

MICHIGAN TOURISM ADVERTISING EVALUATION STUDIES 2004 To 2007

The purpose of this supplemental report is to summarize the four years of tourism advertising evaluation studies that Longwoods International has undertaken on behalf of the State of Michigan.

Marketing Goals

Travel Michigan's marketing goals over the period have been to:

- *sell the Michigan experience as the ideal vacation destination*
- *create awareness of michigan.org and drive traffic to the site*
- *converge marketing goals with partnerships to increase inquiries for partners*
- *rank Michigan in the top three Midwest states for consideration as a leisure travel destination among consumers in its key markets.*

Travel Michigan's marketing activities in 2004 and 2005 involved the "Great Lakes Great Times" advertising campaign run in the Chicago, Cleveland, and Indianapolis-Lafayette DMA's (Designated Marketing Areas). For 2006, the markets were expanded to include the DMA's of Cincinnati, Milwaukee and South Western Ontario and the Launch of the Pure Michigan campaign in those markets. In 2007, the pure Michigan campaign replaced Great Lakes Great Times in Chicago, Cleveland, and Indianapolis-Lafayette.

Research Purpose

The purpose of the Image and Advertising Evaluation Studies were to provide:

- *fundamental strategic insights about the image of Michigan and its key competitors with respect to key destination choice factors;*
- *an evaluation of the impact of the Travel Michigan advertising campaign including the financial return on the advertising investment (ROI);*

- *messaging and media diagnostics to illuminate contributing factors to campaign performance and, in turn, insights to help optimize the impact and yield of future activities.*

Research Objectives

The objectives of the ongoing advertising evaluation research are:

- To profile Michigan's image as a travel destination, as well as its strengths and weaknesses among key competitors
- To identify what is important to travelers in choosing Michigan and key competitors as destinations for travel
- To evaluate Travel Michigan's advertising campaigns in terms of:
 - *the awareness that they generate*
 - *their impact on Michigan's image and on travel to the state*
 - *the incremental bottom-line impact of that travel and the resulting rate-of-return on the advertising investment.*

Research Method

Over the four years, 2004 through 2007, a Longwoods **R.O.EYE®** study was conducted annually among a representative sample of adults, 18 years of age and over, resident in Travel Michigan's advertising markets (as noted above). Survey respondents in the first three years were members of a consumer mail panel and questionnaires were mailed to them for self-completion. For 2007, an on-line consumer panel was used to select the representative sample of respondents and the survey questionnaires were completed on-line. The interviews were conducted in the fall of each year in order to allow sufficient time for those individuals who saw the advertising to react to it by taking a trip to or in the state. A total of more than 12,600 interviews were completed over the four-year period.

The questionnaires addressed three key areas:

- **Image Ratings**
 - *Respondents rated Michigan and selected competitive states across an extensive battery of image attributes.*
- **Travel to Michigan**
 - *Respondents reported the number of day and overnight trips they took to Michigan during and shortly following the advertising campaigns.*

- **Advertising Awareness**

- Copies of Travel Michigan's advertising creative were included with the surveys and respondents reported whether they recognized each one.
- This forced exposure approach allows us to sort through the clutter of travel and tourism advertising and ensure that we are measuring only the impacts of Travel Michigan's advertisements.

Return on Investment

The **Longwoods R.O.EYE™** method quantifies the relationship between awareness of campaign elements and trip taking. A baseline measure is generated to estimate the level of visitation that would have occurred in the absence of advertising activity. Using the principles and techniques of experimental design, we control for the effects of internal and external factors that could otherwise influence the result.

Four-Year Summary Results

Numerous factors can impact the potential leverage (return on investment) of a tourism advertising campaign. Some of these influencers include:

- Natural or manmade disasters
 - 9/11
 - The SARS epidemic
 - Major forest fires
- Gas prices
- The economic climate
- Consumer confidence
- Competitive climate
- Uncooperative weather
- Advertising wear out

Additionally, for the later advertising effectiveness studies in 2006 and 2007, new more distant advertising markets were added and it is clear from our experience that distance from markets is negatively co-related to potential return on investment. In other words, it is simply more expensive to bring a tourist from farther away than it is from closer in. On the other hand the returns from the new markets were positive in spite of that challenge.

It makes good sense, therefore, to look at return on advertising investment over a longer period of time than just one year in order to average out any potential, non advertising, influences.

The following chart, presents the summarized results for the 2004 through 2007 advertising evaluation studies.

	<u>2004-2007</u>
Advertising Investment	\$20 M
<u>Generated:</u>	
Trips	3.8 M
Visitor Spending	\$804.7 M
State Taxes	\$56.4 M
<u>Campaign Efficiency:</u>	
Incremental Trips/Ad \$	0.19
Incremental Visitor Spending /Ad \$	\$40.29
ROI	2.82:1

It should be noted that these estimates are:

- intentionally conservative from an analytic perspective; and
- short term returns which ignore the fact that advertising typically has impact beyond the in-year time frames were utilized in these studies.

Michigan's \$20 million investment over the three year period, therefore, has resulted in incremental visitor spending in Michigan of over \$800 million and incremental state taxes in excess of \$56 million. In other words, for every dollar that the State of Michigan spent on tourism advertising, tourists spent an incremental \$40.29 in-state and \$2.82 in incremental taxes accrued to the state.