

Colorado Advertising Benchmark & Accountability Research

Final Report

Background and Purpose



- ◉ In fall 2009, the Colorado Tourism Office launched its winter advertising campaign in regional and targeted markets. The spring/summer campaign followed, with launch in March, 2010 and continuation into October. The spring/summer campaign had both regional and national components.
- ◉ Both campaigns consisted of broadcast elements (TV and radio), print (multiple newspaper and magazine ads), as well as internet banner ads.
- ◉ Longwoods was engaged to conduct a program of research designed to:
 - ◉ *measure the effectiveness of the advertising campaign at bringing visitors to Colorado during the campaign periods and shortly thereafter, and increasing intentions to visit the state in the future*
 - ◉ *estimate the return on advertising investment yielded by the campaigns, in terms of incremental visitor spending and taxes returned to the state by those additional expenditures*
 - ◉ *through an analysis of Colorado's image, provide input into the development of positioning and messaging for future campaigns*

Research Objectives



- The objectives of the research were to measure:
 - *Awareness of Colorado as a desirable vacation destination*
 - *Awareness of Colorado's advertising activity, i.e. individual advertising elements*
 - *Impact of Colorado's advertising on:*
 - *Colorado's image*
 - *Actual visits to Colorado during and shortly after the campaign period*
 - *Carry-over impacts: anticipated trips planned for the foreseeable future as a result of the campaign*
 - *The relative importance of image factors in getting on the consideration list*

Method



- A benchmark study was conducted after the conclusion of the advertising period to measure detailed awareness of specific ads, estimate the impact of awareness on intentions to visit and image, and estimate short-term conversion that occurred during the campaign period.
- A self-completion survey of 1,500 respondents in the advertising markets:
 - *West of the Mississippi – 750 respondents; east of the Mississippi – 750 respondents*
 - *Respondents are members of a national online consumer mail panel*
 - *Adults 18 years of age and older were randomly selected from the panel, so as to ensure a truly representative sample.*
 - *The survey took an average of 30 minutes to complete*
 - *During the survey respondents were shown copies of the advertising materials, including audio files of radio commercials. This was done at the end of the survey so as not to bias earlier questions on attitudes towards Colorado and other behavioral measures.*
- The fieldwork was conducted in December, 2010

Method



- ◉ Data were weighted on key demographic variables prior to analysis to ensure that results are representative of and projectable to the population of the markets surveyed.
- ◉ For a sample of this size, the confidence level is + / – 2.2%, based on statistical probability.
- ◉ In the report, we reference the 2007 results on a few key measures. These comparisons are made where we feel it is important to establish the relative overall efficacy of this year's vs. the prior year's campaign. We have not done so systematically through the report because of the difference in the ad markets, and therefore the samples, from year to year.
- ◉ The estimates of the campaign's impacts on visits and intentions to visit Colorado are conservative in that:
 - ◉ *trips taken/intended by people in the absence of advertising are backed out*
 - ◉ *controls ensure that only advertising influenced trips are included.*
- ◉ In our calculations to determine the ad campaign's return on investment, we related data from this survey to tax data provided by Dean Runyan & Associates.

Method



- Longwoods first implemented this advertising research program with the New Jersey Department of Economic Development and it has since been adopted by other clients including the U.S. Government, Hawaii, New Orleans, Arizona, Michigan, Philadelphia, Maine, Ohio, Oregon, Wyoming, Wisconsin, and Princess Cruises.
- The New Jersey research proved that the state's tourism advertising program was a significant net revenue generator. It demonstrated that each media dollar returned over \$150 in incremental traveler expenditures and \$19 in state taxes.
- In Hawaii, the Longwoods methodology was subjected to intense scrutiny by a task force of academics and private and public sector economists. The outcome was their official endorsement of both the methodology and results in front of the House Budget Committee.
- The task force endorsement noted that Longwood's approach is unique in the industry because it: i) isolates the incremental trips generated from those that would have been taken in any case, ii) isolates the impact of advertising from other factors including general economic performance and the weather, and iii) yields a very conservative and defensible estimate of the incremental trips generated by a campaign.
- Our method has been cited in Best Practices awards by the Travel and Tourism Research Association (TTRA), the Travel Industry Association (TIA), Georgia Tech, and the Market Research Intelligence Association (MRIA).

Colorado's Image



- In this survey, respondents were asked to evaluate Colorado versus several competitors – California, Florida, Hawaii, New York, Utah and Nevada.
- On an overall basis, relative to these other destinations combined, Colorado's image could be described as “in the pack”:
 - *59% agreed that Colorado is a place they “would really enjoy visiting”, about the same as New York and Nevada*
 - *Far ahead of Utah (40%)*
 - *Well behind Hawaii (83%), and also edged out by Florida (66%) and California (64%)*
- Colorado's perceived advantage versus this competitive set is mainly on dimensions related to its physical setting and the mountains:
 - *Great for skiing/winter sports, beautiful and unique scenery, and a great place for a winter vacation*

Colorado's Image



- However, Colorado also has a perceived edge on several inter-related dimensions:
 - *Safety*
 - *Warm, friendly people*
 - *A sense of relaxation*
 - *Family orientation*
- Compared to the combined competition, Colorado is believed to have shortcomings in a number of areas:
 - *The sun and sand factor, i.e., the climate in general and lack of beaches/water sports*
 - *Entertainment options, such as nightlife, shopping*
 - *A sense of excitement, the top motivator*
 - *Sightseeing, notably a lack of variety, museums/galleries, historical sites, interesting urban areas, etc.*
 - *Uniqueness in terms of the overall experience and the general culture*
 - *Hotels and dining*

Colorado's Image



- ◉ In the following analysis, we look at Colorado's image versus the image of the individual competitive states evaluated in this study.
- ◉ **California** – Colorado is felt to far surpass California for winter activities/skiing and scenic beauty, as well as having a safe, friendly, relaxed atmosphere. In addition Colorado is believed to be more affordable in terms of accommodations and dining. California's main edge is for the sun and sand factor – beaches and water-based activities. California gets better marks for the things associated with its big cities – entertainment and nightlife, high culture (music, theater, the arts, etc.), fine dining and high-end hotels, interesting sightseeing including museums/galleries, historic areas and architecture, and shopping.. And people felt California is more exciting and popular.
- ◉ **New York** – People gave Colorado the perceived advantage for its winter/ski orientation, unique and beautiful scenery, plus the worry-free and family atmosphere factors. Colorado also has an edge for affordability once there (dining and accommodations), recreational activities and climate. New York is regarded as being far better for urban pursuits and attractions, including nightlife, museums and galleries, shopping, dining, hotels, etc. People are also thinking that New York will be a more unique, exciting and popular place than Colorado.

