

An Annotated History of Our Efforts to Reduce Your ROI

And how less is more!

TTRA 2010 Conference

June 21, 2010

Strategic Marketing & Research, Inc.



Once Upon a Time . . .



Memories

- We took photos on film, which had to be developed
- Then we stuck them in photo albums



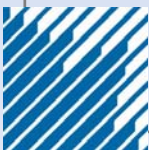
Planning process

- We pored over printed travel guides
- We plotted our routes on paper maps



Contact

- 800 numbers were a direct line to the destination
- And a prime way to states to get out their message



Once Upon a Time . . .



Advertising focused upon leads

- Leads were an initial measure of performance
- We tracked leads sources
- And became lead junkies



Research measured *Conversion*

- Leads were surveyed to see if they visited
- Effective fulfillment materials *converted* leads into visitors and encouraged more spending

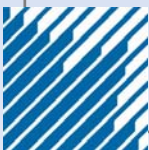


However....

- Advertising touched and influenced people who were not leads
- And leads who were not influenced were counted

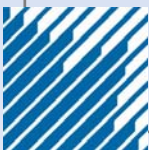
....SO

- . . . since there are no turnstiles or cash registers at the city and state lines
- to serve as an accountability assessment
- to measure those exposed to advertising and marketing efforts
- ad effectiveness (ROI) began



Aided (exposed) Advertising Awareness

- The first step was to measure the level of exposure to the advertising
- Unfortunately merely mentioning the sponsor and asking if they saw any ads for (STATE) overstated recall
- This recall could be for destinations within the City/State and not recall for which accountability was being assessed
- And before we had the web that meant pre-recruiting respondents and mailing out videotapes



Ad Effectiveness Conversion

- Utilizing the traditional *conversion* model....

Target Households

X

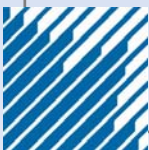
Advertising Awareness

= Total Exposed Households

X

% Traveling to Destination

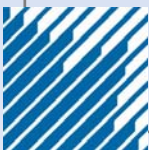
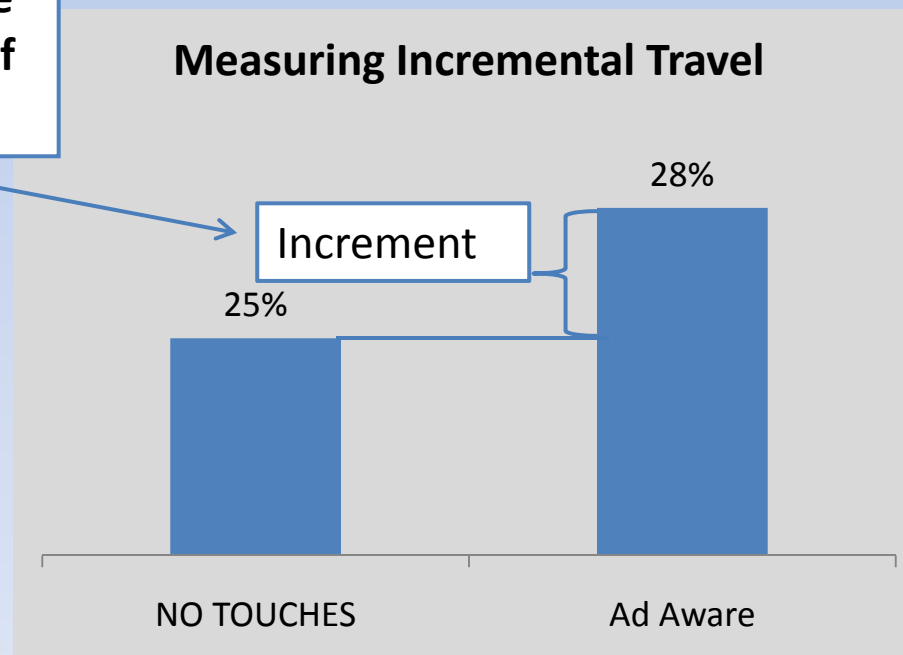
= Converted Advertising Households



Incremental Travel

- However, many of these ad-aware travelers might have come regardless of the advertising.

