

LEISURE TRAVEL STUDY: ESSEX COUNTY, NEW YORK:

2014 VISITOR PROFILE - RETURN ON INVESTMENT ANALYSIS

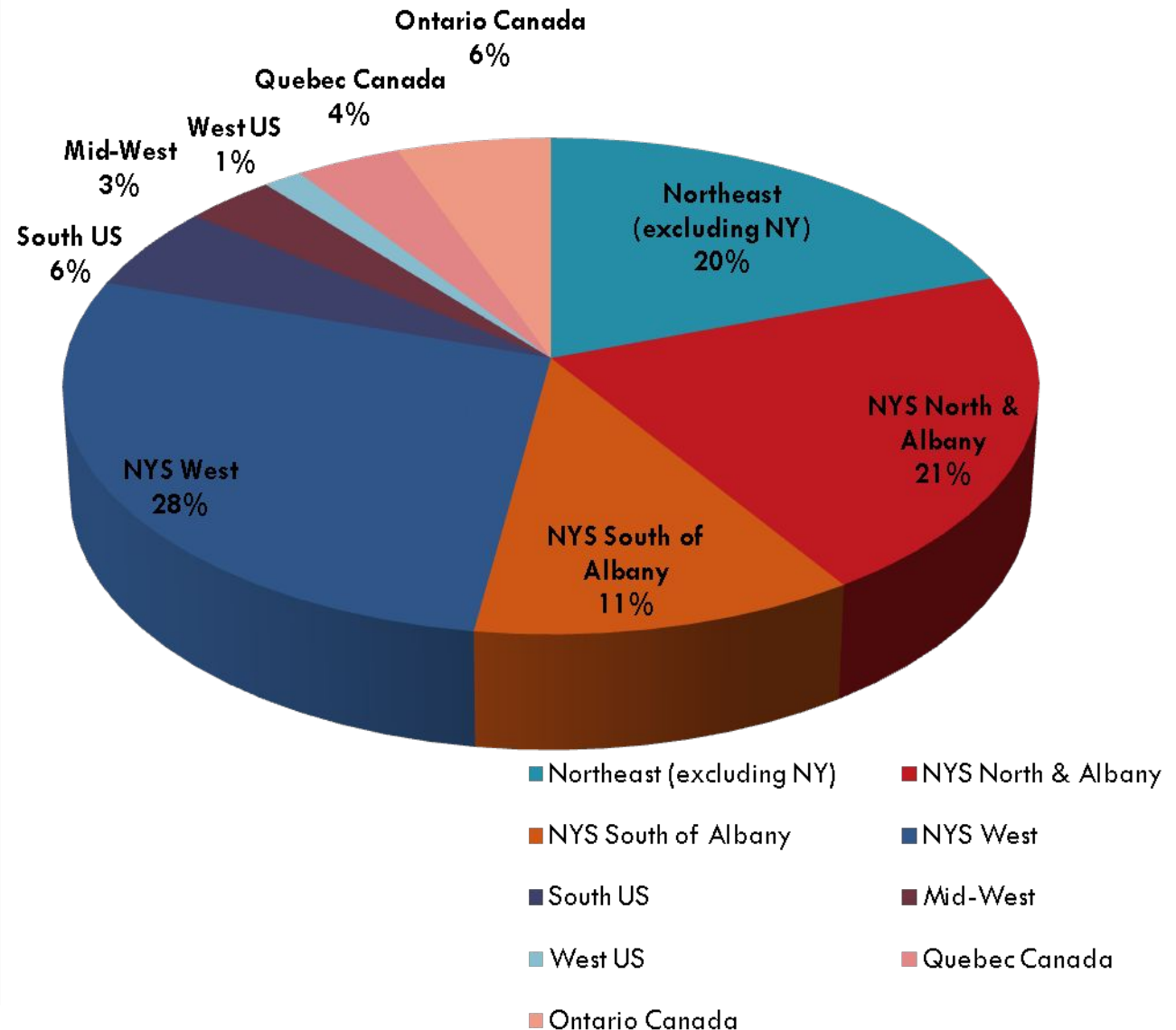


