

Winter 1999-2000 Conversion Study

(November 1999 to February 2000 Inquiries)

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

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Prepared for:

Travel Michigan

Prepared by:

Davidson-Peterson Associates

201 Lafayette Center
Kennebunk, Maine 04043

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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 fourth wave of the study, covering inquirers who requested information from Travel Michigan between November 1, 1999 and February 29, 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 November 1, 1999 and February 29, 2000. A total of 114,741 households requested information during this time period.

A questionnaire was mailed to the 500 selected households on May 5, 2000. A reminder postcard was mailed to those who had not yet responded on May 19, 2000. An incentive of \$2.00 was included in the survey 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 June 12, Davidson-Peterson Associates had received 294 completed questionnaires, for a response rate of 59%. Sixteen of these questionnaires were not completed properly and were therefore not used in the final tabulations (14 of these non-usable questionnaires were completed by children). Fifty-one 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 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 November 1, 1999 and February 29, 2000. A random sample of 500 households was selected from 114,741 inquirers in the specified time period, and these households were mailed a questionnaire on May 5, 2000. Of the 500 questionnaires mailed out, 294 were returned, for a response rate of 59%.

Conversion Rates

- **The *gross conversion* (the percentage who traveled in Michigan after requesting information) is 43%.** This translates to 49,339 households, generating 137,162 party-nights in Michigan. Gross conversion is higher among those who have seen or heard prior advertising for travel in Michigan (50% versus 22% among those who had not seen prior advertising) and among those who reside in Michigan (61% versus 34% among out-of-state inquirers).
- **The *net conversion* (the percentage who traveled in Michigan as a direct result of the materials they received) is 9%.** This translates to 10,327 households, generating 28,709 party-nights in Michigan which are directly attributable to the material received from Travel Michigan.

Return on Investment

- **The Michigan travel information brought definite economic benefits to the State of Michigan through the travelers it enticed to visit Michigan.**
The 9% 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:
 - 28,709 party-nights in Michigan,
 - \$2.9 million in direct sales,
 - 71 full time equivalent jobs, and
 - \$1.1 million in personal income to residents.

- In addition, 9% 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 2.2 nights longer than they had originally planned, leading to:
 - 22,719 party-nights in Michigan,
 - \$2.3 million in direct sales,
 - 56 full time equivalent jobs, and
 - \$855,000 in personal income to residents.

- In addition, 6% of the potential travelers indicated that they are likely to take a trip in Michigan during 2000. If 30% of these households were actually to take a trip in Michigan, this would generate an additional:
 - 5,741 party-nights in Michigan,
 - \$583,000 in direct sales,
 - 14 full time equivalent jobs, and
 - \$216,000 in personal income to residents.

- Travel Michigan spent \$430,737 on its winter advertising campaign, production costs, and fulfillment of inquiries between November 1, 1999 and February 29, 2000. Considering the \$1,080,000 in personal income generated by travelers deciding to visit Michigan as a result of the advertising and fulfillment, this would translate to a 2.5:1 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 during 2000, the total would be \$2,152,000. That will lead to a 5:1 return on Travel Michigan's investment.

In examining these figures, it appears that Travel Michigan's investment in winter advertising and inquiry fulfillment definitely paid for itself. In addition, winter 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 are requesting information from Travel Michigan using the toll-free number, though significant percentages are also using magazine “bingo” cards and the Michigan web site to request information.** Among winter inquirers, half 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. In addition, 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, and an increasing number of inquirers seem to be seeking travel information in this manner. As web

inquiries continue to increase, an efficient fulfillment system must still be in place, however, as these web inquirers continue to request paper information such as brochures, maps, event calendars, etc.

Internet Access and Usage

- **High percentages of inquirers have computer and Internet access, and a sizable percentage requested information from Travel Michigan by filling out a form on the Michigan web site.** Travel Michigan should further explore the use of its Web site in responding to inquirers' requests. Brochures, maps, and other fulfillment materials currently can be ordered online, lowering handling costs for Travel Michigan and potentially increasing the speed with which materials are delivered. Further web site research evaluating visitors' usage of and satisfaction with the Michigan web site would be beneficial in guiding the direction that Michigan takes with the web site in handling travel inquiries.