The increment is the travel attributable to the influence of the advertising.



Other Reductions

- Reduce target population by the level of traveling households
- Limit the spending to that occurring in the destination
- Look only at the tax ROI and not spending
- Consider all the costs of marketing – not just the media spending

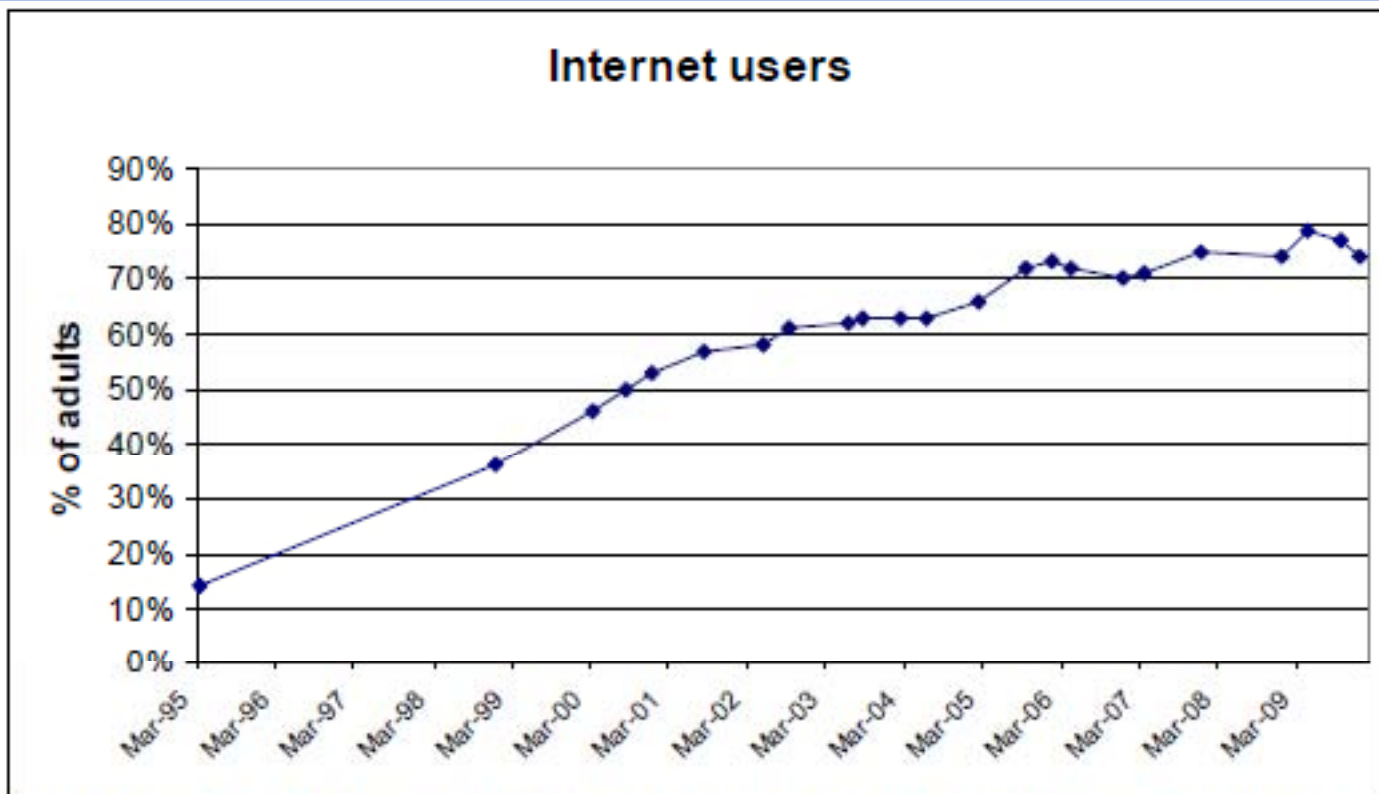


.....happily ever after.

