



# 2016 Advertising Effectiveness & ROI

March 2017

Submitted by Strategic Marketing & Research Insights, LLC

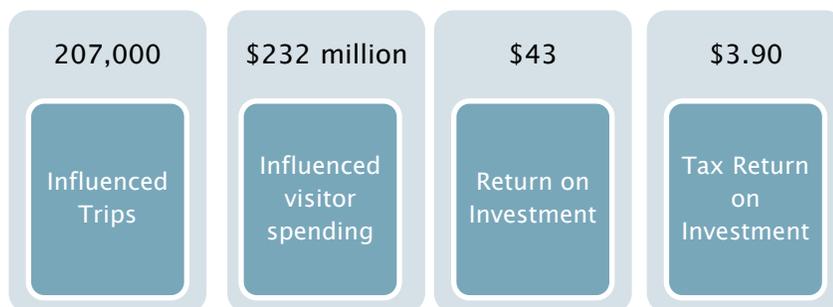
Executive Summary

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# Executive Summary

The Asheville Convention & Visitors Bureau (ACVB) influenced more than 200,000 overnight trips after the spring 2016 media began. Visitors spent an average of \$1,114 per trip, which translates to more than \$232 million dollars in visitor spending in the community. Based on ACVB’s advertising expenditures, this means that for every \$1 spent on advertising, visitors spent \$43 in the Asheville community. Given the use of hotel lodging and length of trip, this resulted in nearly 400,000 influenced room nights.



The advertising included three distinct marketing efforts, and the impact of each campaign was measured based on awareness and when actual visitation occurred, but one key takeaway is that the continued advertising throughout the year reinforced interest in Asheville and caused visitation to build over time. Thus, while the spring campaign is measured based on travel during that time, it helped contribute to travel that occurred during the fall and holiday season. In fact, the campaigns supported each other, driving visitation throughout the year. Plus, many consumers indicated that they were still planning to visit, indicating that the impact of these efforts will continue to grow.

ACVB’s efforts this year included a focus on a number of advertising markets – the Traditional Core markets where Asheville has placed advertising for a number of years, the Tier 1 Expansion markets that began receiving paid messages in 2015, and the Tier 2 Expansion markets that were targeted for the first time, including Washington, D.C., and select Florida markets. The goal was to increase visitation from more distant markets and generate additional visitor spending. The results reinforce this strategy and highlight the potential for future growth:

- While the Traditional Core markets generated about three-quarters of the incremental trips, visitors from the Expansion markets generated more than 56,000 trips. And since these are markets that are less familiar with Asheville and have not received the level of advertising in the past, it will take time to realize their full potential.
- Based on the interest shown in the Expansion markets, signified by future intent to travel, visitation from these markets will continue to grow. This is especially true in the Florida markets. These markets did not generate any incremental travel in the short-term, but given the level of interest, these markets will start to generate trips. Advertising should continue to be placed and the impact monitored.

- The campaign also had other positive effects that will benefit the community. The advertising improves the image of Asheville as a place to live, start a career, start a business, go to college, have a second home, or retire. The lift the advertising provides ranges from a 36% improvement for Asheville being a good place to live to a 93% increase in the area being a good place to start a career. The advertising helps expose consumers to the possibilities that Asheville has to offer in a much broader way than simply generating additional visitation. The image the area for all of these community-centered attributes more than doubles for those who both saw the advertising and visited Asheville.

The campaign worked because:

- The advertising is strong and gets positive ratings from consumers. Compared to competitive advertising, ACVB's ads rank in the top 10% of destination ads in terms of generating interest to visit.
- The advertising funds were effectively deployed to reach a larger audience and generate travel from more distant markets, resulting in higher per trip spending and a strong ROI.
- The media mix was effective in reaching a wide variety of consumers with different media habits, and ensuring that consumers saw more than one message, with more than two-thirds being exposed to at least 2 of the seasonal campaigns
- With three campaigns, ACVB was able to highlight a mix of messages that help communicate the variety available and highlight activities and attractions of interest to a wide variety of potential visitors

# Background & Objectives

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The ACVB placed three ad campaigns targeting leisure visitors in 2016, with \$5,370,135 in paid media.

