

Fall 1999 Conversion Study

(August to October 1999 Inquiries)

The Role of Michigan Travel Advertising
And Fulfillment Materials in Drawing
Travelers to Michigan Destinations

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Travel Michigan

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Introduction

A. Background

Travel Michigan is seeking to conduct a complete evaluation of its travel information fulfillment system. The goal is to develop a research program to determine how effective different types of communications are in inducing prospective visitors to travel in Michigan.

Travel Michigan commissioned Davidson-Peterson Associates to conduct a three-year conversion study analyzing different aspects of the travel information system. This portion of the study covers inquirers who requested information from Travel Michigan between August 1999 and October 1999.

B. Objectives

The goal of this program of research is to ensure that Michigan has a reliable assessment of the effectiveness of Travel Michigan's communications enticing visitors to travel in Michigan. A number of measurements are necessary in order to determine effectiveness. The specific objectives of this program of research are:

- To identify the proportion of inquirers who took a trip in Michigan after requesting information (gross conversion);
- To determine for what proportion of inquirers the communications and fulfillment materials led to the decision to travel in Michigan (net conversion);
- To assess differences in gross and net conversion rates;
- To examine the role played by communications and fulfillment materials in planning travel in Michigan; and
- To assess the overall quality of the materials for meeting the needs of prospective visitors.

C. Methodology

Travel Michigan provided Davidson-Peterson Associates with a random sample of 500 households that requested information from Travel Michigan between August 1999 and October 1999. A total of 80,752 households requested information during this time period.

A questionnaire was mailed to the 500 selected households on January 12, 2000. A reminder postcard was mailed to those who had not yet responded on January 27, 2000. Those who still had not returned a completed survey on February 3, 2000 were sent a second questionnaire and letter encouraging their participation. An incentive of \$2.00 was included in the first survey mailed in an attempt to increase the response rate.

By February 29, Davidson-Peterson Associates had received 294 completed questionnaires, for a response rate of 59%. Four of these questionnaires were not completed properly and were therefore not used in the final tabulations. Thirty respondents did not recall requesting information from Travel Michigan during the fall season. They are, of course, excluded from any questions concerning past Michigan travel but are included in the conversion rates.

Davidson-Peterson Associates, an independent marketing research company located in Kennebunk, ME, conducted the fieldwork, data tabulation, analysis and summary report. All procedures were conducted in accordance with accepted research standards as expressed by CASRO.

Executive Summary

Travel Michigan commissioned Davidson-Peterson Associates to conduct a three-year conversion study analyzing the effectiveness of different aspects of the travel information system. This portion of the study covers inquirers who requested information from Travel Michigan between August 1, 1999 and October 31, 1999. A random sample of 500 households was selected from 80,752 inquirers in the specified time period, and these households were mailed a questionnaire on January 12, 2000. Of the 500 questionnaires mailed out, 294 were returned, for a response rate of 59%.

- **The majority of inquirers are requesting information from Travel Michigan using the toll-free number.** Among fall inquirers, three-quarters had requested information using the toll-free number. Travel Michigan needs to continue to evaluate and improve the services provided by its telephone travel counselors. Ongoing training and monitoring of its call center is imperative to ensure that the information being delivered to inquirers is accurate, timely, and useful.
- **There is a high recall of Michigan travel advertising among inquirers.** More than 80% of fall inquirers remember seeing or hearing advertising about traveling in Michigan prior to requesting information. The questionnaire did not capture a time frame for such recall, however, so we do not know for what proportion the advertising actually triggered an inquiry. Nonetheless, it does appear that the advertising is driving some proportion of people to inquire about travel in Michigan. Further research to investigate the relation between advertising recall and inquiries made would be beneficial.

- **Overall, the fulfillment system is delivering useful information in a timely manner to inquirers. There are still some inquirers, however, who are not fully satisfied with when they received the requested materials and the information that the materials included.** Eighty-two percent of inquirers received the materials they requested from Travel Michigan at least *about when they expected*, with 19% receiving it *sooner than they expected*. Nine in ten indicated that the materials included at least *about as much information as they needed*, with 29% saying that the materials included *more information than they needed*.

Still, 14% of inquirers said that the materials arrived either *too late to be of use* or *did not arrive*. Six percent said that the materials included *less information than they needed*. Attention needs to be paid to these issues.

- **The gross conversion (the percentage who traveled in Michigan after requesting information) is 61%.** This translates to 49,259 households, generating 152,702 party-nights in Michigan. Gross conversion is higher among those who had seen or heard prior advertising for travel in Michigan (66% versus 42% among those who had not seen prior advertising).
- **The net conversion (the percentage who traveled in Michigan as a direct result of the materials they received) is 11%.** This translates to 8,883 households, generating 27,536 party-nights in Michigan which are directly attributable to the material received from Travel Michigan.
- **The majority of travelers had already decided to travel in Michigan when they requested information.** Even though a high percentage may have already decided to take a trip when they request information, Michigan's travel information can serve to provide sufficient information to entice travelers to extend their stay in Michigan. In addition to basic travel information, Michigan's travel publications should continue to provide potential travelers with interesting and unique ideas for things to do and see in Michigan. Eleven percent of inquirers indicated that, even though they had already

decided to travel in Michigan when they requested information, the information led them to stay in Michigan for a longer period of time. On average, these visitors stayed 2.26 extra nights in Michigan.