- Straightforward measure
- Logical
- Transparent
- Defensible
- And conservative



And along came the Internet



Source: Surveys by The Pew Research Center's Internet & American Life Project and the Pew Research Center for The People & The Press.



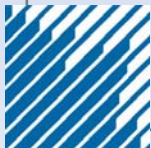
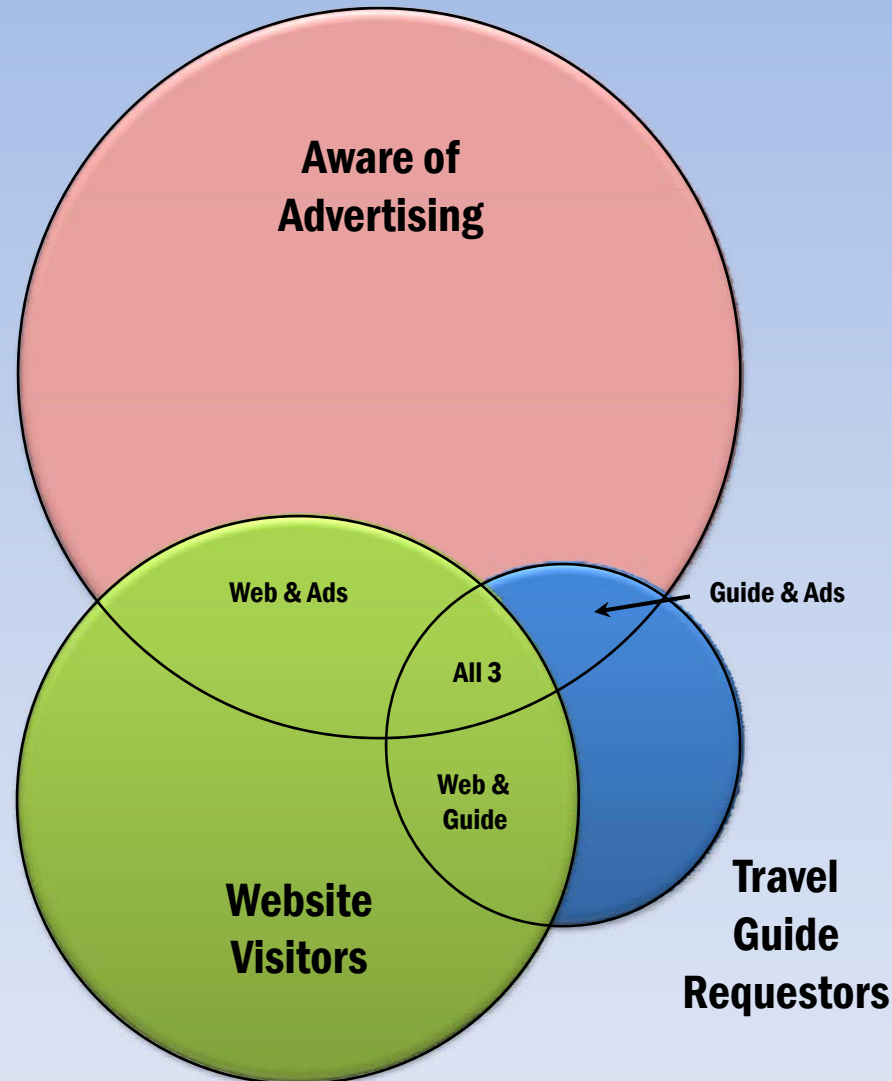
Additional Influencers

- Measures of traditional paid media are overly limited
- The web generates millions of exposures that can influence travel
- And travel guides still play a part
- Considered independently, this can only serve to increase ROI
- ***But they are not discrete and this needs to be accounted for***