Fulfillment System

- **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.** Ninety-one percent of inquirers received the materials they requested from Travel Michigan at least *about when they expected*, with 28% receiving it *sooner than they expected*. Nine in ten indicated that the materials included at least *about as much information as they needed*, with 32% saying that the materials included *more information than they needed*.

Still, 8% of inquirers said that the materials arrived either *too late to be of use* or *did not arrive*. Eight percent said that the materials included *less*

information than they needed. These percentages of dissatisfied inquirers have remained consistent over the past few 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 the number of inquirers not receiving information in a timely manner.

Influence of Travel Information

- **The majority of travelers had already decided to travel in Michigan when they requested information, yet a sizable proportion (9%) indicated that the information they received led them to stay in Michigan longer.** Even though a high percentage may have already decided to take a trip when they requested 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.

Recall of Michigan Travel Advertising

- **There is a high recall of Michigan travel advertising among inquirers.** More than three-quarters of winter inquirers remember seeing or hearing advertising about traveling in Michigan prior to requesting information. This percentage has remained consistent over the past three seasons. 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.

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 November 1, 1999 and February 29, 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 two seasons studied – fall and summer.

A. Demographic Characteristics

Overall, these potential travelers tend to be older and 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.

- Half of inquirers are 45 years of age or older (48%). The average age of inquirers is 45 years.
- Three potential travelers in four are currently married and living with their spouses (75%).
- Including themselves, these potential travelers have an average of 2.89 people living in their household. Twelve percent of inquirers live alone.

- More than half of the inquirers do *not* have any children under the age of 18 living in their households (58%). This is lower than the percentage of fall (67%) and summer (63%) inquirers without children.
- The majority of inquirers have completed at least some college (64%), with equal proportions having some college (23%) or a four-year college degree (26%). Fifteen percent have completed post-graduate work.
- More than half come from households where the chief wage earner is (or previously was) in a white-collar occupation (60%) – *professional/technical* (39%), *managerial/proprietor* (13%), and *clerical/sales* (8%). One-fifth of potential travelers are retired (22%).
- Half of all potential travelers have annual household incomes in excess of \$50,000 (52%). One in four has a household income of more than \$75,000 annually (23%). The estimated average annual household income among inquirers is \$66,700.
- Three in four inquirers have access to a computer either at home, at work, or at both locations (77%), while two in three have access to the Internet (69%).

- Virtually all respondents reside in the United States. One winter inquirer in three is from Michigan, while one in ten is either from Illinois or Ohio. This differs from the fall season, when half of the inquirers were from Michigan.

Base:	<u>Respondents</u> (278)	<u>Sample</u> (500)
Michigan	36%	37%
Illinois	10	9
Ohio	9	9
Wisconsin	5	6
Indiana	4	4
Minnesota	4	4
Canada	3	3
Other	20	28
Not specified	9	--

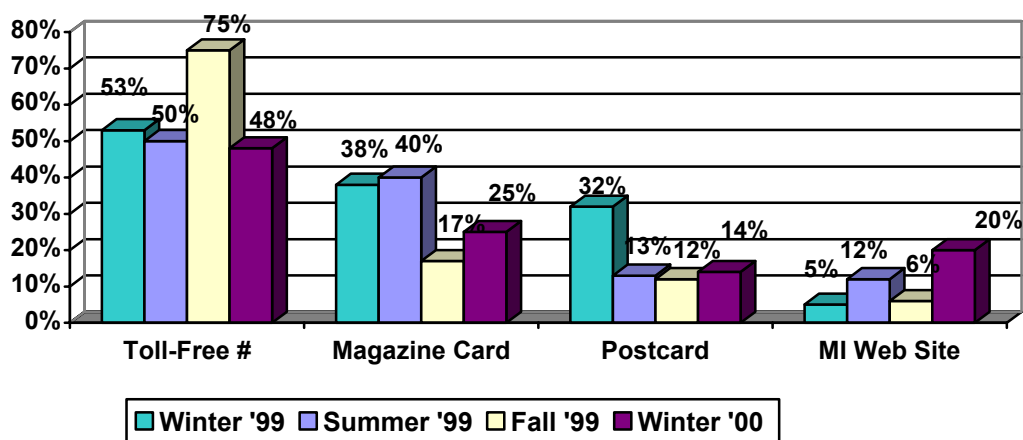
- Fifty-three percent of inquirers are female, while 42% are male. Five percent of inquirers did not respond to the question asking them to state their gender.

