

Advertising Effectiveness & ROI 2007/2008 Snow Campaign

Phase 2 Report
June 2008

Background & Objectives



- ❖ California Travel & Tourism expanded its winter campaign from four target markets in 2006/2007 to a national media buy in 2007/2008. While changes in CTTC's funding mechanism increased the year-round spending on leisure travel marketing, a winter buy focusing on national cable enabled CTTC to spend less on the winter campaign than in the previous year. The goal was to expand the reach of the campaign, while conserving resources and thus have a more efficient program.
- ❖ Phase 1 of this research focused on measuring awareness of the campaign among ski enthusiasts and its impact on image of the state and interest in visiting.
- ❖ Phase 2 is focused on measuring incremental travel and generating an economic impact and return on investment.
- ❖ Objectives of Phase 2 include:
 - ❖ Evaluate the impact of the campaign in terms of its ability to generate interest in travel, and change attitudes;
 - ❖ Measure visitation to California for winter activities and determine the incremental travel attributable to the ad campaign;
 - ❖ Determine the economic impact of incremental trips;
 - ❖ Calculate the return on investment (ROI) and return on tax investment from the campaign;
 - ❖ Assess tactical issues related to generating the highest level of incremental travel; and
 - ❖ Forward conclusions and recommendations for refining CTTC's winter advertising endeavors.

Executive Summary



- ❖ CTTC made the decision to change its strategy for the Winter/Snow campaign during the past year. Rather than a spot market buy, the winter creative was added to the national cable television rotation and shown 25% of the time. This move allowed CTTC to actually reduce the budget dedicated to the winter campaign, and the goal was to better leverage this money.
- ❖ With this move to the national campaign in 2007/2008, CTTC saw tremendous increases in the number of aware households, the number of incremental trips, economic impact and return on investment. The campaign was much more efficient and effective.
- ❖ The campaign was able to reach almost 4.5 million households that were interested in ski/snow vacations, which was the focus of this study. Additionally, the ad was also able to reach about 27% of the national target population (traveling households with income over \$50K)
- ❖ The number of incremental trips generated increased from 26,000 to 86,000 and the economic impact rose from \$60.9 million to \$180.1 million. The ROI increased from \$42 for every \$1, to \$185 for every \$1, and the tax ROI went from \$3 to \$12.
- ❖ One of the most positive findings was that this spot strongly supports and complements the overall brand advertising. Those who had seen this ad, and the brand spot were twice as likely to already be planning a trip. These additional trips were not included in the ROI calculation, but reinforce the strength of this campaign, and the national strategy.

Executive Summary



- ❖ Another synergy between the campaigns occurs because those who visit California for a snow/ski vacation also participate in other activities unique to the area. Therefore, by exposing people to both campaigns, this availability is highlighted.
- ❖ It was noted in the phase 1 report, and CTTC is already implementing changes in the creative to include more non-ski activities. Winter visitors to California are more likely to participate in outside activities than are skiers to other states. Highlighting attractions unique to California gives consumers a reason to choose the state over competitors.
- ❖ In refining the snow campaign in the future another avenue to consider is print advertising. SMARI has completed research for the Lake Tahoe area that suggests that print – especially to this very targeted audience can be effective. The results of the Wine & Food campaign will help further evaluate the additional impact that might be achieved by adding a targeted print element to this campaign.
- ❖ Overall the winter campaign is working well and generating winter/ski trips to the state. Additionally, this campaign represents a strong synergistic component of the overall branding and marketing effort. During the coming year, the research will focus on measuring the overall impact of the combined efforts and quantifying the synergy between the specific campaigns being used.

- ❖ Measuring awareness is a multi-step process. There are many ways in which advertising can impact consumers. The diagram to the right shows there are five measures of success. Phase 1 of this research evaluated the first four measurements, while this Phase 2 report examines the fifth and final measure, the generation of travel – and more specifically, incremental travel.

