

**Travel Michigan
General Inquirer Conversion Study
Winter 2000-2001**

(November 2000 to February 2001 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 seventh wave of the study, covering inquirers who requested information from Travel Michigan between November 1, 2000 and February 28, 2001.

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, 2000 and February 28, 2001. A total of 19,017 households requested information during this time period.¹

A questionnaire was mailed to the 500 selected households on May 4, 2001. A reminder postcard was mailed to those who had not yet responded on May 18, 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 June 14, Davidson-Peterson Associates had received 248 completed questionnaires, for a response rate of 50%. Seventeen of these questionnaires were not completed properly and were therefore not used in the final tabulations. Thirty-three 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.

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 32,533, but only 19,017 fit DPA's definition of an inquirer necessary for the return on investment model used in this conversion study.

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, 2000 and February 28, 2001. A random sample of 500 households was selected from 19,017 inquirers in the specified time period, and these households were mailed a questionnaire on May 4, 2001. Of the 500 questionnaires mailed out, 248 were returned, for a response rate of 50%.

Conversion Rates

- The **gross conversion** of inquirers to actual travelers (the percentage who traveled in Michigan after requesting information) is **39%**. The **gross conversion of inquirers to *planned* travelers is 32%**. In total, this 71% translates to 13,502 households, generating 34,160 party-nights in Michigan. (A *party-night* is one travel party spending one night 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 **9%**. The **net conversion of inquirers to *planned* travelers is 12%**. This 21% translates to 3,994 households, generating 10,105 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 just covered 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 (9%);
 - 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 (12%);
 - 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 (6%); and
 - Those who indicated that they are likely to take a trip in Michigan during 2001 (5%).

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

- 12,765 party-nights in Michigan,
 - \$1,287,000 in direct sales,
 - 40 full-time equivalent jobs, and
 - \$435,000 in personal income to residents.
- Travel Michigan spent \$402,238 on winter advertising and production costs and the fulfillment of inquiries between November 1, 2000 and February 28,

2001. Considering the \$435,000 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 1.1:1 return on Travel Michigan's investment.

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

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 continue to request information from Travel Michigan using the toll-free number, though significant percentages are also using the Michigan web site and 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 since the summer and fall seasons, but is consistent with the prior 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 since four in five inquirers have Internet access.

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 the timeliness of receiving the requested materials (10%) and the information that was included (7%).** *These percentages of dissatisfied inquirers have remained consistent over the past six seasons; therefore, attention needs to be paid to these issues. Travel Michigan needs to work with its fulfillment contractor in order to decrease this number of inquirers not receiving appropriate information in a timely manner.*

Influence of Travel Information

- **Consistent with the past six seasons, the majority of travelers had already decided to travel in Michigan when they requested information.** 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 provide potential travelers with more numerous 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 fairly high recall of Michigan travel advertising among inquirers, though it is lower than for the Summer 2000 and Fall 2000 seasons. Nonetheless, this advertising appears to have driven a significant portion of these inquiries.** Half of the inquirers indicate that they have seen and/or heard advertising about traveling in Michigan during the late fall or winter of 2000-2001, and 68% 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 November 1, 2000 and February 28, 2001. 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. In addition, they are well educated.

- Nearly half of inquirers are 45 years of age or older (46%). The average age of inquirers is 45 years. This average age is consistent with Winter 2000 inquirers, but is slightly younger than Summer 2000 and Fall 2000 inquirers (average age of 48 years).
- Three potential travelers in four are currently married and living with their spouses (73%).

- Including themselves, these potential travelers have an average of 2.74 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 (65%). This is higher than the percentage of Winter 2000 inquirers without children (58%), but similar to Summer 2000 (63%) and Fall 2000 inquirers (66%).
- Seven in ten inquirers have completed at least some college (71%), with most having some college (27%) or a four-year college degree (20%), 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 (57%) – *professional/technical* (37%), *managerial/proprietor* (14%), and *clerical/sales* (6%). Only 15% of potential travelers are retired – much fewer than in past seasons (Fall 2000 – 24%; Summer 2000 – 24%; Winter 2000 – 22%).
- Nearly half of all potential travelers have annual household incomes in excess of \$50,000 (45%). One in five has a household income of more than \$75,000 annually (22%). The estimated average annual household income among inquirers is \$63,900.
- Two inquirers in three have access to the Internet at home (65%), while 39% have access to the Internet at work. Only 17% do not have access to the Internet. The percentage of inquirers *without* Internet access appears to be declining somewhat (Winter 2000 – 31%; Summer 2000 – 36%; Fall 2000 – 21%).