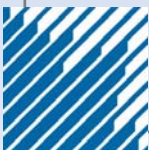
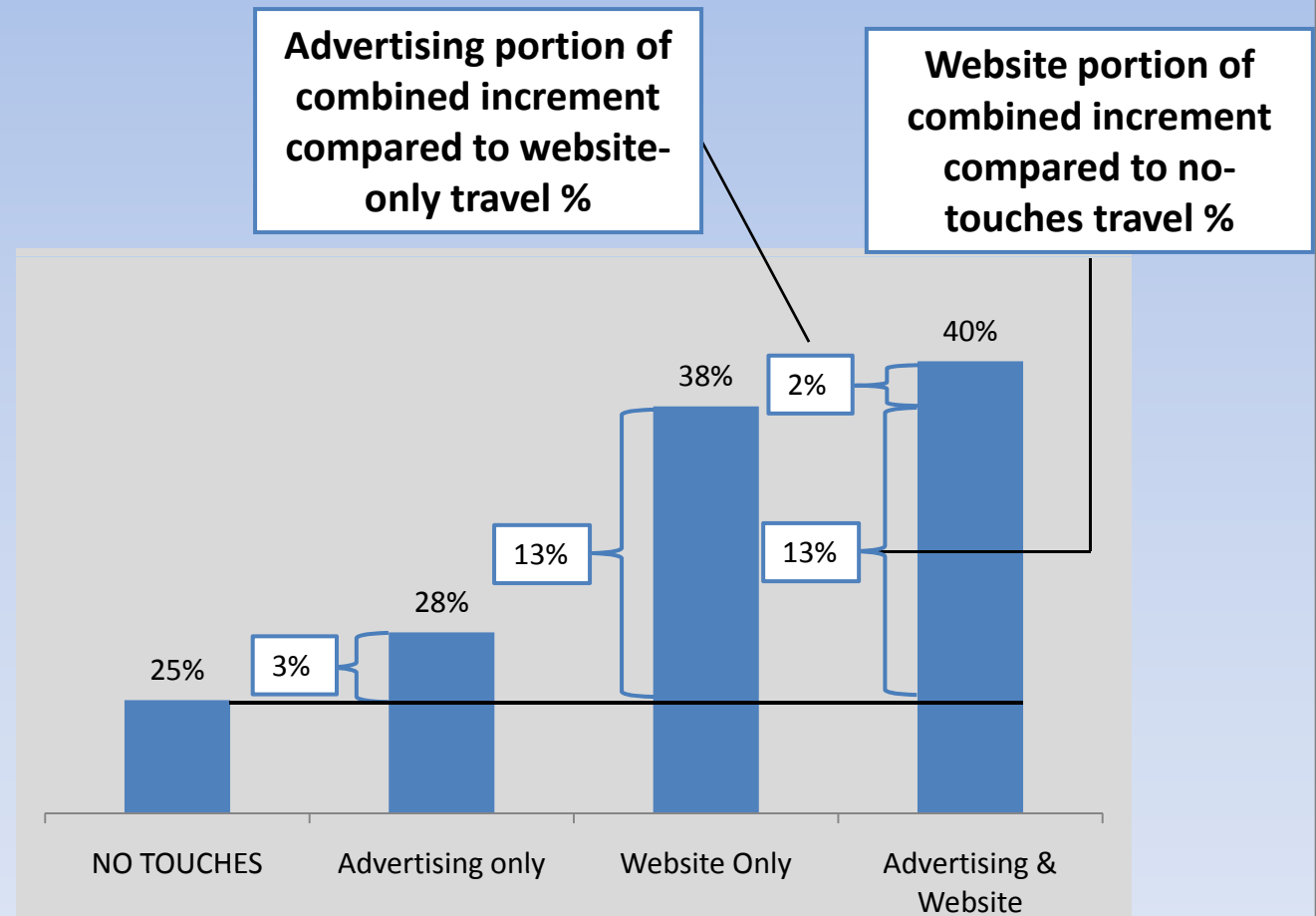
Potential Influences

