

# 2009 Non-Winter Advertising Effectiveness & ROI

Prepared by:

Strategic Marketing & Research, Inc.



# Background



- Utah decided to invest substantial dollars in marketing the state as a tourism destination and capitalize on publicity from Winter Olympics
- Increased funding for efforts and implemented program to measure success
- Major effort launched in 2006 & strong results achieved
- In 2008 travel and economic climate changed substantially – and problems continued through 2009
- Focused marketing & measures of results are more important

# Methodology

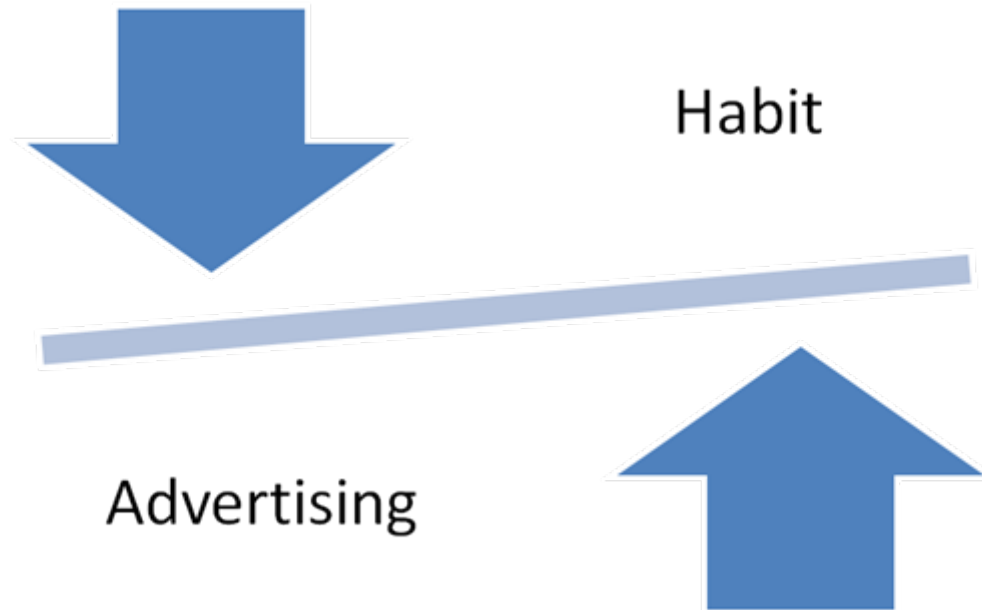


<u>Influence Process</u>		<u>Measure</u>
Exposure	➡	Advertising Awareness
Messaging	➡	Creative Evaluation
Shift in Attitudes	➡	Campaign Impact on Perceptions
Build Interest	➡	Campaign Impact on Interest in Visitation
Generate Travel	➡	Incremental Travel

- Online survey in markets with advertising
- Show actual ads to determine recall
- Compare behavior of ad aware and non-aware
- Assess impact on attitudes and travel

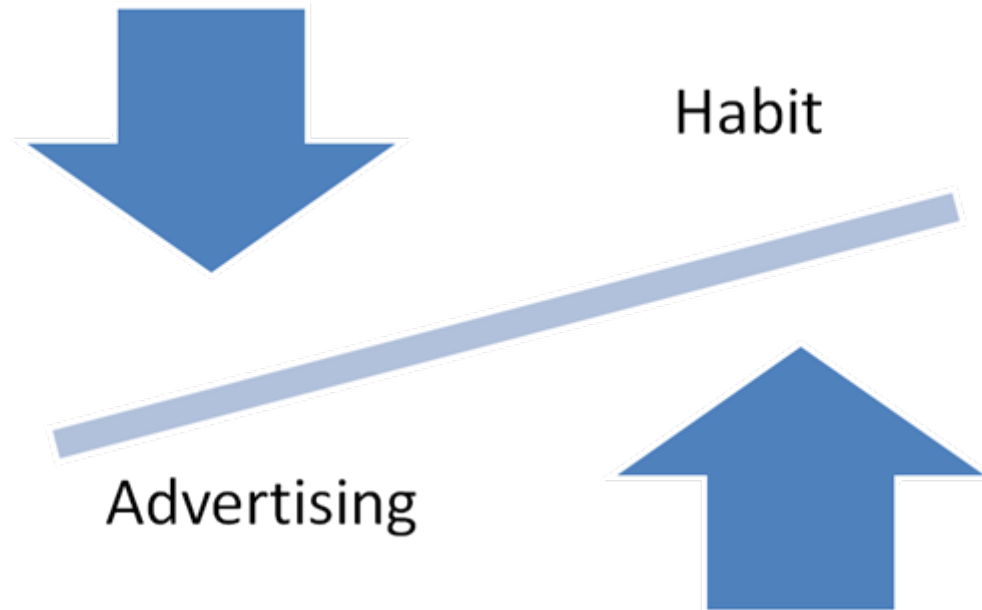
<b>Market</b>	<b>Completed Surveys</b>
Denver	438
LA	595
Phoenix	449
National	429
<b>Total</b>	<b>1,911</b>