Colorado's Image



- ◉ **Florida** – Not surprisingly, compared to Florida, Colorado is expected to be much better for winter activities/skiing, and more scenic. People also believe Colorado provides a safer, more friendly environment. Apart from the obvious association with beaches and a great climate, Florida is expected to be better than Colorado for non-winter recreation like golf/tennis, entertainment options (nightlife, shopping, festivals/fairs, etc.), dining and lodging quality, popularity, availability of packages, sightseeing variety and excitement.
- ◉ **Hawaii** – Skiing and winter activities are clear associations people have with Colorado and not Hawaii. Another edge that people feel Colorado offers is affordability, both with respect to the cost of getting there, and the cost of food and accommodations once they've arrived. Like Florida, Hawaii has the advantage of its beaches, outdoor recreational opportunities and climate. However, they are more positively regarded as well for being an exciting, unique place with a different/interesting culture, lots of opportunities for entertainment and sightseeing , better accommodations and friendlier residents.

Colorado's Image



- ◉ **Nevada** – Colorado also edges out Nevada for the skiing/winter sports factor, scenic beauty, family orientation and a safe, friendly and relaxed atmosphere. Most of Nevada's image advantages are Las Vegas-related – entertainment and nightlife; dining and accommodations; climate and therefore outdoor pursuits like swimming, golf and tennis, excitement; affordability including packages and inexpensive dining.
- ◉ **Utah** – Colorado is perceived to be better than Utah on almost every variable evaluated in this study, but especially popularity; accommodations and dining; “the mountain experience” including skiing and winter orientation; scenery; excitement; sightseeing and entertainment possibilities; family orientation. Utah's only image edge is for having more affordable accommodations

Colorado's Product Delivery



- ◉ When we compare how recent visitors evaluate Colorado versus people who have never visited we find that visitors are especially impressed with Colorado relative to their expectations for:
 - ◉ *Proximity, i.e., being close and affordable to get to*
 - ◉ *Sightseeing variety, plus the specific attractions like museums and galleries, festivals and fairs, beautiful scenery*
 - ◉ *Must-see, exciting place*
 - ◉ *Popularity*
 - ◉ *Suitability for both adults and families*
 - ◉ *Climate*
 - ◉ *Affordable dining and good vacation packages*
- ◉ There were no areas among those evaluated where visitors came away disappointed with their experience relative to their ingoing expectations.

Advertising Awareness



- ◉ The 2010 campaign reached 45% of travelers across regional and national markets, which translates into 77 million people.
- ◉ Slightly more people recalled the summer campaign (37%) than the winter campaign (33%).
- ◉ For the winter campaign, the greatest recall was generated by online and print advertising, recalled by 2 in 10 travelers, followed by TV ads (15%) and then radio (8%).
- ◉ The summer campaign components with the highest awareness penetration were print (27%) and TV ads (20%), somewhat ahead of the online ads (16%) and radio (12%).

Advertising Awareness



- On average, travelers recalled seeing/hearing winter ads 3.2 times, and summer ads 4.3 times
 - *Which translates into over 575 million exposures for the winter campaign and 737 million exposures for the summer advertising*
 - *For the winter ads, the pattern of frequency by medium closely matched what we saw for incidence, i.e., online and print ads generated the highest number of exposures*
 - *Similarly, print led the summer media in terms of frequency of recall*
- When we relate media/production costs to the number of exposures recalled, the cost per thousand exposures for winter averaged \$4.71:
 - *TV, print and online all came in slightly around or below the average, while the outlier was radio topping out at \$10.21*
- The costs per exposure were substantially higher for the summer media, averaging \$7.48, with radio and TV coming in well below average, but online reaching close to \$13 per thousand exposures.

Advertising Impacts



- To assess the impact of the advertising beyond simple recall, we look at various measures to determine whether people exposed to the campaign were affected in terms of:
 - *Unaided awareness of Colorado as a desirable destination*
 - *Image of the state as a place to visit, both overall and in detail*
 - *Intent to visit Colorado*
 - *Actual visits taken during the campaign and immediately afterwards*
- The campaign did not significantly affect people's spontaneous recall of Colorado as a place they would enjoy visiting:
- Exposure to the winter advertising improved people's overall image of Colorado as a desirable vacation destination very slightly; however, the summer campaign did not.
- The winter ads changed people's perceptions of Colorado for the better in terms of:
 - *The uniqueness of the experience and excitement, both important predictors of destination choice*

Advertising Impacts



- ◉ And they improved attitudes on Colorado's sightseeing potential including towns and villages, history, museums and galleries, etc., and travel distance.
- ◉ The summer ads affected people's attitudes mainly regarding Colorado's affordability, including the costs associated with getting there, accommodations and dining, as well as packages.
- ◉ The summer campaign also improved perceptions regarding Colorado's friendliness, opportunities for shopping, excitement, suitability for adults, and its museums and galleries.
- ◉ It is noteworthy that these image "lifts", relative to those created by earlier campaigns, are very limited both in terms of the range of dimensions affected and the extent of the improvements on each dimension.

Advertising Impacts



- The campaign significantly elevated interest in visiting the city:
 - *One-third of people exposed to at least one winter or summer ad indicated they plan a trip to Colorado in the next 12 months, substantially more than the number indicating this who were not exposed to any advertising (20%)*
 - *The increase is mainly related to the winter campaign*
- When these “lifts” are projected to the population, we find that the advertising created 8,888,000 planned trips:
 - *A large number of these intended trips are for the short-term, with half planned for this winter between December and March, and the rest planned for this coming spring, summer, and beyond*
 - *In fact, more trips are planned for this and next winter seasons (62%) than for spring to fall of this year*

The Bottom Line



- The advertising not only affected “short-of-sales” measures; but it also generated a substantial amount of actual incremental trip-taking.
- The campaign yielded 2,999,000 trips to Colorado that would not have otherwise occurred without the advertising.
 - *Most of these trips were created by the summer campaign (86%)*
- Using per capita spending figures from the annual Colorado Visitor survey last year, we estimate that the two campaigns generated approximately \$933 million in incremental visitor expenditures.
- And those visitor expenditures in turn yielded \$62.5 million in state and local taxes.

