

**Travel Michigan
General Inquirer Conversion Study
Fall 2000**

(August to October 2000 Inquiries)

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

Prepared for:

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 is the sixth wave of the study, covering inquirers who requested information from Travel Michigan between August 1, 2000 and October 31, 2000.

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 1, 2000 and October 31, 2000. A total of 25,155 households requested information during this time period.¹

A questionnaire was mailed to the 500 selected households on January 12, 2001. A reminder postcard was mailed to those who had not yet responded on January 31, 2001. An incentive of \$2.00 was included with the questionnaire in an attempt to increase the response rate. In addition, inquirers were informed in a letter accompanying the survey that they would be entered into a sweepstakes drawing for three prizes – one grand prize of \$500 and two second prizes of \$250.

By February 20, Davidson-Peterson Associates had received 323 completed questionnaires, for a response rate of 65%. Two of these questionnaires were not completed properly and were therefore not used in the final tabulations. Thirty-six respondents did not recall requesting information from Travel Michigan during the fall season. They are, of course, excluded from any questions concerning the fulfillment materials but are included in the base for the conversion rates.

Davidson-Peterson Associates, an independent marketing research company located in Kennebunk, ME, conducted the fieldwork, data tabulation, analysis and

¹ The sample was selected from the group of inquirers who listed their complete name and address, were not students, and were not "walk-in" inquirers (i.e. entered their information at the guest registry at one of Michigan's Welcome Centers). The total number of inquirers in this time period including students, walk-ins, and those without complete name and address information was actually 48,165, but only 25,155 fit DPA's definition of an inquirer necessary for the return on investment model used in this conversion study.

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, 2000 and October 31, 2000. A random sample of 500 households was selected from 25,155 inquirers in the specified time period, and these households were mailed a questionnaire on January 12, 2001. Of the 500 questionnaires mailed out, 323 were returned, for a response rate of 65%.

Conversion Rates

- The **gross conversion** of inquirers to actual travelers (the percentage who traveled in Michigan after requesting information) is **62%**. The **gross conversion of inquirers to *planned* travelers is 9%**. In total, this 71% translates to 17,860 households, generating 59,295 party-nights in Michigan.
- The **net conversion** of inquirers to actual travelers (the percentage who traveled in Michigan as a direct result of the materials they received) is **15%**. The **net conversion of inquirers to *planned* travelers is 5%**. This 20% translates to 5,031 households, generating 16,703 party-nights in Michigan which are directly attributable to the material received from Travel Michigan.

Return on Investment

- **Though the Michigan travel information brought economic benefits to the State of Michigan through the travelers it enticed to visit Michigan, it did not fully cover the expense of attracting and handling travel inquiries.** In order to calculate Travel Michigan's return on investment, we look at four groups of people:
 - Those who traveled to Michigan and indicated that the Michigan travel information they received played an important role in their decision to travel, and who had not yet decided to travel in Michigan when they requested the information (15%);
 - Those who indicated that they have specific plans to travel in Michigan this year and whose travel is also directly attributable to the Michigan travel information (5%);
 - Those who had already decided to travel in Michigan when they requested information, but who said that the Michigan travel information led them to stay in Michigan longer (13%); and
 - Those who indicated that they are likely to take a trip in Michigan during 2000 (3%).

These travelers brought/will bring to the State of Michigan:

- 24,978 party-nights in Michigan,
 - \$2,388,000 in direct sales,
 - 75 full-time equivalent jobs, and
 - \$806,000 in personal income to residents.
- Travel Michigan spent \$1,078,556 on its fall advertising campaign, production costs, and fulfillment of inquiries between August 1 and October 31, 2000.

Considering the \$806,000 in personal income generated by travelers deciding to visit or extend their visit in Michigan as a result of the advertising and fulfillment, this would translate to a 0.8:1 return on Travel Michigan's investment.

In examining these figures, it appears that Travel Michigan's investment in fall advertising and inquiry fulfillment nearly paid for itself.

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. We have also 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.

Travel Information Request Methods

- **The majority of inquirers continue to request information from Travel Michigan using the toll-free number, though significant percentages are also using magazine “bingo” cards.** Travel Michigan should continue to evaluate and improve the services provided by its telephone travel counselors. The percentage of inquirers requesting information by filling out a form on the Michigan web site appears to have increased slightly since the summer season, but is consistent with the winter season. Travel Michigan needs to continue drawing people to its Web site, as this is a convenient and cost-effective means for communicating information to inquirers.

Fulfillment System

- **Overall, the fulfillment system continues to deliver useful information in a timely manner to inquirers. There is still a small percentage of inquirers, however, who are not fully satisfied with when they received the requested materials (9%) and the information that was included (8%).**

These percentages of dissatisfied inquirers have remained consistent over the past five seasons; therefore, attention needs to be paid to these issues. Travel Michigan should continue to manage and oversee its fulfillment process in order to decrease this number of inquirers not receiving appropriate information in a timely manner.