# Travel Environment



- People generally make habitual choices – they have preferred brands, stores, destinations
- Advertising is designed to counteract these habits and persuade people to consider new choices

# Travel Environment



- During the current negative economic climate, people have had to reconsider and change their habits
- In that environment, well-designed advertising can have a stronger influence

# Travel Environment



- Nationally leisure travel was projected to decrease 2% in volume in 2009, with business travel down 6%
- Total spending was down more than 7%
- People were still traveling, but exploring different options & spending less
- Utah had a 4.5% decrease in visitation but a 10% decrease in spending
- Increase in National Park visitation nationally of 5%
  - Utah state and national parks also saw increases in visitation (4.4% and 5.4%)

# ADVERTISING RECALL

# The Advertising Campaign



- 2009 advertising spending was about 20% lower
- Cuts were made across the board to all the media options
- Biggest cuts were to print and spot TV
- Geographically the biggest cut was in the Los Angeles market

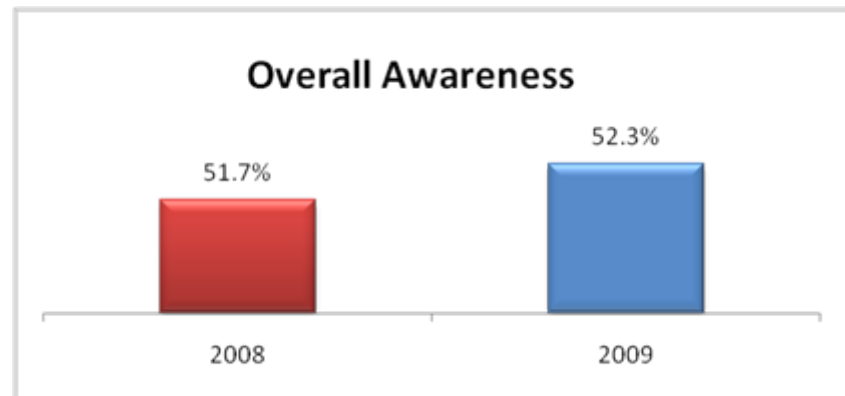
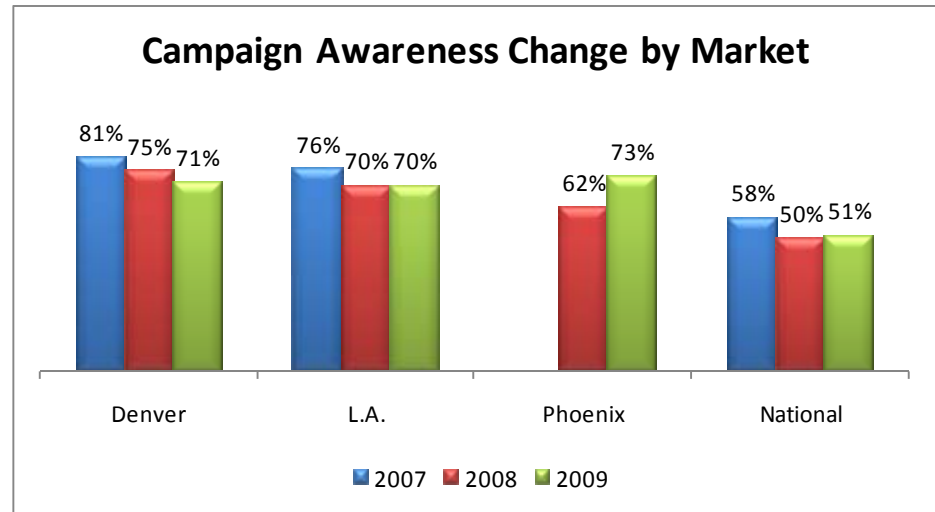
Media	2008 Net	2009 Net	% Change
National Cable TV	\$1,883,372	\$1,600,015	-15%
Spot TV	\$883,037	\$636,535	-28%
<b>Total TV</b>	<b>\$2,766,409</b>	<b>\$2,236,550</b>	<b>-19%</b>
Print	\$472,063	\$340,000	-28%
Online	\$225,250	\$175,575	-22%
<b>Total Net</b>	<b>\$3,463,722</b>	<b>\$2,752,125</b>	<b>-21%</b>
Agency Fees & ATR	\$462,192	\$423,714	-8%
<b>Total</b>	<b>\$3,925,914</b>	<b>\$3,175,839</b>	<b>-19%</b>