- **The Michigan travel information brought definite economic benefits to the State of Michigan through the travelers it enticed to visit Michigan.** The 11% of respondents who indicated that the Michigan travel information played an important role in their decision to travel in Michigan, and who had not yet decided to travel in Michigan when they requested the information, brought to the State of Michigan:
 - 27,537 party-nights in Michigan,
 - \$3.0 million in direct sales,
 - 74 full time equivalent jobs, and
 - \$1.1 million in personal income to residents.

- In addition, 11% of the travelers indicated that, although they had already decided to travel in Michigan when they requested information, the material led them to stay in Michigan longer. These people stayed in Michigan an average of 2.26 nights longer than they had originally planned, leading to:
 - 20,076 party-nights in Michigan,
 - \$2.2 million in direct sales,
 - 53 full time equivalent jobs, and
 - \$806,000 in personal income to residents.

- In addition, 6% of the potential travelers indicated that they are likely to take a trip in Michigan before May 2000. If 30% of these households were actually to take a trip in Michigan, this would generate an additional:
 - 4,507 party-nights in Michigan,
 - \$498,000 in direct sales,
 - 12 full time equivalent jobs, and
 - \$184,000 in personal income to residents.

- Travel Michigan spent \$1,212,309 on its fall advertising campaign, production costs, and fulfillment of inquiries between August 1, 1999 and October 31, 1999.

Considering the \$1,124,000 in personal income generated by travelers deciding to visit Michigan as a result of the advertising and fulfillment, this would translate to a 0.93:1 return on Travel Michigan's investment. If we add the personal income derived from trips extended due to the advertising and fulfillment **and** from trips likely to be taken by May 2000, the total would be \$2,093,000. That will lead to a 1.7:1 return on Travel Michigan's investment.

In examining these figures, it appears that Travel Michigan's investment in fall advertising and inquiry fulfillment came very close to paying for itself. However, fall advertising will have some carry-over effects into future seasons, potentially driving inquiries for months after the initial campaign. Therefore, not all of its costs are utilized in the initial time frame of its launching. In addition, we have used a very conservative figure of income generated (personal income) – other figures used may yield higher return on investment ratios but do not account for the costs of serving travelers in Michigan.

In addition, in the time period being analyzed in this report, 50,971 people entered the Travel Planner area of the Travel Michigan web site. *If we assume that the same percentage of these potential travelers actually travel in Michigan AND that they have the same spending patterns as the group sampled, then we can estimate a 2.4:1 return on Travel Michigan's investment. This figure must be viewed with caution, however, since we have not specifically measured this group's travel behavior and expenditures.*

I. Who Requested Information

Introduction

The purpose of this chapter is to discuss the characteristics of those who recall requesting information from Travel Michigan between August 1999 and October 1999. We will look at the demographic characteristics of this group of people, as well as the means by which they requested information from Travel Michigan, and the types of communications and fulfillment materials they received from Travel Michigan. In addition, we will highlight significant differences between fall inquirers and those in the previous two seasons studied – summer and winter.

A. Demographic Characteristics

Overall, these potential travelers tend to be older and live in traditional households. They are well educated. In addition, most do not have children living with them any longer, and a sizable proportion are retired. Younger families with children comprise only a small portion of this group of fall inquirers.

- More than half of inquirers are 45 years of age or older (54%). One in five is between the ages of 35 and 44. The average age of inquirers is 48 years.
- The majority of inquirers have completed at least some college (59%), with equal proportions having some college (22%), a four-year college degree (19%), and post-graduate work (20%).
- Half come from households where the chief wage earner is (or previously was) in a white-collar occupation (52%) – *professional/technical* (34%), *managerial/proprietor* (12%), and *clerical/sales* (6%). The percentage of

households where the chief wage earner is in a white-collar occupation was higher among summer (65%) and winter (65%) inquirers. Twenty percent of potential travelers are retired.

- Half of all potential travelers have annual household incomes in excess of \$50,000 (53%). One in four earns more than \$75,000 each year (26%).
- Three potential travelers in four are currently married and living with their spouses (73%).
- Including themselves, these potential travelers have an average of 2.76 people living in their household. Fifteen percent of inquirers live alone.
- Sixty-seven percent of the inquirers do *not* have any children under the age of 18 living in their household.
- Three in four inquirers have access to a computer either at home, at work, or at both locations (75%).
- Two in three have access to the Internet either at home, at work, or at both locations (63%).

- Virtually all respondents reside in the United States. Half of inquirers are from Michigan, while one in five is from Illinois.