Influence of Travel Information

- **Consistent with the past five seasons, the majority of travelers had already decided to travel in Michigan when they requested information, yet a sizable proportion (13%) indicate that the information they received led them to stay in Michigan longer.** Even though we continue to measure a high percentage of inquirers who have already decided to take a trip when they requested information, Michigan's travel information can 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, thereby increasing the percentage of travelers in Michigan who decide to stay in Michigan for a longer period of time.

Recall of Michigan Travel Advertising

- **There is a high recall of Michigan travel advertising among inquirers, and this advertising appears to have driven a significant portion of these inquiries.** Seven in ten inquirers indicate that they have seen and/or heard advertising about traveling in Michigan during the summer or fall of 2000, and 72% of these inquirers say that the advertising played an important role in their decision to request information from Michigan.

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 1, 2000 and October 31, 2000. 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 these inquirers and those in the previous seasons studied.

A. Demographic Characteristics

Overall, these potential travelers tend to be older and to live in traditional households. Most do not have children living with them any longer, and a sizable proportion are retired. In addition, they are well educated.

- Fifty-eight percent of inquirers are 45 years of age or older. The average age of inquirers is 48 years. This is consistent with fall 1999 and summer 2000 inquirers, but winter 2000 inquirers were slightly younger (average age of 45 years).
- Three potential travelers in four are currently married and living with their spouses (72%).

- Including themselves, these potential travelers have an average of 2.62 people living in their household. Fourteen percent of inquirers live alone.
- Two-thirds of inquirers do *not* have any children under the age of 18 living in their households (66%). This is higher than the percentage of winter inquirers without children (58%), but similar to fall 1999 (67%) and summer 2000 inquirers (63%).
- Seven in ten inquirers have completed at least some college (70%), with equal proportions having some college (24%) or a four-year college degree (23%), and slightly fewer having completed post-graduate work (16%).
- More than half come from households where the chief wage earner is (or previously was) in a white-collar occupation (61%) – *professional/technical* (39%), *managerial/proprietor* (13%), and *clerical/sales* (9%). One-fourth of potential travelers are retired (24%).
- Half of all potential travelers have annual household incomes in excess of \$50,000 (49%). One in four has a household income of more than \$75,000 annually (24%). The estimated average annual household income among inquirers is \$61,200.
- Three inquirers in four have access to the Internet either at home, work, or school (77%). Only 21% do not have access to the Internet.

- Nearly all respondents reside in the United States. Two fall inquirers in five are from Michigan, while one in ten is either from Illinois or Ohio.

| Base: | <u>Respondents</u> (321) | <u>Sample</u> (500) |
|---------------|-----------------------------|------------------------|
| Michigan | 40% | 43% |
| Illinois | 13 | 15 |
| Ohio | 8 | 10 |
| Indiana | 4 | 6 |
| Wisconsin | 3 | 3 |
| Other | 22 | 23 |
| Not specified | 9 | |

- Fifty-eight percent of inquirers are female, while 39% are male. Three percent of inquirers did not respond to the question asking them to state their gender.

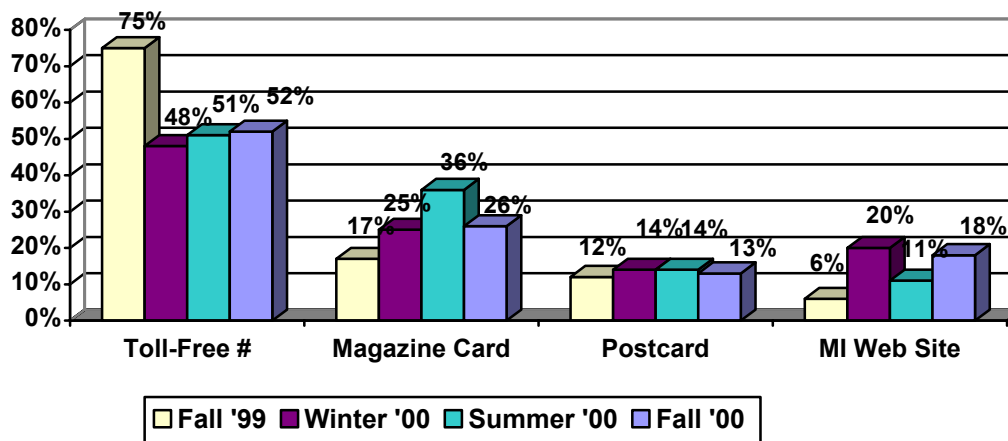
B. How They Requested Information

One half of the inquirers say that they requested information from Travel Michigan by calling the toll-free number (52%). One in four requested information by mailing in a card from a magazine on which they could request information from a number of destinations (26%), and one in five filled out a form on the Michigan web site (18%). Travel Michigan's inquirer database illustrates these same three methods as the most common ways inquirers request information.