The Bottom Line



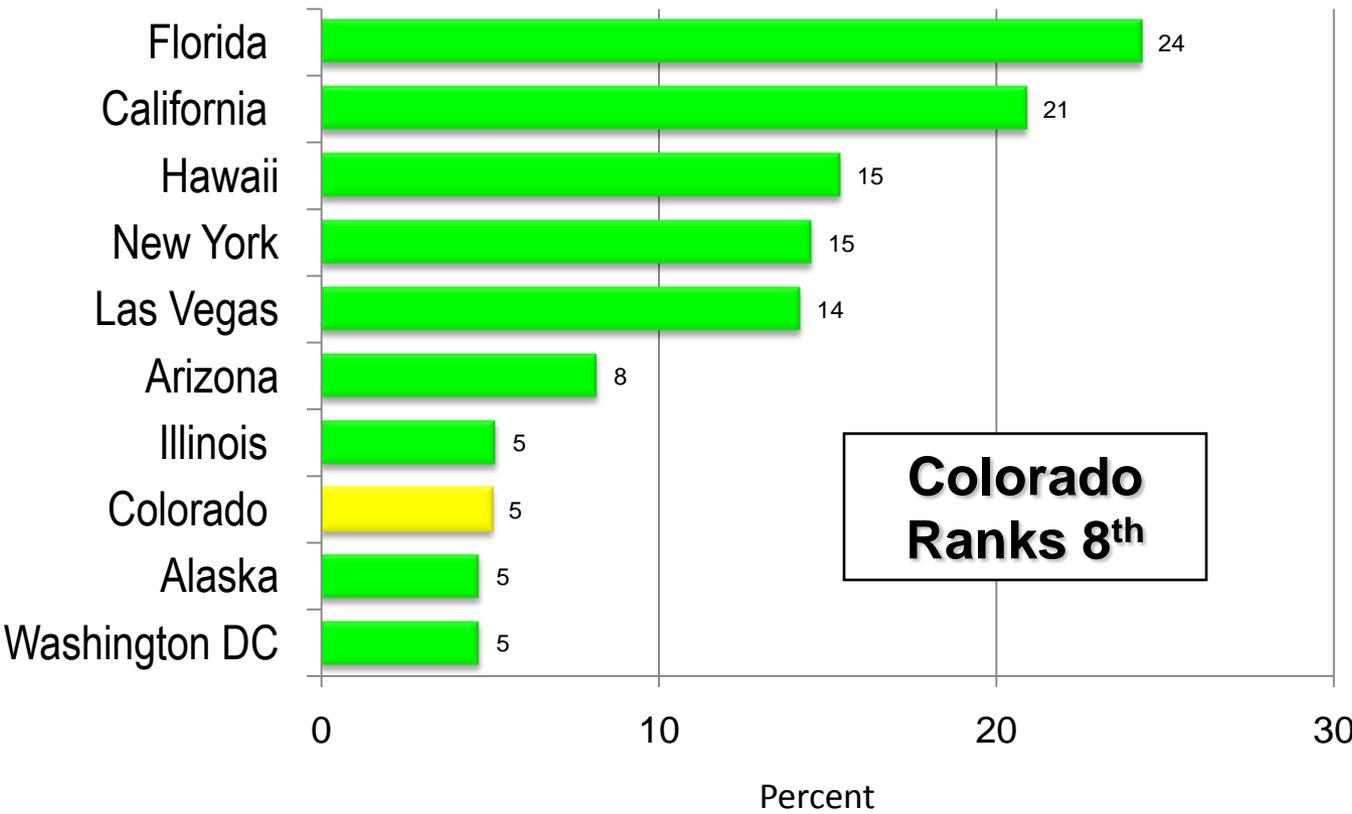
- ◉ When we relate these figures to campaign expenses, we find that for every dollar spent on advertising, the state got back:
 - ◉ *\$113 in visitor expenditures*
 - ◉ *\$3.40 in state taxes, plus an additional \$4.20 in local taxes*
- ◉ The 2010 campaign was more successful than the 2007 campaign in terms of:
 - ◉ *generating planned trips (8,999,000 in 2010 versus 7,743,000 in 2007)*
- ◉ However, the campaign was less successful with respect to:
 - ◉ *generating actual trips (2,999,000 in 2010 versus 5,973,000 in 2007)*
 - ◉ *overall ROI relative to ad spending (\$7.60 in 2010, vs. \$12.96 in 2007)*