- Nearly all respondents reside in the United States. One winter inquirer in three is from Michigan, while one in ten is either from Ohio or Illinois.

Base:	<u>Respondents</u> (231)	<u>Sample</u> (500)
Michigan	32%	31%
Ohio	11	9
Illinois	9	9
Indiana	7	8
Wisconsin	6	4
Other	29	39
Not specified	6	

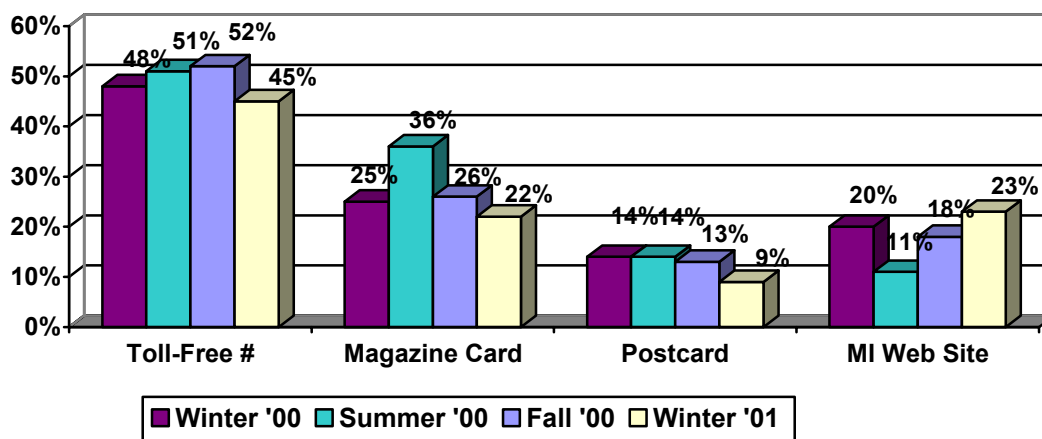
- Fifty-three percent of inquirers are female, while 43% are male. Four percent of inquirers did not respond to the question asking them to state their gender.

B. How They Requested Information

Nearly half of the inquirers say that they requested information from Travel Michigan by calling the toll-free number (45%). Nearly one in four requested information by filling out a form on the Michigan web site (23%), and about as many mailed in a card from a magazine on which they could request information from a number of destinations (22%). Travel Michigan's inquirer database illustrates these same three methods as the most common ways inquirers request information.

Significantly more Winter 2001 inquirers requested information by filling out a form on the Michigan web site than Fall 2000 (18%) or Summer 2000 (11%), however the proportion of Winter 2001 inquirers filling out a form on the Michigan web site (23%) is consistent with Winter 2000 inquirers (20%).

How Inquirers Requested Information



Half of the potential travelers who requested information say they had seen and/or heard advertising about traveling in Michigan during the late fall or winter of 2000-2001 (48%). Among these inquirers, two-thirds indicate that the

Michigan advertising they saw or heard played an important role in their decision to request information on travel in Michigan.

The percentage of inquirers who saw travel advertising during the fall or winter is significantly lower than in Summer 2000 (70%) or Fall 2000 (71%), but may be accounted for by Travel Michigan's lower fall advertising schedule. A seasonal comparison with Winter 2000 cannot be conducted since Winter 2000 inquirers were not given a time frame for this advertising recall. The survey instrument was modified before the Summer 2000 study in order to introduce a time frame for advertising recall measured.