Visitor Profile- Area of Residence

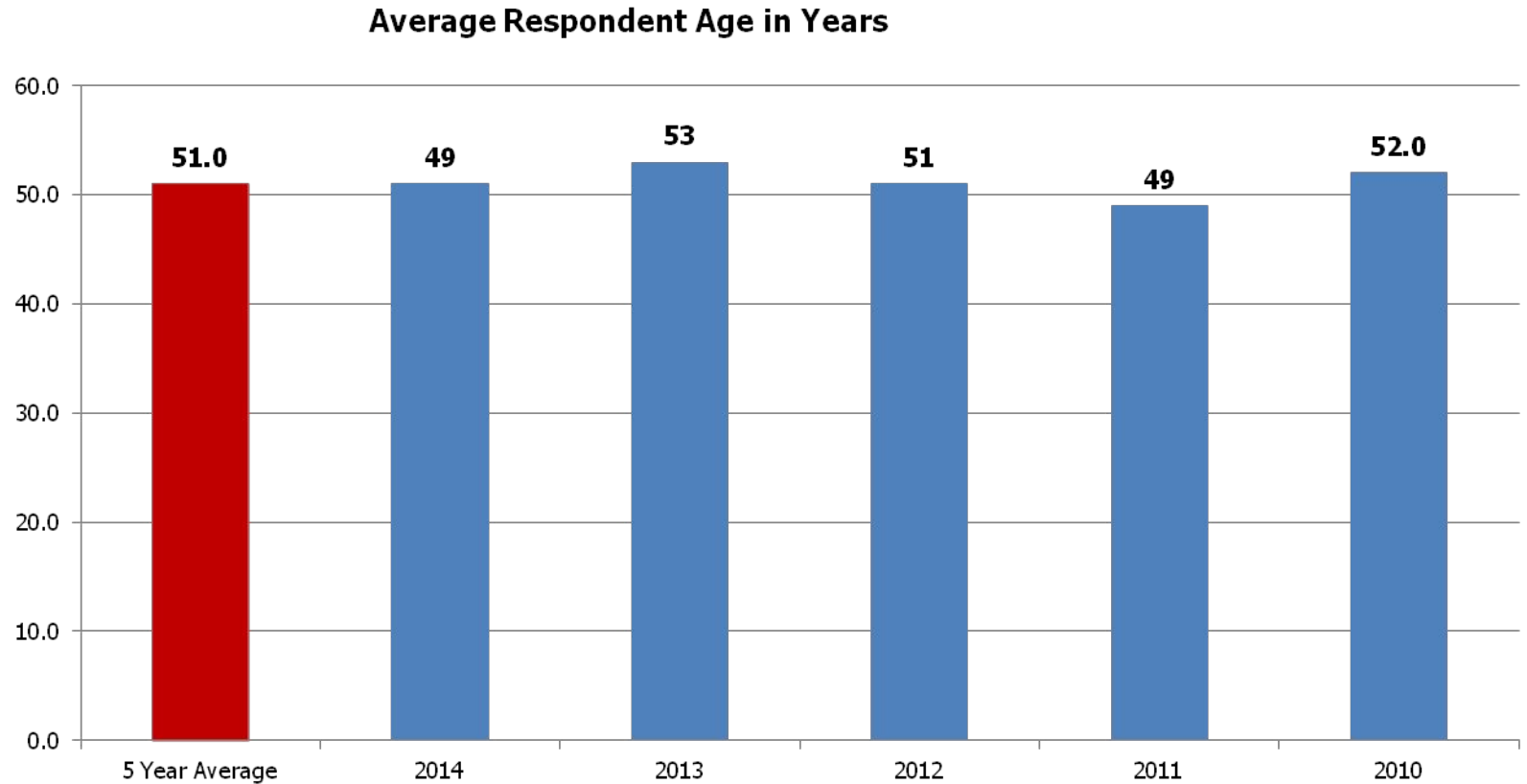
-60% of reported visitors from NYS (gains in western NY)

