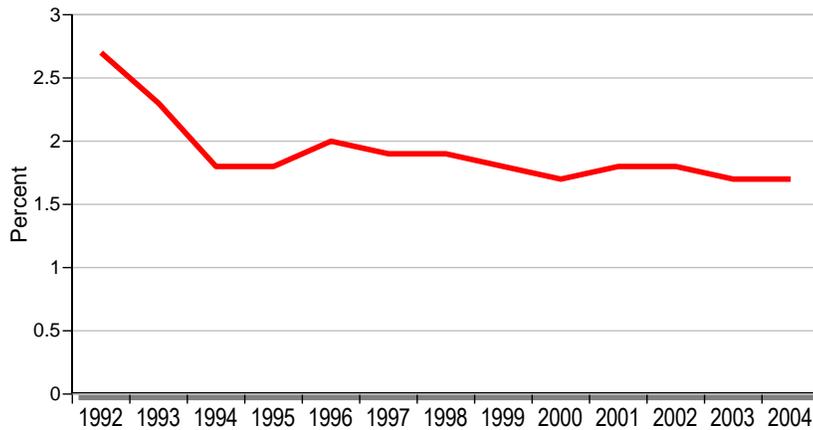


Figure 3. Colorado Loses Market Share after Funding Cut to Zero

Colorado's Rank Among 50 States as a Summer Resort Destination

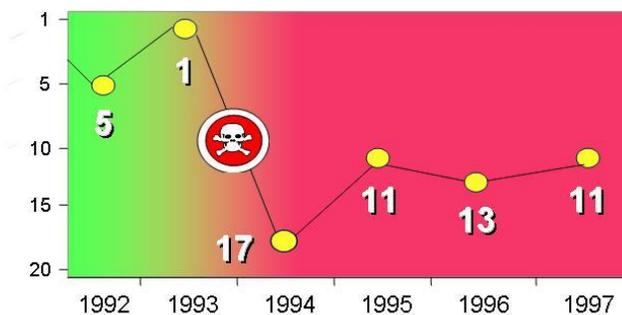


Figure 4. Colorado's Position in the Summer Resort Segment Plummets

Private Sector Funding Model Fails

After the loss of funding, a new agency, the Colorado Travel & Tourism Authority was established by the legislature to attempt to market the state with private funds. The idea was for the industry to be self-assessing, and to use the money for tourism promotion. The Colorado Travel & Tourism Authority had staff but no marketing dollars. They shared responsibility with the original agency, the Colorado Tourism Board, which had responsibility for welcome center operation, but had no staff. The two agencies fought regularly over funding and areas of responsibility.

Despite representing a state with one of the strongest private tourism sectors in the U.S., the new Colorado Travel & Tourism Authority was unable to raise sustainable funding or to coordinate its private sector partners under a marketing umbrella. It was like trying to herd cats. Industry contributions to the cause were not mandatory, so the people who paid their share were rightly resentful of those who passed the buck. Not surprisingly, free ridership prevailed over altruism and dedication to the common good.

It was becoming increasingly clear that the private sector funding model was a failure. Each player in Colorado's widespread tourism industry had its own marketing job to do, whether it's a ski resort like Aspen, Vail, Breckenridge, or Steamboat Springs; a city like Denver or Colorado Springs; an attraction, airline, hotel, rental car firm, etc. Each was naturally motivated to get its own message out. But tourists can stay at a Sheraton or rent a car from Hertz virtually anywhere. For them, the hook is *Colorado*.

In 1997, I was invited by the University of Denver to present our research quantifying the state's tourism decline at a meeting of frustrated industry leaders. The facilitator, Robert Mill, a faculty member in the business school, concluded the session by asking the assembled audience to shout out, on the count of three, the name of the Colorado organization they represented.

All at once, each person in the audience called out the name of their respective city, resort, hotel, service or attraction: "*Denver — Vail — Marriott — Colorado Springs — Boulder — Avis — Grand Junction — Garden of the Gods*" ... and a myriad of other names.

The resulting cacophony was incomprehensible.

"Louder!!" said Professor Mill. "I can't hear a thing except noise."

The audience tried again, louder this time, but the result was even less intelligible.

“Now on the count of three, tell me what *state* you live in,” the good professor intoned. “One, Two, Three: ”

Their answer came through as clear as a bell:

“***COLORADO!!!***” “Now you see why we need to speak with one voice,” he said.

It was a great illustration of Benjamin Franklin’s famous quotation at the signing of the Declaration of Independence in 1776: “***We must all hang together, or assuredly we shall all hang separately.***”

The professor’s message was clear: It is the people of Colorado who own Colorado, not Vail, Sheraton, or Hertz. Without the glue of public funds for tourism promotion, the industry would not be able to coordinate and deliver a clear message to the traveling public.

Rising from the Ashes

Gradually, momentum for a return to state funding began to build. We were asked to make a presentation to Senator Elsie Lacey, head of the joint budget committee, illustrating the loss of revenue to the state since the tourism tax was defeated in 1993. She was sympathetic because her constituents included many small businesses who were suffering from the loss of visitors.

Then in 1998, Longwoods International was commissioned by the Colorado Tourism Board and the Colorado Travel & Tourism Authority to prepare a White Paper reviewing the situation and recommending a solution based on three different funding scenarios. The White Paper was approved by the industry in 1999 and distributed to legislators and the media. It was well received, and as a result, the two feuding state tourism agencies voted to disband.

They were replaced on July 1, 2000, by the new Colorado Tourism Office, which received \$5 million in funding from the state. After a seven year hiatus, Colorado was back in the tourism business again, but with that limited amount of funding, it was an uphill battle. Despite the fact that Colorado is a long-haul destination and has to work harder to attract visitors, its marketing budget was still less than half the average of other states.

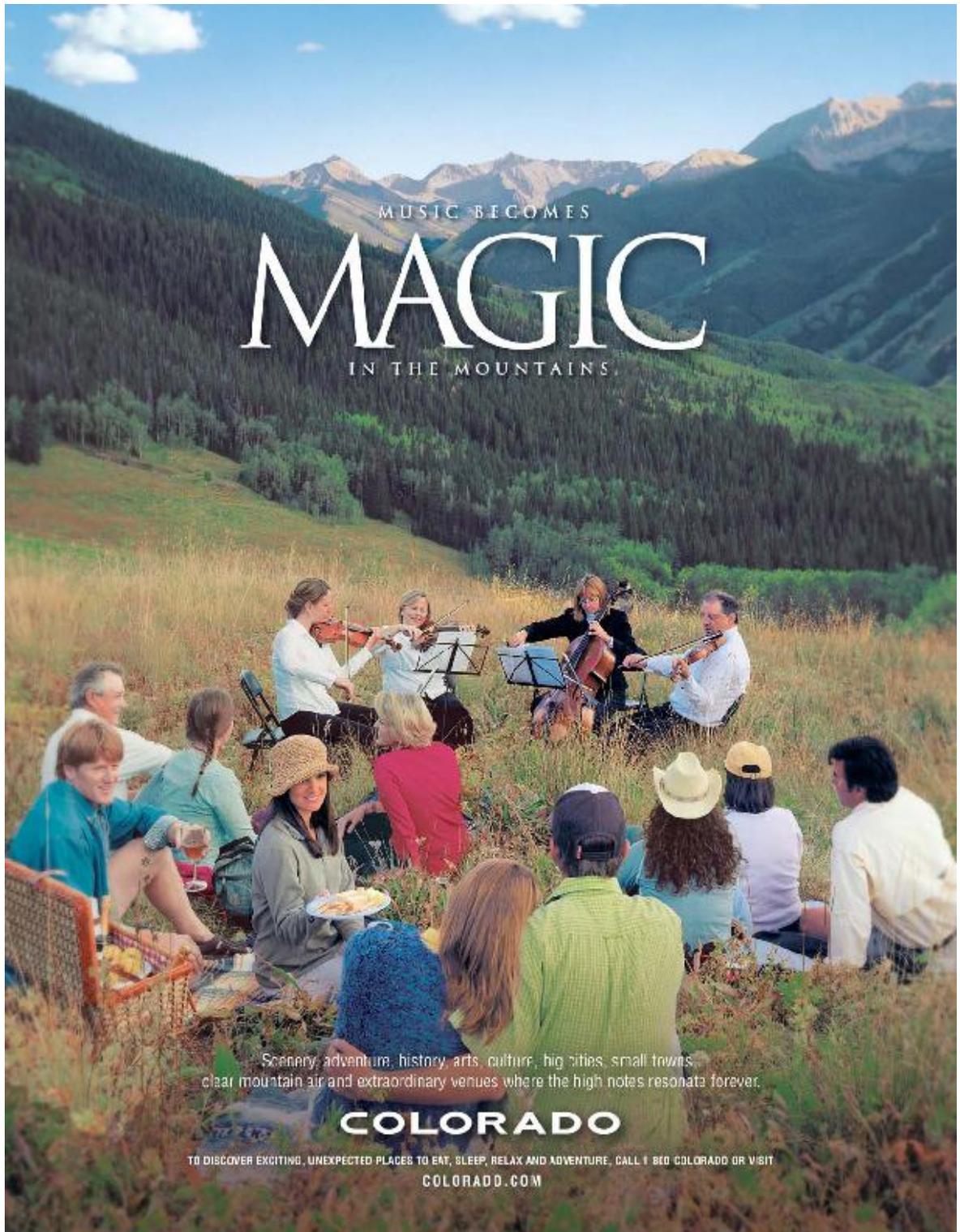


Figure 5. A New Take on “Mountains and Much More”

In 2003, Governor Bill Owens championed a one-time \$9 million capital infusion for tourism promotion, but the tourism industry continued to fight for sustained dollars.

Working hard to make the most of its meager resources, the Colorado Tourism Office hired PRACO, a Colorado Springs agency, to develop a new campaign promoting the state. The priority was to demonstrate to the legislature that the limited investment of public funds generated a positive return on taxpayers' investment in tourism promotion.