<u>Influence Process</u>		<u>Measure</u>
Exposure	→	Advertising Awareness
Messaging	→	Creative Evaluation
Shift in Attitudes	→	Comparative Image Assessments
Build Interest	→	Comparative Interest in Visitation
Generate Travel	→	Incremental Travel

- ❖ SMARI's methodology accounts only for those trips which would not have occurred without the advertising. Because consumers would travel to California if the state did not advertise at all, not all trips are considered to be impacted. By measuring the rate of travel among those who were *aware* of the advertising and comparing that to the rate of travel by those who were *unaware* of the campaign, the incremental travel is derived.
- ❖ For this effort the criteria were even more conservative, as only snow-related/ski trips were considered in the incremental travel calculation.

- ❖ To focus on the appropriate audience, the sample included a national survey of household decision makers who:
 - Have incomes over \$50,000 annually
 - Take at least one leisure trip at least 50 miles away from home each year
 - Have taken or have considered taking a snow-based vacation in the past 10 years
- ❖ Because the CTTC winter advertising targets those with an interest in skiing, sample purchased from e-Rewards, a national sample vendor, included only those consumers who indicated an interest in skiing or snowboarding.
- ❖ Online surveying allows consumers to view the actual advertising, facilitating the methodology of comparing the rate of travel between aware and unaware consumers.
- ❖ In May 2008, 1,026 surveys were completed. The data were then cleaned and coded for analysis.

Review



- The findings relating to incremental travel and ROI are based on the reach and impact of the campaign.
- Therefore, before turning to a review of the information relating to actual travel, it is helpful to review the findings from Phase 1, specifically:
 - Recall of the advertising
 - Impact on image and intent
- For this campaign it is also useful to review some of the findings from the national advertising tracking study that California conducts. This will provide a wider view of the reach and impact of the ad among the general national audience.

Campaign Awareness



- ❖ Awareness of the 2007/2008 CTTC campaign among the target audience was 27.4%. And while the 2006/2007 campaign received higher levels of awareness, the audience was much more limited. Therefore, far more *households* interested in skiing and snow vacations were aware of the current year's campaign.
- ❖ With more aware households and less spending, the cost to reach an aware household with an interest in skiing declined, indicating that the campaign was more efficient.
- ❖ While \$0.22 to reach an aware household is quite good, especially with a small target audience, the winter campaign was part of a national cable buy and therefore reached far more households than just those with an interest in skiing. The on-going national tracking research conducted by California Tourism indicated that the winter TV spot reached **27.9% of all households in the US with incomes over \$50,000**. This generates an additional 10 million aware households than just those who are interested in ski and snow vacations.
- ❖ Combined with aware skiing households, this results in over 14.6 million aware households, for a cost to reach a single household of only \$0.07.

Targeted Households

	2006/07	2007/08
Targeted Households	3,764,483	16,295,573
Awareness	39%	27%
Aware Households	1,469,065	4,472,782
Spending	\$1,450,000	\$972,260
Cost/Aware Household	\$0.99	\$0.22

All 2007/08 Households

Non ski HHs above \$50K	36,557,366
Non ski awareness	27.9%
No ski HHs aware	10,199,505
Ski HHs aware	4,472,782
Total aware HHs	14,672,287
Winter spending	\$972,260
Total Cost per Aware HH	\$0.07

Impact of the Advertising



- ❖ The first measurement of the impact of the advertising is its ability to alter the image of the destination. If a campaign is successful in creating a more positive image, it will likely be successful in generating interest along with additional travel.
- ❖ Though the winter advertising is not having a major impact on attitudes in relation to California as a snow destination, it does keep the state in the consideration set.