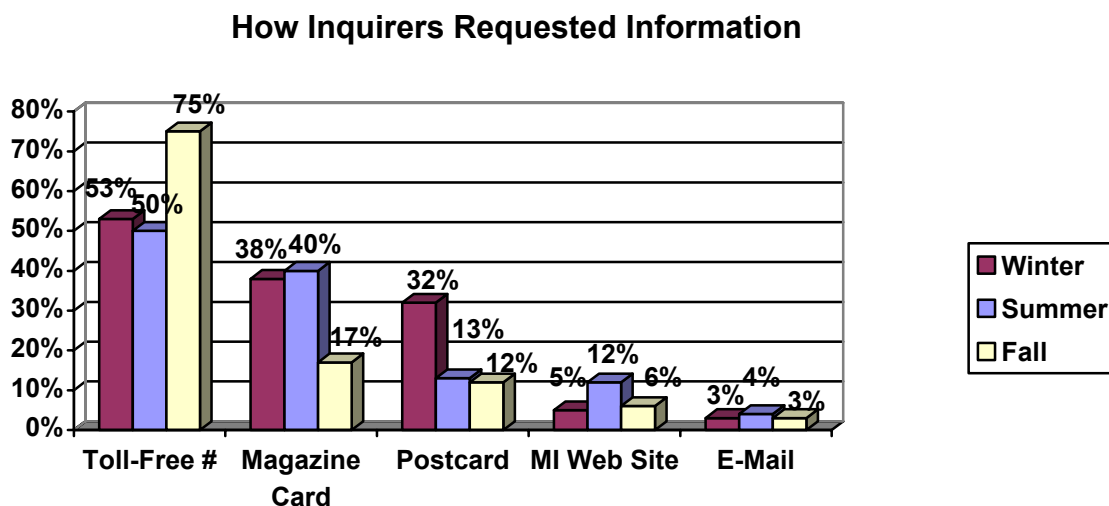
Base:	<u>Respondents</u> (290)	<u>Sample</u> (500)
Michigan	48%	50%
Illinois	20	20
Ohio	7	7
Wisconsin	6	5
Indiana	4	4
Minnesota	2	2
Canada	2	2
Other	6	10
Not specified	5	--

- Fifty-eight percent of inquirers are female, while 37% are male. Five percent of inquirers did not respond to the question asking them to state their gender.

B. How They Requested Information

Three-quarters of the inquirers say that they requested information from Travel Michigan by calling the toll-free number (75%). Seventeen percent requested information by mailing in a card from a magazine on which they could request information from a number of destinations.

A significantly higher percentage of fall inquirers requested information using the toll-free number than did so during the summer and winter (75% versus 50% of summer inquirers and 53% of winter inquirers). A significantly *lower* percentage of fall inquirers requested information by mailing in a card from a magazine (17% versus 40% among summer inquirers and 38% among winter inquirers).



Importantly, the vast majority of potential travelers who requested information say they had seen and/or heard advertising about traveling in Michigan prior to requesting information (82%). No time frame for such recall was included in the question, so we do not know for what proportion the advertising actually triggered an inquiry.

II. Response to Fulfillment Materials

Introduction

This chapter will outline respondents' perceptions of and satisfaction with the materials they received from Travel Michigan as a result of their request. The chapter will discuss:

- The type of information received, and
- The timeliness and usefulness of the information received.

A. Type of Information Received

After they requested information from Travel Michigan, six inquirers in ten say that they received a *calendar of events/seasonal guide* (60%). Half received a *Travel Ideas magazine on Michigan* (50%), while 43% received a *Michigan State Map* in response to their request. Fifty-six percent of inquirers also received *other brochures or information*.

Season:	Winter	Summer	Fall
Base:	(195)	(288)	(260)
Calendar of events/seasonal guide	68%	72%	60
Other brochures or information	73	65	56
Travel Ideas magazine on MI	58	55	50
State map	48	53	43
Conversation on the phone	26	15	29
E-mailed information needed	3	3	3
Faxed information on specific things asked about	7	1	4

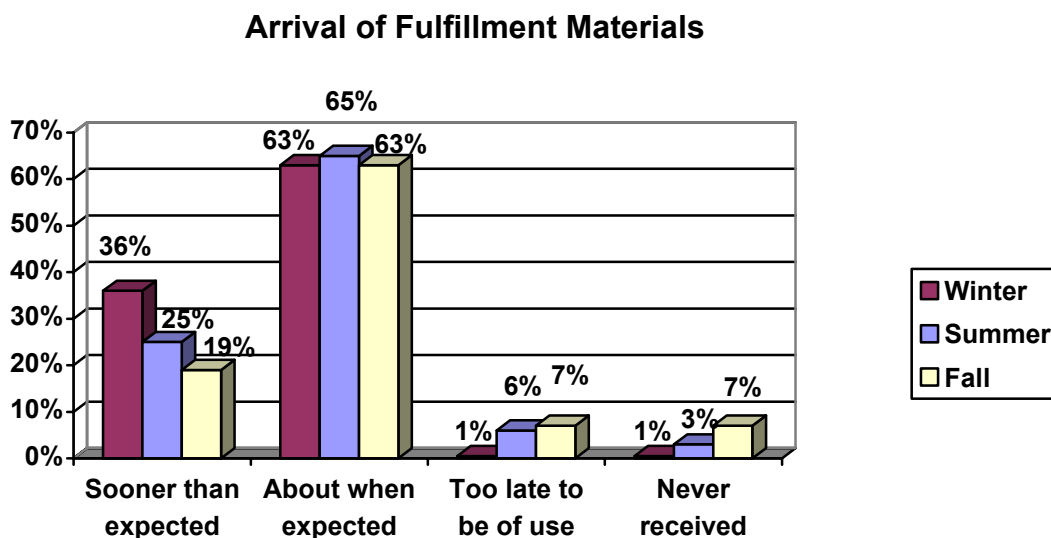
As can be seen in the table above, summer inquirers were more likely than fall inquirers to have received a *calendar of events/seasonal guide*, *other brochures or information*,

and a *state map*. Summer inquirers were less likely than fall or winter inquirers to have received information from a *conversation on the phone*.