Longwoods was hired to evaluate the impact of three years of advertising using our highly conservative methodology for measuring ROI⁸. The results indicated that the campaign generated major impacts in the target markets:

- 72.1 million American adults were aware of the 2004 campaign.
- Top-of-mind awareness of Colorado as a “dream destination” was significantly lifted by the campaign in all three years.
- The image of Colorado was enhanced by the campaign in each year as well.
- People aware of the campaign were about twice as likely to be planning a trip to Colorado versus those unaware.
- From October 2003 to December 2004, the campaign resulted in an incremental 5.3 million trips, representing 17% of Colorado’s total tourism visitation.
- In 2004, this generated \$1.4 billion of additional spending and \$89.5 million in state and local taxes.
- The campaign appeared to be building equity over time.

The bottom line:			
	2002	2003	2004
Advertising Expenditures	\$2,546,000	\$5,182,000	\$4,947,000
Visitor Spending per Ad Dollar	\$205	\$203	\$292
Tax Dollars Returned per Ad Dollar Invested	\$12.74	\$12.63	\$18.10

The research also revealed a major untapped opportunity for the state: Despite now ranking **5th among states as a dream destination** (after Hawaii, Florida,

⁸ Longwoods International, **Colorado Travel Year 2004**.

Alaska and California), Colorado ranked only **23rd in actual visitation**. At the same time, Colorado ranked **35th in funding for tourism promotion**.

There was a clear opportunity to close the gap between Americans' desire to visit Colorado and their actual behavior with a properly funded promotional campaign. The Denver Post summed it up nicely:⁹

“The moral of the story is that in the modern tourism economy, it's not enough to have spectacular scenery. You also have to advertise your product. While Colorado was hiding our state's virtues under a bushel, other states were promoting vigorously and stealing our business — Politicians are always pledging to run state government like a business. But in business, you often need to invest money to make money. With a return of more than \$15 in tax revenue for every buck we spend on promotion, it's high time Colorado got back into the tourism business.”

A Happy Ending

After a dry spell lasting more than a decade, Colorado's tourism industry was able to put forward a credible case to the Governor and State Legislature to support tourism with sustainable dollars. **In June 2006, Governor Bill Owens signed into law House Bill 1201, which almost quadrupled the tourism marketing budget to \$19 million.** No longer the poor cousin to its state peers, Colorado moved from 35th in tourism spending to about 7th. *“In every case, we will make more money than we spend for these incentives,”* the Governor told the press.¹⁰

With a serious budget now in place, the Colorado Tourist Office hired MMG Worldwide to develop a fresh approach to marketing the state, integrating the web, traditional media, and public relations into a \$6.9 million spring/summer multichannel campaign with the theme: ***“Let's Talk Colorado.”***

The extra dollars allowed the state to get its message out to more key markets, such as Boston, Minneapolis, New York, Phoenix, San Diego, San Francisco, and Washington DC. The media buy included television, radio, magazine, newspaper, direct marketing, and search engine marketing. Additional flights of advertising were run in fall and winter.

⁹ Bob Ewegen, Denver Post, 2005.

¹⁰ JoAnne Kelley, Rocky Mountain News, June 6, 2006.

Longwoods conducted online surveys to measure the impact of the **“Let’s Talk Colorado”** campaign, with data collection in October, 2007 and May, 2008.¹¹ The results came back as very positive:

- The campaign lifted the image of Colorado overall and generated a positive halo effect on specific attributes that motivate people to visit the state.
- Future intentions to visit Colorado were significantly higher as a function of campaign exposure.

The bottom line:

Advertising Expenditures	\$10,742,000
Total Visitors Generated	5,973,000
Total Spending Generated	\$2,078 Million
Tax Dollars Generated	\$139.3 Million
Visitor Spending per Ad Dollar	\$193
Tax Dollars Returned per Ad Dollar Invested	\$12.96

We continued to track visitors to Colorado through our quarterly Longwoods **Travel USA®** syndicated research program, which is subscribed to by a number of countries, states, cities, and regional destinations. With a significant marketing program in place, Colorado tourism has undergone a major recovery over the past few years and is now back up to record levels.

As reported by the Denver Post:¹²

“Travel to Colorado and Denver increased 4 percent in 2007, and travel spending jumped 10 percent from the previous year to \$9.8 billion. According to data released Tuesday, 2007 marked the fourth consecutive year the state’s tourism industry saw an increase in domestic visitors and dollars spent.

‘The most significant growth occurred in marketable leisure trips, which are not tied to business, family or friends’ said Kim McNulty, executive director of the Colorado Tourism Office. — Marketable leisure trips were up 8

¹¹ Longwoods International, **Colorado 2007 Ad Campaign Evaluation.**

¹² Elizabeth Aguilera, Denver Post, June 18, 2008.

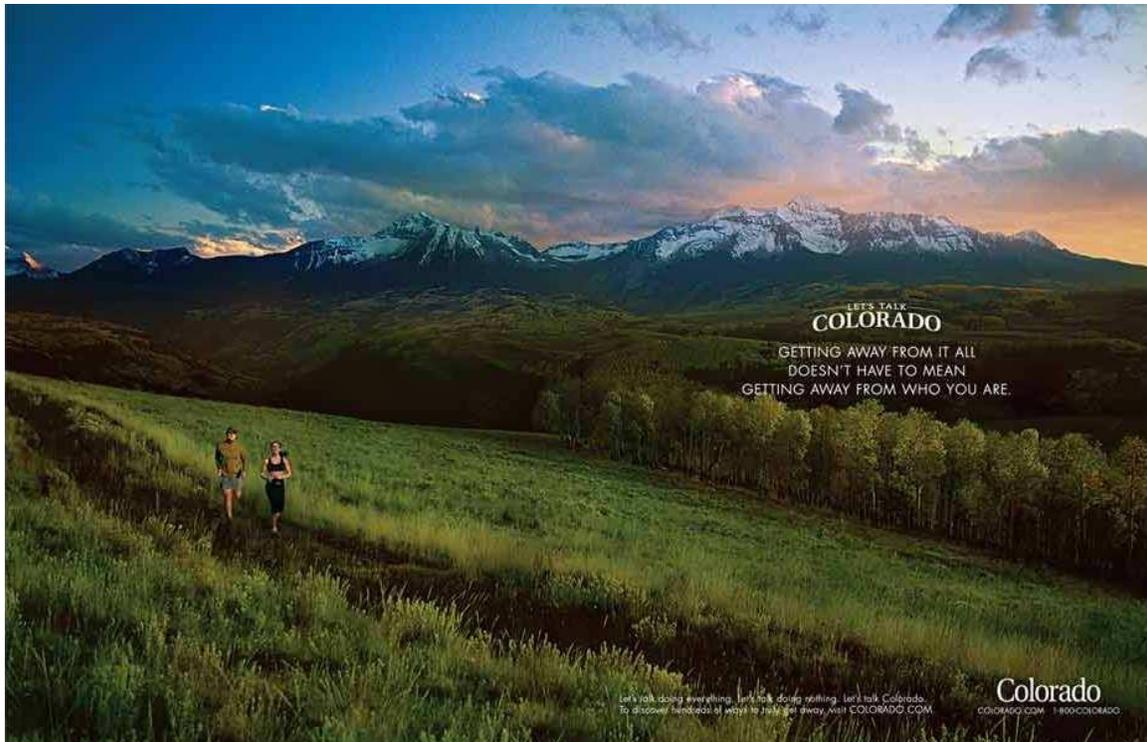


Figure 6. “Let’s Talk Colorado”

percent over 2006, marking the biggest hike in these types of trips since 1992, when funding for tourism marketing was slashed by the state. That year, marketable leisure trips topped out at 12.5 million before dropping to an all-time low of 9.6 million in 2000, the year the state began funding tourism advertising again.

‘This is exciting for Colorado, and it validates the way we market the state. - - - It’s great news — especially with all the economic downturns — to have gains in ‘07 over the great gains we saw in ‘06,’ said Richard Scharf, president and chief executive of the Denver Metro Convention & Visitors Bureau.’

In Conclusion

I have now personally specialized in the design and implementation of ROI research for over thirty years. My company, Longwoods International, has measured many campaigns in such categories as packaged goods, financial services, automotive, technology, consumer durables, gaming, and retail, as well as tourism.¹³ We have seen numerous examples of excellent returns generated by a combination of the right messaging strategy, compelling creative that engages the consumer at an emotional level, and an effective media buy.

We've also observed an occasional failure, including an award-winning campaign noted for its stunning creative that generated zero ROI. Research identified that the messaging was off strategy and the ads, while beautiful to look at were not motivating. With the appropriate adjustment to the creative, the next year's campaign generated an excellent return.

I would love to be able to share these case studies with you, but for most this is impossible because the private sector is — *private* — and secrecy generally prevails. In addition, I have not yet encountered a single private sector client who would dare to totally stop advertising.

The Colorado case study offers us a unique glimpse into a 20-year program of research that documents the stunning impact of the state's virtually complete and unprecedented elimination of its tourism marketing budget. In what may well be the classic demonstration of the financial value of marketing, the case clearly documents the lost opportunity when funding was cut:

- Over \$2 billion in lost sales annually by cutting \$12 million in promotional dollars.
- Over 30% decline in market share.

It shows as what was gained once state funding for marketing was reinstated:

- More than \$190 in sales for every dollar spent.
- Over 12:1 bottom-line ROI to the Colorado state treasury.