The ACVB has retained Strategic Marketing & Research Insights (SMARInsights) to measure the reach and impact of its marketing.

The specific objectives of this research are to:

- Measure the reach of the advertising among a targeted audience;
- Evaluate the effectiveness of the marketing through SMARInsights' cost-per-aware household benchmarking;
- Understand the overlap and potential impact of multiple media;
- Determine the ability of the creative to communicate desired messages, again using SMARInsights' destination marketing organization (DMO) benchmarking;
- Assess the ability of the advertising to improve the image of the destination, motivate interest in visiting, and increase visitation;
- Calculate the number of influenced trips, visitor spending, and return on investment of the media campaigns; and
- Forward insights into future refinement of the marketing.

This research evaluates only the paid media of Asheville's 2016 marketing campaign in select target markets. This is an evaluation of \$5.37 million of the \$7.2 million in media placements. This includes:

- TV, both via broadcast and online
- Print
- Digital
- Out-of-home
- Native and paid social

Asheville places media to a highly qualified target audience, those with incomes of \$75,000 or more. While this research is an evaluation of a narrowly targeted audience, *the paid media likely reaches a far broader audience and generates significantly more trips than is evaluated here.*

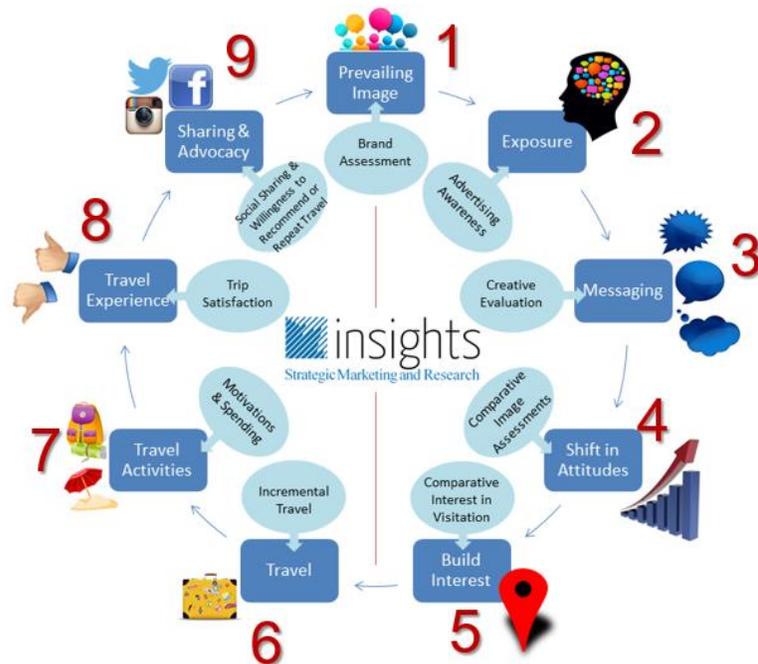
In addition, Asheville's marketing reach also goes far beyond the paid media that is included in this research. Examples of marketing efforts not included in this evaluation:

- Niche media, such as targeted messaging to small audiences
- Earned media, including public relations and social channels
- Owned media, including the web presence at [www.ExploreAsheville.com](http://www.ExploreAsheville.com) and print collateral

# Methodology

SMARInsights has developed a research methodology based on how consumers make their travel decisions. The graphic below outlines each step of the process and the measures used to evaluate the effectiveness of a destination’s marketing efforts.

Even for destinations they have never visited, consumers often have an image of the place. The evaluation process starts with an understanding of the image of the destination as well as the competitive set. The process flows from there, with an evaluation of marketing exposure and creative messaging. The creative can influence consumers in a number of way beyond just generating travel. The following evaluates not only the influence of the marketing on generating trips to Asheville, but also the other ways paid marketing impacts destinations.



SMARInsights’ methodology for measuring the impact of destination advertising relies on establishing a base rate of travel. Certainly, there would be travel to Asheville even without any paid advertising. Thus not all visitation, or even visitation by aware households, is attributable to the ads. In this evaluation, the level of travel among *unaware* households is considered the base and what the state would see without the marketing campaign. Accordingly, any travel above that base by *aware* households is what is considered influenced. As such, this is a very conservative measure of influence.