Half of all inquirers also received a separate packet that included materials from a specific area, activity, or type of accommodation (50%).

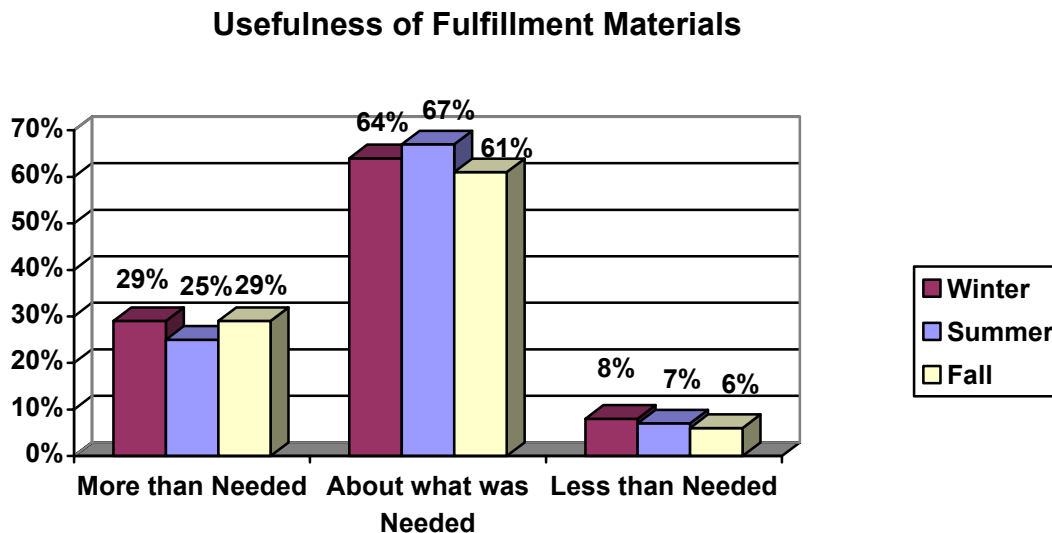
B. Timeliness and Usefulness of Fulfillment Materials

Eight in ten inquirers indicate that the materials they requested from Michigan arrived at least *about when they were expected* (82%). One in five received materials *sooner than they expected* (19%), many fewer than did so during the earlier seasons. More than one in ten either *never received* the materials (7%) or received them *too late to be of use* (7%). Thus, the system fails for 14% of inquirers, a significant minority.



Between the winter and fall inquiry seasons, there appears to be a downward trend in the percentage of respondents who indicated that the fulfillment materials arrived *sooner than expected*. In addition, there is an upward trend in the percentage who indicated that the materials arrived *too late to be of use* and who *never received the materials*.

More than one-fourth of potential travelers found the materials they received to include *more information than they needed* (29%). An additional 61% found the materials to include *about what they needed*. These figures have been consistent across the three seasons being analyzed.



III. Influence of the Fulfillment System on Travel

Introduction

The purpose of this chapter is to review the influence that the advertising/fulfillment system had on travel in Michigan. We will highlight the following:

- Inquirers' travel behavior – actual travel, planned travel, and likely future travel to Michigan;
- The claimed influence of Michigan's travel information on the decision to travel in Michigan;
- The net influence of Michigan's travel information based on the timing of the decision to travel in Michigan; and
- Estimated gross and net conversion of inquirers into travelers.

A. Travel Behavior: Actual/Planned/Likely

Among those who requested information from Travel Michigan, 61% say they had traveled in Michigan at some time between August 1999 and January 2000. An additional 8% of these potential travelers indicate that they have specific plans to take a trip in Michigan sometime before May 2000. In total, then, 69% of households who requested information from Travel Michigan between August 1999 and October 1999 have either visited Michigan or have specific plans to do so in the first five months in 2000.

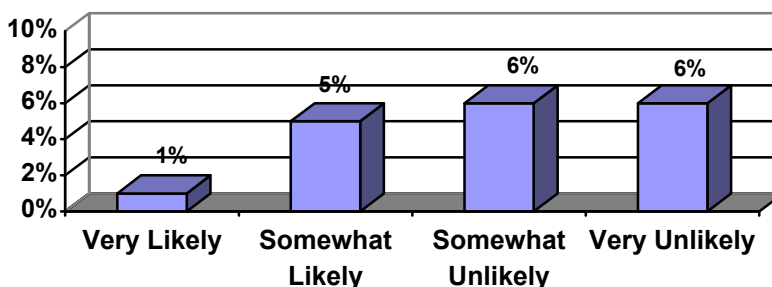
Season:	Winter	Summer	Fall
Base:	(195)	(288)	(260)
Traveled in Michigan	38%	66%	61%
Have specific plans to travel in Michigan before May 2000	25%	8%	8%
Total Travel or Planned Travel	63%	74%	69%

Winter inquirers are *less* likely to travel after requesting information than are summer inquirers (63% travel or planned travel versus 74% among summer inquirers).