-Visitation from other areas U. S steady

- Loss in reported Canadian visitors



Visitor Profile- Demographics



Visitor Profile- Demographics

MEAN Household Income

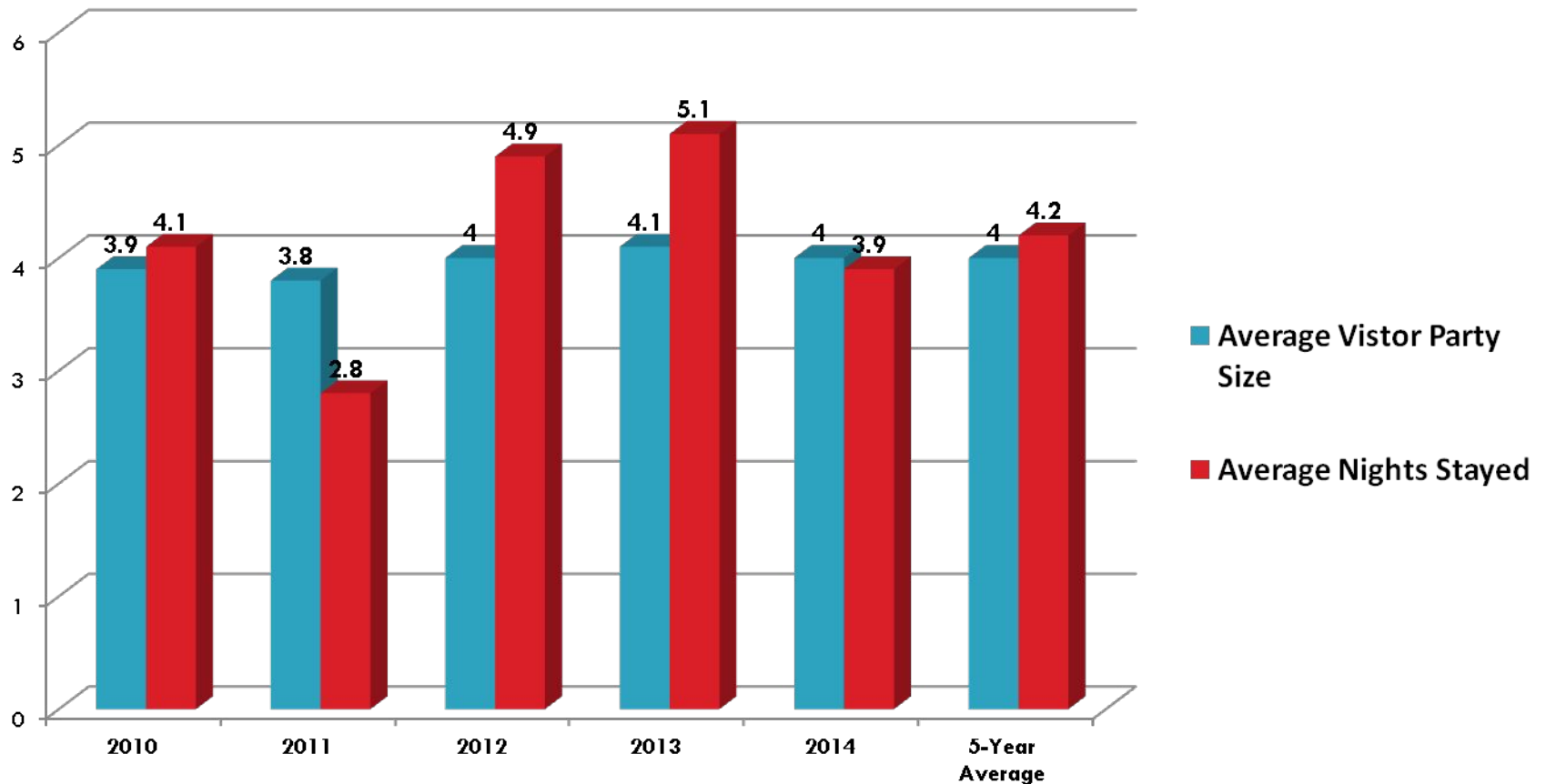
- \$101,039 per household annually
- \$105,550 reported among 2013 visitors
- \$97,409 is 5-year average