A significantly higher percentage of fall 2000 inquirers requested information by mailing in a magazine card than did so during the fall 1999 season (26% among fall 2000 inquirers versus 17% of fall 1999 inquirers). In addition, a higher percentage of fall 2000 inquirers filled out a form on the Michigan web site (18% versus 6% among fall 1999 inquirers).

Many fewer fall inquirers requested information by calling the toll-free number than did fall 1999 inquirers (52% versus 75% in fall 1999), but the percentage of fall 2000 inquirers requesting information on the telephone is consistent with the previous two seasons (winter 2000 – 48%, and summer 2000 – 51%).

How Inquirers Requested Information



Importantly, the vast majority of potential travelers who requested information say they had seen and/or heard advertising about traveling in Michigan during the late summer or fall of 2000 (71%). Among these inquirers, 73% indicated that the Michigan advertising they saw or heard played an important role in their decision to request information on travel in Michigan.

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

When they requested information from Travel Michigan, two-thirds of inquirers say that they received a *calendar of events/seasonal guide* (67%). Fifty-four percent received a *Travel Ideas magazine on Michigan*, while half received a *Michigan State Map* in response to their request (47%). Fifty-nine percent of inquirers also received *other brochures or information*.

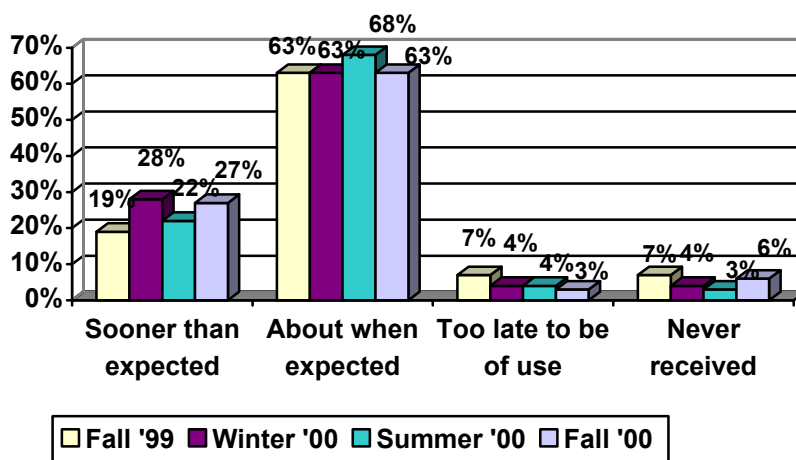
| Season: | Fall 1999 | Winter 2000 | Summer 2000 | Fall 2000 |
|--|--------------|----------------|----------------|--------------|
| Base: | (260) | (227) | (268) | (285) |
| Calendar of events/seasonal guide | 60% | 67% | 70% | 67% |
| Other brochures or information | 56 | 64 | 59 | 59 |
| Travel Ideas magazine on MI | 50 | 61 | 56 | 54 |
| State map | 43 | 50 | 47 | 47 |
| Conversation on the phone | 29 | 22 | 18 | 23 |
| E-mailed information needed | 3 | 6 | 5 | 6 |
| Faxed information on specific things asked about | 4 | 3 | 3 | 4 |

Three inquirers in five also received a separate packet that included materials from a specific area, activity, or type of accommodation (59%).

B. Timeliness and Usefulness of Fulfillment Materials

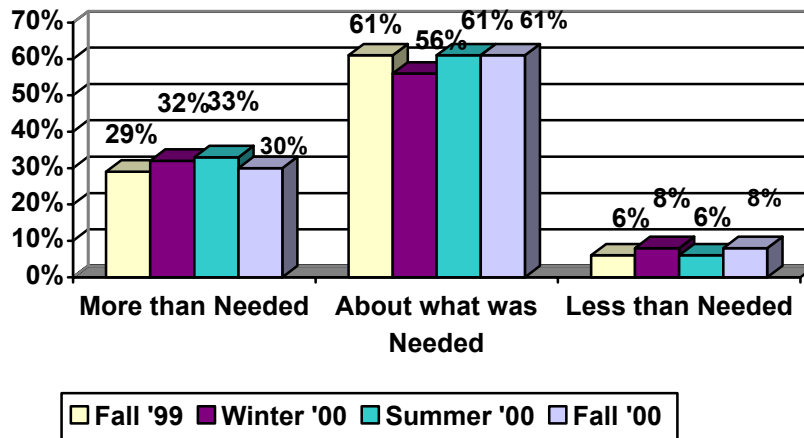
Nine inquirers in ten indicate that the materials they requested from Michigan arrived at least *about when they were expected* (90%). One in four received materials *sooner than they expected* (27%). Nine percent either *never received* the materials (6%) or received them *too late to be of use* (3%). Thus, the system fails for 9% of inquirers, compared with 14% last fall. This difference is not statistically significant.