## Calculating Impact of the Advertising



SMARInsights’ advertising effectiveness methodology requires respondents to view the actual advertising in order to gauge awareness, so we developed and programmed an online survey. National sample vendors provided a survey link to potential respondents.

The ACVB placed media in three campaigns: spring, fall, and holiday. In addition to the Traditional Core markets of Raleigh, Greensboro, Charlotte, and Atlanta, the 2016 campaigns included a number of Expansion markets, expanding the CVB’s media footprint considerably. The Tier 1 Expansion markets were targeted by the CVB beginning in the spring of 2015. But additional markets were added to the mix in the fall of 2016. These Tier 2 Expansion Markets included Washington as well as select Florida markets. The Florida markets include Jacksonville, Orlando, Tampa, West Palm Beach, and Miami. SMARInsights conducted interviews in each of the target markets at the distribution below.



	<b>Completed Interviews</b>
<b>Traditional Core Markets</b>	
Raleigh, NC	307
Greensboro, NC	290
Charlotte, NC	308
Atlanta, GA	310
<b>Tier 1 Expansion Markets</b>	
Cincinnati, OH	306
Nashville, TN	302
Knoxville, TN	301
Columbia, SC	290
Charleston, SC	286
<b>Tier 2 Expansion Markets</b>	
Washington, D.C.	308
Florida Markets	509
<b>Total</b>	<b>3,517</b>

In order to qualify for the survey, respondents had to be travel decision makers who regularly take overnight leisure trips of at least 50 miles from home. In addition, given Asheville’s target of households with incomes over \$75,000, all respondents had income requirements as well. In Greensboro, Knoxville, Columbia, and Charleston, respondents have incomes of \$50,000 or higher to fulfill quota. The target of \$75,000 or above applies to all other markets.

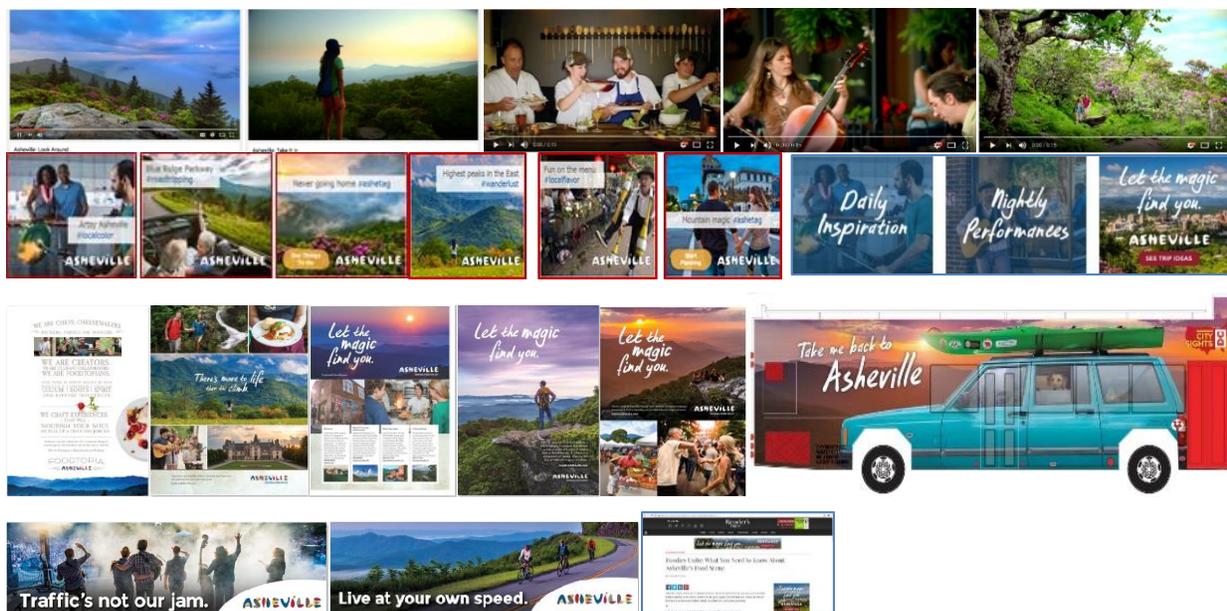
Upon completion of data collection, the results were cleaned, coded, and weighted to be representative of the population. The following report summarizes the results of the survey.