MEDIAN Household Income

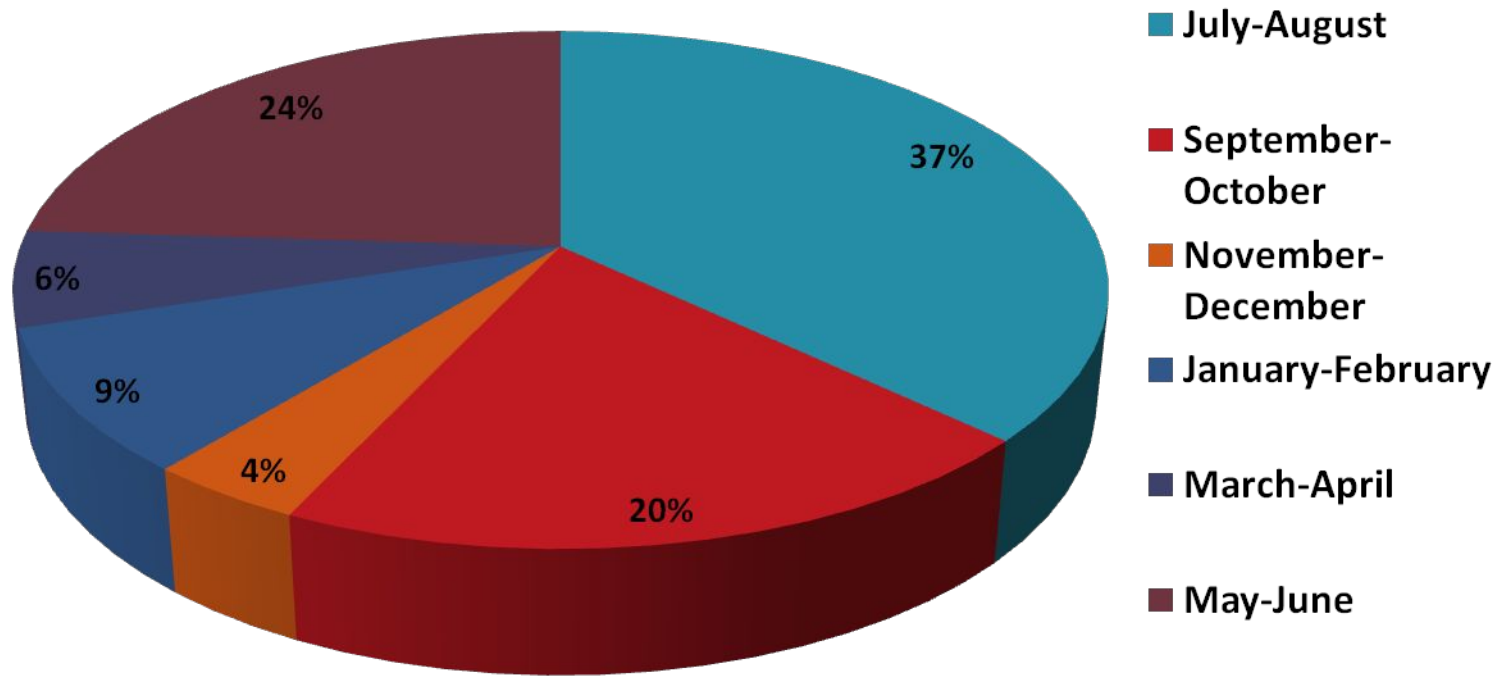
- \$100,000 per household annually
- Consistent with last 5 years

