



**MICHIGAN IMAGE AND
2005 ADVERTISING EVALUATION STUDY**

***BACKGROUND AND
SUMMARY FINDINGS***

Prepared for:

***Travel Michigan
Michigan Economic Development Corporation***

March 14, 2006

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BACKGROUND

Longwoods International was engaged by Travel Michigan to evaluate its 2005 Warm Months and Fall advertising campaign. The campaign ran in the Chicago, Cleveland, and Indianapolis-Lafayette DMA's (Designated Marketing Areas). Travel Michigan also partnered with selected Michigan communities and organizations in funding their campaigns. The 'Marketing Partnership Program' is intended to extend the limited marketing reach of the Michigan travel industry and Travel Michigan by leveraging marketing dollars to promote Michigan.

To qualify for a dollar for dollar match the community or organization must ensure that Travel Michigan's brand identity and creative strategy are utilized and maintained throughout the promotion. Partnerships' creative messages must adhere to and complement the overall creative strategy of Travel Michigan.

For Partners who do not incorporate Travel Michigan's brand identity and creative strategy, the match for the media buy is one-third from Travel Michigan and two-thirds from the Partner. The Partner funds all creative costs separately. Travel Michigan and the Partner jointly approve budget, creative and media placements. Travel Michigan's web address michigan.org is the call-to-action.

Some of the creative from selected Partner's campaigns also reached into Travel Michigan's three advertising markets in 2005 and these Partners were Beachtowns, Detroit (DMCVB), and Michigan's West Coast.

Media Budgets

The total media spend for the Warm Months and Fall campaign across the three-market areas was \$3.7 million sourced from:

- Travel Michigan - \$3.1 million
- Beachtowns - \$179K
- Detroit CVB/Henry Ford Museum - \$207K
- Michigan's West Coast - \$190K

Of the \$576K spent by the partners, \$260K came from Travel Michigan. The total investment by Travel Michigan, therefore, was approximately \$3.4 million.

RESEARCH PURPOSE

The purpose of the Michigan Image and Advertising Evaluation Study was to:

- provide fundamental strategic insights about the image of Michigan and its key competitors with respect to key destination choice factors;
- evaluate the impact of the campaign including the return on the advertising investment (ROI);
- provide messaging and media diagnostics to illuminate contributing factors to campaign performance and, in turn, insights to help optimize the impact and yield of future activities.

RESEARCH OBJECTIVES

The objectives of the research, then, were to:

- profile Michigan's image as a travel destination, as well as its image strengths and weaknesses vs. key competitors
- identify what is important to travelers in choosing Michigan as a travel destination.
- to evaluate Travel Michigan's 2005 Warm Months and Fall advertising campaign in terms of:
 - the awareness that it generated,
 - its impact on Michigan's image and on travel to the state,
 - the incremental bottom-line impact of that travel and the resulting rate of return on the advertising investment.

RESEARCH METHOD

The study was conducted among a representative sample of adults, 18 years of age and over, resident in Travel Michigan's advertising markets, namely Chicago DMA, Cleveland DMA, and Indianapolis-Lafayette DMA. Survey respondents were members of a consumer mail panel and questionnaires were mailed to them for self-completion.

Two-thousand four-hundred (2,400) were mailed out and one thousand ninety-nine (1,099) were returned completed for a return rate of 46%. Eight-hundred eight-eight (888) further qualified as 'travelers', meaning they: had taken a day and/or overnight pleasure trip anywhere in the past three years, and/or intended on taking a day and/or overnight pleasure trip anywhere within the next two years. Travelers are the base for this study's analytics.

The survey questionnaire addressed three key areas in this order:

- Image Ratings
 - Respondents rated Michigan and selected competitive states across an extensive list of characteristics or attributes.
- Travel to Michigan
 - Respondents reported the number of day and overnight trips they took to Michigan during and shortly following the advertising campaign.
- Advertising Awareness
 - Copies of Travel Michigan's advertising creative of 2005 were included with the survey and respondents reported whether they recognized each one. The copies were provided in a separate sealed envelope and the questionnaire provided instructions for timely opening.
 - Copies of the selected Partner campaigns' creative that ran in Travel Michigan's advertising markets were also included in this survey and were also probed for recognition.

CALCULATING RETURN ON INVESTMENT (ROI)

The Longwoods R.O.EYE™ method quantifies the relationship between awareness of campaign elements and trip taking.