II. Response to Fulfillment Materials

Introduction

This chapter will outline inquirers' perceptions of and satisfaction with the materials 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

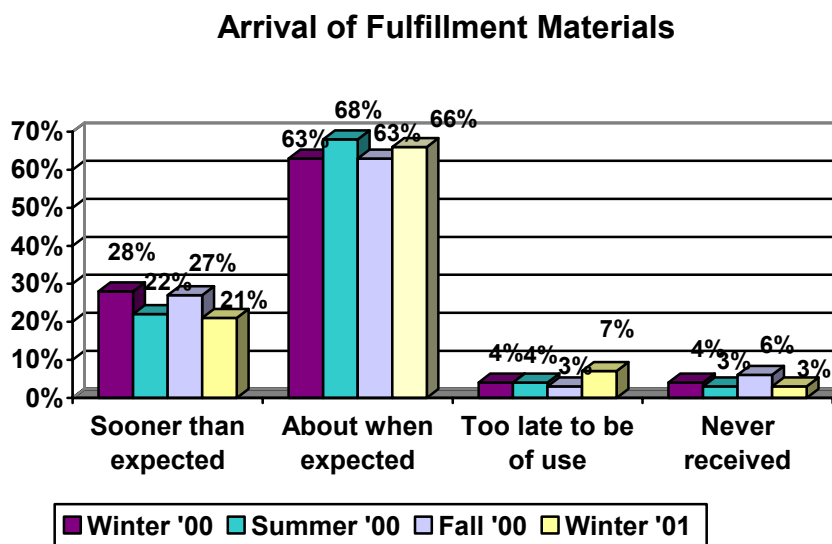
When they requested information from Travel Michigan, three inquirers in five say that they received a *calendar of events/seasonal guide* (61%). Fifty-nine percent received a *Travel Ideas magazine on Michigan*, while half received a *Michigan State Map* in response to their request (51%). Two-thirds of inquirers also received *other brochures or information* (65%).

Season:	Winter 2000	Summer 2000	Fall 2000	Winter 2001
Base:	(227)	(268)	(285)	(198)
Calendar of events/seasonal guide	67%	70%	67%	61%
Other brochures or information	64	59	59	65
Travel Ideas magazine on MI	61	56	54	59
State map	50	47	47	51
Conversation on the phone	22	18	23	15
E-mailed information needed	6	5	6	4
Faxed information on specific things asked about	3	3	4	3

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

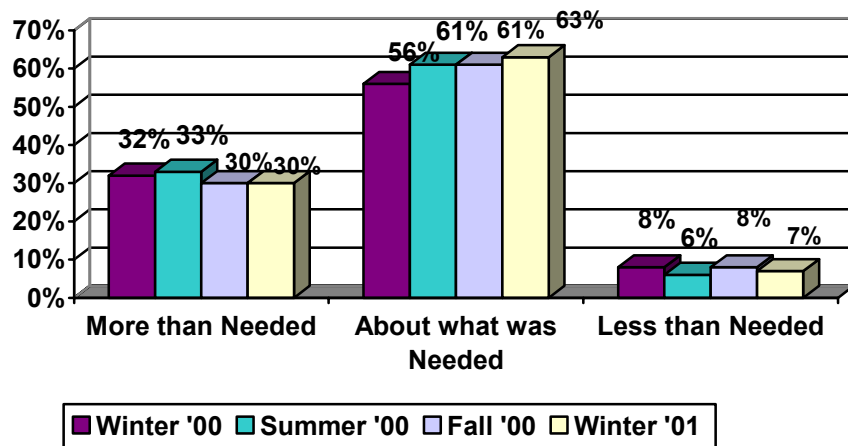
B. Timeliness and Usefulness of Fulfillment Materials

Nine inquirers in ten indicate that the materials they requested from Michigan arrived at least *about when they were expected* (87%). One in five received materials *sooner than they expected* (21%). Ten percent either *never received* the materials (3%) or received them *too late to be of use* (7%). Thus, the system fails for 10% of inquirers. This proportion of dissatisfied inquirers has remained consistent over the past six seasons.



One potential traveler in three found the materials they received to include *more information than they needed* (30%). An additional 63% 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, 39% say they had traveled in Michigan at some time between November 2000 and June 2001. An additional 32% of these potential travelers indicate that they have specific plans to take a trip in Michigan sometime during 2001. In total, then, 71% of households who requested information from Travel Michigan between November 1, 2000 and February 28, 2001 have either visited Michigan or have specific plans to do so in 2001.