	Unaware	Aware	Diff
Access	3.3	3.4	0.15
Weather	3.6	3.7	0.14
Parks and Pipes	3.3	3.4	0.13
Service	3.3	3.5	0.12
Snow quality	3.2	3.3	0.11
On-mountain food	3.2	3.4	0.11
Crowding on the Mountain	2.9	3.0	0.10
Ski/Board Rentals	3.3	3.4	0.10
Value	2.9	3.0	0.08
Apres Ski Entertainment & Nightlife	3.5	3.5	0.08
Lift Lines	3.1	3.2	0.08
Off-Hill Activities	3.5	3.6	0.08
Dining	3.6	3.7	0.06
Family Programs	3.3	3.4	0.05
Lodging	3.5	3.6	0.04
Grooming	3.4	3.3	-0.01
Variety of the Terrain	3.4	3.4	-0.02
Scenery	3.8	3.8	-0.02
Challenge of the Terrain	3.4	3.4	-0.03

Impact of the Advertising

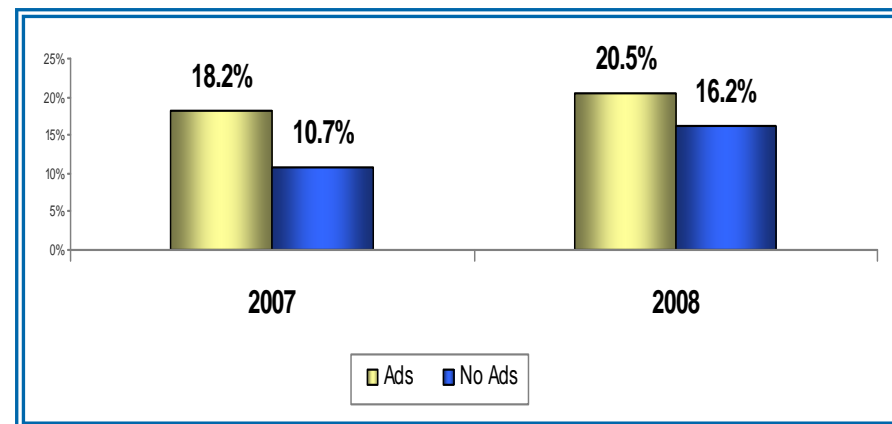


- ❖ The second measure of the advertising's impact is its ability to generate interest – either through consumers' actions in gathering information or in their intent to travel to the destination.
- ❖ The campaign was effective at encouraging consumers to make contact with California Travel and Tourism, especially through the Web.
- ❖ While researching a travel destination is a good indicator of interest, it does not signal an intent to travel. Though fewer consumers were likely to visit than actually showed an interest through information gathering, individuals who were aware of the California ads were more likely to visit than those who were unaware.
- ❖ The impact was not as strong this but in 2007 the campaign was limited to four target markets.

Impact of the Ads on Info Gathering

	Ads	No Ads	Diff.
Gathered information, researched destination	25.7%	24.1%	1.6%
Visited State Website	20.5%	12.8%	7.6%
Called State 800 number	1.8%	0.7%	1.1%
Requested information using other method	7.0%	5.1%	1.9%