B. How They Requested Information

One half of the inquirers say that they requested information from Travel Michigan by calling the toll-free number (48%). One in four requested information by mailing in a card from a magazine on which they could request information from a number of destinations (25%), and one in five filled out a form on the Michigan web site (20%).

A significantly higher percentage of winter 2000 inquirers requested information by filling out a form on the Michigan web site than did so during the previous three seasons (20% versus 5% of winter 1999 inquirers, 12% of summer 1999 inquirers, and 6% of fall 1999 inquirers). In addition, a lower percentage of winter 2000 inquirers requested information by mailing in a magazine card (25% versus 38% among winter 1999 inquirers) and sending in a postcard (14% versus 32% among winter 1999 inquirers).

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 prior to requesting information (78%). 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. The percentage of inquirers who had seen and/or heard advertising

about traveling in Michigan prior to requesting information has remained consistent through the past four seasons (78% winter 2000; 82% fall 1999; 79% summer 1999; and 85% winter 1999).

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 inquirers in three say that they received a *calendar of events/seasonal guide* (67%). Sixty-one percent received a *Travel Ideas magazine on Michigan*, while half received a *Michigan State Map* in response to their request (50%). Sixty-four percent of inquirers also received *other brochures or information*.

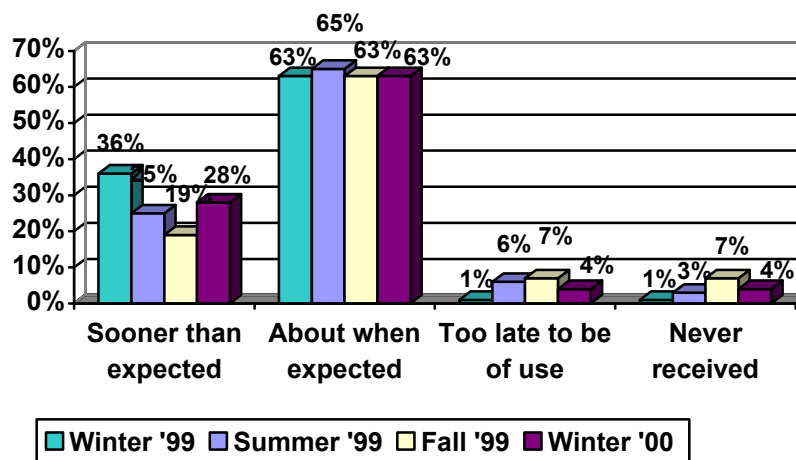
Season:	Winter 1999	Summer 1999	Fall 1999	Winter 2000
Base:	(195)	(288)	(260)	(227)
Calendar of events/seasonal guide	68%	72%	60	67%
Other brochures or information	73	65	56	64
Travel Ideas magazine on MI	58	55	50	61
State map	48	53	43	50
Conversation on the phone	26	15	29	22
E-mailed information needed	3	3	3	6
Faxed information on specific things asked about	7	1	4	3

Half of all inquirers also received a separate packet that included materials from a specific area, activity, or type of accommodation (56%).