- In order to assess effectiveness and strategies, the role of all the influencers and their synergies should be evaluated



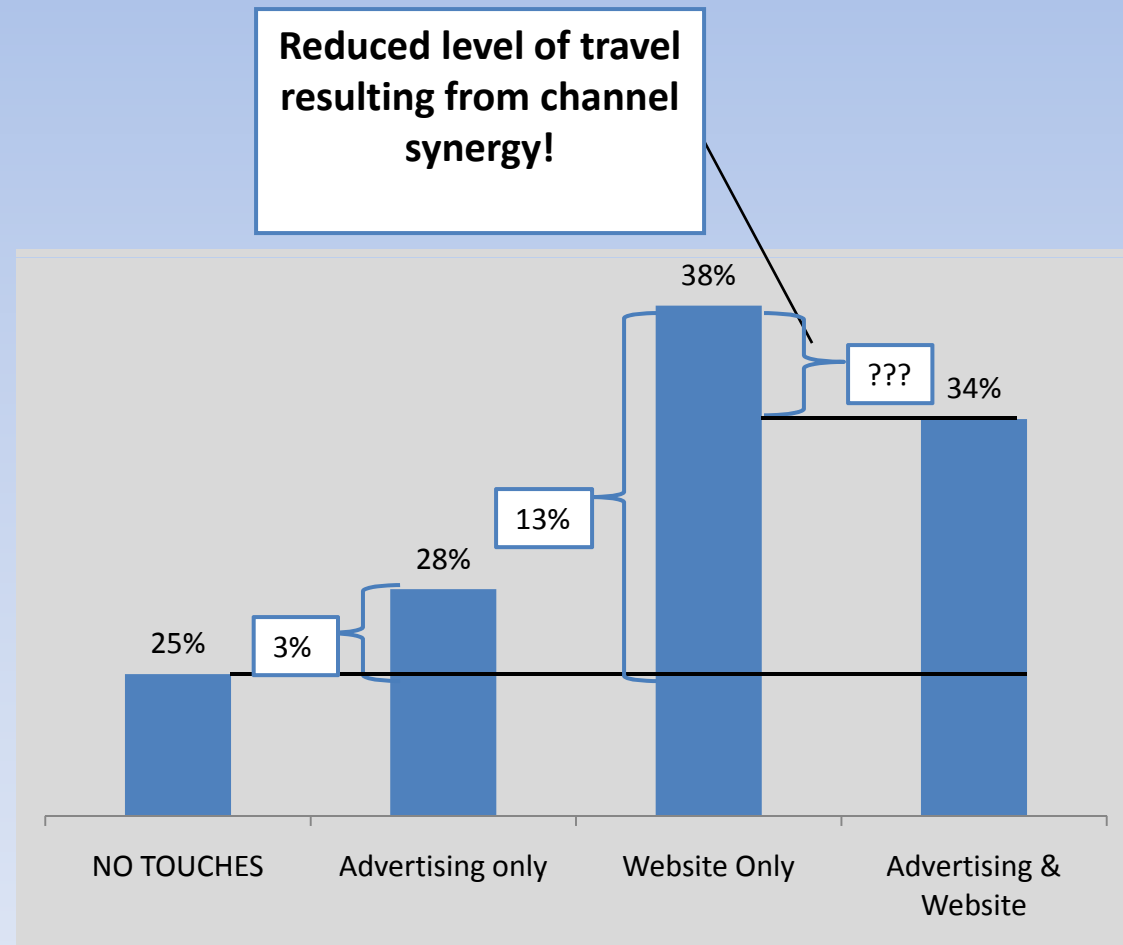
ROI Integration Expectations

- Since there is a population exposed both to ads and the website, the web sample is shown ads to verify exposure. This was the results we expected.