Arrival of Fulfillment Materials



One in three potential travelers found the materials they received to include *more information than they needed* (30%). An additional 61% found the materials to include *about what they needed*. These figures have been reasonably consistent across the four seasons analyzed.

Usefulness of Fulfillment Materials



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, 62% say they had traveled in Michigan at some time between August 2000 and February 2001. An additional 9% of these potential travelers indicate that they have specific plans to take a trip in Michigan sometime before May 2001. In total, then, 71% of households who requested information from Travel Michigan between August 1 and October 31, 2000 have either visited Michigan or have specific plans to do so before May 2001.

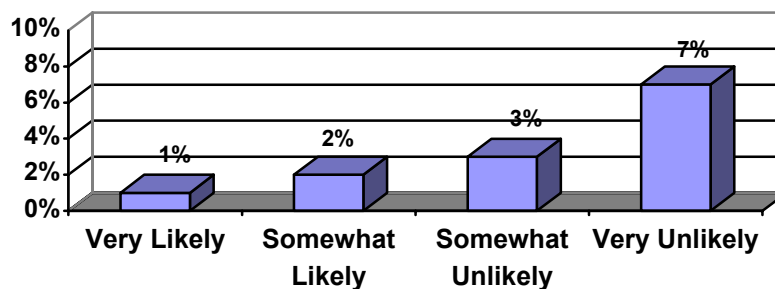
A slightly lower percentage of fall 2000 inquirers have traveled in Michigan than did so in the previous summer 2000 season (62% versus 69% in summer 2000), however the percentage of fall 2000 inquirers who traveled in Michigan is consistent with that in fall 1999 (61%).

| Season: | Fall 1999 | Winter 2000 | Summer 2000 | Fall 2000 |
|--|----------------------|------------------------|------------------------|----------------------|
| Base: | (260) | (278) | (288) | (321) |
| Traveled in Michigan | 61% | 43% | 69% | 62% |
| Have specific plans to travel in Michigan during 1999/2000 | 8% | 24% | 7% | 9% |
| Total Actual or Planned Travel | 69% | 67% | 76% | 71% |

Considering the total number of inquirers in the specified time period (25,155 inquirers), these visits and planned visits project to 17,860 households either visiting or planning to visit Michigan before May 2001. For trips already taken in Michigan, the average number of people in each travel party is 2.98. These 17,860 trips will then bring 53,223 visitors to Michigan between August 2000 and May 2001. Typically, on these trips, travelers spent 3.32 nights in Michigan, so these trips represent 176,700 person-nights in Michigan.

Of course, this number may underestimate the actual number of trips to be taken in Michigan between August 2000 and May 2001. Those respondents who had not taken a trip in Michigan and did not have specific plans to take one before May 2001 were asked how likely it would be that they would travel in Michigan before May 2001. An additional 3% of the inquirers indicate that it is either *very* (1%) or *somewhat likely* (2%) that they will travel in Michigan before May 2001. These respondents who indicate that they would be likely to travel in Michigan could bring an additional 755 travel parties to Michigan before May 2001. Since these intentions might change, we will include only 30% of these parties in our Return on Investment (ROI) calculations.

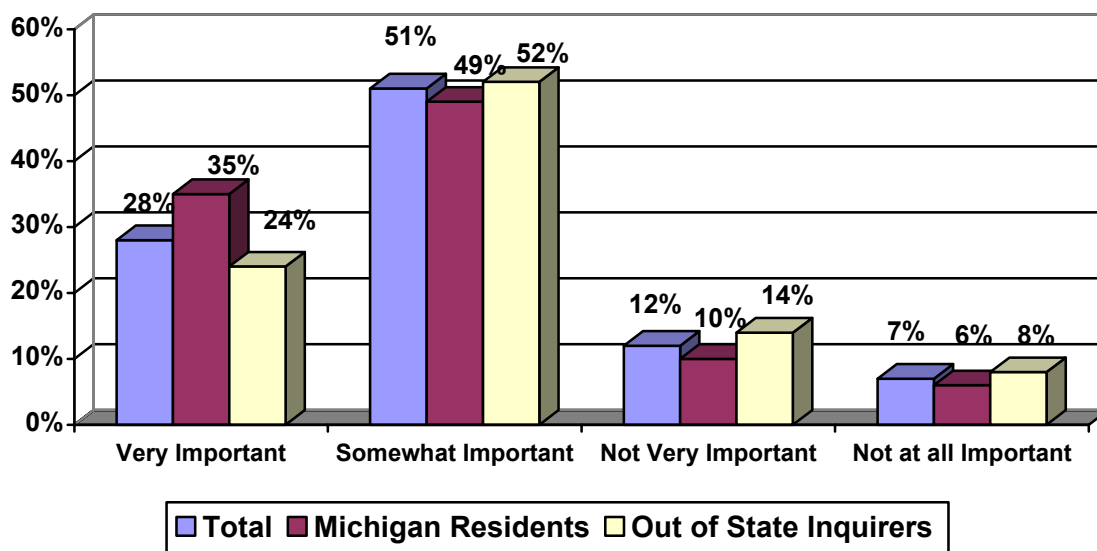
Likelihood of Traveling in Michigan Before May 2001
Base=321
(Asked of Those Who Have Not Traveled or Do Not Have Specific Plans To Travel)



B. Claimed Influence of Travel Information on Travel Decision

Among the entire group of respondents who remember requesting travel information from Travel Michigan, four in five indicate that Michigan's advertising and travel information program played an important role in their decision to visit or not to visit Michigan (79%). Michigan residents are more likely to state that Michigan's travel information played a very important role in their decision to visit Michigan than are out of state inquirers (35% among Michigan residents versus 24% among non-residents).