B. Timeliness and Usefulness of Fulfillment Materials

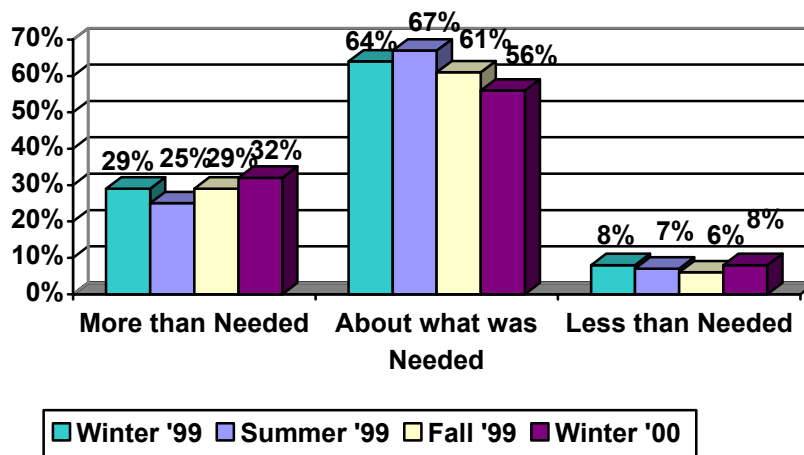
Nine in ten inquirers indicate that the materials they requested from Michigan arrived at least *about when they were expected* (91%). One in four received materials *sooner than they expected* (28%), many more than did so during the previous fall season, but not at the high level of last winter (36%). Eight percent either *never received* the materials (4%) or received them *too late to be of use* (4%). Thus, the system fails for 8% of inquirers, compared with only 2% last winter.

Arrival of Fulfillment Materials



One in three potential travelers found the materials they received to include *more information than they needed* (32%). An additional 56% found the materials to include *about what they needed*. These figures have been reasonably consistent across the four seasons being 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, 43% say they had traveled in Michigan at some time between November 1999 and April 2000. An additional 24% of these potential travelers indicate that they have specific plans to take a trip in Michigan sometime during the remainder of 2000. In total, then, 67% of households who requested information from Travel Michigan between November 1999 and February 2000 have either visited Michigan or have specific plans to do so this year.

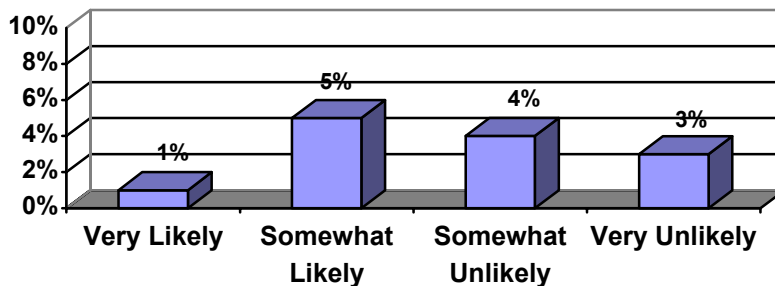
Season:	Winter 1999	Summer 1999	Fall 1999	Winter 2000
Base:	(220)	(288)	(260)	(278)
Traveled in Michigan	38%	66%	61%	43%
Have specific plans to travel in Michigan during 2000	25%	8%	8%	24%
Total Travel or Planned Travel	63%	74%	69%	67%

Considering the total number of inquirers in the specified time period (114,741 inquirers), these visits and planned visits project to 76,876 households either visiting or planning to visit Michigan during 2000. For trips already taken in Michigan, the average number of people in each travel party is 3.51. These 76,876 trips will then bring 269,835 visitors to Michigan between November 1999 and December 2000. Typically, on these trips, travelers spent 3.09 nights in Michigan, so these trips represent 833,790 person-nights in Michigan.

Of course, this number may underestimate the actual number of trips to be taken in Michigan between November 1999 and December 2000. Those respondents who had not taken a trip in Michigan and did not have specific plans to take one before the end of 2000 were asked how likely it would be that they would travel in Michigan during 2000. An additional 6% of the inquirers indicate that it is either *very* (1%) or *somewhat likely* (5%) that they will travel in Michigan during 2000.