The Bottom Line

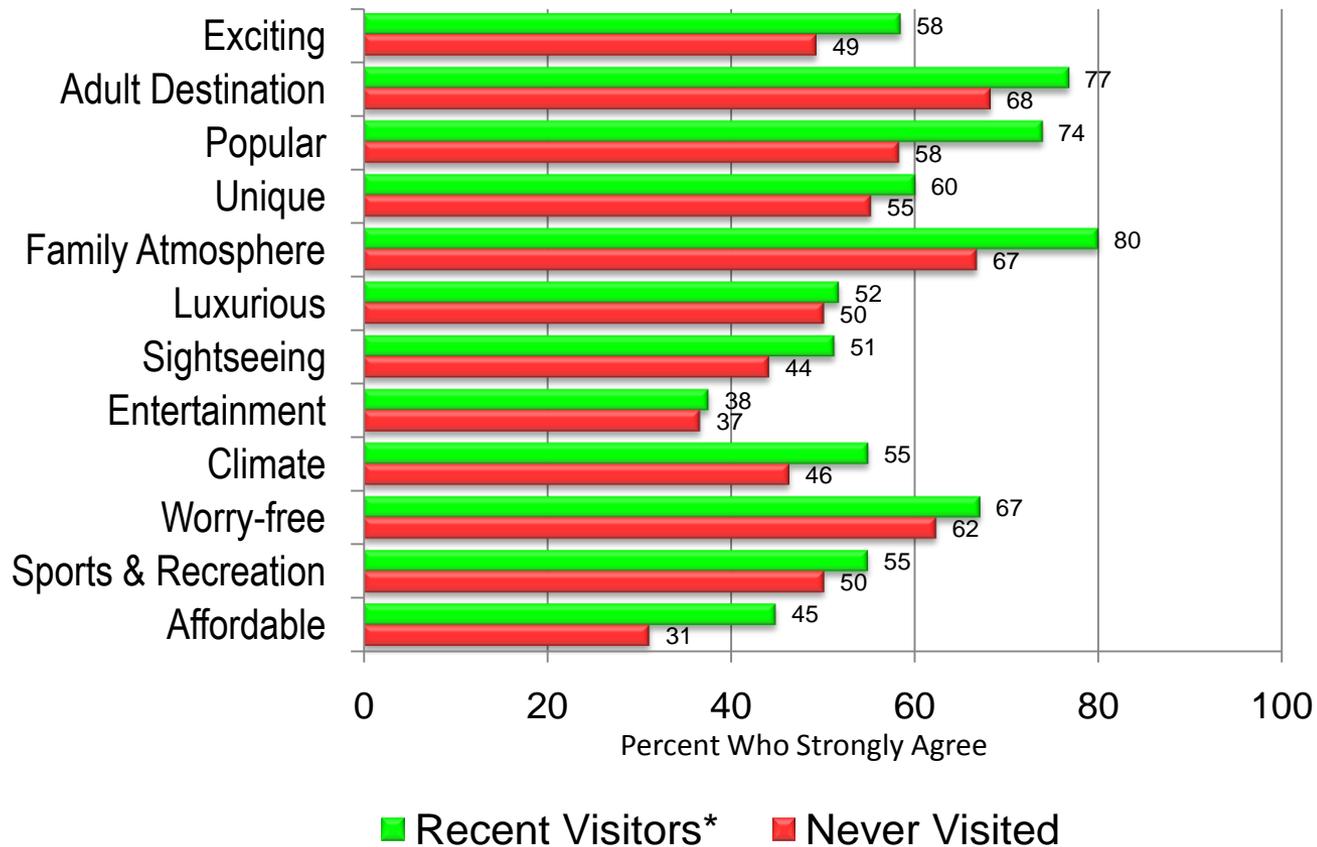


- Part of this decline can be traced to lower spending by visitors – in 2007 the average expenditure by visitors was \$348, which has contracted to \$311 this year.
- Another possibility is the timing of the two studies – the 2007 study included a follow-up conversion study of people intending a trip based on the summer campaign; in 2010, the timing was flipped and winter conversion is included rather than summer:
 - *However, when we look at potential conversion from the 2010 summer campaign, we conclude that a very optimistic conversion rate (10-15%) would yield approximately 300,000 additional trips – still well short of the 2007 total*

Unaided Share of Mind Awareness of Destinations “Would Really Enjoy Visiting”