Within tourism, the Colorado story has become a legend, with many of the state's competitors citing these numbers to their legislators as evidence for why their

¹³ Peer awards have been received from the Marketing Research & Intelligence Association (RBC Royal Bank), Travel & Tourism Research Association (Hawaii; Maine); Guide to Best Practices in Tourism & Destination Management (Colorado; Tennessee; Hawaii; Maine; Finger Lakes Wine Country)

programs should be funded, not cut. In these challenging economic times, when marketing budgets are an easy target in the private sector and public sector alike, the lesson from this case is quite simple:

***THINK TWICE BEFORE SLASHING YOUR MARKETING BUDGET.
DON'T BE THE NEXT COLORADO!***

Acknowledgements

Many individuals and entities have been central to the Colorado story. I would like to give credit to just a few of these, whose leadership and vision have made this case and its documentation possible. First I'd like to thank Don Merrion and the Colorado Tourism Board members for hiring us in 1986, making Colorado the first state client of Longwoods International. Michael Erdman, Senior Vice President at Longwoods, has done a magnificent job of conducting the research that has documented the Colorado story so well. To Kim McNulty, Executive Director of the Colorado Tourism Office and Richard Scharf, President and Chief Executive of the Denver Metro Convention & Visitors Bureau, it's been a privilege to work with you and to be able to document your success. Finally, I would like to thank Eugene Dilbeck, formerly state travel director for Texas, Oklahoma, and New Jersey, President of the Denver Metro Convention & Visitors Bureau, Chair of the Research Committee of the Colorado Tourism Office, Executive Director of the Center for Travel and Tourism at the University of Denver, and now Senior Vice President at Longwoods. Eugene came up with the classic line in 1990 when his budget was under pressure in New Jersey. "Bill," he said, "you don't get to play the marketing game unless you justify yourself." Since then, I've never heard as simple and clear a rationale for marketing accountability.

About the Author



Dr. Bill Siegel, Chairman & CEO, Longwoods International

Bill received his PhD from the University of Michigan in 1970, and taught psychology, research methods and statistics at the University of Western Ontario and the University of Western Australia, where he was Distinguished Visiting Lecturer. He switched to market research in 1976, when he was invited to design and manage a multimillion dollar advertising ROI study for the CEOs of the telephone companies across Canada.

Since founding the Longwoods Group of Companies in 1978, Bill has consulted to leading Fortune 500 companies and governments around the world.

His work has been cited in broadcast and print media, including **USA Today**, **Newsweek**, the **New York Times**, and **The Times of London**. He is a regular speaker at governors' conferences and meetings, such as the Advertising Research Foundation, the American Marketing Association, the Brookings Institution, the Bureau of Broadcast Measurement, the Economic Development Administration, the European Society of Marketing Research, and the Public Relations Society of America.

Bill has served on boards for a number of organizations, including Georgia Tech, Waterloo University, Ryerson University, and the Travel and Tourism Research Association. He was commissioned as Honorary Citizen of New Jersey by Governor Florio for his work helping market that state.

Appendix 4.

Michigan Tourism Impact Case Study



U.S. TRAVEL
ASSOCIATION

Longwoods
INTERNATIONAL



THE POWER OF DESTINATION MARKETING

“Pure Michigan” and “Philadelphia: With Love” Case Studies

DR. BILL SIEGEL

Chairman & CEO, Longwoods International

July, 2011

Foreword

The world's biggest and best brands, like Apple, McDonald's and Nike, did not just create outstanding products and assume the world would beat a path to their door. They understood the critical need to market their products in an effective way that created consumer demand. And even with popular products that are now household names around the world, they continue to spend enormous sums on marketing and promotion to ensure lasting consumer demand.

Somehow what is obviously valuable for the world's best brands is not so obvious to policy-makers in many states across the country, who are reducing state and local tourism marketing programs in the name of saving taxpayer dollars. "Penny-wise and pound-foolish" could have been coined for these decisions to discount the need to promote, and ignore the outstanding return on investment reaped by tourism marketing.

As a follow up to Longwoods International's landmark case study on the effects of Colorado eliminating its successful marketing program in the 1990s, U.S. Travel commissioned Longwoods to do a comprehensive analysis of recent promotional campaigns by the State of Michigan and the Greater Philadelphia Tourism Marketing Corporation. As you will see, the study provides conclusive evidence that marketing programs drive greater visitation, generate new tax dollars and create jobs for states and local communities.

Please review the following report and its compelling insights. Bill Siegel and his team have affirmed the value of marketing and promotion as critical to attracting travelers, who play an integral role in driving state and local economies.

Sincerely,

A handwritten signature in black ink, appearing to read "Roger J. Dow". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Roger J. Dow
President and CEO
U.S. Travel Association

THE POWER OF DESTINATION MARKETING

DR. BILL SIEGEL

Chairman & CEO, Longwoods International

Abstract

The purpose of this report is to document through research the financial value of successful destination marketing programs. An earlier study used the State of Colorado as an example of the negative impact of slashing a successful state tourism campaign. Here we follow through with two case studies, Michigan and Philadelphia, which provide compelling evidence at the state and city levels that consistent, well-executed marketing programs can produce a significant positive return on investment to stakeholders.

Introduction

It was two years ago in 2009 that I published a case study entitled *“What Happens When You Stop Marketing? The Rise and Fall of Colorado Tourism.”*¹ It showed through over 20 years of research the consequences of a state government eliminating its successful marketing program in 1993 and cutting the budget to zero. The result: Colorado’s share of U.S. travel plummeted 30% within two years, ultimately creating a revenue loss of over \$2 billion annually.

The state’s tourism industry struggled without funding until 2000, when the new Colorado Tourism Office was formed with a \$5 million annual budget. Citing a demonstrated return on investment to the treasury of over 12:1, Governor Bill Owens increased tourism funding in 2006 to \$19 million. As a result, after languishing for over a decade, Colorado’s tourism has now rebounded to record levels.

The Colorado case represents the clearest illustration I have seen to date on the *downside* of cutting marketing programs. It has become iconic within the industry, and is regularly cited by destination marketing organizations when their budgets are under pressure. While fear may be a more potent motivator than opportunity, it is nonetheless essential to demonstrate the significant *upside* potential of marketing a destination, not just the negative impact of budget cuts.

¹ The Colorado case study is available for download at www.longwoods-intl.com

For over 30 years, my company has had the privilege of conducting research to evaluate the campaigns of numerous destinations at the national, state, municipal and regional levels, as well as leading private sector clients. The majority of these have produced a demonstrable positive return on investment.²

A couple of the more dramatic success stories include:

- **Hawaii doubling the tourism budget to \$60 million after the legislature threatened to cut the budget to zero for lack of accountability.** The key was ROI research in the U.S. and Japan that successfully withstood intense review and scrutiny. Hawaii's governor appointed an accountability task force of economists and academics which spent two years analyzing our research looking for flaws, and which ultimately endorsed our findings in the legislature.³
- **Evaluating the first-ever tourism branding campaign for America overseas, in the UK market.** The campaign effectively used the glamour of Hollywood movies to lure 360,000 additional Britons to the U.S. (*"You've seen the films. Now visit the set."*) According to our research for the Department of Commerce, those Brits spent \$481 million in the U.S. and that yielded \$79.9 million in federal and local taxes.⁴

These examples are especially salient in the current fiscal environment where, in the aftermath of one of the most severe recessions in recent history, legislators at all levels of government have been looking for ways to slash program costs in order to deal with burgeoning deficits. For many, tourism is an easy target for chopping in comparison to essential services like Medicare and education.

The following two case studies, Michigan and Philadelphia, provide dramatic and convincing evidence that destination marketing represents an investment, not a cost to taxpayers; that it does not compete with entitlement programs, but rather helps pay for them; that it puts cash into public coffers, creates jobs, and enhances the lifestyle of both tourists and residents.

² Unfortunately, we have also seen some cases where campaigns delivered poor, zero, and even negative returns. Diagnostics pointed to problems with message strategy, creative execution, media mix, or target markets.

³ The Hawaii case was given a best practices award by the Travel & Tourism Research Association (International).

⁴ The U.S. Department of Commerce campaign received the prestigious Odyssey Award from the Travel Industry Association of America (now U.S. Travel Association) in 2006.

Pure Michigan

My personal connection to the state of Michigan goes back to the late 1960's, when I moved to Ann Arbor to pursue my postgraduate studies in psychology at the University of Michigan. At that time, the state was an economic powerhouse, with the Big Three car companies dominating the domestic market. General Motors alone held a market share of almost half of vehicles sold.

The intervening years have not been kind to Michigan's economy:

- By 2009, GM's market share had dropped to 20%.
- The economy nationwide was in severe recession.
- In Michigan, unemployment had grown from 3% to over 14% in a decade.⁵
- The City of Detroit had lost over half its population, and one in four of its residents were jobless.
- Both General Motors and Chrysler were forced into bankruptcy, two iconic corporations saved only by a massive bailout from the federal government.
- Media coverage of the state was overwhelmingly negative, with headlines about plummeting auto sales, declining home values, and rising unemployment.

That was the challenging environment in 2009 when Michigan launched its first-ever national advertising campaign promoting tourism for the state. Former Governor Jennifer Granholm and the legislature had just approved a one-time increase for Travel Michigan, a division of the Michigan Economic Development Corporation, which doubled the marketing budget to just under \$30 million. My company was charged with the task of determining whether that investment was a wise choice for the state's taxpayers.

Given that the Michigan treasury was under severe pressure, there was no shortage of critics opposed to singling out the tourism industry for a cash injection. On the other hand, there was a strong rationale for its many proponents to support the marketing effort:

- At a time when the manufacturing sector was in dire straits, tourism was seen as a promising way to drive economic development.
- The "*Pure Michigan*" advertising campaign, which was launched regionally in 2006, had garnered critical acclaim nationally, winning a number of awards.

⁵ Source: U.S. Bureau of Labor Statistics.

- Our ROI research showed that the campaign, which had run regionally since then, was a moneymaker, not a cost to taxpayers, returning \$3 to the treasury for every dollar invested in 2008.

Beyond its tangible benefits, *“Pure Michigan”* was applauded across the state as a huge morale booster for the many residents coping with economic hardship.

This case study will review the development of the *“Pure Michigan”* brand, its performance in traditional markets in the Great Lakes Region, the impact it made when it was launched nationally, and the battle for sustained funding since then.

Building the Brand



Great Lakes. Great Times TV Spot.

Longwoods International was first hired in 2004 by the Michigan Economic Development Corporation to conduct image and accountability research measuring the equity of the state’s tourism brand and the effectiveness of Travel Michigan’s advertising. Back then, with a budget of only \$5 million, the state’s ongoing regional branding campaign, *“Great Lakes. Great Times,”* was producing an adequate but not exceptional return.