These respondents who indicate that they would be likely to travel in Michigan could bring an additional 6,884 travel parties to Michigan during 2000. Since these intentions might change, we will include only 30% of these parties in our Return on Investment (ROI) calculations.

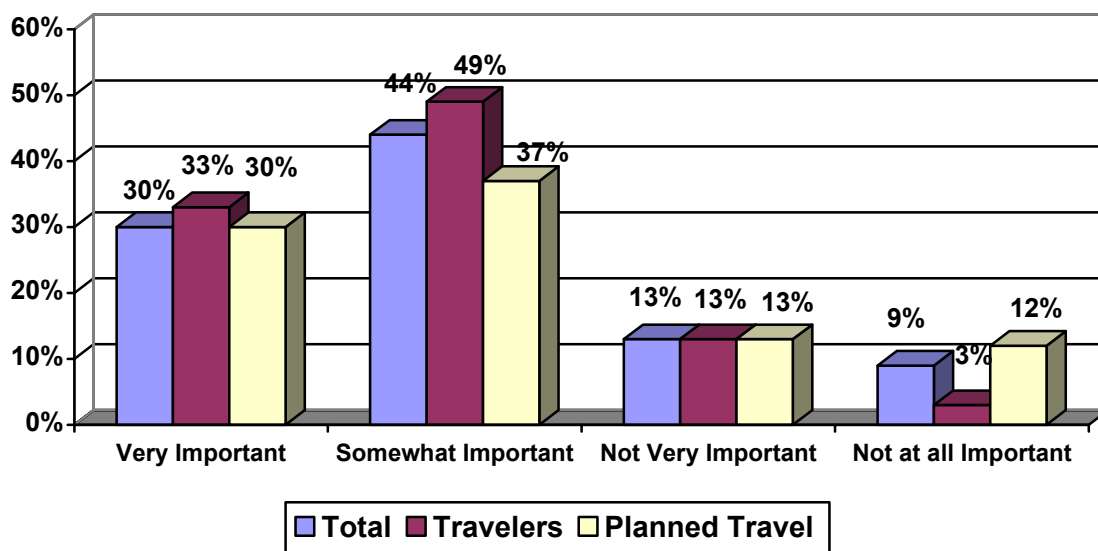
Likelihood of Traveling in Michigan During 2000
Base=278
(Asked of Those Who Have Not Traveled or Do Not Have Specific Plans To Travel)



B. Claimed Influence of Travel Information on Travel Decision

Among the entire group of respondents who remember requesting travel information from Travel Michigan, 74% indicated that Michigan’s advertising and travel information program played an important role in their decision to visit or not to visit Michigan. Travelers are more likely to state that Michigan’s travel information played an important role in their decision to visit Michigan than are those who plan to travel (82% among travelers versus 67% among those who plan to travel).

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 three seasons analyzed (74% summer; 76% fall; 74% winter), though an even higher proportion did so last winter (85%).

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, 77% of those who had traveled to Michigan had already decided to travel in Michigan when they requested information. In addition, half of those who have specific plans to travel in Michigan during 2000 had already decided to travel in Michigan when they requested information (53%).

Base:	<u>Travelers</u> (120)	<u>Plan To Travel</u> (67)
Had already decided to travel in Michigan	74%	49%
Had already decided to travel through Michigan on way elsewhere	3	4
	77%	53%
Considering several travel destinations, including MI	10	30
Wanted to travel – not sure where	8	9
Just sent for information – not thinking about travel	6	3

D. Conversion Ratios

The gross conversion of inquirers to travelers in Michigan is 43% for the winter 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 (50% versus 22%). In addition, residents of Michigan had a higher gross conversion rate than out-of-state inquirers (61% versus 34%).