Considering the total number of inquirers in the specified time period (80,752 inquirers), these visits and planned visits project to 55,719 households either visiting or planning to visit Michigan before May 2000. For trips already taken in Michigan, the average number of people in each travel party is 2.92. These 55,719 trips will then bring 162,699 visitors to Michigan between August 1999 and May 2000. Typically, on these trips, travelers spent 3.10 nights in Michigan, so these trips represent 504,367 person-nights in Michigan.

Of course, this number may underestimate the actual number of trips to be taken in Michigan between August 1999 and May 2000. Those respondents who had not taken a trip in Michigan and did not have specific plans to take one before May 2000 were asked how likely it would be that they would travel in Michigan before May 2000. An additional 6% of the inquirers indicate that it is either *very* (1%) or *somewhat likely* (5%) that they will travel in Michigan before May 2000. These respondents who indicate that they would be likely to travel in Michigan could bring an additional 4,845 travel parties to Michigan before May 2000. Since these intentions might change, we will include only 30% of these parties in our Return on Investment (ROI) calculations.

Likelihood of Traveling in Michigan Before May 2000
Base=290
(Asked of Those Who Have Not Traveled or Do Not Have Specific Plans To Travel)

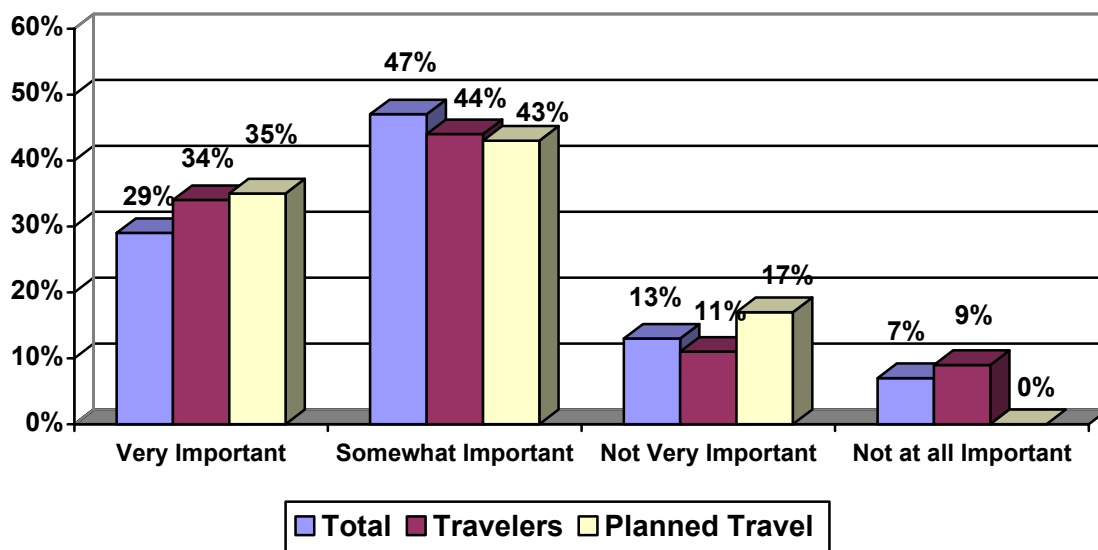


B. Claimed Influence of Travel Information on Travel Decision

Among the entire group of respondents who remember requesting travel information from Travel Michigan, 76% indicated that Michigan's advertising and travel information program played an important role in their decision to visit or not to visit Michigan.

Among those who have traveled in Michigan and those who plan to travel in Michigan in 1999, the results were relatively similar.

Importance of Travel Information in Making Travel Decision



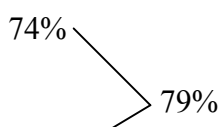
Winter inquirers are more likely to have indicated that the Michigan travel information played a *very* or *somewhat important* role in their decision (85% versus 76% among fall inquirers and 74% among summer inquirers).

C. Net Influence of Travel Information on Travel Decision

Claimed importance measures tend to overstate the influence of advertising and travel information fulfillment as a direct influence on the decision to visit an area. For example, some people request travel destination information after they have already decided to visit an area just to help them plan their trip.

In the case of the State of Michigan, 79% of those who had traveled to Michigan had already decided to travel in Michigan when they requested information. In addition, two-thirds of those who have specific plans to travel in Michigan before May 2000 had already decided to travel in Michigan when they requested information (66%).

Base:	<u>Travelers</u> (178)	<u>Plan To Travel</u> (23)**
Had already decided to travel in Michigan	74%	57%
Had already decided to travel through Michigan on way elsewhere	5	9
Considering several travel destinations, including MI	10	17
Wanted to travel – not sure where	8	13
Just sent for information – not thinking about travel	3	4



***Note small base*

Fall inquirers are more likely to have already decided to travel in Michigan when they requested information than summer inquirers (79% versus 70%).

D. Conversion Ratios

The gross conversion of inquirers to travelers in Michigan is 61% for the fall season.

This ratio represents the percentage of inquirers who traveled in Michigan after requesting information. Those who had seen or heard prior advertising for travel in Michigan had a higher gross conversion rate than those who had not (66% versus 42%). In addition, the gross conversion rate for fall inquirers (61%) was similar to that for summer inquirers (66%) and much more than for winter inquirers (38%).