A much lower percentage of Winter 2001 inquirers (39%) have traveled in Michigan than did so in the previous Fall 2000 (62%) or Summer 2000 (69%) seasons, however the percentage of Winter 2001 inquirers who traveled in Michigan is consistent with that in Winter 2000 (43%).

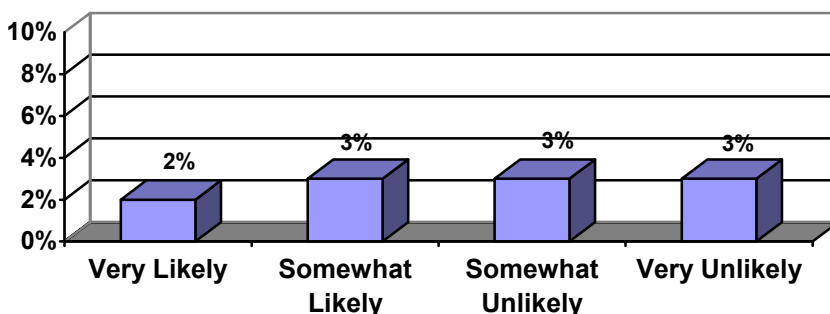
A much higher percentage of Winter 2001 inquirers (32%) indicate that they have specific plans to take a trip in Michigan during 2001 than do Fall 2000 (9%) or Summer 2000 (7%) inquirers. The percentage of Winter 2001 inquirers with specific plans to travel in Michigan is consistent with the percentage of Winter 2000 inquirers (24%). This may indicate that winter inquirers are more likely to be planning for future travel, perhaps in the spring and summer, while fall and summer inquirers are gathering information for more immediate travel.

Season:	Winter 2000	Summer 2000	Fall 2000	Winter 2001
Base:	(278)	(288)	(321)	(231)
Traveled in Michigan	43%	69%	62%	39%
Have specific plans to travel in Michigan during 2001	24%	7%	9%	32%
Total Actual or Planned Travel	67%	76%	71%	71%

Considering the total number of inquirers in the specified time period (19,017 inquirers), these visits and planned visits project to 13,502 households either visiting or planning to visit Michigan in 2001. For trips already taken in Michigan, the average number of people in each travel party is 3.3. These 13,502 trips will then bring 44,557 visitors to Michigan between November 2000 and December 2001. Typically, on these trips, travelers spent 2.53 nights in Michigan, so these trips represent 112,729 person-nights in Michigan.

Of course, this number may underestimate the actual number of trips to be taken in Michigan between November 2000 and December 2001. Those respondents who had not taken a trip in Michigan and did not have specific plans to take one during 2001 were asked how likely it would be that they would travel in Michigan in 2001. An additional 5% of the inquirers indicate that it is either *very* (2%) or *somewhat likely* (3%) that they will travel in Michigan in 2001. These respondents who indicate that they would be likely to travel in Michigan could bring an additional 951 travel parties to Michigan in 2001. Since these intentions might change, we will include only 30% of these parties in our Return on Investment (ROI) calculations.

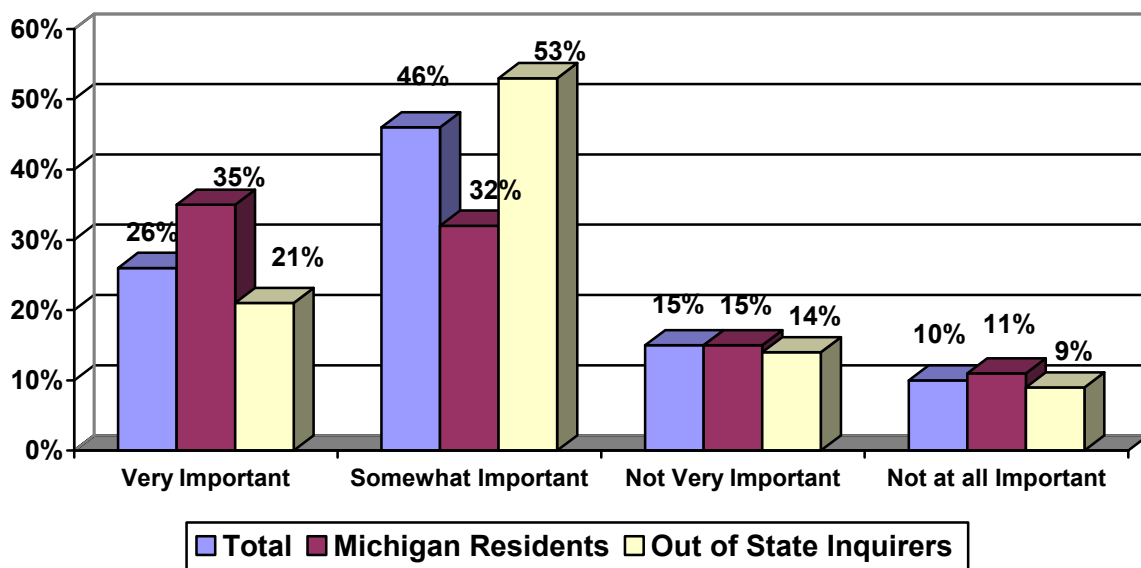
Likelihood of Traveling in Michigan During 2001
Base=231
(Asked of Those Who Have Not Traveled or Do Not Have Specific Plans To Travel)