The gross conversion for winter 2000 inquirers is significantly lower than it was for summer and fall inquirers (43% winter versus 66% summer and 61% fall). The current winter gross conversion rate of 43%, however, is consistent with the prior winter's gross conversion rate (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, 120 of the inquirers traveled in Michigan (43% of the total sample – including those who did not recall requesting information). Of these 120 travelers, 28 had not yet decided to travel in Michigan when they requested information. Of these 28 respondents, 24 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 9%.** Similar to the gross conversion rates, winter 2000 inquirers had lower net conversion rates than summer and fall inquirers

(9% winter versus 17% summer and 11% fall). The winter net conversion rate of 9%, however, is identical to the previous winter season's net conversion rate.

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, 92 had already decided to travel when they requested information. Twenty-four 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 9%.** The length of stay conversion rate has remained consistent across seasons (10% summer; 11% fall; 9% winter). Those who said that they stayed in Michigan longer due to the information they received spent an average of 2.76 extra nights in Michigan.

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

Fifty-two percent of those who requested information from Travel Michigan have taken a trip in Michigan between November 1999 and April 2000. Among those who recall requesting information from Travel Michigan (227 respondents), the average number of trips taken in Michigan since November 1999 is 1.61.

<u>Trips Taken in Michigan</u>	<u>Total</u>
Base:	(227)
0	47%
1 to 3	34
4 or more	18
Mean	1.61

Two in three travelers (65%) 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 3.17.

<u>Trips Taken in Michigan</u>	<u>MI Travelers</u>
Base:	(120)
1 to 3	65%
4 or more	35
Mean	3.17

Travelers indicate that they stayed overnight in Michigan (not in their primary home in Michigan) on 2.76 trips (87% 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.

Three in five travelers began their most recent trip in Michigan during the winter months of November, December, January, or February (62%). The remainder traveled in the spring (15% in March and 23% in April).

	<u>Travelers</u>
Base:	(120)
<u>Winter</u>	<u>62%</u>
November	8
December	12
January	23
February	19
<u>Spring</u>	<u>38%</u>
March	15
April	23

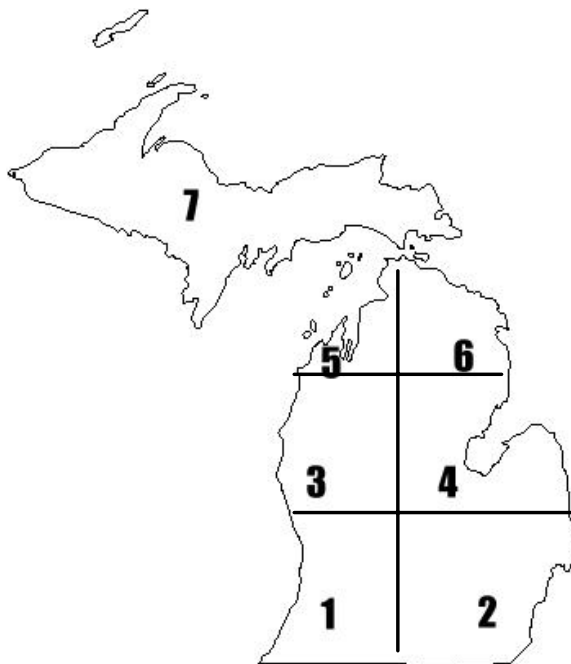
Travelers stayed away from home an average of 2.98 nights while on their most recent trip in Michigan, and an average of 2.78 nights were spent lodging in Michigan. Ten percent indicated that their most recent trip in Michigan was a day trip, where they did not spend any nights lodging in Michigan.

Nearly half of all travel parties had two people in the immediate travel party on their most recent trip in Michigan (45%). An additional one-fourth had four people in their immediate travel party (23%). The mean number of people on each of these trips was 3.51. There were fewer people in each travel party among fall inquirers than there were among the summer and winter inquirers.