# Campaign Overview

The ACVB invested more than \$5 million in paid leisure marketing in 2016, with most of the investment split between the spring and fall campaigns.

- Media evaluated in each campaign included:
  - Spring: Campaign aired March – June with TV, print, digital, native, Facebook, and outdoor
  - Fall: Placements August – Mid-October, including TV, print, digital, native, and outdoor
  - Holiday: Media Late October – December with digital and native

	Spring	Fall	Holiday	Total
Raleigh	\$341,243	\$170,465	\$16,223	\$527,931
Greensboro	\$112,603	\$48,987	\$9,465	\$171,055
Charlotte	\$206,272	\$177,544	\$16,480	\$400,296
Atlanta	\$991,484	\$482,181	\$34,886	\$1,508,551
Washington	\$0	\$572,427	\$0	\$572,427
Cincinnati	\$335,184	\$151,941	\$0	\$487,125
Nashville	\$367,431	\$135,659	\$0	\$503,090
Knoxville	\$106,969	\$48,518	\$7,352	\$162,839
Columbia	\$85,105	\$40,954	\$5,777	\$131,836
Charleston	\$100,077	\$60,708	\$4,644	\$165,429
<b>Florida Markets</b>	\$0	\$739,556	\$0	\$739,556
<b>Total</b>	<b>\$2,646,369</b>	<b>\$2,628,940</b>	<b>\$94,827</b>	<b>\$5,370,135</b>



# Return on Investment

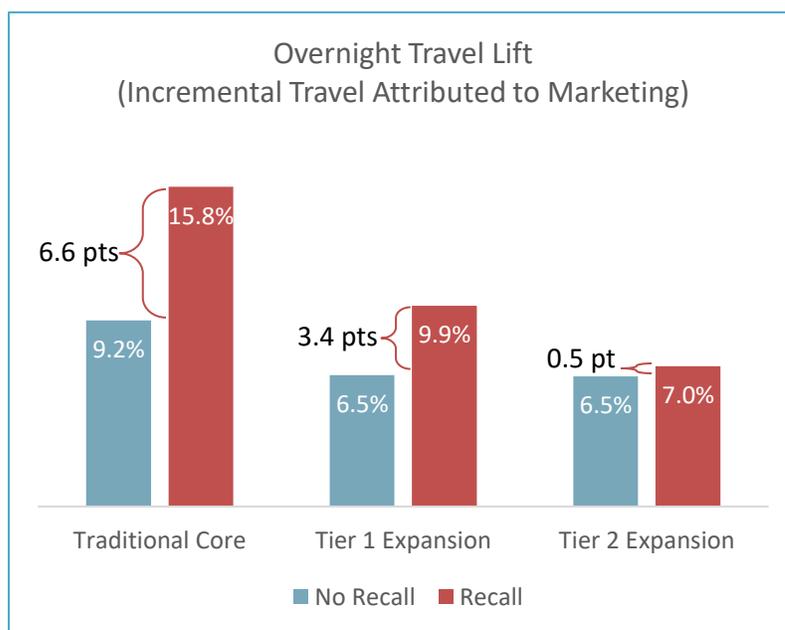
SMARInsights’ methodology for measuring the impact of destination advertising relies on establishing a base rate of travel. Certainly, there would be travel to Asheville even without any paid advertising. Thus not all visitation, or even visitation by aware households, is attributable to the ads. In this evaluation, the level of travel among unaware households is considered the base and what the area would see without the marketing campaign. Accordingly, any travel above that base by aware households is what is considered influenced.

Most of the influence came from the Traditional Core markets Asheville has targeted for a number of years. With *72% more travel by households who recall the advertising*, there is a high level of incremental travel from these markets. In their second year as part of Asheville’s paid media, the Tier 1 Expansion Markets had *52% higher rates of travel by consumers with recall*.