Market	2008 Net TV Spending	2009 Net TV Spending	% Change
Los Angeles	\$665,075	\$451,010	-32%
Denver	\$98,409	\$81,294	-17%
Phoenix	\$119,553	\$104,231	-13%
National	\$1,883,372	\$1,600,015	-15%
<b>Total</b>	<b>\$2,766,409</b>	<b>\$2,236,550</b>	<b>-19%</b>

# Awareness



- Even with 20% cut in budget, the campaign achieved higher awareness
- Overall increase was achieved through higher awareness nationally and a significant increase in the Phoenix market



# Awareness



- Result is more efficient campaign – cost-per-aware household is lower in 2009
- In terms of television media, a national cable buy is much more efficient than spot markets
- National campaign also generates majority of awareness

	2008	2009
Aware HHs	40,145,434	39,693,070
Net Media Buy	\$3,463,722	\$2,752,125
Cost per Aware	\$0.09	\$0.07

	National	Spot Markets
Aware HHs	17,254,284	2,327,606
Television Media Buy	\$1,600,015	\$636,535
Television Cost per Aware	\$0.09	\$0.27

# Creative Evaluation



- Strong reach needs to be coupled with a meaningful message
- Television ad creative in 2009 stronger than 2008 – and extremely strong in many areas

	Utah Television Communication Attributes	2006	2008	2009	Difference
	With beautiful scenery	4.2	4.2	4.5	0.3
	With dramatic landscapes	4.1	4.2	4.4	0.2
<b>Excellent Ratings</b>	That has outdoor adventure for all levels	3.8	4.1	4.2	0.1
	With lots of national parks	3.8	4.1	4.2	0.1
	That has something surprising or unexpected	3.6	3.9	4.1	0.2
	That is challenging	3.5	4.0	4.1	0.1
<b>Goal Ratings</b>	That is elevating	3.6	3.7	3.9	0.2
	That has lots of activities for kids	3.2	3.5	3.9	0.4
<b>Good Ratings</b>	That has diverse cultural and historic opportunities	3.2	3.5	3.6	0.1
	That offers high end amenities and services	2.9	3.3	3.5	0.2
	That is luxurious	3.0	3.2	3.4	0.2

# Creative Evaluation



- Television ads not only communicate a positive image of the state, but also create interest in learning more about the state and actually visiting
- Again the ratings for the 2009 creative are stronger than 2008

TV Impact Attributes	2006	2008	2009
Want to visit the state	3.4	3.4	3.5
Want to learn more about things to see and do in the state	3.4	3.4	3.5
Want to go to the state website or request a brochure from the state	3.2	3.2	3.4

# Creative Evaluation



- Print ad creative has strong ratings, but in some cases not quite as strong as 2008.