The campaign focused on listing Michigan’s amenities – things to see and do – and did not resonate with travelers, who were inundated with similar messages from other regional destinations. It also violated one of the cardinal rules of marketing - *Sell the benefit, not the features.*

By 2006, the evidence was in from our tracking research that the campaign was showing signs of wearing out. The data also demonstrated that Michigan suffered from a weak image within the region. However, the experience of recent visitors to the state was very positive, indicating that the issue was a communications challenge, not a product problem.

That year, McCann Erickson was awarded the Travel Michigan account. Their mandate was to:

- Go beyond listing Michigan’s tangible attributes, and create a focused, emotional message that resonated with the family values of Michigan’s core audience.

- Expand the message beyond the state’s regional audience and put Michigan on the leisure traveler’s map across the United States.
- Drive traffic to the state web portal, **michigan.org**.
- Ultimately, increase visitor travel to Michigan and, by extension, boost tax revenues to the state.



The new campaign, *“Pure Michigan,”* was a stunner. Using a celebrity Michigan native, the actor and comedian Tim Allen as spokesperson, a haunting musical theme from the movie *“The Cider House Rules,”* magnificent photography showcasing a myriad of attractions across the state, and an evocative narrative, the campaign felt like poetry, not crass commercial hard sell. *“Pure Michigan”* quickly became a phenomenon, generating critical acclaim and going viral on the web.

From the outset, most of the media weight was placed in television and radio. This allowed it to reach a broad audience with a story-telling approach to engage the consumer emotionally. Broadcast was supplemented with out-of-home, including billboards, wallscapes, and bus wraps, print, and digital media.

In the beginning, *"Pure Michigan"* ran in regional markets only. The research demonstrated that it was building equity in the marketplace, impacting Michigan's image positively, and generating a positive financial return for the state. Then in 2009, the legislature approved a one-time doubling of the Travel Michigan budget to \$28 million, allowing the state to promote itself nationally for the first time ever.

Business Results

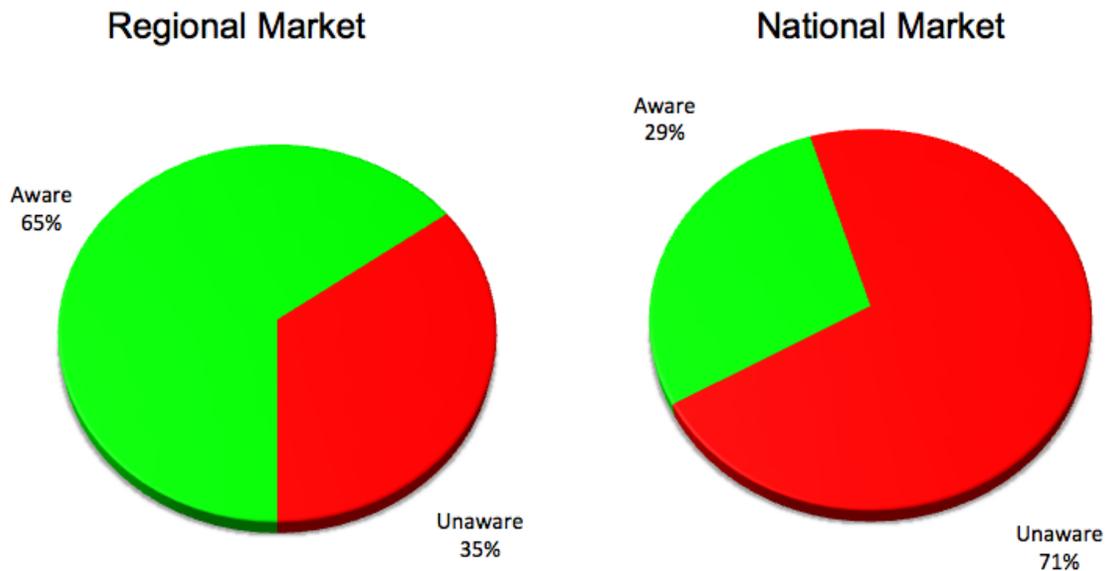


Figure 1. Awareness of 2009 *"Pure Michigan"* Campaign

Based on tracking research, despite a modest budget, three out of ten national travelers were aware of this campaign.

- In comparison, two out of three in regional markets recalled seeing *"Pure Michigan"* ads.

In its first year, the national campaign dramatically increased unaided awareness of Michigan across the U.S. as a place in the Midwest U.S. *"you would really enjoy visiting."*

- Michigan moved to **2nd** place against regional competitors after the campaign, vs. **9th** place before the campaign launched only months earlier.

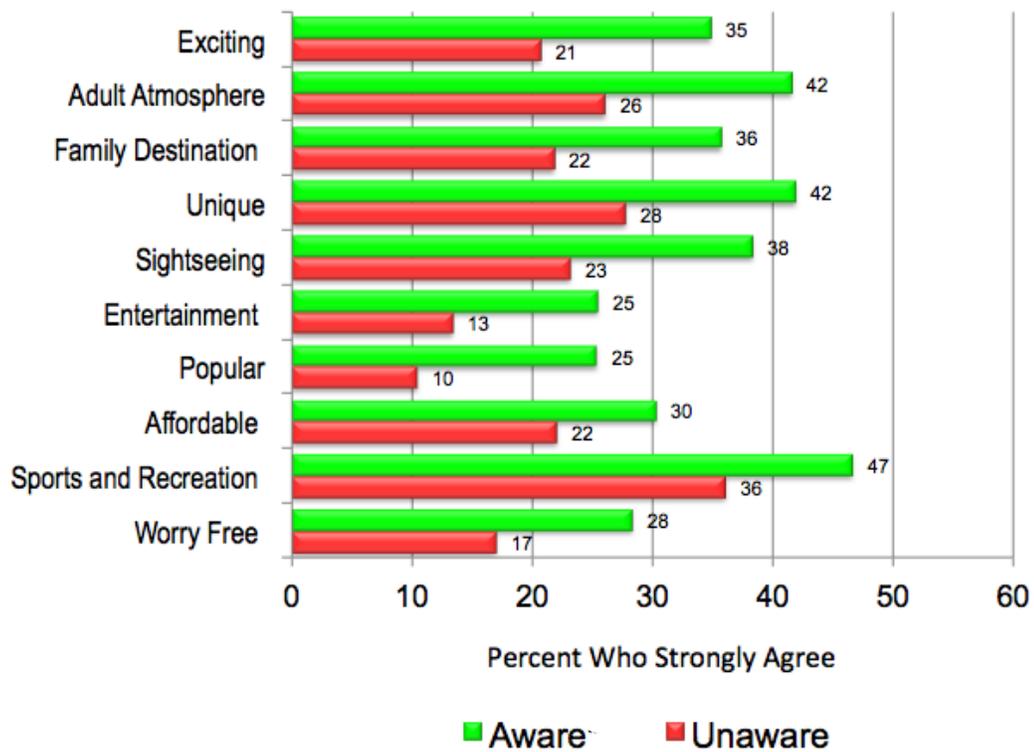


Figure 2. Advertising Impact on Michigan’s National Image

The campaign greatly enhanced the image of Michigan among national travelers, overall and on most specific attributes that drive visitation, creating a positive perceptual halo effect for the state.

“Pure Michigan” was also doing an excellent job of driving visitation to the website, **michigan.org**. Since launching in 2006, unique visitors to this portal increased each year.⁶

- 2010 visits totaled 13.4 million, up 19% over 2009.
- 2009 visits up 8% over 2008.
- 2008 visits up 41% over 2007.
- 2007 visits up 23% over 2006.

⁶ Source: Google Analytics and Web Trends

As a result of this dramatic growth, **michigan.org** has been named the most visited state tourism website in America for four years in a row. And this year, the *“Pure Michigan”* Facebook page became the first among states to reach over 200,000 fans.

Longwoods’ ROI research yielded the following immediate impacts of the 2009 *“Pure Michigan”* campaign during the 2009 travel year:

	Media Budget (Millions)	Trips Generated	Visitor Spending (Millions)	State Taxes Generated (Millions)	State Tax ROI per Ad Dollar
2009 Regional	\$4.4	1,265,000	\$338	\$23.6	\$5.34
2009 National	\$7.8	681,000	\$250	\$17.5	\$2.23
2009 Total	\$12.2	1,946,000	\$588	\$41.0	\$3.36

Table 1. *“Pure Michigan”* 2009 Short-Term Campaign Impacts

The 2009 summer campaign generated almost 2 million additional trips to Michigan. That produced \$588 million in direct expenditures within the state, which yielded \$41 million to the state’s treasury, for a short-term ROI to the taxpayer of over 3:1 for every dollar invested.

The regional campaign, which ran in Chicago, Cleveland, Indianapolis, Cincinnati, Dayton, Columbus, St. Louis, Milwaukee, and Ontario, increased its return on investment to the state from \$2.86 in 2004 to \$5.34 in 2009.

The national campaign produced a lower but still positive short-term return of \$2.23 for each dollar invested. This was the result of several factors:

- It was the first time ever that the state had taken its tourism program to the national marketplace, and thus there was no equity built up from prior exposure of the ads.
- Michigan was further away compared to regional markets.
- For more distant markets, the planning cycle for a Michigan trip is considerably longer, and we only included short-term conversion in these ROI calculations.

However, our research demonstrated that the 2009 *“Pure Michigan”* campaign generated an incremental 4.36 million *planned* trips from national markets outside the Great Lakes Region. In

2010, we conducted conversion research to measure how those travel plans translated into action. The results indicated that the \$7.8 million advertising investment in 2009 for the national campaign generated a total of \$43.5 million in taxes for a return to the treasury of over 5:1.

	Trips Generated	Visitor Spending (Millions)	State Taxes Generated (Millions)	State Tax ROI per Ad Dollar
Impacts in 2009	681,000	\$250	\$17.5	\$2.23
Impacts in 2010	838,000	\$372	\$26.0	\$3.33
Total Impacts of 2009 National Campaign	1,519,000	\$622	\$43.5	\$5.56

Table 2. *“Pure Michigan”* 2009 National Campaign Impacts

Despite the demonstrated success of *“Pure Michigan,”* the legislature in 2010 was divided on the issue of further funding. There was a serious threat that it would drop to only \$5.4 million for the fiscal year. Questions were raised as to the validity of the ROI numbers, and I was summoned to Lansing, the state capital, to explain the methodology and findings to key staff budget advisors and lawmakers. The research was endorsed, and at the 11th hour, an additional \$10 million was allocated to the campaign, allowing it to run nationally, but at a diminished level of funding.