The ACVB dramatically expanded its leisure advertising footprint for 2016, moving into the Tier 2 Expansion markets of Washington and select Florida markets. Not only can it take time to build recall in new markets, but these more distant markets also likely need more time to plan their travel, and the influence could come in 2017 and beyond.

When the rate of incremental travel is applied to the number of households with recall, the 2016 paid media was able to generate more than 207,000 overnight trips to Asheville. This is a

measure of the impact of *overnight trips only and does not evaluate day trips* that may have resulted because of the marketing. Because of this, *this is a very conservative measure of influence*.



## 2016 Overnight Trips Influenced by Asheville Marketing

	Traditional Core	Tier 1 Expansion	Tier 2 Expansion	Total
<b>Targeted HH</b>	3,471,363	1,981,593	5,505,066	10,958,022
<b>Recall</b>	67%	62%	45%	55%
<b>Aware HHs</b>	2,320,510	1,229,231	2,501,177	6,050,918
<b>Incremental Travel</b>	6.6	3.4	0.5	3.4
<b>Influenced Trips</b>	152,968	42,318	12,608	207,894

Visitors from farther away typically stay longer and in turn spend more. So while the campaign was able to influence more visitors from the nearby Traditional Core markets, it is those from the more distant Tier 2 Expansion markets who spend the most. This is a good indication that continued investment in the Tier 2 Expansion markets could influence trips from these markets with visitors who spend more.

When applying the average trip spending from each of these markets to the number of influenced trips, the campaign was able to generate more than \$232 million in visitor spending. Again, this is spending that would not have occurred without the media investment.

	Traditional Core	Tier 1 Expansion	Tier 2 Expansion	Total
<b>Influenced Trips</b>	152,968	42,318	12,608	207,894
<b>Visitor Spending</b>	\$1,101	\$1,116	\$1,302	\$1,116
<b>Influenced Visitor Spending</b>	\$168,393,331	\$47,220,517	\$16,420,899	\$232,034,747
<b>Media Spending</b>	\$2,607,833	\$1,450,319	\$1,311,983	\$5,370,135
<b>Return on Investment</b>	<b>\$65</b>	<b>\$33</b>	<b>\$13</b>	<b>\$43</b>

Given there was \$5.37 million invested throughout 2016, this results in a return on investment of \$43 for every \$1 spent in paid media. The average ROI SMARInsights sees for local DMOs is \$44, nearly exactly where the Asheville advertising performed. As Tier 2 Expansion markets continue to receive media, not only will Asheville likely move higher in their consideration set, but consumers from these distant markets also will have time to plan and travel, bringing the influence and return higher.

State and local municipalities invest in tourism marketing because it is consistently shown to generate a positive return. The Buncombe County Tourism Development Authority, state, and local municipalities see dollars in their coffers because of the influenced visitor spending.

Given the occupancy tax of 6% that is returned to the BCTDA and sales tax of 7% split between the state and local municipalities, more than \$21 million is returned because of the marketing. Given the level of investment in the paid media campaign, this is nearly \$4 for every \$1 spent on marketing.

	Total
Total Influenced Spending	\$232,034,747
<b>Sales Tax</b>	
State Sales Tax Influenced (4.75%)	\$11,021,650
County Sales Tax Influenced (2.25%)	\$5,220,782
<b>Occupancy Tax</b>	
% of Spending on Lodging	34%
Influenced Lodging Spending	\$78,187,130
Occupancy Tax Influenced (6%)	\$4,691,228
<b>Total Influenced Tax Collections</b>	<b>\$20,933,660</b>
Media Spending	\$5,370,136
<b>Tax ROI</b>	<b>\$3.90</b>

Because the ACVB relies on funding from a lodging tax, it is especially important for leisure marketing to generate paid room nights. Asheville is in the unique position that it has some of the highest occupancy rates not only in the region but the country.

Of the overnight, influenced trips, three-quarters used a hotel as their paid lodging. Given the average number of nights, this resulted in nearly 400,000 influenced room nights. During this same period, STR reports that total room demand was more than 1.6 million, making the campaign responsible for nearly a quarter of all room nights.