B. Claimed Influence of Travel Information on Travel Decision

Among the entire group of inquirers who remember requesting travel information from Travel Michigan, three in four indicate that Michigan’s advertising and travel information program played an important role in their decision to visit or not to visit Michigan (72%). 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 21% 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 (72% Winter 2001; 79% Fall 2000; 74% Summer 2000; 74% Winter 2000).

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 (71%). In addition, 54% of those who have specific plans to travel in Michigan during 2001 had already decided to travel in Michigan when they requested information.

Base:	<u>Travelers</u> (89)	<u>Plan To Travel</u> (75)
Had already decided to travel in Michigan	69%	51%
Had already decided to travel through Michigan on way elsewhere	2	3
	71%	54%
Considering several travel destinations, including MI	18	21
Wanted to travel – not sure where	8	12
Just sent for information – not thinking about travel	3	8

D. Conversion Ratios

1. Actual Travel

The gross conversion of inquirers to actual travelers in Michigan is 39% for the winter season. This ratio represents the percentage of inquirers who decided to travel 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 (62% versus 31%). In addition, residents of Michigan had a higher gross conversion rate than did out-of-state inquirers (56% versus 30%). Inquirers who spoke to a live operator have a higher gross conversion rate than those who left a message via the IVR transcription service (49% versus 16%).

The gross conversion rate for Winter 2001 inquirers is consistent with the prior winter's gross conversion rate (43%). Consistent with prior seasons, winter gross conversion rates continue to be lower than fall or summer season gross conversion rates.

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, 89 of the inquirers traveled in Michigan (39% of the total sample – including those who did not recall requesting information). Of these 89 travelers, 26 had not yet decided to travel in Michigan when they requested information. Of these 26 respondents, 21 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%.** This net conversion rate is identical to the Winter 1999 and Winter 2000 net conversion rates. Similar to the gross conversion rate, inquirers who had seen or heard prior advertising for travel in Michigan had a higher net conversion rate than those who had not (18% versus 4%).

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, 63 had already decided to travel when they requested information. Twenty-one 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 6%.** The Winter 2001 length of stay conversion rate is slightly lower than the Summer 2000 (15%) or Fall 2000 (11%) rates, but consistent with the Winter 2000 length of stay conversion rate (9%). Those who said that they stayed in Michigan longer due to the information they received spent an average of 1.7 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 during 2001. **The gross conversion of inquirers to *planned* visitors in Michigan is 32%.**

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 – 12%.**

Actual Visitors		Planned Visitors	
<i>Gross Conversion</i>	<i>Net Conversion</i>	<i>Gross Conversion</i>	<i>Net Conversion</i>
39%	9%	32%	12%

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

Thirty-six percent of those who requested information from Travel Michigan have taken a trip in Michigan between November 2000 and June 2001. Among those who recall requesting information from Travel Michigan (198 respondents), the average number of trips taken in Michigan since November 2000 is 1.25.

<u>Trips Taken in Michigan</u>	<u>Total</u>
Base:	(198)
0	55%
1 to 3	31
4 or more	12
Mean	1.25

Among only those who have traveled, two in three (68%) 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 2.93.