The results demonstrated that, despite fewer media dollars, the 2010 campaign was still highly effective, generating significant impacts in both the Great Lakes Region and in the national marketplace. In fact, *“Pure Michigan”* was continuing to build equity over time, with the campaign efficiency growing significantly across the U.S. The overall short-term return on state tax dollars generated by advertising grew from \$3.36 in 2009 to \$4.33 in 2010. That’s quite impressive if you consider that break-even is \$1 returned to the state treasury for each dollar spent on the campaign.

The success of the *“Pure Michigan”* campaign was further demonstrated by independent research conducted in 2010 by D.K. Shifflet & Associates, showing that visitor spending in Michi-

gan jumped from \$15.1 billion in 2009 to \$17.2 billion in 2010. That is the biggest single-year increase in travel spending in Michigan history.

	Media Budget (Millions)	Trips Generated	Visitor Spending (Millions)	State Taxes Generated (Millions)	State Tax ROI per Ad Dollar
2010 Regional	\$2.2	1,185,000	\$293	\$20.5	\$9.16
2010 National	\$7.6	854,000	\$313	\$21.9	\$2.88
2010 Total	\$9.8	2,039,000	\$606	\$42.4	\$4.33

Table 3. *“Pure Michigan”* 2010 Short-Term Campaign Impacts

Compared to 2009, 2010 was indeed a banner year:

- Out-of-state leisure spending was up 21%, vs. 6% for Michigan residents.
- 10,000 additional tourism jobs were created, up 7%.
- State tourism tax revenue increased by \$114 million, up 13%.

The combined evidence from multiple data sources provides compelling evidence that, even in difficult economic times, a strong campaign can create major shifts in a state’s image both regionally and nationally, drive significant new business, create jobs, and generate revenue for a government facing severe economic challenges.

Pure Michigan Accolades

In recognition of its success in the marketplace, *“Pure Michigan”* has been acclaimed in the media and has won numerous peer awards:

- Placed among the 10 all-time best travel campaigns by Forbes (2009).
- Rated first in Social Media Tourism Promotion (2010).

- Received Mercury Awards from the National Council of State Tourism Directors for:
 - Best State Tourism Advertising Campaign (2007)
 - Best State Tourism Television Commercials (2007)
 - Best State Tourism Radio Campaign (2008)
 - Best State Tourism Radio Advertising (2009)
 - Best State Tourism Niche Marketing (2009)
 - Best State Tourism Television Commercials (2010)
 - Best State Tourism Radio Commercials (2010)
 - Best State Tourism Co-op (Partnership) Program (2010)
 - Best State Tourism Welcome Center Program (2010)

As a researcher, I am especially proud of the fact that in 2011, *"Pure Michigan"* received a prestigious David Ogilvy Award from the Advertising Research Foundation in New York City. According to ARF, the David Ogilvy Awards honor extraordinary and creative use of research in the development of successful advertising campaigns.

However, my favorite endorsement remains this quote by Lewis Lazare, Advertising Critic for The Chicago Sun-Times, who said: *"Pure Michigan is a pure delight. Every time we watched a commercial during the peak summer travel season last year (and now again in 2009), we felt the urge to jump right out of the seat in our living room and make a beeline for Michigan.*

It didn't matter where. Just anywhere, as long as it was Michigan."

Epilogue

Now it is 2011, and Rick Snyder, a successful businessman from Ann Arbor, is the new Republican Governor of Michigan. Inheriting a projected budget shortfall of approximately \$1.5 billion, Governor Snyder was elected on a platform of fiscal restraint and responsibility. In his first budget, he stressed the need for shared sacrifice to get the state's financial house in order.

His budget proposed contentious cuts to essential services, such as education, mental health care, health promotion, and correctional services. State employees would now pay 20 percent of their health insurance premiums.

In this context of cost cutting, it may surprise you that in March, 2011 one of the first bills signed by Governor Snyder added \$10 million to the "Pure Michigan" advertising campaign, raising the promotion budget to \$25 million for 2011, and identifying a funding source to maintain that \$25 million budget for future years.

“It brought in more tax revenue than it has cost our state,” he said of the campaign. “We expanded our Pure Michigan branding efforts early in my administration because they successfully tell the important story of Michigan, attracting visitors and investments to our state.”

This is in my judgment a perfect illustration that fiscal conservatism need not equate to indiscriminate cutting. I commend Michigan’s Governor Snyder for using a scalpel instead of a chainsaw. Nobody likes to be cut, but at least a surgeon deserves respect. For government, cutting tourism promotion, one of the few revenue generators in the system, will backfire based on examples like Michigan and Colorado, leading to a fewer jobs and less revenue to pay for essential entitlement programs.

The Philadelphia Story

The last few decades of the 20th century were a difficult period for the Philadelphia region, with population and employment growth one of the worst in the nation among major metro areas.⁷ In 1995, a study sponsored by the Pew Charitable Trusts⁸ examined the potential for tourism to play a key role in revitalizing Philadelphia's economy. It concluded that:

- "Philadelphia's record of attracting tourists is weak and there is considerable room for improvement."
- "For almost a decade, Philadelphia has concentrated on marketing to the convention business and has, with the exception of a few token efforts, neglected marketing geared to attracting extended stay vacationers."
- "Lack of any sustained or focused image marketing over the past decade has led to a lack of awareness among the travel agent community and a lack of awareness and demand on the part of travelers."
- "Philadelphia has a negative image as a vacation destination."
- "Despite the fact that Philadelphia does have good product, the perceptions – and therefore the reality – among potential travelers is that the product is weak."
- "There is very little awareness of the fact that Philadelphia possesses modern, interesting and exciting urban vacation experiences such as world class dining."
- "An effective marketing campaign will not be implemented and Philadelphia will not reach its goal of becoming a destination city without sufficient and sustainable funding."
- "Implementation of the marketing recommendations will take an organization that has a vision for the future, a commitment to and expertise in tourism marketing, the confidence of the hospitality industry and the power to strongly and steadily move the tourism agenda forward."

Following this critical report, the City of Philadelphia, the Commonwealth of Pennsylvania, and the Pew Charitable Trusts jointly founded a new public-private partnership, the Greater Phila-

⁷ Parter International, Inc., and Econsult Corporation, *Analysis of GPTMC Five-Year Tourism Marketing Initiative*, 2004.

⁸ Parter International, Inc., LDR International Inc., and Madigan Pratt & Associates, *Philadelphia Tourism: Assessment, Analysis & Recommendations*, Vol. 1, Report. The Pew Charitable Trusts, 1995.

Philadelphia Tourism Marketing Corporation (GPTMC). Its mandate was to promote tourism and economic growth for Philadelphia and four surrounding counties - Bucks, Chester, Montgomery and Delaware. In 1996, Longwoods International was hired by the newly formed marketing corporation to conduct visitor and image research that would help guide the development of GPTMC's marketing strategy, and we continue to track Philadelphia's progress today.

Having witnessed the initial obstacles to be overcome and the continual progress generated over 15 years, I am fortunate to be able to share this case study that unequivocally demonstrates the power of a well-managed marketing program. The evidence comes from multiple sources:

1. Longwoods International:
 - National and Philadelphia regional visitor profiles and trends from 1997 to 2010.
 - Image and advertising effectiveness studies.
2. Tourism Economics, a division of Oxford Economics:
 - Economic modeling.
 - Information on spending (direct, indirect and induced), jobs, and taxes.
3. PKF Consulting and Smith Travel Research:
 - Hotel occupancy.

Despite different data and methodologies, each source provides hard data supporting the conclusion that GPTMC continues to successfully mastermind a dramatic turnaround of Philadelphia's tourism business.

1996 Strategic Research

Our initial research program for GPTMC⁹ confirmed key conclusions of the Pew report about Philadelphia's awareness and image among potential leisure visitors, and provided direction for the road ahead. Not surprisingly, as the birthplace of America, home of the Liberty Bell, Valley Forge, and Independence Hall, *history and landmarks* were seen as Greater Philadelphia's core asset. However, neighboring competitors like New York City, Washington, Boston, and Williamsburg are also steeped in American heritage, suggesting that Philadelphia needed additional hooks to lure the consumer.

⁹ Longwoods International, *Philadelphia Strategic Research*, 1996.

Our research validated the Pew report's position that, in the absence of a strong marketing program, Philadelphia suffered from a weak image compared to its regional competitors, and a lack of awareness of the region's attractions and amenities. Based on a large-scale survey of travelers living in GPTMC's target markets, the perception of Greater Philadelphia relative to its competitors in 1996 can be encapsulated as follows:

- Lacking excitement and adventure; somewhat boring.
- Other than historical monuments, not much to see or do in terms of shopping, galleries, theater, nightlife, live music, fairs, festivals, and events.
- Weak on both fine dining and unique local cuisine.
- Lacking luxury hotels, as well as inns and B&Bs.

We concluded that Philadelphia lagged behind the competition on those attributes that are most important for driving destination choice. Moreover, with no strong marketing program in place, the city's blue-collar image was likely being driven by a series of Sylvester Stallone movies that portrayed Philadelphia as more like "Rocky" than the Museum of Art, whose iconic steps he triumphantly scaled. The region's image was clearly not aligned with the wants and needs of the upscale consumers that GPTMC wished to attract.

Seeing these data for the first time, and as a first-time visitor to Philadelphia myself, my first concern was that the negative stereotype expressed by survey respondents might indeed be an accurate reflection of the place - great for a day trip to see a few historical monuments, but not enough amenities and activities to warrant an overnight stay or vacation. If this was true, then an image campaign might generate short-term results, but ultimately visitors would be disappointed and the campaign would backfire.

Fortunately, the research clearly demonstrated that the Philadelphia visitor experience dramatically exceeded its perception. Image ratings by knowledgeable individuals, those who had recently traveled to the region, were much more positive than those who had never experienced it.¹⁰

The bottom line: *To know Philadelphia is to love it.* Now there was strong quantitative evidence demonstrating the need for a marketing campaign to build awareness of Greater Philadelphia and close the gap between the reputation and the reality of the region.