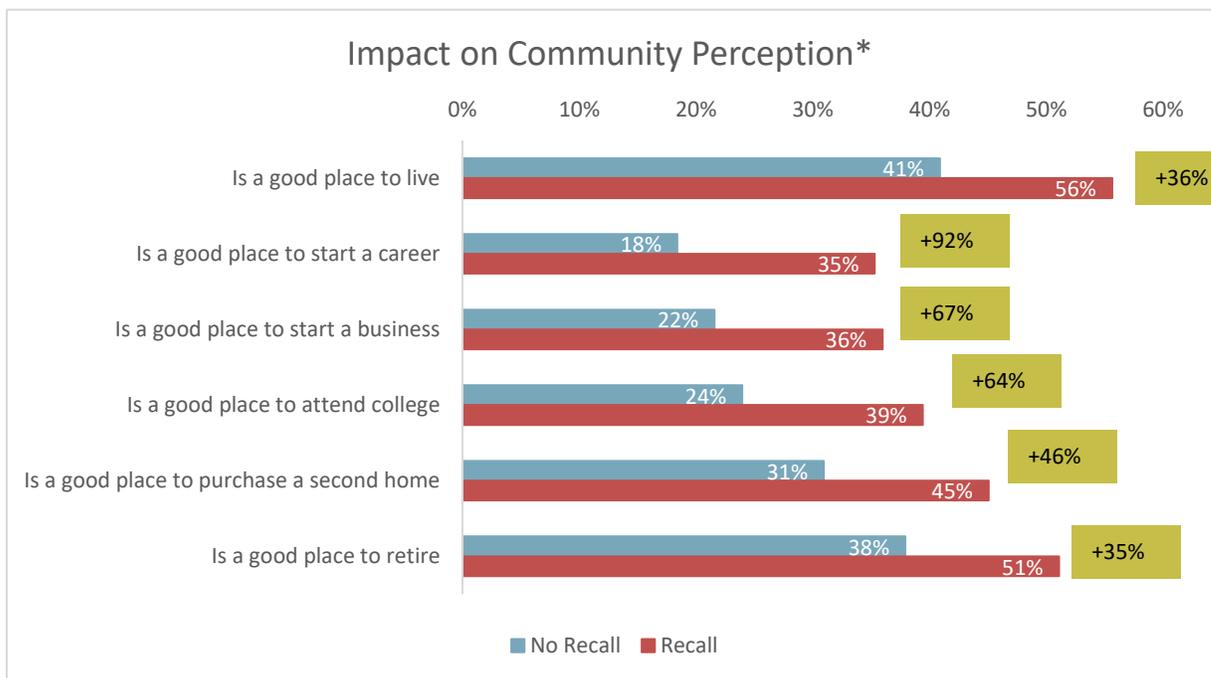
	Total
Influenced Trips	207,894
% staying in Hotel	76%
Influenced Trips with Hotel lodging	158,402
Average Number of Nights	2.5
<b>Influenced Room Nights</b>	<b>395,595</b>
Total Demand	1,676,892
% of Room Nights Influenced	24%

# Community Impacts

While the goal of destination marketing is to generate additional visitation, there are other ways in which the advertising can have influence. This includes improving the image of the destination.