Inquiry Season:	Winter 1999	Summer 1999	Fall 1999	Winter 2000
Base:	(98)	(207)	(178)	(120)
One	8%	8%	8%	8%
Two	38%	36%	47%	45%
Three	12%	12%	10%	6%
Four	18%	25%	20%	23%
Five	11%	11%	10%	7%
Six or more	12%	7%	4%	13%
Mean	3.36	3.35	3.06	3.51

Visitation to Michigan during the winter months appears to be primarily in the Upper Peninsula (20%) and the northwestern portion of the Lower Peninsula (21%). Sixteen percent of travelers spent the most time on their most recent trip in Michigan in the southwestern portion of the state. Winter 1999 inquirers were more likely to have traveled in the East Central portion of Michigan than were those in Winter 2000 (34% versus 12%).

Inquiry Season:	Winter 2000	Winter 1999
Base:	(120)	(98)
Southwestern (1)	16%	13%
Southeastern (2)	13%	11%
West Central (3)	8%	7%
East Central (4)	12%	34%
Northwestern (5)	21%	13%
Northeastern (6)	8%	7%
Upper Peninsula (7)	20%	13%
No answer	3%	--



Half of all winter 2000 inquiry travelers spent the most nights in Michigan lodging in a hotel, motel, or resort (47%). One in five stayed with friends/relatives (22%).

Inquiry Season:	Winter 1999	Summer 1999	Fall 1999	Winter 2000
Base:	(98)	(207)	(178)	(120)
Hotel/motel/resort	54%	49%	62%	47%
Camper/trailer/RV	5	19	13	6
Friends/relatives	13	11	10	22
<u>Cabin/Vacation home:</u>	<u>13</u>	<u>10</u>	<u>5</u>	<u>14</u>
Rented	6	5	2	9
Owned	6	3	2	3
Borrowed	1	2	1	2
Other	2	3	3	2
No nights spent in MI	12	6	6	9
No answer	--	2	2	2

A higher percentage of fall inquiry travelers spent the most nights in Michigan lodging in a hotel, motel, or resort (62% versus 47% among winter 2000 travelers, 54% among winter 1999 travelers, and 49% among summer travelers). Winter 2000 travelers are more likely to have spent the most nights lodging with friends and/or relatives while visiting Michigan (22% versus 11% among summer travelers, 10% among fall travelers, and 13% among winter 1999 travelers).

Nearly half of winter 2000 inquiry travelers came to Michigan primarily for *outdoor recreation* (42%). One-fourth visited primarily to *visit friends or relatives* (25%) or for *general sightseeing/touring* (23%). Last winter, many more visitors came to Michigan for *general sightseeing/touring* (38% versus 23% among winter 2000 travelers), while fewer came to *visit friends and relatives* (15% versus 25% among winter 2000 inquirers). The share participating in *outdoor recreation* has remained about the same (39% versus 42%).

Inquiry Season:	Winter 1999	Summer 1999	Fall 1999	Winter 2000
Base:	(98)	(207)	(178)	(120)
Outdoor recreation	39%	29%	24%	42%
Visiting friends/relatives	15	20	15	25
General sightseeing/touring	38	44	57	23
Personal business	5	2	1	5
Business/meeting/work	--	2	2	3
Convention/conference	3	1	1	1

Summer and fall inquiry travelers are more likely to be visiting Michigan for *general sightseeing/touring* (57% among fall travelers and 44% among summer travelers versus 23% among winter 2000 travelers and 38% among winter 1999 travelers), while winter travelers are more likely to be visiting for *outdoor recreation* (42% among winter 2000 travelers and 39% among winter 1999 travelers versus 29% among summer travelers and 24% among fall travelers).

Nearly two-thirds of Michigan travelers did some *shopping* while visiting Michigan (62%). Half participated in *winter outdoor activities* (50%), and one-third participated in *cultural activities* (33%) or various *other* activities (34%).