	Utah Print Communication Attributes	2008	2009	Difference
Excellent Ratings	With beautiful scenery	4.4	4.4	0.0
	With dramatic landscapes	4.3	4.4	0.1
	That has outdoor adventure for all levels	4.1	4.2	0.1
	With lots of national parks	4.1	4.0	-0.1
	That has something surprising or unexpected	3.9	4.0	0.1
Goal Ratings	That is challenging	4.0	3.9	-0.1
	That is elevating	3.8	3.8	0.0
Good Ratings	That has diverse cultural and historic opportunities	3.5	3.6	0.1
	That has lots of activities for kids	3.5	3.4	-0.1
	That offers high end amenities and services	3.3	3.2	-0.1
	That is luxurious	3.3	3.2	-0.1

# Creative Evaluation



Print Impact Attributes	2008	2009	Difference
Want to visit the state	3.4	3.4	0.0
Want to learn more about things to see and do in the state	3.4	3.4	0.0
Want to go to the state website or request a brochure from the state	3.2	3.2	0.0

Online Impact Attributes	2008	2009	Difference
Want to visit the state	2.9	3.3	0.4
Want to learn more about things to see and do in the state	2.9	3.3	0.4
Want to go to the state website or request a brochure from the state	2.8	3.2	0.4

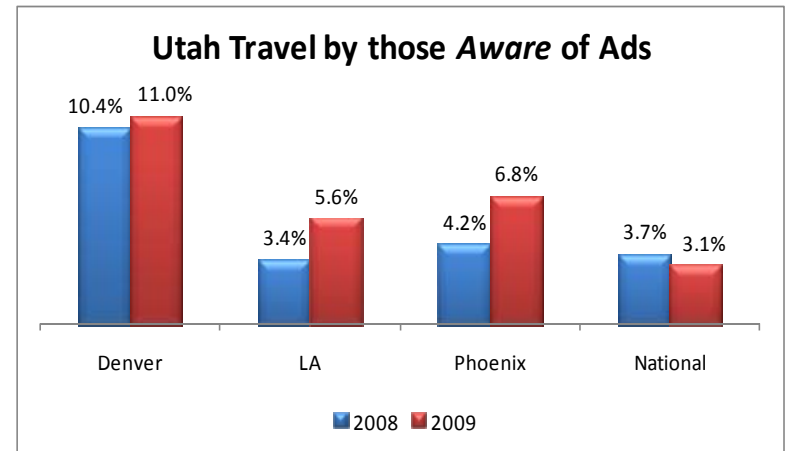
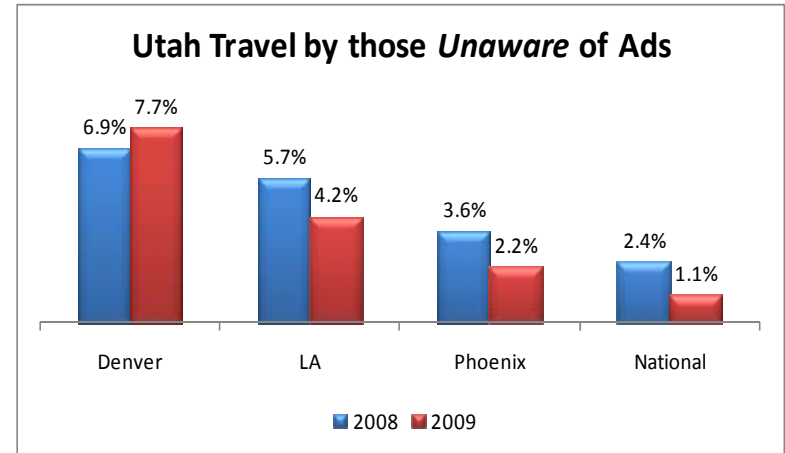
- Impact of print ads in generating interest in visitation is lower than the television ads
- The online ads are also not extremely strong, but the creative was more effective this year.