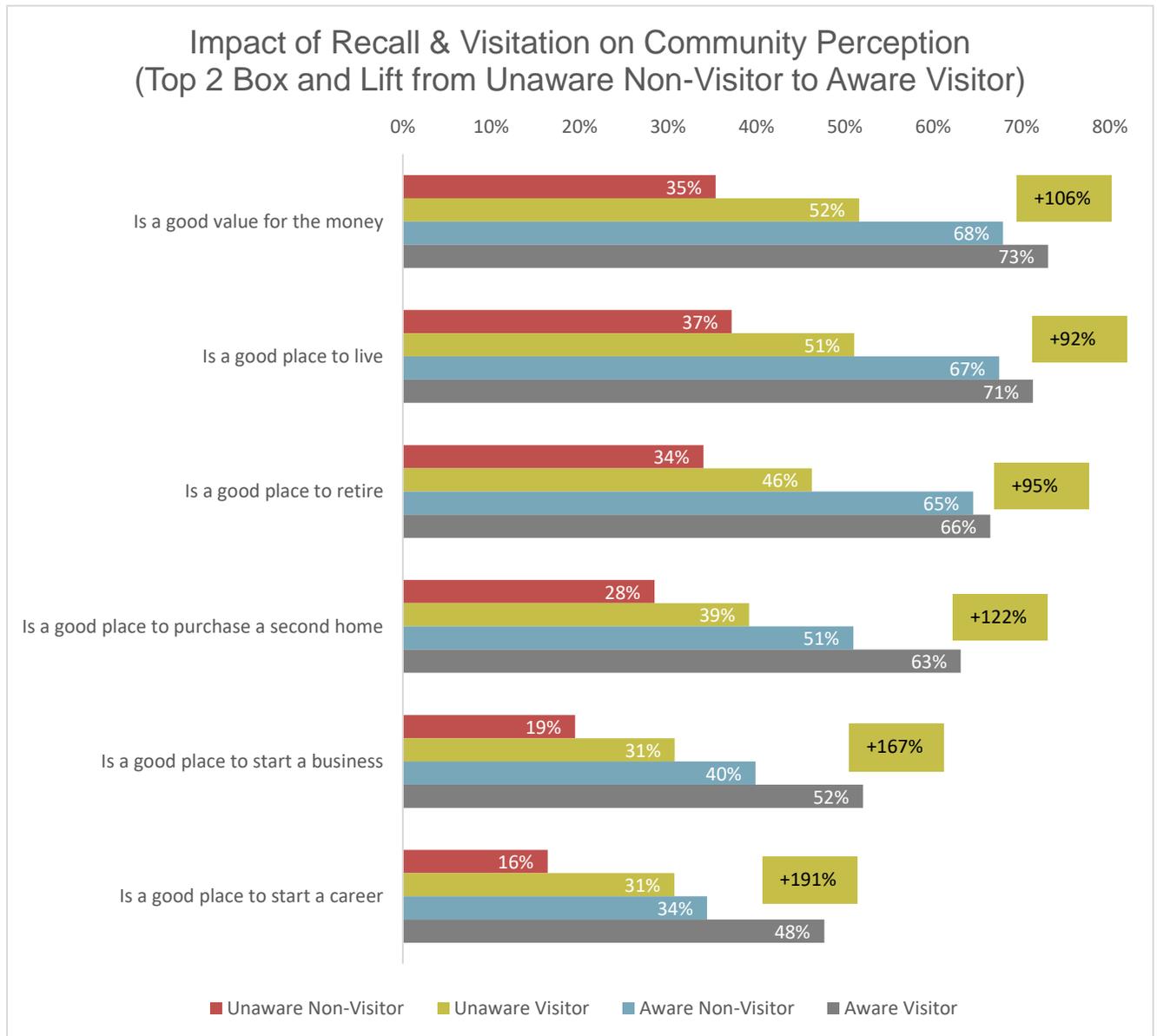
Not only can exposure to the paid marketing influence consumers' perception of the area as a leisure destination, but it can also improve the image of attributes typically associated with a community's quality of life. Attributes that are considered strong economic development indicators for a destination include the image of the area as a place to live, work and do business.

This additional influence beyond impact on leisure attributes is often referred to as the "halo effect." Here, consumers with awareness of the media are more positive about Asheville as a place to live, work, or retire. There are significant gains in consumers' perception of Asheville as a livable city, with the advertising nearly doubling the image of the city as a place to start a career.



\*Top 2 box on a 5-point scale for those with and without recall of the Asheville advertising. Lift is the percentage difference between aware and unaware, not the point difference.

Again, not only does advertising influencing community perception, but visitation can improve perception of a destination. When consumers recall marketing and visit Asheville, their image of the community as a good place to live, work, and retire often more than doubles.



\*Top 2 box on a 5-point scale for those with and without recall of the Asheville advertising and 2016 visitation status. Lift is the percentage difference between unaware non-visitors and aware visitors, not the point difference.