A more telling figure is the *net conversion* ratio, which illustrates the percentage of those who visited Michigan as a direct result of the information they received. We measure this ratio by tracking those respondents who traveled in Michigan who had *not yet decided* to travel in Michigan at the time of their request. In addition, we look specifically at those in this group who indicate that the information they received played an important role in their decision to travel or not to travel.

In this study, 178 of the inquirers traveled in Michigan (61% of the total sample – including those who did not recall requesting information). Of these 178 travelers, 37 had not yet decided to travel in Michigan when they requested information. Of these 37 respondents, 32 indicated that Michigan's advertising and travel information program played a *very important* or *somewhat important* role in their decision to visit or not to visit Michigan this year. **This translates to a net conversion ratio of 11%.** Summer inquirers had a higher net conversion ratio (17%) than did either winter (9%) or fall (11%) inquirers.

Another interesting figure to examine is the *length of stay conversion* ratio. This ratio illustrates the portion of visitors who were already planning to visit Michigan when they requested information but who stayed in Michigan longer as a result of the information they received. Among those who traveled in Michigan, 137 had already decided to travel when they requested information. Thirty-two of these people indicated that the

information they received from Travel Michigan caused them to spend more nights in Michigan while they were visiting. **This translates to a length of stay conversion ratio of 11%.** Those who said that they stayed in Michigan longer due to the information they received spent an average of 2.26 extra nights in Michigan.

IV. Michigan Trips Taken

Introduction

This chapter will highlight the characteristics of the trips taken in Michigan by fall inquirers who have already traveled in Michigan. Specifically, we will cover:

- For how many trips Michigan was the final destination,
- For how many trips travelers stayed overnight in Michigan,
- The timing of travelers' most recent trip, and
- On the most recent trip:
 - The number of nights spent away from home,
 - The number of nights spent in Michigan,
 - The number of people in the travel party,
 - The primary region visited in Michigan,
 - The type of accommodation stayed in, and
 - The primary reason for traveling and activities participated in.

A. Number of Trips Taken and Stays in Michigan

Sixty-one percent of those who requested information from Travel Michigan have taken a trip in Michigan between August 1999 and January 2000. Among those who recall requesting information from Travel Michigan (260 respondents), the average number of trips taken in Michigan since August 1999 is 1.93.

<u>Trips Taken in Michigan</u>	<u>Total</u>
Base:	(260)
0	29%
1 to 3	49
4 or more	20
Mean	1.93

Seven travelers in ten (71%) had taken one, two, or three trips in Michigan during this time period, and the balance had taken four or more. Thus, the average number of trips taken by travelers was 2.81.

<u>Trips Taken in Michigan</u>	<u>MI Travelers</u>
Base:	(178)
1 to 3	71%
4 or more	28
Mean	2.81

Travelers indicate that they stayed overnight in Michigan (not in their primary home in Michigan) on 2.37 trips (84% of the total trips taken).

B. Characteristics of the Most Recent Trip in Michigan

Travelers were asked to answer a series of questions regarding their most recent trip in Michigan.

More than half of the travelers say that their most recent trip in Michigan began in the fall months of September or October 1999 (55%).

	<u>Travelers</u>
Base:	(178)
<u>Summer</u>	<u>17%</u>
August	17
<u>Fall</u>	<u>55%</u>
September	26
October	29
<u>Winter</u>	<u>26%</u>
November	5
December	11
January	10

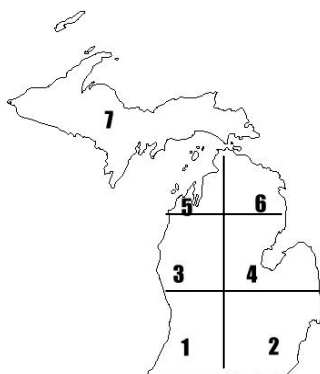
Travelers stayed away from home an average of 3.54 nights while on their most recent trip in Michigan, and an average of 3.1 nights were spent lodging in Michigan. Seven percent indicated that their most recent trip in Michigan was a day trip, where they did not spend any nights lodging in Michigan.

Nearly half of all travel parties had two people in the immediate travel party on the most recent trip in Michigan (47%). An additional one-fifth had four people in their immediate travel party (20%). The mean number of people on each of these trips was 3.06. There were fewer people in each travel party among fall inquirers than there were among the summer and winter inquirers.

Inquiry Season:	Winter	Summer	Fall
Base:	(98)	(207)	(178)
One	8%	8%	8%
Two	38%	36%	47%
Three	12%	12%	10%
Four	18%	25%	20%
Five	11%	11%	10%
Six or more	12%	7%	4%
Mean	3.36	3.35	3.06

Visitation to Michigan by fall inquirers seems to be widely spread throughout the state, with no one area attracting a majority of visitors. The highest percentage of travelers (19%) spent the most time on this trip in the Upper Peninsula, Region 7 on the questionnaire.