Impact of the Ads on Likelihood to Visit



Phase 2 Findings



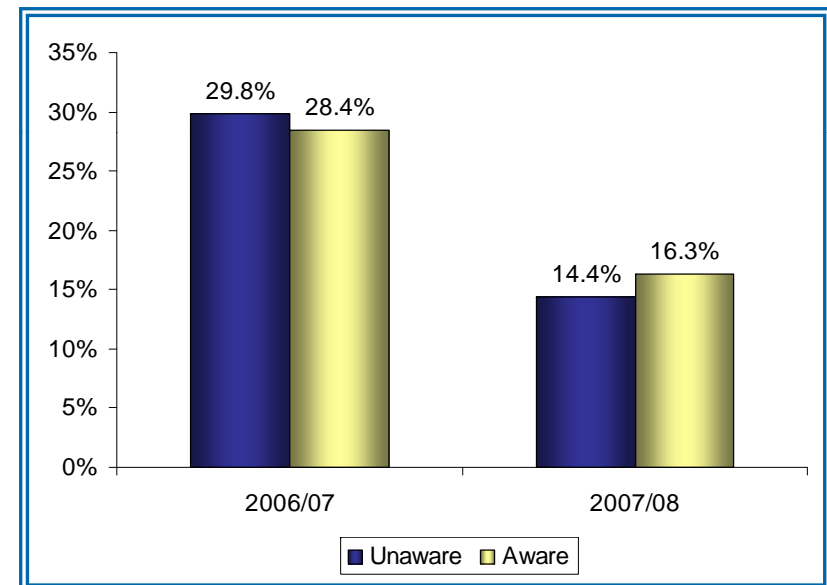
Incremental Travel & ROI

Impact of the Advertising



- ❖ However, the final measurement of the success of a destination's advertising campaign, aside from the overall travel rate, is its ability to stimulate more travel than typically would occur.
- ❖ In the 2006/2007 winter campaign, more *unaware* consumers from the target markets traveled to California for a snow vacation than aware consumers. While this would typically result in no incremental travel, individual markets had more aware consumers visiting.
- ❖ For the 2007/2008 winter campaign, there were more aware consumers in the target audience visiting California for a snow vacation than unaware.
- ❖ And while the overall rate of travel was lower than in 2006/2007, the target audience was much larger.

Overall Incremental Travel



Impact of the Advertising



- ❖ Though the 2006/2007 winter campaign had a higher rate of awareness and aware travel, because there were fewer targeted households, there were fewer influenced trips.
- ❖ The national media strategy resulted in more aware trips to California in 2008 – not because of higher awareness or a rate of travel – attributable to the increase in targeted households.
- ❖ This is especially meaningful given the fact that expenditures decreased in 2007/08

Influenced Travel

	2006/2007	2007/2008
Targeted HHs	3,764,483	16,295,573
Awareness	39%	27%
Aware HHs	1,469,065	4,472,782
Travel by Aware HHs	28%	16%
Average # Trips	1.6	1.3
Total Influenced Trips	679,727	949,325

↑
Very targeted group; higher rate of travel results in fewer trips

↑
Larger audience with lower rate of travel results in more trips

Impact of the Advertising



- ❖ While influenced travel includes all trips by aware consumers in the target market, *incremental* travel is the standard for calculating the economic impact and ROI of a campaign.
- ❖ By this standard, the 2007/08 campaign was more successful -- generating almost three times the number of trips.

Incremental Travel

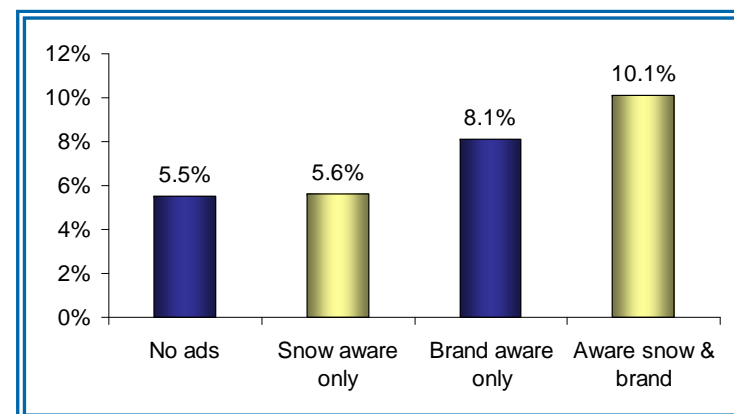
	2006/2007	2007/2008
Targeted HHs	3,764,483	16,295,573
Awareness	39%	27%
Aware HHs	1,469,065	4,472,782
Incremental Travel	1.7%	1.9%
Incremental Trips	25,621	85,643
Average # Trips Difference	0.14	0
Total Incremental Trips	29,180	85,643