Importance of Travel Information in Making Travel Decision



The percentage of respondents indicating that the travel information they received played an important role in their travel decision has remained consistent across the last four seasons analyzed (79% fall 2000; 74% summer 2000; 74% winter 1999; 76% fall 1999).

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, three-fourths of those who traveled to Michigan had already decided to travel in Michigan when they requested information (74%). In addition, 43% of those who have specific plans to travel in Michigan before May 2001 had already decided to travel in Michigan when they requested information.

| Base: | <u>Travelers</u> (200) | <u>Plan To Travel</u> (30)* |
|---|---------------------------|--------------------------------|
| Had already decided to travel in Michigan | 70% | 40% |
| Had already decided to travel through Michigan on way elsewhere | 4 | 3 |
| | 74% | 43% |
| Considering several travel destinations, including MI | 17 | 40 |
| Wanted to travel – not sure where | 8 | 13 |
| Just sent for information – not thinking about travel | 2 | 3 |

*Note small base.

D. Conversion Ratios

1. Actual Travel

The gross conversion of inquirers to actual travelers in Michigan is 62% 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 (77% versus 54%). In addition, residents of Michigan had a higher gross conversion rate than did out-of-state inquirers (78% versus 52%).

The gross conversion rate for fall 2000 inquirers is consistent with the prior fall's gross conversion rate (61%).

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, 200 of the inquirers traveled in Michigan (62% of the total sample – including those who did not recall requesting information). Of these 200 travelers, 53 had not yet decided to travel in Michigan when they requested information. Of these 53 respondents, 47 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 15%.** This net conversion rate is slightly higher than the fall 1999 net conversion ratio of 11%, but is not statistically higher.

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, 146 had already decided to travel when they requested information. Twenty-nine percent 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 13%.** The length of stay conversion rate has remained fairly consistent across seasons (15% summer 2000; 9% winter 2000; 11% fall 1999). Those who said that they stayed in Michigan longer due to the information they received spent an average of 2.3 extra nights in Michigan.

2. Planned Travel

In addition to actual visits taken in Michigan, we can also look at those who have specific plans to visit Michigan by May 2001. **The gross conversion of inquirers to *planned* visitors in Michigan is 9%.**

We can also look at what percentage of these planned visitors say they decided to visit as a direct result of the information they received. Again, we measure this by tracking those planned visitors who had not yet decided to travel in Michigan at the time of their request and who indicate that the information they received played an important role in their decision to visit. This percentage gives us the **net conversion for planned visitors – 5%.**

| Actual Visitors | | Planned Visitors | |
|-------------------------|-----------------------|-------------------------|-----------------------|
| <i>Gross Conversion</i> | <i>Net Conversion</i> | <i>Gross Conversion</i> | <i>Net Conversion</i> |
| 62% | 15% | 9% | 5% |

IV. Michigan Trips Taken

Introduction

This chapter will highlight the characteristics of the trips taken in Michigan by winter 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

Seventy percent of those who requested information from Travel Michigan have taken a trip in Michigan between August 2000 and February 2001. Among those who recall requesting information from Travel Michigan (285 respondents), the average number of trips taken in Michigan since August 2000 is 2.12.

| <u>Trips Taken in Michigan</u> | <u>Total</u> |
|--------------------------------|--------------|
| Base: | (285) |
| 0 | 30% |
| 1 to 3 | 52 |
| 4 or more | 16 |
| Mean | 2.12 |

Three travelers in four (75%) 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 3.06.

| <u>Trips Taken in Michigan</u> | <u>Travelers</u> |
|--------------------------------|------------------|
| Base: | (200) |
| 1 to 3 | 75% |
| 4 or more | 23 |
| Mean | 3.06 |

Travelers indicate that they stayed overnight in Michigan (not in their primary home in Michigan) on 2.59 trips (85% 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.