<u>Trips Taken in Michigan</u>	<u>Travelers</u>
Base:	(89)
1 to 3	68%
4 or more	27
Mean	2.93

Travelers indicate that they stayed overnight in Michigan (not in their primary home in Michigan) on 2.42 trips, 83% 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 spring months of March, April, or May (52%). Nearly as many traveled in the winter (47%).

	<u>Travelers</u>
Base:	(89)
<u>Winter</u>	<u>47%</u>
November	6
December	9
January	11
February	21
<u>Spring</u>	<u>52%</u>
March	18
April	19
May	15
<u>Summer</u>	<u>1%</u>
June	1

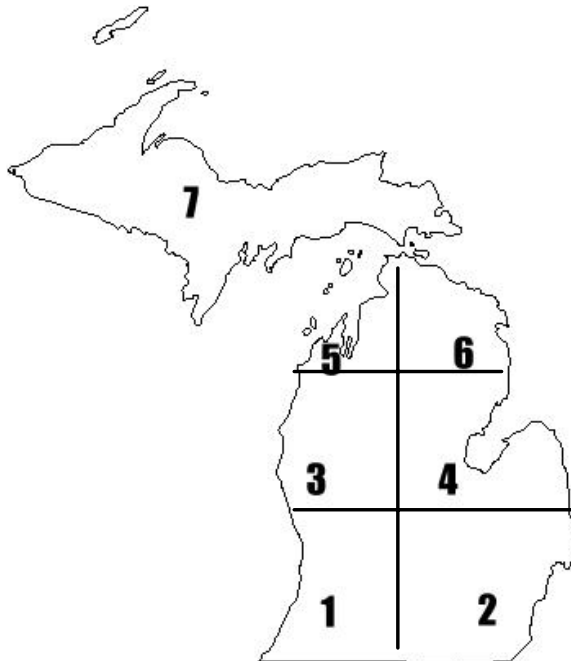
Travelers stayed away from home an average of 2.84 nights while on their most recent trip in Michigan, and an average of 2.53 nights were spent lodging in Michigan. Eleven percent indicated that their most recent trip in Michigan was a day trip, where they did not spend any nights lodging in Michigan.

Half of all travel parties had two people in their immediate travel party on their most recent trip in Michigan (46%). An additional one-third had three or four people in their immediate travel party (34%). The mean number of people on each of these trips was 3.3.

Inquiry Season:	Winter 2000	Summer 2000	Fall 2000	Winter 2001
Base:	(120)	(200)	(200)	(89)
One	8%	7%	7%	6%
Two	45%	52%	52%	46%
Three	6%	10%	13%	15%
Four	23%	20%	14%	19%
Five	7%	6%	7%	4%
Six or more	13%	6%	9%	10%
Mean	3.51	2.95	2.98	3.30

Visitation to Michigan during the winter months appears to be spread across the state relatively equally with some concentration in the Southeast (22%) and the Northwest (20%). While regional travel destinations in Michigan for Winter 2001 inquirers remain fairly consistent with Winter 2000 inquirers, there is a hint of an increase in trips to the Southeast (13% to 22%) and of a decrease in trips to the Upper Peninsula (20% to 10%).

Inquiry Season:	Winter 2000	Winter 2001
Base:	(120)	(89)
Southeastern (2)	13%	22%
Northwestern (5)	21%	20%
Southwestern (1)	16%	16%
East Central (4)	12%	12%
Upper Peninsula (7)	20%	10%
West Central (3)	8%	9%
Northeastern (6)	8%	7%
No answer	3%	3%



Half of all Winter 2001 inquiry travelers spent the most nights in Michigan lodging in a *hotel, motel, or resort* (55%). Ten percent stayed at the homes of *friends/relatives*.

Inquiry Season:	Winter 2000	Summer 2000	Fall 2000	Winter 2001
Base:	(120)	(200)	(200)	(89)
Hotel/motel/resort	47%	40%	54%	55%
Camper/trailer/RV	6	25	14	9
Friends/relatives	22	10	9	10
<u>Cabin/Vacation home:</u>	<u>14</u>	<u>9</u>	<u>12</u>	<u>9</u>
Rented	9	4	6	1
Owned	3	3	5	6
Borrowed	2	3	1	2
Bed & Breakfast*	--	--	--	6%
Other	2	8	4	--
No nights spent in MI	9	10	8	9
No answer	2	--	2	2

*Bed and Breakfast accommodations were added to the Winter 2001 survey instrument; prior seasons did not track B&B accommodations separately.