# ADVERTISING IMPACT

# Impact of the Advertising



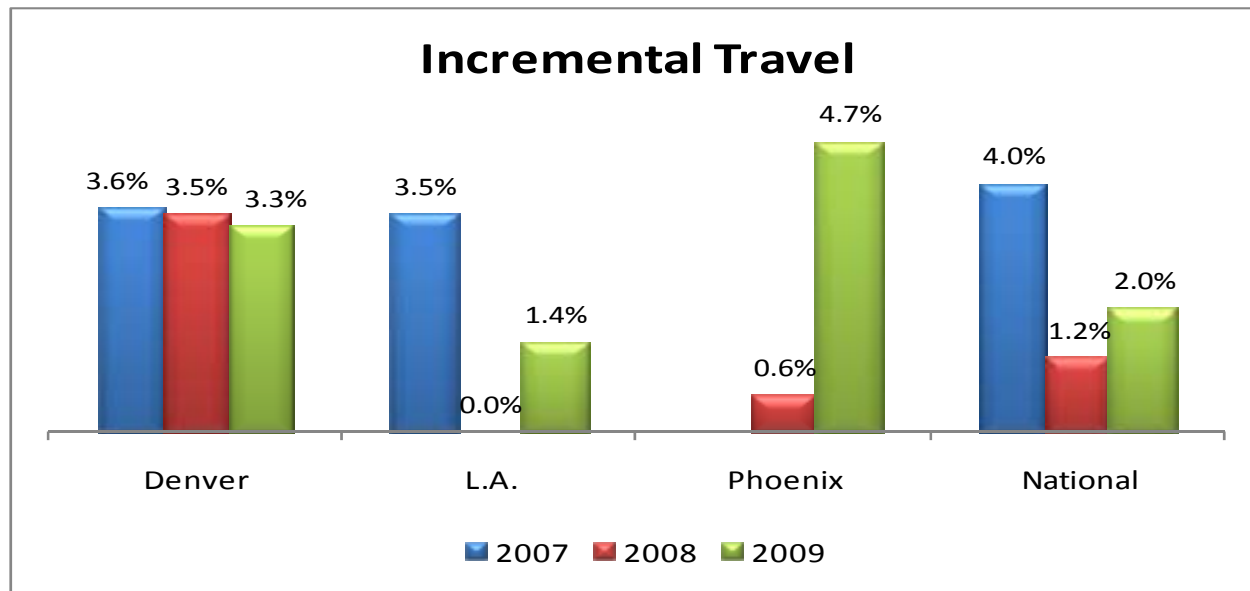
- Generally level of travel to Utah among the unaware decreased year to year. This is what would have happened without advertising.
- Travel to Utah among those who saw the advertising was up this year, except in the National market.
- In National market, decrease among aware was less than among unaware



# Impact of the Advertising



- Those with ad recall reported higher levels of travel in every market
- Biggest impact was in Phoenix, with smallest in L.A.
- Impact increased this year in every market except Denver



# Impact of the Advertising



- When increments are applied to population, result is that the number of incremental trips increased to slightly over 800,000 trips
- Majority of incremental trips were from national market

<b>Market</b>	<b>2008 Incremental Trips</b>	<b>2009 Incremental Trips</b>
Denver	30,005	21,774
LA	0	38,838
Phoenix	5,474	34,138
National	443,210	715,825
<b>Total</b>	<b>521,469</b>	<b>810,575</b>

# Trip Motivators



- Visiting National Parks was a key motivator – and much stronger than last year
- Other outdoor activities also were popular
- The advertising did a good job of highlighting attractions that “fit” with consumer desires

Activity/Attraction	Participate	Motivate
Visiting a state or national park	56%	41%
Hiking or biking	35%	20%
Scenic drives through the country	32%	15%
Shopping	38%	9%
Rural sightseeing	35%	7%
Visiting bars and nightclubs	15%	13%
Fine dining	23%	7%
Water sports	13%	12%
Snowskiing/Snowboarding	20%	8%
Attending a festival or fair	20%	6%
Watching sporting events	19%	6%
Snow ski/snowboard lessons	13%	7%
Other	8%	8%
Visiting historical sites	9%	7%

# Trip Expenditures



- While number of trips increased, impact of the bad economy is evident in terms of trip expenditures
- Average trip expenditures decreased significantly, and generally across the board