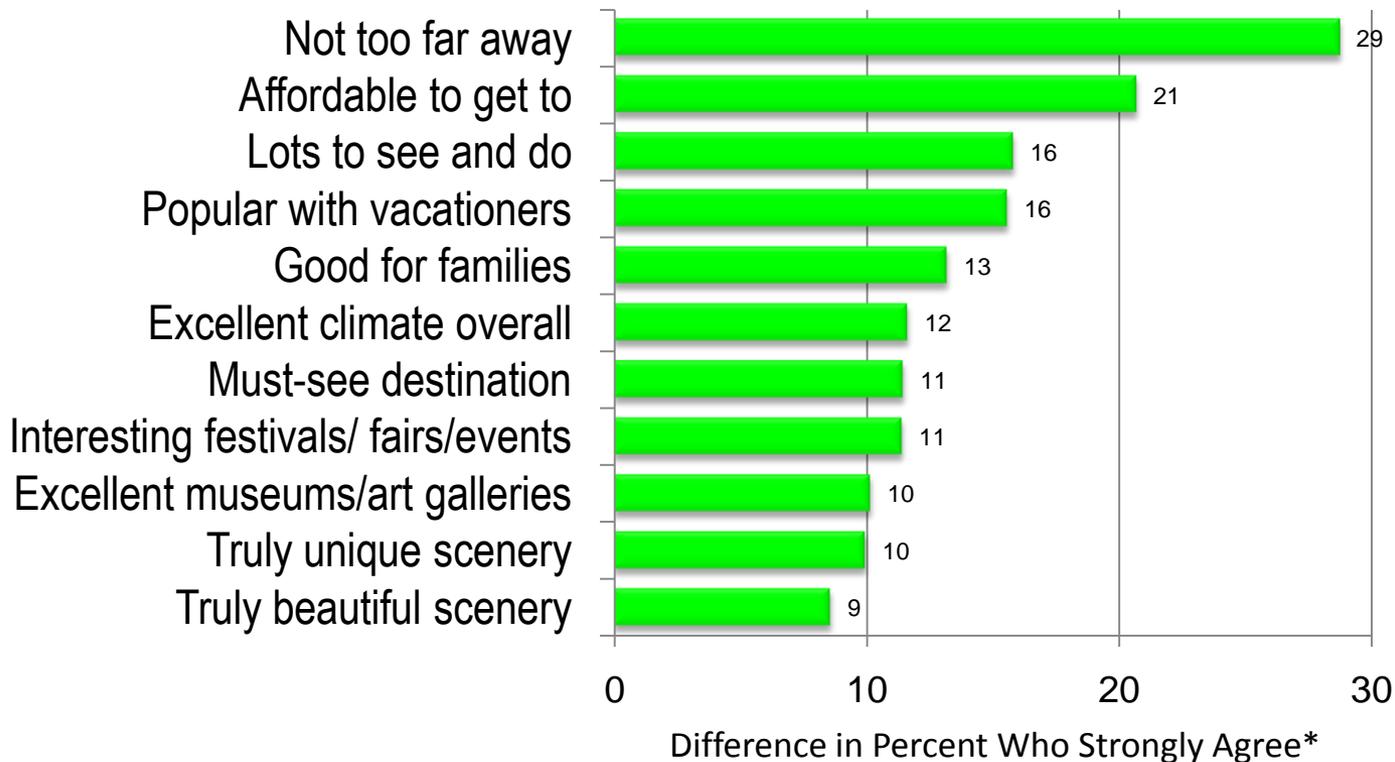


Colorado's Product Vs. Image



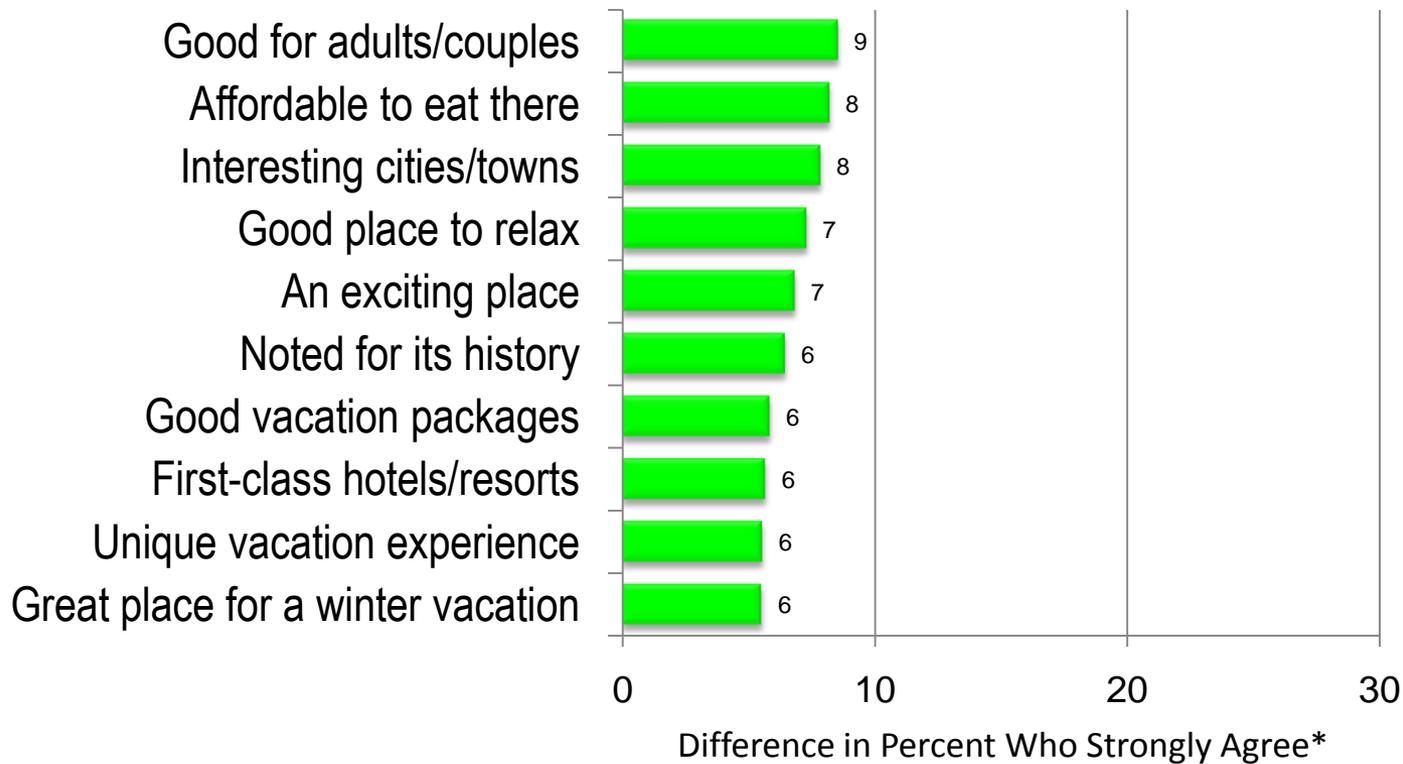
*Visited Colorado within the past 2 years

Colorado's Product Strengths



*Difference in percent between recent visitors and those who never visited Colorado.

Colorado's Product Strengths (Cont'd)



*Difference in percent between recent visitors and those who never visited Colorado.

Colorado's Product Weaknesses



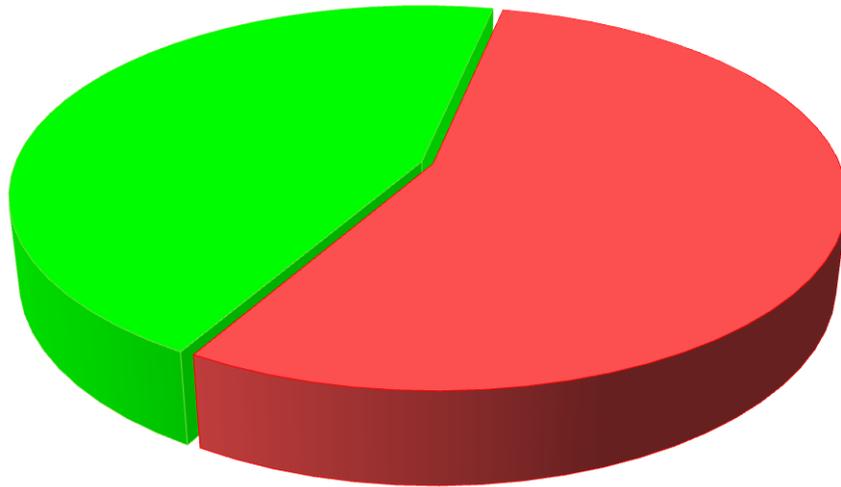
**THERE ARE NO SIGNIFICANT
PRODUCT WEAKNESSES
Vs. IMAGE**