Fewer Winter 2001 travelers stayed with *friends/relatives* while visiting Michigan as compared with Winter 2000 travelers (10% versus 22%).

Two Winter 2001 inquiry travelers in five came to Michigan primarily for *outdoor recreation* (42%). Twenty-nine percent visited primarily for *general sightseeing/touring*, and 20% came to *visit friends and relatives*.

Inquiry Season:	Winter 2000	Summer 2000	Fall 2000	Winter 2001
Base:	(120)	(200)	(200)	(89)
Outdoor recreation	42%	31%	22%	42%
General sightseeing/touring	23	51	50	29
Visiting friends/relatives	25	16	18	20
Personal business	5	3	4	6
Business/meeting/work	3	--	4	2
Convention/conference	1	1	2	--

Winter 2001 travelers appear to be visiting Michigan for similar reasons as Winter 2000 travelers.

Overall, winter travelers are more likely to be visiting for *outdoor recreation* (Winter 2001 – 42% and Winter 2000 – 42% versus Summer 2000 – 31% and Fall 2000 – 22%), while summer and fall inquiry travelers are more likely to be visiting Michigan for *general sightseeing/touring* (Summer 2000 – 51% and Fall 2000 – 50% versus Winter 2001 – 29% and Winter 2000 – 23%).

More than half of Michigan travelers did some *shopping* while visiting Michigan (56%). Half participated in winter *outdoor activities* (47%). Two travelers in five participated in various other activities (39%). (*Respondents were allowed to check off as many activities as they participated in while traveling in Michigan.*)

	Winter 2001 <u>Travelers</u> Base: (89)
<u>Shopping</u>	<u>56%</u>
Shopping for gifts/souvenirs	40
General shopping	30
Outlet shopping	29
Art or antique shopping	12
 <u>Outdoor Activities</u>	 <u>47%</u>
Snowmobiling	27
Fishing	11
Downhill/alpine skiing	10
Cross-country/nordic skiing	7
Ice skating	2
Snowboarding	2
Other winter sports	4
 <u>Cultural Activities</u>	 <u>15%</u>
Visiting museums	6
Attending fairs or festivals	7
Attending concerts	6
 <u>Other</u>	 <u>39%</u>
Gambling/casinos	29
Attending sports events	1
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 November 1, 2000 and February 28, 2001 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 during 2001 or are *very likely* or *somewhat likely* to during 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 2.93 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 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 19,017 households in the inquiry period sampled, this translates to 1,712 households. Travelers stayed in Michigan an average of 2.53 nights while visiting. Therefore, the 1,712 households staying in Michigan for an average of 2.53 nights results in 4,331 party-nights attributable to the Michigan travel information system.

Based on the Michigan Tourism Spending and Economic Impact Model, these 4,331 party-nights led to \$575,000 being spent by these travelers in Michigan. Seventy-six percent of these expenditures were captured by the local Michigan economy, leading to \$437,000 in direct sales. These direct sales, in turn, generated \$148,000 in personal income and 14 full-time equivalent jobs.

Net Conversion Actual Travel Visitor Spending

Total Visitor Spending	\$575,000
Direct Sales Captured by Local Economy	\$437,000
Personal Income	\$148,000
Jobs (FTE)	14

Also, 12% of inquirers say they have specific plans to travel in Michigan in 2001, and that their decision to travel came as a direct result of the Michigan travel information they received. This translates to 2,282 households. These 2,282 households staying in Michigan for an average of 2.53 nights will generate 5,773 party-nights.

These 5,773 party-nights will lead to \$767,000 being spent by these travelers in Michigan. Seventy-six percent of these expenditures will be captured by the local Michigan economy, leading to \$582,000 in direct sales. These direct sales, in turn, will generate \$197,000 in personal income and 18 full-time equivalent jobs.