Trip Expenditures	2008	2009
Lodging/Accommodations	\$280	\$235
Meals/Food/Groceries	\$163	\$166
Snow Skiing/Snowboarding	\$28	\$20
Other Entertainment, Attractions or Recreation	\$72	\$62
Shopping	\$166	\$133
Entertainment	\$65	\$48
Transportation	\$293	\$189
Other	\$29	\$19
<b>Total</b>	<b>\$1,095</b>	<b>\$870</b>

# ECONOMIC IMPACT & ROI

# Economic Impact



- Combination of more trips but lower average trip expenditures generated more than \$705 million in incremental economic impact
- This is higher than 2008, but below level of 2007

	2007	2008	2009
Incremental Trips	1,011,095	521,469	810,575
Avg. Trip Expenditures	\$842	\$1,095	\$870
Economic Impact	\$851,000,000	\$571,151,269	\$705,446,181

- The results were achieved with an advertising budget that was 20% less than the past 2 years
- As a result, both the ROI and tax ROI are higher than either 2007 or 2008

	2007	2008	2009
Economic Impact	\$851,000,000	\$571,151,269	\$705,446,181
Media Expenditures	\$3,949,312	\$3,992,543	\$3,175,839
<b>ROI</b>	<b>\$215</b>	<b>\$143</b>	<b>\$222</b>

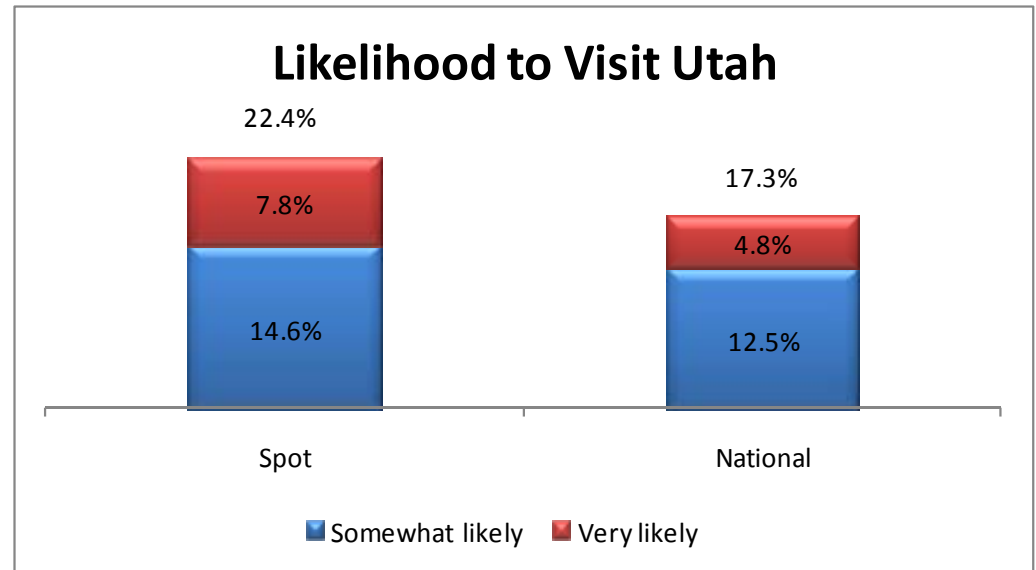
	2007	2008	2009
Taxes Revenue	\$67,677,537	\$45,421,987	\$56,102,068
Media Expenditures	\$3,949,312	\$3,992,543	\$3,175,839
<b>Return on Taxes</b>	<b>\$17</b>	<b>\$11</b>	<b>\$18</b>

# TACTICAL ISSUES

# Market Selection



- Utah's use of national cable has helped generate the high ROI that has been achieved. But in this economic climate, does it still make sense?
- While interest from the selected spot markets is stronger, there is significant interest in visiting the state from across the nation