Awareness of Colorado's FY10 Ad Campaign



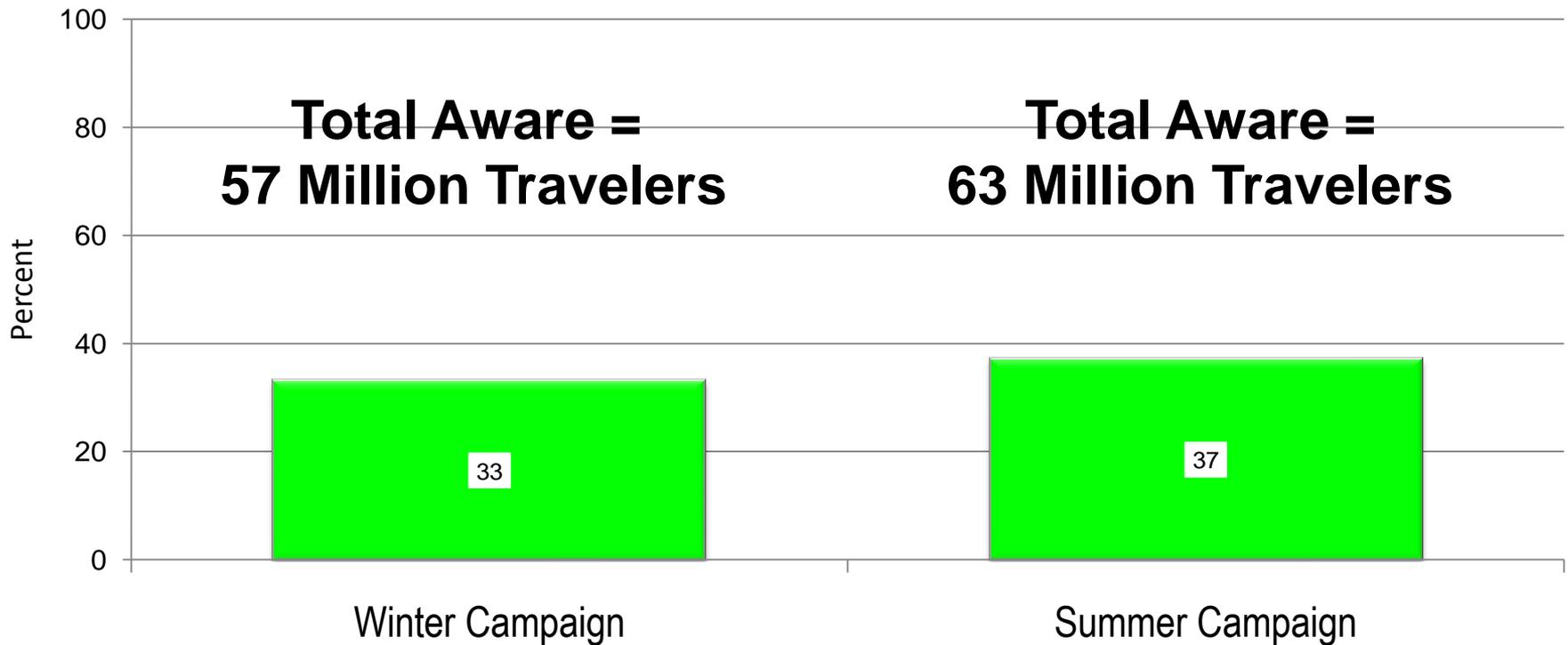
Total Aware = 77 Million Travelers

Aware*
45%



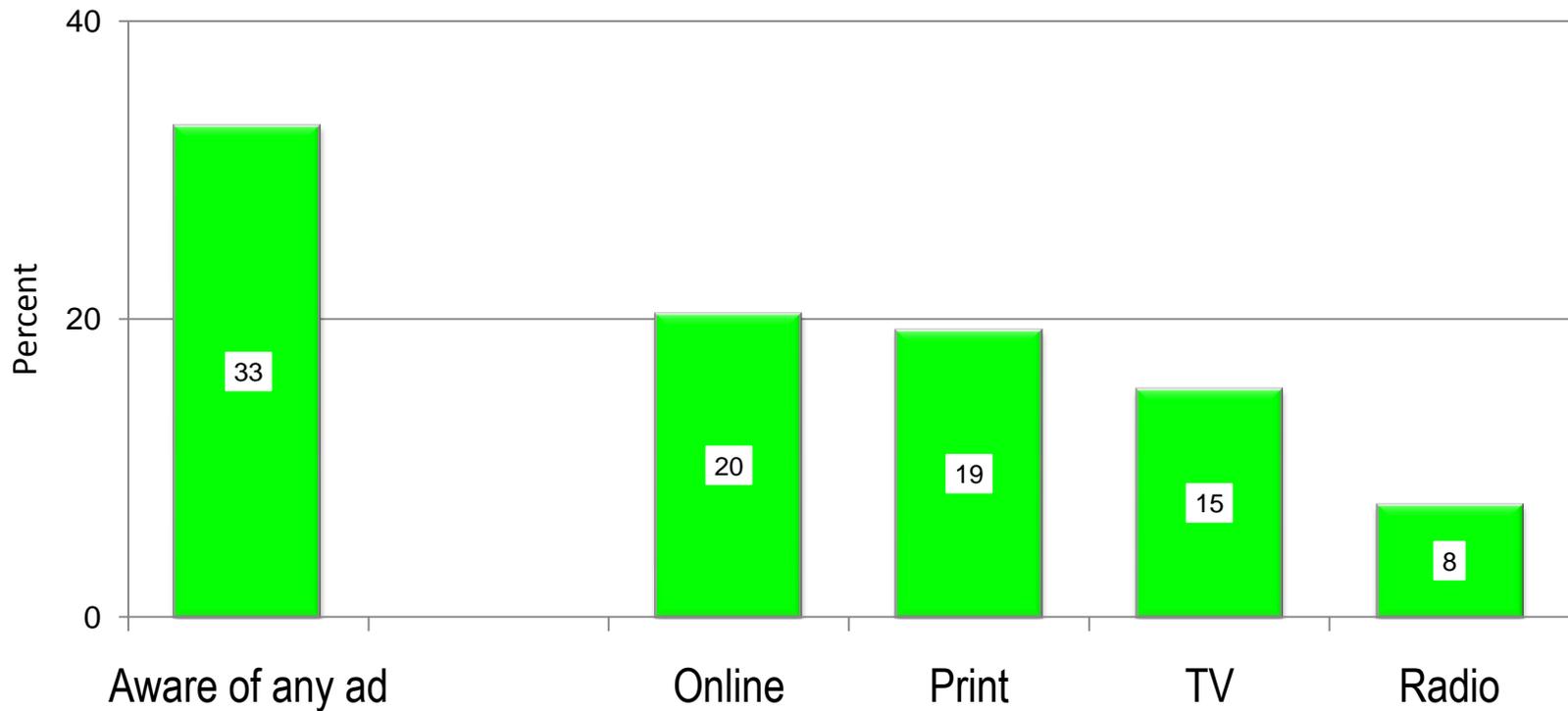
Unaware
55%

Advertising Awareness* by Campaign



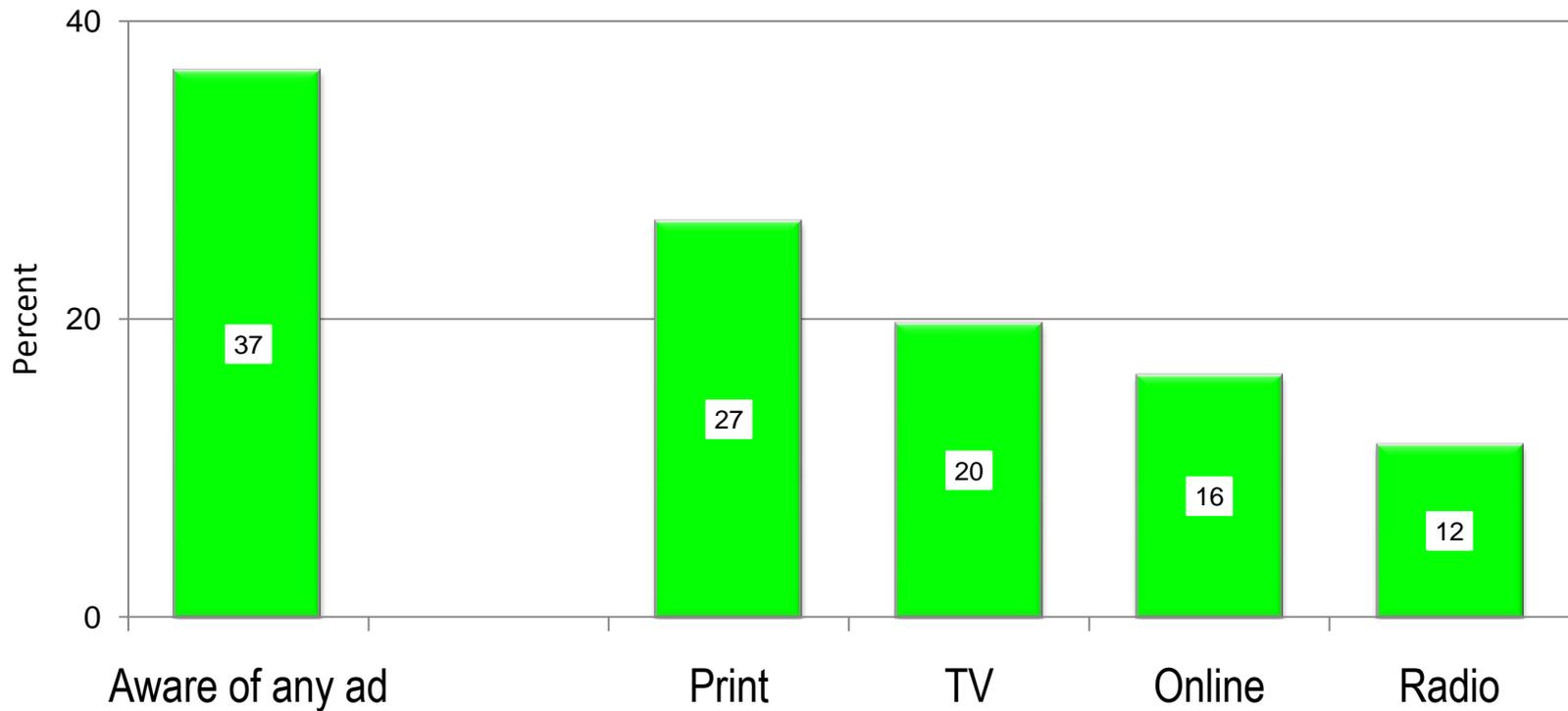
*Saw at least one ad

Advertising Awareness of Winter Campaign* by Medium



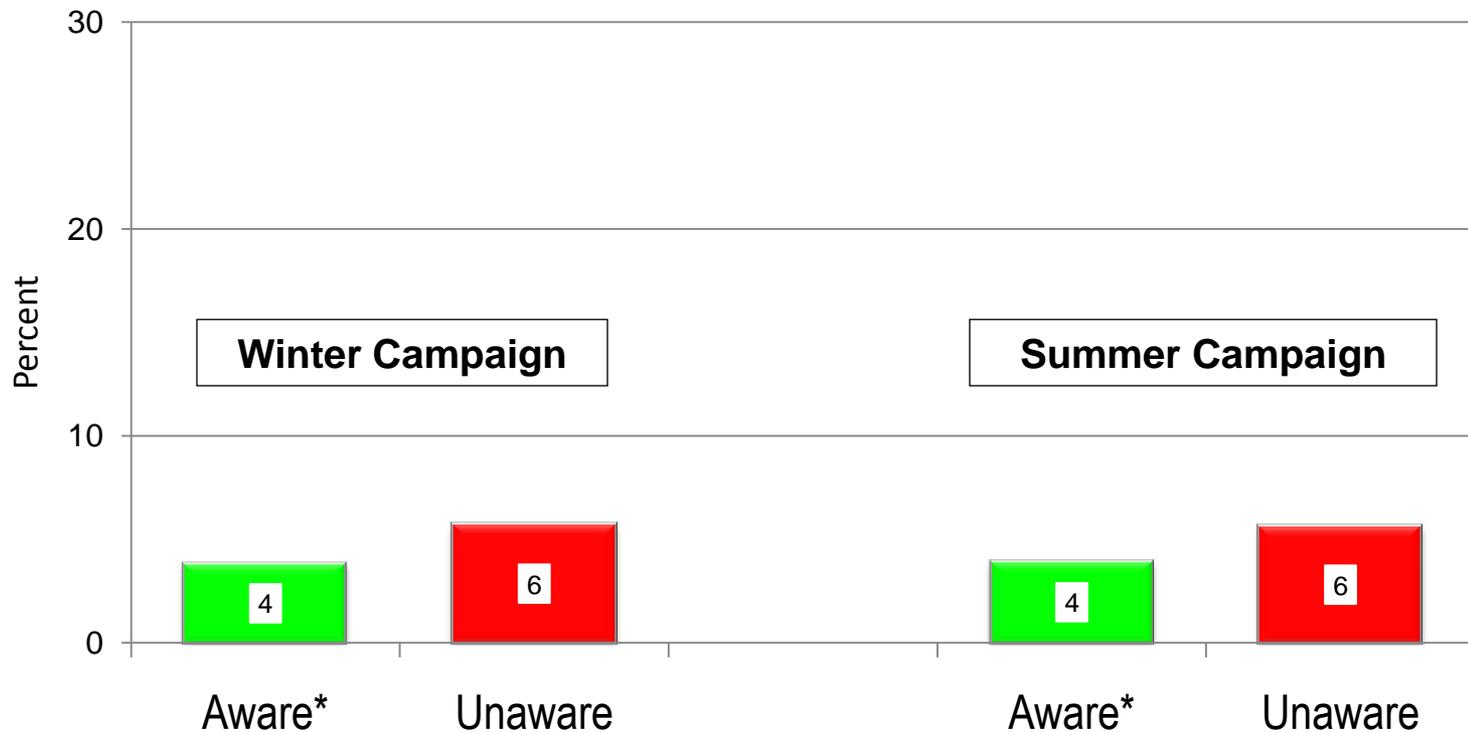
*Saw at least one ad

Advertising Awareness of Summer Campaign* by Medium



*Saw at least one ad

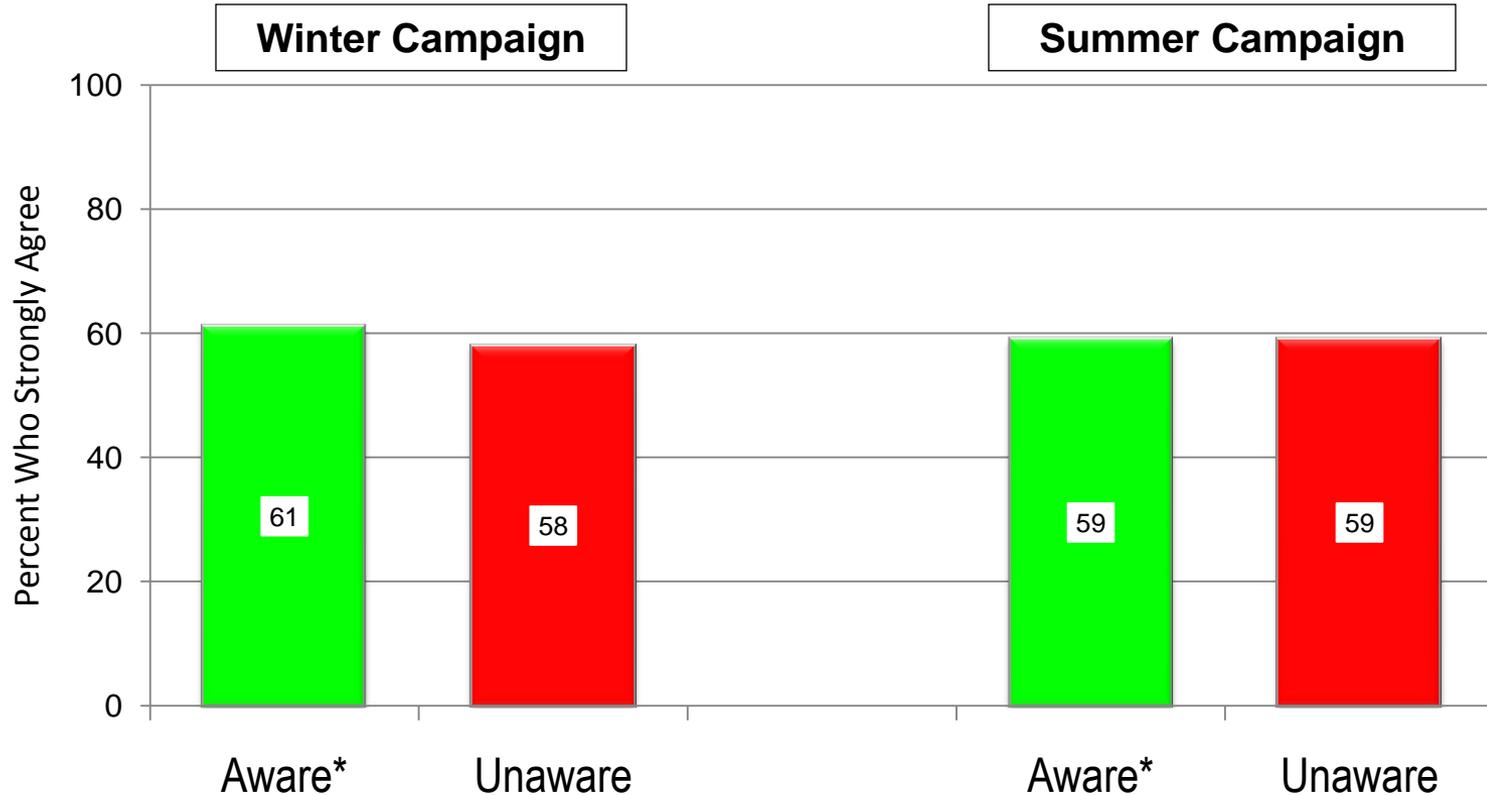
Impact of Campaign on Colorado as Unaided Dream Destination*



*Spontaneous mentions of Colorado among destinations "would really enjoy visiting".

**Saw at least one ad.

Impact on Colorado's Overall Image – “A Place I'd Really Enjoy Visiting”



*Exposed to at least one ad.

Conclusions and Recommendations



- On the positive side, the FY10 campaign had considerable success, yielding 3 million incremental visitors, \$933 million in additional visitor expenditures, and \$62.5 million in taxes on that spending.
- This translates into \$7.60 in taxes for each dollar spent on advertising:
 - *Which is a very positive result with any investment*
- And the campaign generated substantial interest in travel to Colorado, with almost 9 million planned trips that otherwise would not have been planned in the absence of advertising.