¹⁰ Figure 3

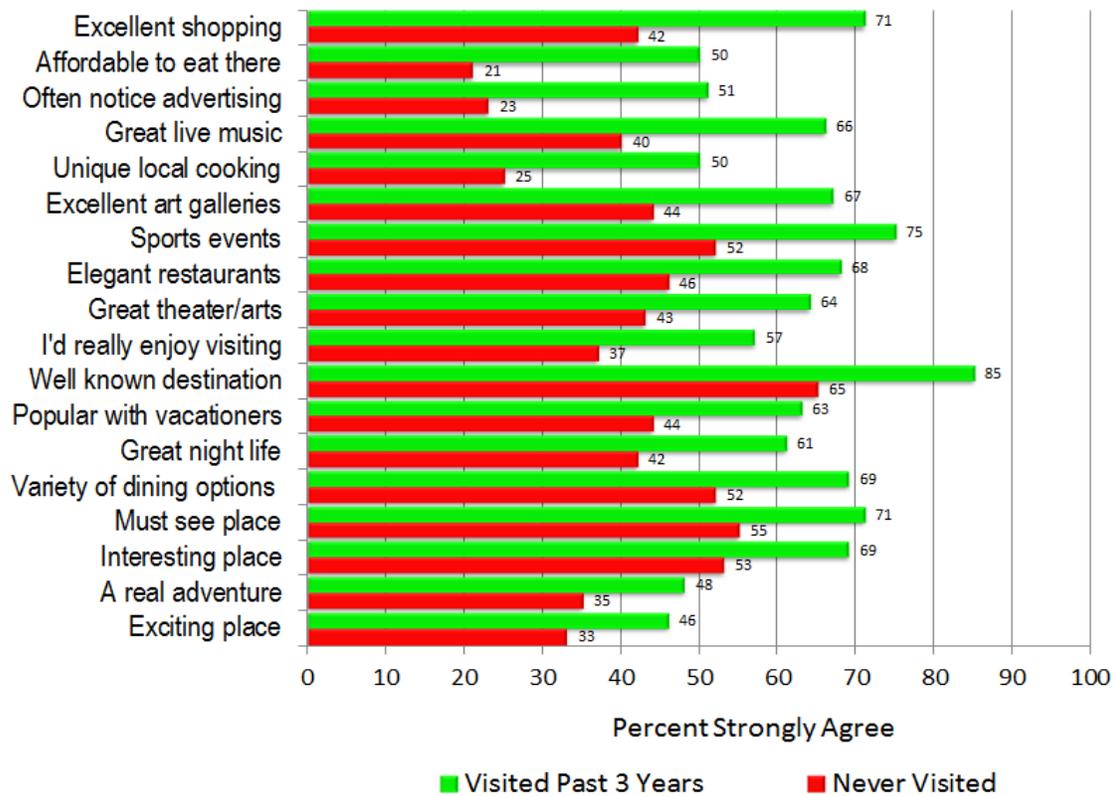


Figure 3. Philadelphia’s Visitor Experience vs. Image in 1997

Building the Brand

GPTMC kicked off its first marketing program with an advertising campaign in the New York City and regional markets, the goal of which was to lure people within driving distance to visit Philadelphia and its countryside.

The tag line was a play on Philadelphia’s nickname, *“The City of Brotherly Love,”* and a tongue-in-cheek rejoinder to *“I ♥ NY.”*

“Philadelphia: The place that LOVES YOU BACK”

This message was clearly aligned philosophically with the English novelist Somerset Maugham’s dictum: *“The important thing (is) to love rather than be loved.”*¹¹

¹¹ W. Somerset Maugham, *“In Search of Human Bondage,”* 1915.



“Loves You Back” TV Spot.

A series of television spots featured different celebrities talking about “My Philadelphia,” and what makes it special to them. Ken Burns, the filmmaker, reinforced Philadelphia’s core strength, history and heritage. The actor Kevin Bacon pitched music and nightlife, designer Nicole Miller the fashion scene. Others included comedian Bill Cosby and Julius Erving, a basketball player better known as Dr. J.

Our role was to conduct research that would quantify the effectiveness of the new campaign in terms of creating awareness, enhancing Philadelphia’s image, and most crucially, motivating enough new people to visit and spend their money in the region to justify the marketing cost.

Did it work? Our findings demonstrated that it did indeed, especially for a new campaign with a limited budget in an expensive and highly competitive marketplace:

- With only \$1.8 million in media expenditures, 9.4 million adults in Philadelphia’s advertising markets saw the campaign.
- Those exposed to the ads had a significantly more positive image of Philadelphia on the majority of the attributes we measured.
- Using a highly conservative methodology for measuring ROI, we estimated that the 1997 “*Loves You Back*” campaign generated an additional 1.1 million overnight and day

trips to Philadelphia and its countryside that would not have occurred without advertising.¹²

- Large as that number may seem, it represents only 4% of the 26.7 million people who visited the Philadelphia region that year.
- In other words, our conservative control procedures backed out 96% of trips to Philadelphia on the basis that they were motivated by factors other than the campaign.
- Each dollar spent on advertising generated \$55 in direct visitor spending.

	Media Budget (Millions)	Trips Generated	Visitor Spending (Millions)	Visitor Spending per Ad Dollar
1997	\$1.8	1,133,000	\$97	\$55
1998	\$1.9	1,068,000	\$114	\$62
1999	\$1.6	1,059,000	\$124	\$80
2001/2002 "Philly Overnight"	\$1.2	1,453,000	\$139	\$116

Table 4. Summary of Philadelphia Campaign Impacts

Despite a drop in the media budget in 1999, the campaign was building equity in the marketplace, and its efficiency increased from 55:1 in 1997 to 80:1 two years later.

In the fall of 2001, the American tourism industry was devastated by the events of 9/11. GPTMC responded to this crisis by launching **Philly's More Fun When You Sleep Over®** cam-

¹² Research employing Longwoods International's proprietary methodology has been recognized by a number of peer awards for our company and its clients for best practices, including the Advertising Research Foundation (David Ogilvy Award), the Travel & Tourism Research Association (International), the American Hotel/Motel Association, Georgia Tech, the Travel Industry Association of America, and the Professional Marketing Research & Intelligence Association.

paign, shifting its focus from image advertising to promoting hotel package deals through the **Philly Overnight®** program.

With a media budget of just \$1.2 million from November 2001 through March 2002, our ROI research showed it to be the most efficient Philadelphia campaign to date, with \$116 in direct visitor spending for every dollar spent on advertising.

The success of the **Philly Overnight®** program was corroborated by visitor statistics demonstrating that overnight leisure visitors to Greater Philadelphia grew from 8.11 million in 2000 to 9.35 million in 2002, an astounding increase of 15% in the aftermath of 9/11, when the rest of the nation was suffering.¹³ **Smith Travel Research called this the number one post-9/11 hospitality recovery initiative in the U.S.**

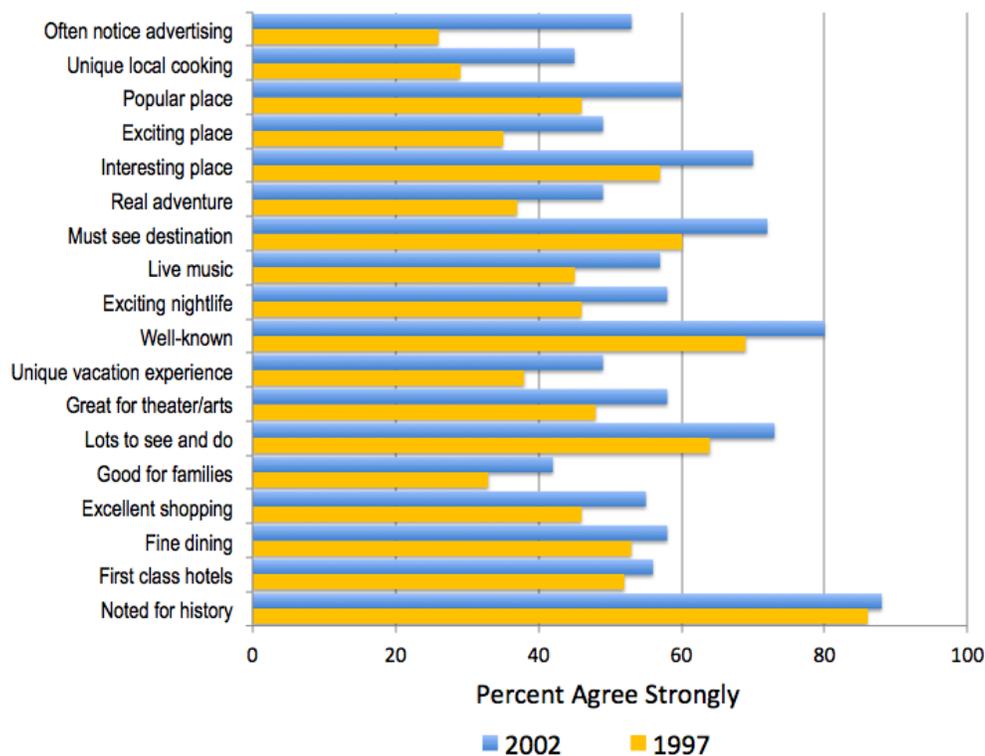


Figure 4. Philadelphia’s Image Improves Significantly

In addition to demonstrating the increased efficiency of GPTMC’s marketing program as it built up equity over time, the research also showed a significant turnaround in Greater Philadelph-

¹³ Source: Longwoods International and Tourism Economics.

ia's image across a number of important attributes from 1997 to 2002.¹⁴ The ongoing marketing efforts were beginning to close the gap between the reality of Philadelphia and the "Rocky" stereotype.