ROI Integration Reality

- When we look at the combined results of these different channels, the travel results often are lower than for some of the individual ones



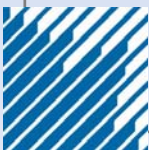
Active Versus Passive

- Those exposed to advertising receive it in a passive mode. They aren't looking for it; it's looking for them
- Website visitors and travel guide requestors are actively engaged and expressing interest in the destination
- If advertising drives someone to the website, they are less interested than one who seeks it without the advertising. This helps to explain the lower visitation among these *synergistically* exposed segments.



Incremental Travel – Active Channels

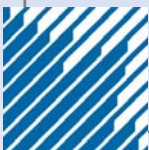
- Incremental travel for those only exposed to advertising (passive) is sensibly compared to the rate of travel of those with no marketing exposure
- When active channels are considered, however, travel incidences from 50% - 80% often result
- The reason is that many of those using these channels are already planning on visiting. Their use of the channel is to plan their trip – not to decide whether to come
- With the web, by way of example, in several cases we find 75% of site visitors are already planning a trip



Free-Riders

- In some industries these visitors are referred to as free-riders. These are folks you are promoting to who were going to come anyway.

	Target Market	Non-Target Market
Website only	81%	59%
Travel Publications only	30%	43%
Advertising & Website	82%	
Advertising & Publications	61%	
Website & Publications	53%	79%
All channels	64%	



	Population	TRAVEL INCIDENCE	Total	Free-rider baseline	INCREMENT	INFLUENCED TRAVEL	INFLUENCER
Total Target Market	46,800,667	15%	6,974,287				

Website only	594,140	81%	481,253	79%	2%	13,665	WEB
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Target Markets							
	Travel Publications only	12,597	30%	3,729	26%	4%	466
Advertising & Website	914,912	82%	751,143	68%	12%	108,875	ADS
					2%	17,276	WEB
Advertising & Publications	22,846	61%	13,981	53%	4%	1,005	ADS
					4%	517	PUB
Website & Publications	22,122	53%	11,747	45%	3%	695	WEB
					5%	594	PUB

All channels	48,985	64%	31,546	63%	1%	310	ADS
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					1%	200	PUB
NO TOUCHES	31,926,904	11%	3,480,033				

Total Non-Target Market		68,024,333	2%	1,311,428				
Other Domestic Markets	Website only	1,311,164	59%	772,276	51%	8%	101,168	WEB
	Travel Publications only	14,437	43%	6,193	43%	0%	0	PUB
	Website & Publications	33,620	79%	26,559	77%	1%	387	PUB
						1%	305	WEB
	NO TOUCHES	66,665,112	1%	506,399				

	Trips	share					
ADVERTISING	865,905	86.5%		Total Trips	8,285,714		
WEB	133,310	13.3%		Total Influenced trips	1,001,379		
PUBLICATIONS	2,164	0.2%		% of Trips Influenced	12.1%		



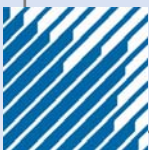
The Role of ROI

- A conservative measure is a more credible measure
- But a logical, cohesive, explicable measure can be suitable for accountability
- Understanding and driving marketing may require more complexity
 - Channel resources
 - Media
 - Markets
 - Messaging



The role of ROI

- This can explain how travel can go down while your ROI increases
- This can help determine how many resources should be dedicated to the web
- This can help in the meaningful selection – expansion and contraction – of markets



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Total Target Market	46,800,667	15%	6,974,287				
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Target Markets

Domestic Markets

	Trips	share	Total Trips	8,285,714
ADVERTISING	865,905	86.5%	Total Influenced trips	1,001,379
WEB	133,310	13.3%	% of Trips Influenced	12.1%
PUBLICATIONS	2,164	0.2%		

Integrated Measures