Net Conversion Planned Travel Visitor Spending

Total Visitor Spending	\$767,000
Direct Sales Captured by Local Economy	\$582,000
Personal Income	\$197,000
Jobs (FTE)	18

In addition to these travelers and planned travelers, an additional 6% 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 1,141 households who extended their stay in Michigan stayed an average of 1.7 extra nights. This translates to an additional 1,940 party-nights attributable to the Travel Michigan information system.

These 1,940 party-nights led to \$258,000 being spent by these travelers in Michigan. \$196,000 of this spending was captured by the local Michigan economy in direct sales. These direct sales, in turn, generated \$66,000 in personal income and 6 full-time equivalent jobs.

Length of Stay Extension Actual Visitor Spending

Total Visitor Spending	\$258,000
Direct Sales Captured by Local Economy	\$196,000
Personal Income	\$66,000
Jobs (FTE)	6

Lastly, an additional 5% of respondents say they are either *very likely* or *somewhat likely* to take a trip in Michigan sometime during 2001. This would translate to 951 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 285 households staying in Michigan for an average of 2.53 nights will generate an additional 721 party-nights in Michigan.

These 721 party-nights will result in an additional \$96,000 in traveler expenditures. Seventy-six percent of these expenditures will be captured by the local Michigan economy, leading to \$73,000 in direct sales. These direct sales, in turn, will generate \$25,000 in personal income and 2 additional full-time equivalent jobs.

Likely Visitor Spending

Total Visitor Spending	\$96,000
Direct Sales Captured by Local Economy	\$73,000
Personal Income	\$25,000
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	\$1,695,000
Direct Sales Captured by Local Economy	\$1,287,000
Personal Income	\$435,000
Jobs (FTE)	40

B. Return on Investment

Note: In consultation with Travel Michigan, Davidson-Peterson Associates revised its method for calculating return on investment in January 2001. This new method will take a more conservative look at the inquirer universe to which the results are projected 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 more accurate and consistent going forward.

Projectable Universe: *The universe that the sample was selected from includes those inquirers who have provided 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 produces a much lower universe number than in the past, so party-nights recorded in reports will appear significantly lower than those reports prior to January, 2001. However, this projectable universe is now clearly consistent with the group the sample is being selected from.*

Costs: *The costs incurred in attracting, handling, and fulfilling travel inquiries is also being handled somewhat differently going forward. Specifically, the numbers are more closely tied to the actual costs associated with fulfilling the inquiries included in the universe described above. The costs included in the Return on Investment analysis include:*

- 1) All advertising and production costs for the appropriate period,*
- 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, \$115,442 was spent on activities and materials directly associated with handling the 19,017 travel inquiries between November 1, 2000 and February 28, 2001 that were included in this sample. In addition, \$286,796 was spent on winter advertising and production costs (ski and snowmobile postcard mailing). In total, Travel Michigan spent \$402,238 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, 4,331 party-nights were spent in Michigan as a direct result of Michigan travel information requested between November 1, 2000 and February 28, 2001. These trips generated \$148,000 in personal income for Michigan households and businesses. This translates to a **0.4:1 return on Michigan's investment**.

Also, 12% of inquirers say that they have specific plans to travel in Michigan during 2001. These inquirers will likely generate 5,773 party-nights in Michigan and \$197,000 in personal income. If we add these planned trips in Michigan to the actual trips, this translates to a **0.9:1 return on investment for Michigan**.

If we add the direct effects from the 1,940 party-nights from groups who extended their stay in Michigan because of the information they received, \$66,000 was generated in personal income for Michigan households and businesses. This translates to a **1.0:1 total return on Michigan's investment**.

Finally, if we add the direct effects from the 721 *likely* party-nights to be spent in Michigan which will generate an additional \$25,000 in personal income, Michigan will benefit from a **1.1:1 return on its investment**.

In examining these figures, it appears that Travel Michigan's investment in winter advertising and inquiry fulfillment paid for itself. The winter season Return on Investment figure is slightly higher than the fall season figure (0.8:1). (Since the new Return on Investment model was first employed during the fall wave of the study, comparisons to prior winter season figures can't be made at this time. Return on Investment trends will be examined in more detail in future waves of the study.)

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.