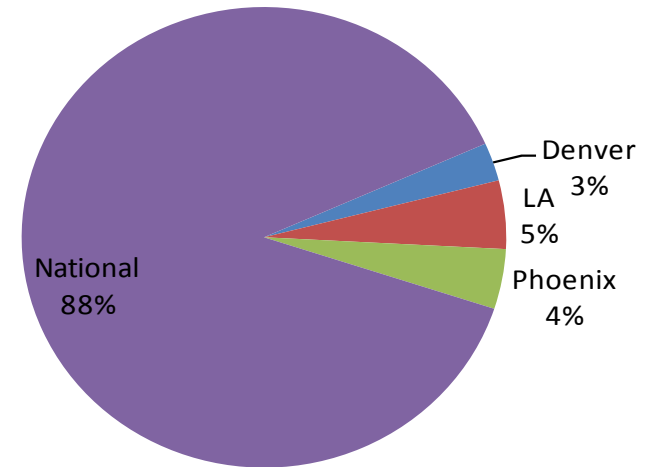


# Market Shares

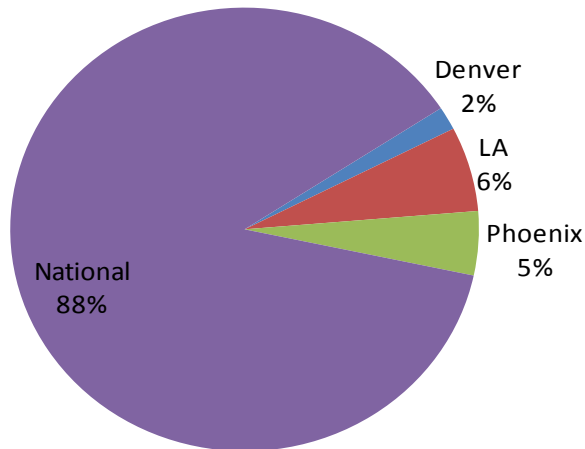


- Spot markets generate only a small portion of the incremental trips and revenue from the campaign

### Share of Incremental Trips



### Share of Travel Revenue



# Allocation of Resources



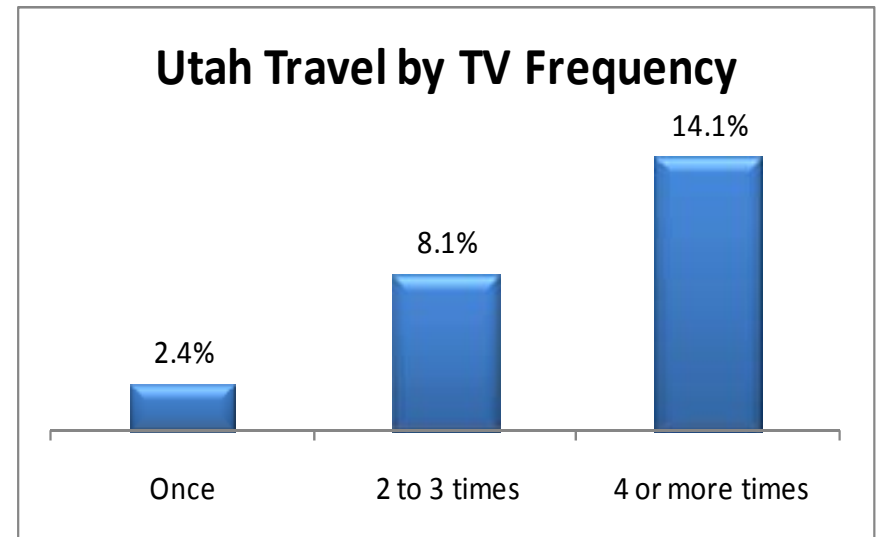
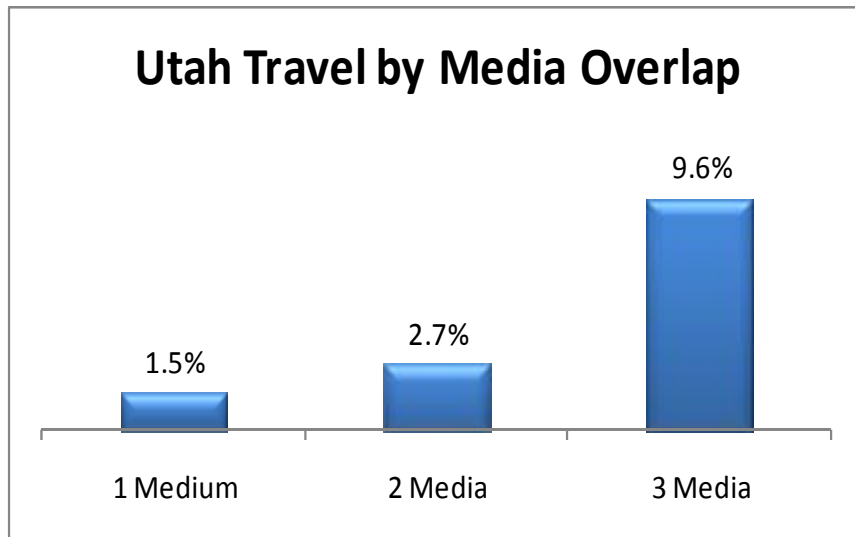
- In terms of ROI, specific spot markets can do well – but the national element of the campaign performs best
- Also, it is difficult to identify the spot markets that will achieve high performance