Impact of the Advertising



- ❖ While incremental travel is traditionally the final measure of the success of a campaign, for California, there are other factors in play. The winter campaign was part of a larger branding campaign, and the dollars allocated to the snow ad were able to be reduced in 2007/08 because it was part of a national cable buy that included the brand ads.
- ❖ Because the snow ad was included in an advertising tracking survey of the national audience, we are able to determine the impact of the campaign over a larger population than just those interested in snow vacations.
- ❖ Though the impact of the snow ad on the general audience was negligible compared to those who did not see any ads, consumers who saw both the snow ad and the brand ad were nearly twice as likely to be planning a trip to California than those who were unaware.
- ❖ Increased visitation to the state by a general audience who is aware of both ads indicates the snow ad compliments the brand ad well.
- ❖ In addition, the snow ad increases interest and visitation to California that is not necessarily a ski trip.

Impact of ads on national audience
(Already Planning CA trip)



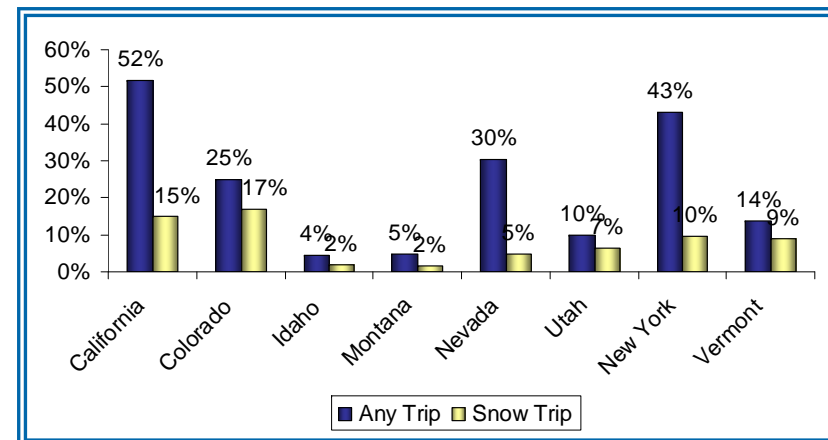
Trip Specifics



- ❖ The target audience visited California more often than the competitor states overall, however, Colorado captured more snow-based trips.
- ❖ While the three major cities of San Francisco, San Diego and Los Angeles remain the most visited destinations during the winter months, Lake Tahoe is the most visited for a ski trip.

	All Winter Trips	Ski Trips
Lake Tahoe	20%	57%
Big Bear Lake	9%	25%
Mammoth Lakes	5%	16%
San Francisco	28%	12%
San Diego	24%	11%
Los Angeles	26%	10%
Orange County	12%	5%
Sacramento	7%	5%
Palm Springs	7%	3%
Monterey	6%	3%
Other	10%	7%

Overall Visitation and Snow Trip Visitation
November 2007 - April 2008



Trip Specifics



- ❖ Trip specifics can influence the impact of a campaign because they often influence another number used in the calculation of economic impact – trip spending.
- ❖ Those who were aware of the advertising were far more likely to stay at a ski lodge and less likely to stay with friends and family, resulting in a positive impact on the spending for accommodations.

Winter Trip Specifics

# of people on trip	3.1
Kids on trip	42%
# of nights spent	4.1
Paid accommodations	75%

Impact of the Ads on Accommodations

	Unaware	Aware	Diff
Ski lodge/resort	15%	39%	24%
Campground	3%	5%	2%
Inn or B&B	11%	9%	-2%
Rental home or condo	18%	16%	-2%
Hotel or motel	46%	41%	-5%
With friends or family	28%	13%	-15%

Trip Specifics



- ❖ The types of activities consumers participate in while at their destination have a significant impact on trip spending.
- ❖ Though the trip activities to the right are exclusive to snow-based trips, consumers still participate in a variety of non-snow activities during ski trips to California.
- ❖ Those visiting the state for a ski trip also participate in activities unique to California. By creating an index where 100 is average and 120 is 20% higher than average and 80 is 20% lower than average, we see that skiers to California have experiences unrelated to the slopes than do skiers visiting other states.
- ❖ This highlights the strategy recommend in Phase 1 of this research. Rather than focusing the winter spot entirely on the slopes and skiing, as was the creative in 2007/08, future executions should also include off-hill attractions, especially those unique to the state.