	<u>Winter 2000 Travelers</u>
<u>Shopping</u> -- 62%	
Shopping for gifts/souvenirs	50%
General shopping	28%
Outlet shopping	21%
Art or antique shopping	16%
<u>Winter Outdoor Activities</u> – 50%	
Snowmobiling	23%
Downhill/alpine skiing	22%
Fishing	13%
Cross-country/nordic skiing	8%
Ice skating	5%
Snowboarding	4%
Other winter sports	9%
<u>Cultural Activities</u> – 33%	
Visiting museums	18%
Attending fairs or festivals	15%
Attending concerts	7%
<u>Other</u> – 34%	
Gambling/casinos	17%
Attending sports events	7%
Other	15%

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 November 1999 and February 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 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 the end of 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 3.17 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

Nine percent of the sampled households indicated that 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 114,741 households in the inquiry period sampled, this translates to 10,327 households. Travelers stayed in Michigan an average of 2.78 nights while visiting. Therefore, the 10,327 households staying in Michigan for an average of 2.78 nights results in 28,709 party-nights attributable to the Michigan travel information system.

These 28,709 party-nights led to \$3,391,000 being spent by these travelers in Michigan. Eighty-six percent of these expenditures were captured by the local Michigan economy, leading to \$2,915,000 of direct sales. These direct sales, in turn, generated \$1,080,000 in personal income and 71 full-time equivalent jobs.

Net Conversion Actual Visitor Spending

Total Visitor Spending	\$3,391,000
Direct Sales Captured by Local Economy	\$2,915,000
Personal Income	\$1,080,000
Jobs (FTE)	71

In addition to the 9% who took a trip in Michigan as a direct result of the information they received, an additional 9% 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 10,327 households who extended their stay in Michigan stayed an average of 2.2 extra nights. This translates to an additional 22,719 party-nights attributable to the Travel Michigan information system.

These 22,719 party-nights led to \$2,686,000 being spent by these travelers in Michigan. \$2,308,000 of this spending was captured by the local Michigan economy in direct sales. These direct sales, in turn, generated \$855,000 in personal income and 56 full-time equivalent jobs.

Length of Stay Extension Visitor Spending

Total Visitor Spending	\$2,686,000
Direct Sales Captured by Local Economy	\$2,308,000
Personal Income	\$855,000
Jobs (FTE)	56

In addition to those who have already 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 December 2000. This would translate to 6,884 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 2,065 households staying in Michigan for an average of 2.78 nights will generate an additional 5,741 party-nights in Michigan.

These 5,741 party-nights will result in an additional \$678,000 in traveler expenditures. Eighty-six percent of these expenditures will be captured by the local Michigan economy, leading to \$583,000 of direct sales. These direct sales, in turn, will generate \$216,000 in personal income and 14 additional full-time equivalent jobs.

Likely Visitor Spending

Total Visitor Spending	\$678,000
Direct Sales Captured by Local Economy	\$583,000
Personal Income	\$216,000
Jobs (FTE)	14

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

Total Actual and Likely Visitor Spending

Total Visitor Spending	\$6,758,000
Direct Sales Captured by Local Economy	\$5,808,000
Personal Income	\$2,152,000
Jobs (FTE)	141

B. Return on Investment

According to information provided by Travel Michigan, \$245,128 was spent on costs directly associated with handling travel inquiries between November 1, 1999 and February 29, 2000. In addition, \$185,609 was spent on the winter advertising campaign and production costs for this time period. In total, Travel Michigan spent \$430,737 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, 28,709 party-nights were spent in Michigan as a direct result of Michigan travel information requested between November 1, 1999 and February 29, 2000. These trips generated \$1,080,000 in personal income for Michigan households and businesses. This translates to a **2.5:1 return on Michigan's investment**.

If we add the direct effects from the 22,719 party-nights from groups who extended their stay in Michigan because of the information they received, \$1,935,000 was generated in personal income for Michigan households and businesses. This translates to a **4.5:1 total return on Michigan's investment**.

Finally, if we add the direct effects from the 5,741 *likely* party-nights to be spent in Michigan which will generate an additional \$216,000 in personal income, Michigan will benefit from a **5:1 return on its investment**.

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.