A baseline measure is generated to estimate the level of visitation that would have occurred in the absence of advertising activity. Using the principles and techniques of experimental design, we control for the effects of internal and external factors that could otherwise influence the result.

Since its inception over 10 years ago, the Longwoods R.O.EYE™ method has achieved considerable scrutiny, recognition, and success in the marketplace and it has been honored by colleagues in the tourism industry on a number of occasions.

- In 1999, the Travel & Tourism Research Association (TTRA) offered a one-time award for Best Research Practices at its international meeting. Longwoods' accountability research programs for Hawaii and Maine won both the prize and honorable mention.
- In 2001, Longwoods' research for Oregon, Hawaii, and Finger Lakes Wine Country was cited by the Economic Development Institute of Georgia Tech for Best Practices in Tourism and Destination Management, in a study funded by the U.S. Department of Commerce.
- Also in 2001, the Travel Industry Association of America awarded our small regional client, Finger Lakes Wine Country, the Odyssey Award for the top U.S. domestic campaign, citing Longwoods International's finding that every dollar invested generated \$21 in expenditures.

After many years of successful application within the travel industry, Longwoods R.O.EYE™ method has recently been extended to other industry sectors and is now being adopted by industry leaders.

Longwoods International remains committed to being the top company worldwide specializing in advertising accountability research and tourism.

SUMMARY OF RESEARCH FINDINGS & CONCLUSIONS

Michigan's Image

From an image perspective, Michigan's natural bounty is its key equity.

For travelers in Travel Michigan's advertising markets, the state is perceived to be an accessible and affordable place to enjoy the warm summer months, and great fall colors. Therein also lies the state's competitive strength -- its natural bounty and the inherent opportunity for sports and recreational activities.

Michigan's image weaknesses relate to attributes that help round out the range of visitation experience. These include entertainment and sightseeing options, and the availability of first-rate accommodations and dining.

On the other hand recent visitors give Michigan much higher image ratings than those who have never visited, demonstrating clearly that a visit to Michigan exceeds expectations.

Advertising Impacts/Return on Investment

Travel Michigan's advertising investment of \$3.4 million in 2005 was very effective. It had a favorable impact on Michigan's image by focusing on the state's key strengths - its accessible natural bounty and the opportunity to enjoy sports and recreational activities.

The campaign generated 889,000 incremental trips to Michigan in the short-term.

These incremental trips also generated an incremental \$165 million visitor spending and \$11.6 million in incremental state taxes.

Based on data provided by Travel Michigan on per capita visitor spending and the relationship between visitor spending and state taxes, this equates to a return of \$3.43 in state taxes for every dollar invested in advertising or a return-on-investment of more than 3.4 to 1.

PROJECTIONS AT INCREASED FUNDING LEVELS

At the conclusion of this study we were asked to comment on the probable return on advertising investment that the State of Michigan might expect assuming that Travel Michigan's funding were increased to the following funding levels:

- \$20 million
- \$30 million
- \$40 million
- \$50 million

In order to do this we make the assumption that Travel Michigan will be able to maintain its current level of performance in terms of the success of its 2005 advertising campaign. To be specific, we assume that as the advertising budgets are increased Travel Michigan will be able to generate short term travel to the state at the rate of .26 trips for every media dollar spent. We believe this to be a conservative and achievable assumption in that:

- The 2005 campaign had a significant focus in Chicago, a media market that is exceedingly competitive. It is assumed that enhanced campaigns would be somewhat more broadly focused. And should be able to generate even stronger results in terms of trips per dollar of media investment.
- Longwoods' International has norms data accumulated from numerous tourism advertising campaign evaluations that suggest that even stronger results than Michigan achieved in 2005 would be possible in a more broadly based advertising campaign.

Based, therefore, on .26 trips for every media dollar spent and on data provided by Travel Michigan with regard to average visitor spending in Michigan and the relationship between visitor spending and state taxes, we project the following impacts from increased tourism funding:

Promotion Budget	Media Budget	Incremental Spending	Incremental State Taxes
\$20 Million	\$16 Million	\$781 Million	\$54.8 Million
\$30 Million	\$25.5 Million	\$1,245 Million	\$87.3 Million
\$40 Million	\$35.2 Million	\$1,719 Million	\$120.6 Million
\$50 Million	\$45 Million	\$2,197 Million	\$154.2 Million