- The success of this campaign appears to have been based on the strong call to action and “deals” being promoted in the advertising.

Conclusions and Recommendations



- On the negative side, several concerns:
 - *The campaign had no impact on unaided brand awareness, limited effect on overall brand image, and just a small amount of impact on image attributes that motivate travelers to consider destinations for a trip*
 - *The summer campaign generated considerable immediate conversion; however, not a great deal of longer-term intended trips*
 - *The TV elements of each seasonal campaign seemed to perform poorly in terms of generating both immediate travel or intentions to visit*
 - *In each seasonal component of the campaign, there is little ad frequency – visitation relationship except at very high numbers of exposures.*
 - *This year's campaign generated a substantially lower return than the 2007 advertising*

Conclusions and Recommendations



- ◉ With a \$7.60 return in taxes per ad dollar spent, the CTO could be very satisfied with the FY2010 campaign impacts, and therefore continue with the present campaign direction and creative approach:
 - ◉ *Many states' and DMO's campaigns yield lower returns*
 - ◉ *And any investment that yields more than a \$1 to \$1 return may be regarded as a positive outcome.*
- ◉ However, the decline in the campaign's effectiveness vs. 2007, plus the ineffectiveness of the campaign at moving image yardsticks on key motivators suggests that the CTO should consider researching the communication ability of the advertising in general, and the TV ads in particular.
- ◉ We continue to recommend that the advertising help to diversify the image of the state as having more than mountains and the outdoors. This in turn will help the state attract more touring vacationers who enjoy variety, and spend money in diverse places, attractions, and activities:

Conclusions and Recommendations



- ◉ *The images and copy in the current campaign are heavily weighted towards Colorado's scenery and outdoor activities, largely ignoring urban areas, local history and culture, etc., which would add great depth to the tourists' anticipated experience in the state*
- ◉ The goal of the FY2010 advertising appears to have been weighted primarily towards “closing the sale” and driving consumers to the website rather than image building; however we would be concerned about the longer term viability of that strategy/weighting as the economy rebuilds.