Trip Activities
CA ski trip vs. Other state ski trip

	Other Ski Trips	CA Ski Trips	Index
Visit amusement or theme parks	1%	8%	820
Visit wineries	6%	17%	289
Visit state or national parks	11%	21%	190
Attend special events	10%	12%	118
Take scenic drives or driving tours	27%	32%	117
Attend sporting events	6%	7%	112
Outdoor activities	40%	45%	112
Snow skiing/snowboarding	100%	100%	100
Visit with friends or relatives	31%	30%	97
Go shopping	63%	51%	81
Snow ski/snowboard lessons	31%	25%	81
Ski lodge/resort entertainment or activities	40%	32%	79
Apres' ski entertainment and nightlife	32%	24%	76
Visit historic sites or museums	15%	9%	59

Trip Specifics



- ❖ Finally, the trip specifics including number of nights, type of accommodation and variety of activities all come together to generate trip spending. Winter travelers visiting ski destinations typically have higher spending due to the nature of the trip. Not only are the activities more expensive than most other trips, but the travelers have higher incomes and therefore are able to spend more.

Trip Spending

Lodging/Accommodations	\$574
Meals/Food/Groceries	\$390
Snow skiing/snowboarding	\$87
Other Entertainment/Attractions or recreation	\$188
Shopping	\$253
Entertainment	\$57
Transportation	\$498
Other	\$55
TOTAL	\$2,103

Economic Impact & ROI



- ❖ With a larger population base, the economic impact of impacted trips increased. Coupled with lower expenditures for the winter campaign, the return on investment (ROI) increased significantly.
- ❖ The campaign can also be assessed by evaluating the taxes generated for the state of California and the return on investment of just these dollars.

Influenced Impact

	2006/2007	2007/2008
Targeted HHs	3,764,483	16,295,573
Awareness	39%	27%
Aware HHs	1,469,065	4,472,782
Travel by Aware HHs	28%	16%
Av. # Trips	1.6	1.3
Total Influenced Trips	679,727	949,325
Trip Spending	\$2,299	\$2,103
Economic Impact	\$1,562,678,061	\$1,996,354,697
Taxes Generated	\$101,105,271	\$129,164,149
CTT Expenditures	\$1,450,000	\$972,260
ROI	\$1,078	\$2,053
Tax ROI	\$70	\$133

Economic Impact & ROI



- ❖ Because incremental travel measures travel that *would not have occurred* without the marketing, this economic impact and ROI is considered the more accurate measure of the actual influence of the campaign.
- ❖ With a significant increase in the number of incremental trips and a decrease in winter spending, California Travel & Tourism returned \$12 in tax dollars to state coffers for every \$1 spent on the campaign.
- ❖ The expansion of the winter campaign from four target markets to a national campaign resulted in a tremendous increase in both economic impact and ROI.
- ❖ However, this is only measuring the impact of the snow ad among a specific target audience (those with an interest in snow vacations). As indicated earlier, there was additional impact among the broader, national audience aware of the snow ad.

Incremental Impact

	2006/2007	2007/2008
Targeted HHs	3,764,483	16,295,573
Awareness	39%	27%
Aware HHs	1,469,065	4,472,782
Incremental Travel	1.7%	1.9%
Incremental Trips	25,621	85,643
Average # Trips Difference	0.14	0
Total incremental trips	29,180	85,643
Trip Spending	\$2,086	\$2,103
Economic Impact	\$60,875,627	\$180,107,870
Taxes Generated	\$3,938,653	\$11,652,979
CTT Expenditures	\$1,450,000	\$972,260
ROI	\$42	\$185
Tax ROI	\$3	\$12