Half of travelers began their most recent trip in Michigan during the fall months of September or October (49%). The remainder traveled in the summer (29%) or winter (23%).

| | <u>Travelers</u> |
|---------------|------------------|
| Base: | (200) |
| <u>Summer</u> | <u>29%</u> |
| August | 29 |
| <u>Fall</u> | <u>49%</u> |
| September | 25 |
| October | 24 |
| <u>Winter</u> | <u>23%</u> |
| November | 10 |
| December | 9 |
| January | 4 |

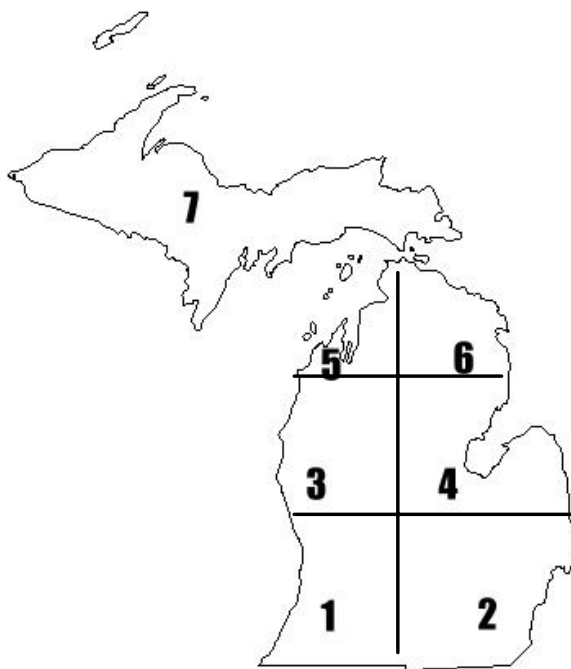
Travelers stayed away from home an average of 4.24 nights while on their most recent trip in Michigan, and an average of 3.32 nights were spent lodging in Michigan. Nine percent indicated that their most recent trip in Michigan was a day trip, where they did not spend any nights lodging in Michigan.

Half of all travel parties had two people in the immediate travel party on their most recent trip in Michigan (52%). An additional one-fourth had three or four people in their immediate travel party (27%). The mean number of people on each of these trips was 2.98.

| Inquiry Season: | Fall 1999 | Winter 2000 | Summer 2000 | Fall 2000 |
|------------------------|----------------------|------------------------|------------------------|----------------------|
| Base: | (178) | (120) | (200) | (200) |
| One | 8% | 8% | 7% | 7% |
| Two | 47% | 45% | 52% | 52% |
| Three | 10% | 6% | 10% | 13% |
| Four | 20% | 23% | 20% | 14% |
| Five | 10% | 7% | 6% | 7% |
| Six or more | 4% | 13% | 6% | 9% |
| Mean | 3.06 | 3.51 | 2.95 | 2.98 |

Visitation to Michigan during the fall months appears to be spread across the state relatively equally with some concentration in the Southeast (18%), Northwest (18%), and the Upper Peninsula (16%). Regional travel destinations in Michigan for fall 2000 inquirers remain fairly consistent with fall 1999 inquirers.

| Inquiry Season: | Fall 1999 | Fall 2000 |
|------------------------|------------------|------------------|
| Base: | (178) | (200) |
| Southwestern (1) | 14% | 10% |
| Southeastern (2) | 13% | 18% |
| West Central (3) | 11% | 12% |
| East Central (4) | 8% | 14% |
| Northwestern (5) | 16% | 18% |
| Northeastern (6) | 16% | 10% |
| Upper Peninsula (7) | 19% | 16% |
| No answer | 3% | 3% |



Half of all fall 2000 inquiry travelers spent the most nights in Michigan lodging in a *hotel, motel, or resort* (54%). Fourteen percent stayed in a *camper/trailer/RV*.

| Inquiry Season: | Fall 1999 | Winter 2000 | Summer 2000 | Fall 2000 |
|-----------------------------|----------------------|------------------------|------------------------|----------------------|
| Base: | (178) | (120) | (200) | (200) |
| Hotel/motel/resort | 62% | 47% | 40% | 54% |
| Camper/trailer/RV | 13 | 6 | 25 | 14 |
| Friends/relatives | 10 | 22 | 10 | 9 |
| <u>Cabin/Vacation home:</u> | <u>5</u> | <u>14</u> | <u>9</u> | <u>12</u> |
| Rented | 2 | 9 | 4 | 6 |
| Owned | 2 | 3 | 3 | 5 |
| Borrowed | 1 | 2 | 3 | 1 |
| Other | 3 | 2 | 8 | 4 |
| No nights spent in MI | 6 | 9 | 10 | 8 |
| No answer | 2 | 2 | -- | 2 |

Fall inquirers are more likely than winter or summer inquirers to spend the most nights in Michigan lodging in a *hotel, motel, or resort* (62% fall 1999 and 54% fall 2000 versus 47% winter 2000 and 40% summer 2000).