Over the next few years, GPTMC developed a series of promotions homing in on key segments of interest with relevant messages, to enhance its more general themes. One compelling example, the **Philadelphia - Get Your History Straight and Your Nightlife Gay®** campaign was introduced in 2003. At the time, Philadelphia failed to make the list of the top 20 LGBT¹⁵ destinations. In response, it became the first destination to run a gay TV commercial. By 2010, Philadelphia moved up to a tie for 9th position in terms of places visited by gay and lesbian travelers, according to a survey conducted by Community Marketing, a San Francisco firm specializing in the LGBT segment.¹⁶

The advertisement features a historical painting of a group of people in 18th-century attire. A large rainbow flag is draped over the scene. The text at the top reads "PHILADELPHIA Get Your History Straight and Your Nightlife Gay". Below the painting is the Southwest logo and the text "southwest.com/gaytravel Official Airline". A light blue box contains the text "FREEDOM STARTED HERE. In addition to our famous historical sites and cultural attractions, the Philadelphia region boasts a gay neighborhood with scores of gay-friendly restaurants, clubs, theaters and shops. You are warmly invited to spend a few days in the place where all people were given the freedom to live life as they choose. To plan your next trip, visit gophila.com/gay". At the bottom, there are logos for Philadelphia Gay Tourism Caucus, GPTMC (Greater Philadelphia Tourism Marketing gophila.com), and IGLTA.

Philadelphia - Get Your History Straight and Your Nightlife Gay® has been honored by the U.S. Travel Association, the Association of National Advertisers, Hospitality Sales and Marketing Association International, the Public Relations Society of America, and *PRWeek* for its creativity and performance in the marketplace.

GPTMC continued to refine its marketing programs in the last decade, touching its potential consumers not only with traditional broadcast, print, and outdoors media, but also with PR, online, and more recently social media. Its advertising program continued to drive business, and domestic travel to the region spiked upward by 24% from 2002 to 2008.

¹⁴ Figure 4.

¹⁵ Definition: "Lesbian, gay, bisexual, transgender."

¹⁶ Community Marketing, Inc., "Philadelphia's Gay and Lesbian Visitors," February 2011.

Marketing in Tough Times

Then in 2009, with the most serious recession in years slamming the economy, GPTMC fought back with a clever new campaign entitled **With Love, Philadelphia XOXO**.¹⁷ It used a number of different media, including television, radio, print billboards, transit shelters, and online. Advertising was supplemented with a hotel program offering gifts at check-in, a major public relations effort including publicity stunts, and social media programs using Twitter and Facebook.



Philadelphia – With Love XOXO

Our latest advertising ROI study for GPTMC was conducted in early 2011 to measure the impact of the 2009/2010 “With Love” winter and summer campaigns. The research demonstrated that, once again, GPTMC’s continuing marketing efforts were paying off, this time in the middle of a deep recession that created severe pain for the travel industry in across the U.S. and worldwide.

¹⁷ Creative agency: Red Tettemer; Media buying agencies: MayoSeitz Media and The Star Group.

- An expenditure of just over \$4 million generated over 3.7 million incremental trips to the Philadelphia region.
- Visitors motivated by the campaign injected \$432 million in additional direct spending into the local economy.
 - This represents \$100 of revenue for every dollar spent on the campaign. Based on an analysis by Tourism Economics, that resulted in \$46.1 million in incremental state and local taxes for a return on investment to government coffers of 11:1.
 - Of this, \$24 million went to the state treasury, and \$22 million to local government.
- The campaign generated over 7,000 additional jobs for Greater Philadelphia, at a very reasonable cost of \$600 in advertising for each job created.

	Advertising Budget (Millions)	Trips Generated	Visitor Spending (Millions)	Visitor Spending per Ad Dollar	State/Local Tax Dollars Generated (Millions)	ROI on Tax Dollars
2009/2010	\$4.32	3,720,000	\$432	\$100	\$46.1	11:1

Table 5. Summary of *“With Love”* 2009/2010 Campaign Impacts

The results of the advertising effectiveness research were confirmed by the combination of visitor data from our ongoing Longwoods **Travel USA®** syndicated study, the largest ongoing study of Americans’ travel behavior, and information provided to GPTMC by Tourism Economics. We examined the impact of the recent recession by comparing what happened to travel volumes between 2010 and 2008, and the results were quite striking:

- For the U.S. as a whole, overnight trips were down across the board.
- Greater Philadelphia, on the other hand, managed to weather the economic downturn very well, with overnight leisure trips leading the way.

- The downtown benefited from the influx of overnight travelers in response to the **With Love, Philadelphia XOXO™** campaign, with its hotels recording a record 827,000 leisure room nights in 2010.¹⁸
- In 2010, Philadelphia welcomed over 37 million visitors, a new all-time high for the region.¹⁹

Why did this campaign work so well? It certainly was helped by a \$1.6 million budget injection coming from a fall 2008 increase in the city's hotel tax. Cooperation from the region's hotels, restaurants, attractions, and other partners was also critical. Strong creative and PR played their part in driving the message home.

In addition, the new campaign illustrates a critical learning breakthrough I've had since switching careers from academic psychology to advertising research: *In marketing communications, emotion almost always trumps logic.* The "Love" message hit consumers' hot button just as the economy tanked and walloped their pocketbooks. The campaign message resonated, and the payoff for the region and its stakeholders on a modest \$4.3 million investment was enormous.

Fifteen Years of Marketing Success

You have seen in this case study that, 15 years ago, when GPTMC was founded, the image of Philadelphia and its countryside was weak – great for a day trip to take in a few historical monuments and chomp on a cheese steak, but lacking excitement, good hotels and restaurants, and variety of things to see and do. Therefore, for many people, it wasn't worthy of an overnight stay - *too much "Rocky" and not enough romance for upscale vacationers in the Northeast.*

Fortunately our research showed that Philadelphia's image problem was just that, not a product problem. Recent visitors loved Philadelphia, and Philadelphia was prepared to love them back. Properly executed and targeted communications could and did help close the gap between perception and reality.

You have seen how advertising effectiveness research conducted since 1997 has shown that ongoing GPTMC advertising has created awareness for the region, enhanced its image, motivated large numbers of people to come and spend money, and provided a positive ROI to the city and

¹⁸ Source: PKF Consulting

¹⁹ Source: Longwoods International and Tourism Economics.

state governments who fund the agency’s marketing programs. For them, a return of 11:1 on their taxpayers’ investment means that tourism marketing is a superlative deal. I wish I could get performance like that from my bank and stockbroker.

Now let’s go beyond advertising research and examine Philadelphia’s visitation trends from 1997, when GPTMC launched its first campaign, to 2010. Figure 5 compares leisure visitor volumes to business travel, as well as day vs. overnight trips.²⁰

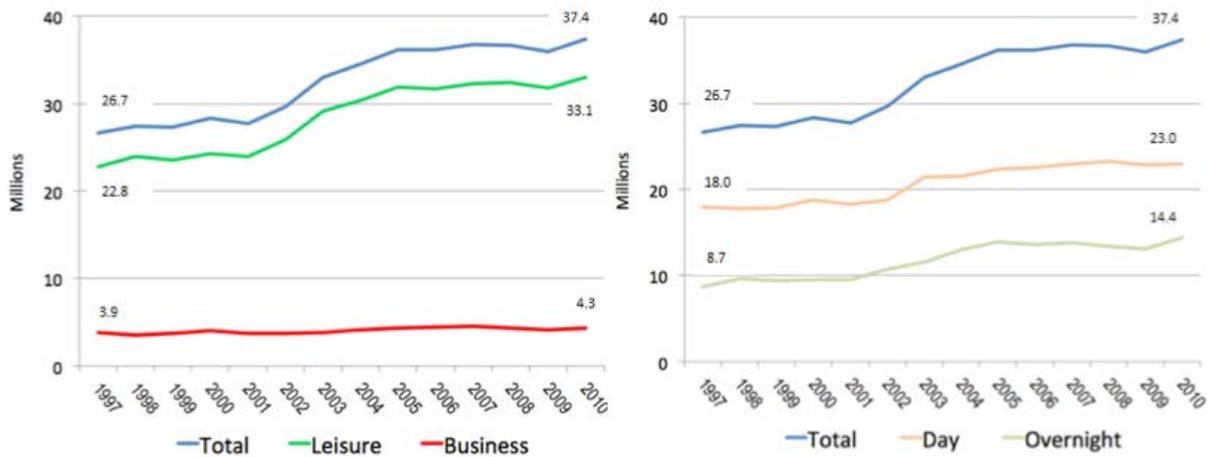


Figure 5. Domestic Visitation to Greater Philadelphia: 1997 to 2011

As you can see:

- Total domestic travel to the Philadelphia region grew dramatically, climbing from 26.7 million visitors in 1997 to 37.4 million in 2010. That’s an increase of 40%.
- Most of that growth came from leisure travel, up 45%, versus business, up only 12%.
- Both day trips, up 28%, and overnight trips, up 66%, showed growth, but the more lucrative overnight segment predominated.
- These findings provide strong evidence of the success of GPTMC’s marketing efforts, whose mandate is to persuade leisure travelers to visit the Philadelphia region and stay longer.

Additional corroboration of the impact of GPTMC’s marketing comes from the respected consulting firm PKF. Focusing specifically on leisure hotel stays in Philadelphia’s downtown core, their numbers show that, not only did Philly’s business avoid the post 9/11 tourism crash

²⁰ Source: Longwoods International and Tourism Economics.