	Denver	LA	Phoenix	National
Traveling HHs	925,229	3,824,235	998,115	70,209,227
Awareness	71.1%	70.1%	73.4%	51.2%
Aware HHs	657,940	2,679,066	732,850	35,918,297
Incremental Travel %	3.3%	1.4%	4.7%	2.0%
Incremental Trips	21,774	38,838	34,138	715,825
Avg. Trip Spending	\$546	\$1,120	\$959	\$862
Economic Impact	\$11,896,043	\$43,484,787	\$32,737,181	\$617,328,170
2009 NetTV Spending	\$81,294	\$451,010	\$104,231	\$1,600,015
TV ROI	\$146	\$96	\$314	\$386

# Media Performance



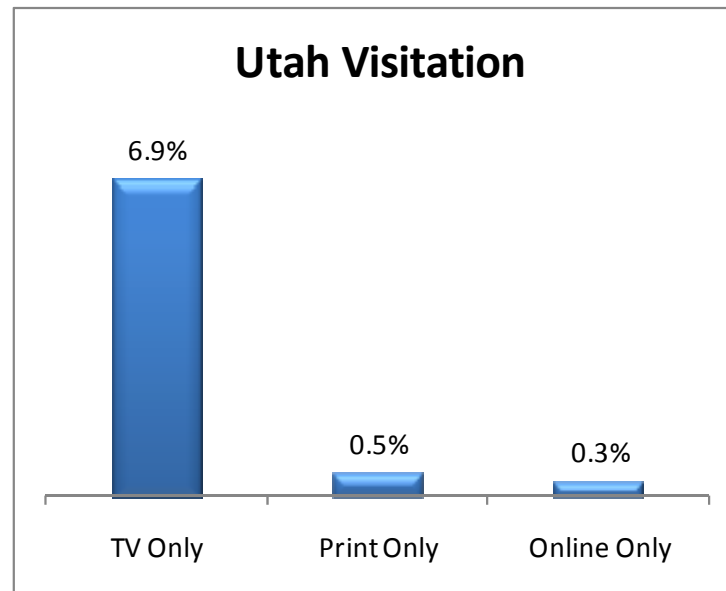
- Those who saw more media options were much more likely to visit the state
- Multiple exposure to the television advertising also helped generate travel



# Media Performance



- Television is definitely the medium that has the strongest impact on visitation
- It should be the focus of the advertising, with print and online as supportive elements



# KEY FINDINGS/RECOMMENDATIONS

# Key Findings



The 2009 Non-Winter Campaign was a success

It generated:

- More than 800,000 incremental trips
- More than \$700 million in incremental economic impact
- More than \$56 million in tax revenue
- An ROI of \$222 for each \$1 spent on marketing
- \$18 in tax revenues for each \$1 spent on marketing

The campaign performed well by capitalizing on the current situation and delivering a meaningful message to change consumer behavior

# Recommendations



- Current messaging is working – but the key is being in touch with consumer attitudes when developing advertising messages/creative
- National cable television buy drives the overall success of this marketing effort, and should be continued
- In the spot markets, consider increasing allocation in Phoenix, and decreasing in Denver & L.A.
- Television is key medium and should be used to reach and influence audience, but the synergy with print and online substantially increases the effectiveness of the campaign
- Goal should be that consumers see television ads multiple times and are exposed to other media