Half the fall 2000 inquiry travelers came to Michigan primarily for *general sightseeing/touring* (50%). One in five visited primarily for *outdoor recreation* (22%) or to *visit friends and relatives* (18%).

| Inquiry Season: | Fall 1999 | Winter 2000 | Summer 2000 | Fall 2000 |
|-----------------------------|----------------------|------------------------|------------------------|----------------------|
| Base: | (178) | (120) | (200) | (200) |
| General sightseeing/touring | 57% | 23% | 51% | 50% |
| Outdoor recreation | 24 | 42 | 31 | 22 |
| Visiting friends/relatives | 15 | 25 | 16 | 18 |
| Personal business | 1 | 5 | 3 | 4 |
| Business/meeting/work | 2 | 3 | -- | 4 |
| Convention/conference | 1 | 1 | 1 | 2 |

Summer and fall inquiry travelers are more likely to be visiting Michigan for *general sightseeing/touring* (57% among fall 1999 travelers, 51% among summer 2000 travelers, and 50% among fall 2000 travelers versus 23% among winter 2000 travelers), while winter travelers are more likely to be visiting for *outdoor recreation* (42% among winter 2000 travelers versus 24% among fall 1999 travelers, 31% among summer 2000 travelers, and 22% among fall 2000 travelers).

Three-fourths of Michigan travelers did some *shopping* while visiting Michigan (71%). Half participated in *outdoor activities* (56%). Four travelers in five participated in various other activities, primarily sightseeing and scenic drives.

| | <u>Fall 2000 Travelers</u> |
|--------------------------------|--------------------------------|
| <u>Shopping</u> | <u>71%</u> |
| Shopping for gifts/souvenirs | 54 |
| General shopping | 35 |
| Outlet shopping | 24 |
| Art or antique shopping | 17 |
| <u>Outdoor Activities</u> | <u>56%</u> |
| Camping | 22 |
| Hiking | 27 |
| Fishing | 18 |
| Biking | 11 |
| Canoeing/kayaking/sailing | 7 |
| Playing golf | 8 |
| Farm events | 22 |
| <u>Cultural Activities</u> | <u>36%</u> |
| Visiting museums | 18 |
| Attending fairs or festivals | 23 |
| Attending concerts | 4 |
| <u>Other</u> | <u>82%</u> |
| Sightseeing | 72 |
| Scenic drives | 67 |
| Gambling/casinos | 19 |
| Attending sports events | 6 |
| Other | 17 |

V. Return on Investment

Introduction

The purpose of this chapter is to compare the **costs** of attracting, handling, and fulfilling travel inquiries between August 1, 2000 and October 31, 2000 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 indicate 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 state that the information they received led them to stay in Michigan longer. Finally, we will be looking at respondents who did *not* yet travel in Michigan this year but who indicate that they either have definite plans to visit before May 2001 or are *very likely* or *somewhat likely* to before May 2001. Since these stated intentions could change, we will only be using 30% of the planned trips by this last group of respondents ("very or somewhat likely") in our return on investment analysis.

Although travelers in Michigan took an average of 3.06 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, cannot be directly attributed to the initial Michigan travel information sent to the inquirers.

A. Visitor Expenditures

Fifteen percent of the sampled households say they took a trip in Michigan, a destination they had not selected prior to requesting information, and that the Michigan travel information they received directly influenced their decision to visit Michigan. Based on the 25,155 households in the inquiry period sampled, this translates to 3,773 households. Travelers stayed in Michigan an average of 3.32 nights while visiting. Therefore, the 3,773 households staying in Michigan for an average of 3.32 nights results in 12,526 party-nights attributable to the Michigan travel information system.

These 12,526 party-nights led to \$1,573,000 being spent by these travelers in Michigan. Seventy-six percent of these expenditures were captured by the local Michigan economy, leading to \$1,198,000 of direct sales. These direct sales, in turn, generated \$404,000 in personal income and 37 full-time equivalent jobs.

Net Conversion Actual Travel Visitor Spending

| | |
|--|-------------|
| Total Visitor Spending | \$1,573,000 |
| Direct Sales Captured by Local Economy | \$1,198,000 |
| Personal Income | \$404,000 |
| Jobs (FTE) | 37 |

Also, 5% of inquirers say they have specific plans to travel in Michigan before May 2001, and that their decision to travel came as a direct result of the Michigan

travel information they received. This translates to 1,258 households. These 1,258 households staying in Michigan for an average of 3.32 nights will generate 4,177 party-nights.

These 4,177 party-nights will lead to \$525,000 being spent by these travelers in Michigan. Seventy-six percent of these expenditures will be captured by the local Michigan economy, leading to \$399,000 of direct sales. These direct sales, in turn, will generate \$135,000 in personal income and 12 full-time equivalent jobs.

Net Conversion Planned Travel Visitor Spending

| | |
|--|-----------|
| Total Visitor Spending | \$525,000 |
| Direct Sales Captured by Local Economy | \$399,000 |
| Personal Income | \$135,000 |
| Jobs (FTE) | 12 |

In addition to these travelers and planned travelers, an additional 13% indicate 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 3,270 households who extended their stay in Michigan stayed an average of 2.3 extra nights. This translates to an additional 7,521 party-nights attributable to the Travel Michigan information system.