	<u>Travelers</u>
Base:	(178)
Southwestern (1)	14 %
Southeastern (2)	13
West Central (3)	11
East Central (4)	8
Northwestern (5)	16
Northeastern (6)	16
Upper Peninsula (7)	19
No answer	3



More than half of all fall inquiry travelers spent the most nights in Michigan lodging in a hotel, motel, or resort (62%). One in ten stayed in a camper, trailer, or RV (13%) or with friends/relatives (10%).

Inquiry Season:	Winter	Summer	Fall
Base:	(98)	(207)	(178)
Hotel/motel/resort	54%	49%	62%
Camper/trailer/RV	5	19	13
Friends/relatives	13	11	10
<u>Cabin/Vacation home:</u>	<u>13</u>	<u>10</u>	<u>5</u>
Rented	6	5	2
Owned	6	3	2
Borrowed	1	2	1
Other	2	3	3
No nights spent in MI	12	6	6
No answer	--	2	2

A higher percentage of fall inquiry travelers spent the most nights in a hotel, motel, or resort while traveling in Michigan than summer travelers (62% versus 49% among summer travelers). Winter and summer inquiry travelers were more likely than fall inquiry travelers to have spent the most nights in a cabin or vacation home (13% among winter and 10% among summer versus 5% among fall).

More than half of fall inquiry travelers came to Michigan primarily for *general sightseeing/touring* (57%). One-fourth visited primarily for *outdoor recreation* (24%).

Inquiry Season:	Winter	Summer	Fall
Base:	(98)	(207)	(178)
General sightseeing/touring	38%	44%	57%
Outdoor recreation	39	29	24
Visiting friends/relatives	15	20	15
Personal business	5	2	1
Business/meeting/work	--	2	2
Convention/conference	3	1	1

Fall inquiry travelers are more likely to be visiting for *general sightseeing/touring* (fall foliage, in part), while winter inquirers are more likely to be visiting for *outdoor recreation* (skiing, snowmobiling).

Nearly seven in ten travelers did some *sightseeing* while visiting Michigan (67%). Half of those visiting went on *scenic drives* (56%) or *shopping for gifts/souvenirs* (51%). Other frequently mentioned activities included *general shopping* (21%), *gambling/casinos* (21%), *visiting museums* (20%), *farm events* (20%), and *hiking* (19%).

Shopping

Shopping for gifts/souvenirs	51%
General shopping	21
Outlet shopping	19
Art or antique shopping	16

Fall Outdoor Activities

Hiking	19
Camping	15
Biking	9
Fishing	11
Playing golf	5
Canoeing/kayaking/sailing	7

Cultural Activities

Attending fairs or festivals	16
Visiting museums	20
Attending concerts	4

Other

Sightseeing	67
Scenic drives	56
Gambling/casinos	21
Farm events	20
Attending sports events	6
Other	12

V. Return on Investment

Introduction

The purpose of this chapter is to compare the **costs** of attracting, handling, and fulfilling travel inquiries between the months of August 1999 and October 1999 with the **benefits** received by the State of Michigan. Specifically, we will compare the increase in residents' personal income generated by the expenditures of travelers who decided to travel in Michigan as a result of the information they received from Travel Michigan. To conduct our economic impact analysis of travelers' expenditures, we have used the *Michigan Tourism Spending and Economic Impact Model*.

First, we will be examining that portion of travelers in Michigan who had not yet decided to visit Michigan when they requested information from Travel Michigan. In this group, we will only be looking at those who indicated that the information they received from Travel Michigan played a *very important* or *somewhat important* role in their decision to travel in Michigan. We will also be looking at the group of people who had already decided to travel in Michigan when they requested information, but who stated that the information they received led them to stay in Michigan longer. Finally, we will be looking at respondents who did *not* travel in Michigan this year but who indicated that they were either *very likely* or *somewhat likely* to before May 2000. Since these stated intentions could change, we will only be using 30% of the planned trips by this group of respondents in our return on investment analysis.

Although travelers in Michigan took an average of 2.81 trips to Michigan in the past year, we will be calculating expenditures based on their *first* trip in Michigan. Ensuing trips may have taken place for a variety of reasons, particularly prior trips and, therefore, can not be directly attributed to the initial Michigan travel information sent to the inquirers.

A. Expenditures

Eleven percent of the sampled households indicated that they took a trip in Michigan, and that the Michigan travel information they received directly influenced their decision to visit Michigan. Based on the 80,752 households in the inquiry period sampled, this translates to 8,883 households. Travelers stayed in Michigan an average of 3.1 nights while visiting. Therefore, the 8,883 households staying in Michigan for an average of 3.1 nights results in 27,537 party-nights attributable to the Michigan travel information system.

These 27,537 party-nights led to \$3,486,000 being spent by these travelers in Michigan. Eighty-seven percent of these expenditures were captured by the local Michigan economy, leading to \$3,045,000 of direct sales. These direct sales, in turn, generated \$1,124,000 in personal income and 74 full-time equivalent jobs.

Net Conversion Actual Visitor Spending

Total Visitor Spending	\$3,486,000
Direct Sales Captured by Local Economy	\$3,045,000
Personal Income	\$1,124,000
Jobs (FTE)	74

In addition to the 11% of respondents who took a trip in Michigan as a direct result of the information they received, an additional 11% indicated that, although they had already decided to travel in Michigan when they requested information, the information they received led them to stay in Michigan longer. These 8,883 households who extended their stay in Michigan stayed an average of 2.26 extra nights. This translates to an additional 20,076 party-nights attributable to the Travel Michigan information system.