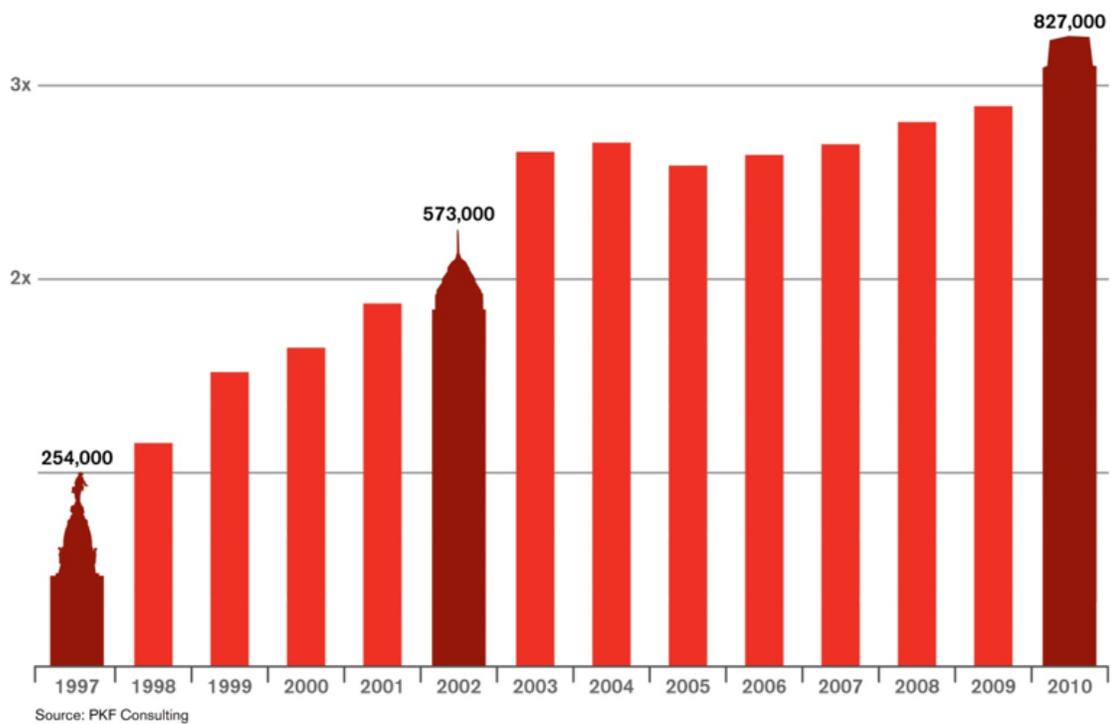


Figure 6. Downtown Philadelphia Leisure Hotel Nights: 1997 to 2010

that hit most other U.S. destinations, the growth continued to 2011, with a record 827,000 room nights. **That’s more than triple the number for 1997!**

These trend data for Philadelphia are certainly impressive, and together with advertising ROI numbers, suggest that the campaign is indeed the underlying driver of the huge increases in visitation, particularly overnight leisure travel. However, I believe that the most compelling evidence of all is the before-after difference between Philadelphia’s visitor numbers and the national trend.²¹

Since GPTMC began its first campaign in 1997, growth in U.S. travel has been limp to say the least. A combination of two recessions, the 9/11 attacks, high fuel costs, the rise of the internet, videoconferencing, and cutbacks by businesses on employee travel have all hurt the travel sector. As a result, the national numbers show only a 21% increase in leisure travel since 1997. Business travel actually declined by 25% during this period.

Greater Philadelphia clearly bucked the national trend, both for business and leisure. The 71% growth we measure in overnight pleasure trips to the Philadelphia region was more than three times higher than the nation as a whole. As a market researcher, this is certainly far beyond my normal criterion for a meaningful difference of +/- 3%, 19 times out of 20.

²¹ Figure 7.

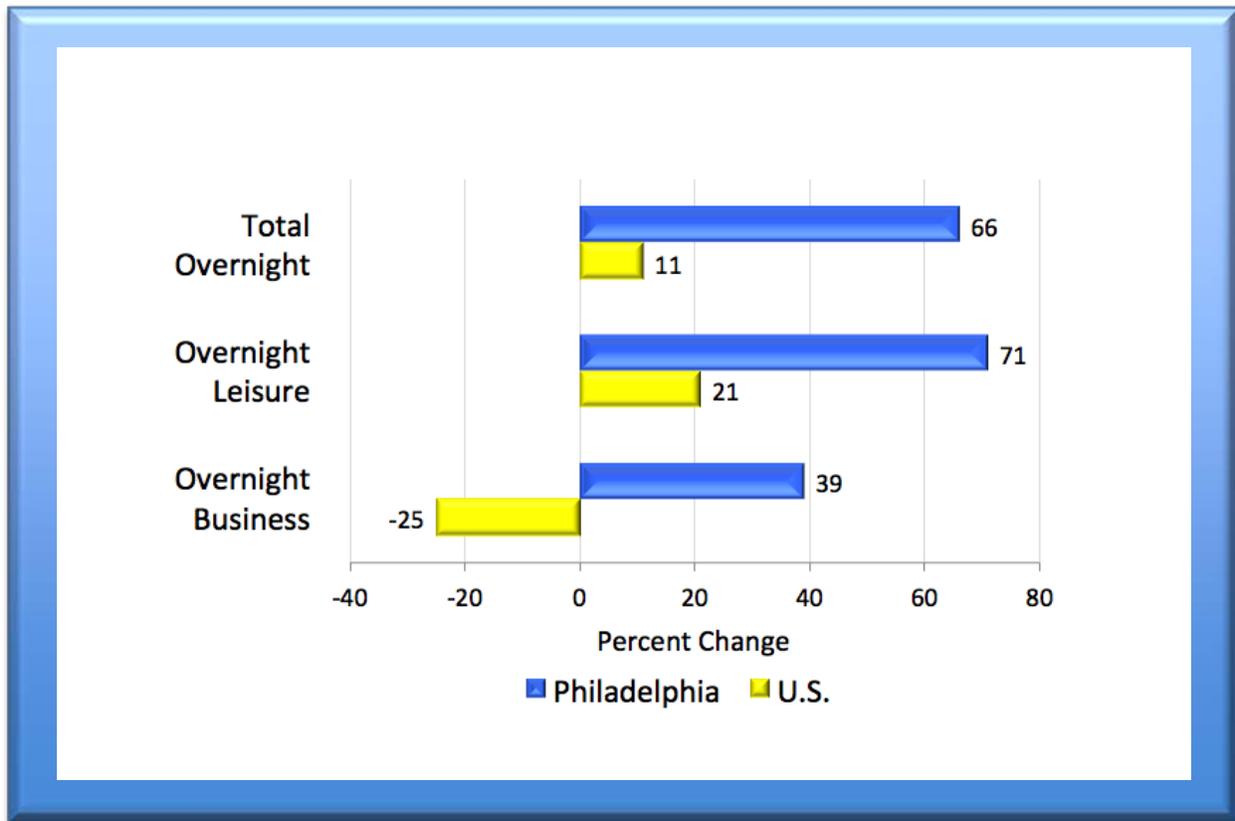


Figure 7. Greater Philadelphia vs. National:
Overnight Visitor Growth
1997 to 2010

I will leave it to the economists to figure out what these numbers translate to in terms of visitor spending, tax dollars generated for the state and municipal governments, and jobs since 1997. Certainly the cost of the campaign is miniscule in comparison to the financial gains that GPTMC has delivered to its community.

Beyond that, Philadelphia would be a very different city than the place it is today in terms of the amenities and the quality of life it offers, both for its residents and the millions of visitors who have been enticed to come and feel the love promised by one of the most effective campaigns we have ever measured.

In Conclusion

At a time of budget cutbacks around the country, the issue of tourism funding is more relevant than ever. Over the past decade, the Colorado case has become a cautionary tale for the dangers of cutting back a successful program. The elimination of tourism promotion in that state caused a severe loss of market share, visitor dollars, and tax revenues that took years to recoup.

The two case studies examined in this report, Michigan and Philadelphia, show the flip side of that cautionary tale – the benefits that a state or city destination can derive from sustained, effective tourism marketing. In both cases, return on investment analysis has shown that the marketing dollars allocated by state and municipal governments have been returned many times over in tax revenue – helping to pay for essential services like school and hospitals, rather than competing with them.

The *“Pure Michigan”* campaign has created a brand the entire state can rally around, as Michigan works its way back from troubled times. Meanwhile in Philadelphia, marketing has worked in harmony with a continually improving tourism product to deliver more visitors and more dollars year after year, which in turn has led to more hotels, attractions and restaurants opening their doors. This positive cycle has helped Philadelphia overcome its late 20th century image as a city in decline.

As legislators around the country face difficult choices, many are coming to understand the power of tourism marketing as a revenue generator, just as marketing is recognized as the engine driving sales and profits in the private sector.

Recently in the state of Wisconsin, Governor Scott Walker, a prominent fiscal conservative, has proposed an increase in the state’s tourism marketing budget from approximately \$10 million to \$15 million annually, while cutting entitlement programs to deal with the state’s deficit. As in Michigan, the state of Wisconsin recognizes tourism marketing as a positive revenue source – 7:1 return to the treasury, according to Longwoods’ research.

These positive tales of destinations investing in hard times and reaping the rewards stand as a contrast to Colorado’s huge loss of revenue when funding was slashed, and they provide hope that tourism promotion will be rightfully seen as a solution for, not a cause of, budget deficits.



Dr. Bill Siegel

Bill is Chairman and CEO of Longwoods International, a market research consultancy that has assisted leading corporate and government clients across the U.S. and Canada, Mexico, Europe, and Asia.

After receiving his Ph.D. from the University of Michigan, he taught psychology and research methods at the University of Western Ontario, and was Distinguished Visiting Lecturer at the University of Western Australia. Bill switched from academia to business when he was hired by Bell Canada as Manager of Marketing Research to design and implement a ground-breaking study of advertising ROI for the CEOs of the telephone companies across Canada.

He continues to specialize in marketing accountability at Longwoods, where he developed the firm's award-winning methodology for measuring bottom-line campaign ROI. In addition, he has helped develop and refine many successful branding campaigns, such as Canada: *The World Next Door*, Hawaii: *The Islands of Aloha*; Corning NY: *Finger Lakes Wine Country*; Washington DC: *Power Trip*, and Michigan: *Pure Michigan*.

Bill's work has been cited in broadcast and print media around the world, including **The New York Times**, **The Wall Street Journal**, **CBS**, **MSNBC**, **USA Today**, **Newsweek**, and **The Times of London**. He has been invited to speak at many industry functions, such as governor's conferences, The Brookings Institution, the Advertising Research Foundation, the American Marketing Association, the European Society of Marketing Research, the Television Bureau of Canada, the Bureau of Broadcast Measurement, the U.S. Economic Development Administration, and the Public Relations Society of America. He has served on boards for Georgia Tech, Ryerson University, Waterloo University, and the Travel & Tourism Research Association.

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