These 7,521 party-nights led to \$945,000 being spent by these travelers in Michigan. \$719,000 of this spending was captured by the local Michigan economy in direct sales. These direct sales, in turn, generated \$243,000 in personal income and 22 full-time equivalent jobs.

Length of Stay Extension Actual Visitor Spending

| | |
|--|-----------|
| Total Visitor Spending | \$945,000 |
| Direct Sales Captured by Local Economy | \$719,000 |
| Personal Income | \$243,000 |
| Jobs (FTE) | 22 |

Lastly, an additional 3% of respondents say they were either *very likely* or *somewhat likely* to take a trip in Michigan sometime before May 2001. This would translate to 755 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 227 households staying in Michigan for an average of 3.32 nights will generate an additional 754 party-nights in Michigan.

These 754 party-nights will result in an additional \$95,000 in traveler expenditures. Seventy-six percent of these expenditures will be captured by the local Michigan economy, leading to \$72,000 of direct sales. These direct sales, in turn, will generate \$24,000 in personal income and 2 additional full-time equivalent jobs.

Likely Visitor Spending

| | |
|--|----------|
| Total Visitor Spending | \$95,000 |
| Direct Sales Captured by Local Economy | \$72,000 |
| Personal Income | \$24,000 |
| Jobs (FTE) | 2 |

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

Total Actual, Planned and Likely Visitor Spending

| | |
|--|-------------|
| Total Visitor Spending | \$3,137,000 |
| Direct Sales Captured by Local Economy | \$2,388,000 |
| Personal Income | \$806,000 |
| Jobs (FTE) | 75 |

B. Return on Investment

Note: In consultation with Travel Michigan, Davidson-Peterson Associates has revised its method for calculating return on investment during this season's analysis. This new method will take a more conservative look at the inquirer universe the results are projected to as well as a more specific allocation of funds expended for the advertising and fulfillment process. This method will likely result in lower Return on Investment figures than in the past, but will be consistent going forward.

Projectable Universe: *The universe that the sample will be selected from will include inquirers who have listed a full name and address, are NOT students, and are NOT "walk-in" inquirers (those who signed the guest book registry at a Welcome Center). This will produce a much lower universe number than in the past, so party-nights recorded in reports going forward will appear significantly lower than previous reports. However, this projectable universe is consistent with the group the sample is being selected from.*

Costs: *The costs incurred in attracting, handling, and fulfilling travel inquiries will also be handled a bit differently going forward. Specifically, the numbers will be more closely tied to the actual costs associated with fulfilling the inquiries included in the universe described above. The costs to be included in the return on investment analysis include:*

- 1) All advertising and production costs,*
- 2) Total mailing costs minus the costs associated with mailing student packets,*
- 3) Printing/production costs per piece for each fulfillment item (Travel Ideas, calendar, state map, etc.) applied to the number of inquirers who were mailed a packet,*
- 4) Total phone costs minus \$1 for each inquirer who did NOT receive a mailing,*
- 5) Printing cost per envelope applied to the number of inquirers who were mailed a packet, and*
- 6) Staff cost to prepare each envelope mailed applied to the number of inquirers who were mailed a packet.*

According to information provided by Travel Michigan, \$115,939 was spent on costs directly associated with handling the 25,155 travel inquiries between August 1, 2000 and October 31, 2000 that were included in this sample. In addition, \$962,617 was spent on the fall advertising campaign and production costs. In total, Travel Michigan spent \$1,078,556 in attracting and fulfilling travel inquiries during this time period.

In order to calculate the 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, 12,526 party-nights were spent in Michigan as a direct result of Michigan travel information requested between August 1, 2000 and October 31, 2000. These trips generated \$404,000 in personal income for Michigan households and businesses. This translates to a **0.4:1 return on Michigan's investment**.

Also, 5% of inquirers say that they have specific plans to travel in Michigan before May 2001. These inquirers will likely generate 4,177 party-nights in Michigan and \$135,000 in personal income. If we add these planned trips in Michigan to the actual trips, this translates to a **0.5:1 return on investment for Michigan**.

If we add the direct effects from the 7,521 party-nights from groups who extended their stay in Michigan because of the information they received, \$243,000 was generated in personal income for Michigan households and businesses. This translates to a **0.7:1 total return on Michigan's investment**.

Finally, if we add the direct effects from the 754 *likely* party-nights to be spent in Michigan which will generate an additional \$24,000 in personal income, Michigan will benefit from a **0.8:1 return on its investment**.

In examining these figures, it appears that Travel Michigan's investment in fall advertising and inquiry fulfillment nearly paid for itself. Since a new Return on Investment model was employed during this wave of the study, comparisons to prior Return on Investment figures can't be made. Return on Investment trends may be examined starting with the next wave of the study (Winter 2000/2001).

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 personal income generated by visitor spending.