These 20,076 party-nights led to \$2,500,000 being spent by these travelers in Michigan. \$2,188,000 of this spending was captured by the local Michigan economy in direct sales.

These direct sales, in turn, generated \$806,000 in personal income and 53 full-time equivalent jobs.

Length of Stay Extension Visitor Spending

Total Visitor Spending	\$2,500,000
Direct Sales Captured by Local Economy	\$2,188,000
Personal Income	\$806,000
Jobs (FTE)	53

In addition to those who traveled in Michigan, an additional 6% of respondents indicated that they were either *very likely* or *somewhat likely* to take a trip in Michigan sometime before May 2000. This would translate to 4,845 households. Since it is quite possible that these intentions will change, we have only counted on 30% of these households actually taking a trip in Michigan. These 1,454 households staying in Michigan for an average of 3.1 nights will generate an additional 4,507 party-nights in Michigan.

These 4,507 party-nights will result in an additional \$571,000 in traveler expenditures. Eighty-seven percent of these expenditures will be captured by the local Michigan economy, leading to \$498,000 of direct sales. These direct sales, in turn, will generate \$184,000 in personal income and 12 additional full-time equivalent jobs.

Likely Visitor Spending

Total Visitor Spending	\$571,000
Direct Sales Captured by Local Economy	\$498,000
Personal Income	\$184,000
Jobs (FTE)	12

Adding these likely trips in Michigan to the actual trips and extended stays recorded results in the following direct effects to the Michigan economy:

Total Actual and Likely Visitor Spending

Total Visitor Spending	\$6,491,000
Direct Sales Captured by Local Economy	\$5,680,000
Personal Income	\$2,093,000
Jobs (FTE)	138

B. Return on Investment

According to information provided by Travel Michigan, \$276,505 was spent on costs directly associated with handling travel inquiries between August 1, 1999 and October 31, 1999. In addition, \$935,804 was spent on the fall advertising campaign and production costs for this time period. In total, Travel Michigan spent \$1,212,309 in attracting and fulfilling travel inquiries.

In order to calculate the actual return on Travel Michigan's investment, we have used the *personal income generated by visitor expenditures*. This figure is a representation of the amount of income travelers generated for Michigan households and businesses. In total, 27,537 party-nights were spent in Michigan as a direct result of Michigan travel information requested between August 1, 1999 and October 31, 1999. These trips generated \$1,124,000 in personal income for Michigan households and businesses. This translates to a **0.93:1 return on Michigan's investment**.

If we add the direct effects from the 20,076 party-nights from groups who extended their stay in Michigan because of the information they received, \$1,930,000 was generated in personal income for Michigan households and businesses. This translates to a **1.6:1 total return on Michigan's investment**.

Finally, if we add the direct effects from the 4,507 *likely* party-nights to be spent in Michigan which will generate an additional \$184,000 in personal income, Michigan will benefit from a **1.7:1 return on its investment**.

It is important to note that this return on investment figure takes into account ALL costs associated with attracting inquirers and responding to their requests for information. Michigan's extensive fall advertising campaign costs were included, as well as production costs, telephone costs, postage costs, and other miscellaneous expenses. In addition, fall advertising will have some carry-over effects into future seasons,

potentially driving inquiries for months after the initial campaign. Therefore, not all of its costs are utilized in the initial time frame of its launching.

Return on investment can also be calculated using visitor spending or direct sales figures. These methods will yield higher return on investment figures, but will not account for the costs of serving travelers once they are in Michigan. Therefore, we use an estimate of the actual personal income generated by visitor spending.

C. Web Research

There is also a group of potential travelers who have obtained the information they need regarding travel in Michigan directly from Travel Michigan's web site. Unless these people specifically filled out a form on this web site requesting information from Travel Michigan, they were not included in the group of inquirers who were sampled in this survey. However, these Web inquirers certainly have the potential for traveling to Michigan and may have been influenced by the advertising as well as the information and material they found at the web site.

In the time period being analyzed in this report, 50,971 people entered the Travel Planner area of the Travel Michigan web site. *If we assume that the same percentage of these potential travelers actually travel in Michigan AND that they have the same spending patterns as the group sampled, then we can estimate the following return on Travel Michigan's investment.*

If 11% of these 50,971 potential travelers come to Michigan as a result of the information they received at the web site, this will generate an additional 44,919 party-nights in Michigan. These travelers will spend a total of \$5,687,000 in Michigan and generate an additional \$1,833,000 in personal income. Adding this \$1,833,000 in personal income to the \$1,124,000 in personal income generated from the sampled group yields a gain in personal income of \$2,957,000. By comparing this to the \$1,212,309 spent by Travel Michigan, we arrive at a return on investment of 2.4:1.

Caution: It must be noted that there is no solid reason to assume that these web visitors have the same travel and expenditure habits as the group that was sampled. However, it is likely that these visitors are receiving information on Michigan travel and are using this information to plan trips to Michigan. Therefore, their contribution to the tourism market cannot be ignored. Further research needs to be conducted including this sample of web site inquirers in order to arrive at an accurate ROI assessment.