Party Size and Length of Stay

Average Visitor Party Size and Nights Stayed

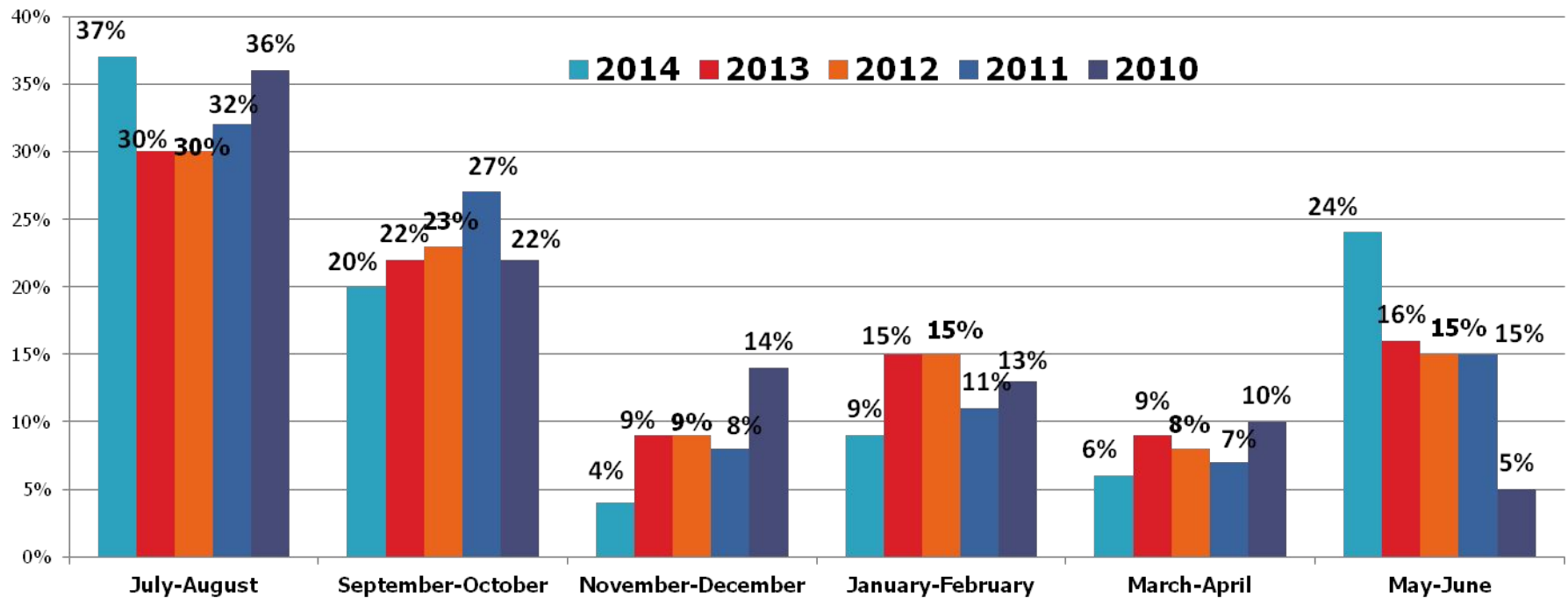


Time of Year Visited- 2014 Visitors



**81% of 2014 visitors reported trips between
May and October**

Time of Year Visited- 2010-2014



Visitor Profile Summary

Party Size

- Average visitor party size consistent over many years
- Growth seen in several years of children in visitor parties; family travel increasing

Time of Year Visited

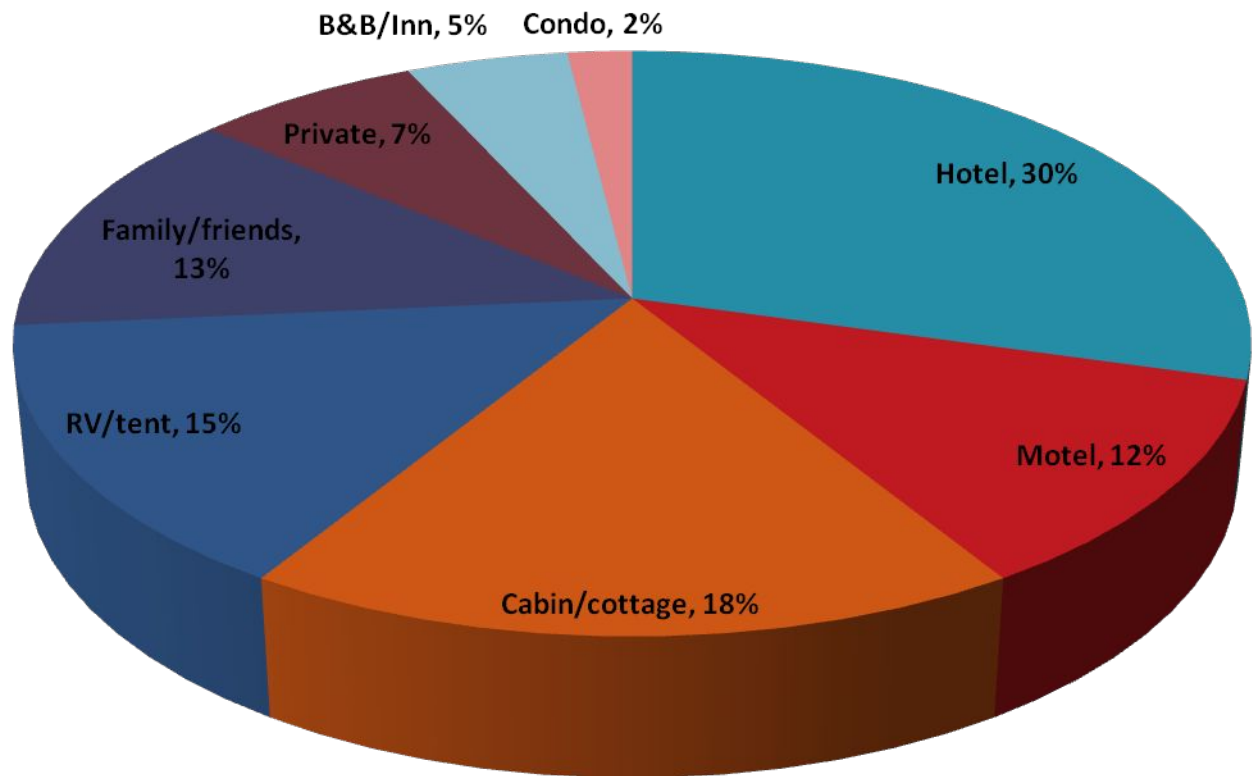
- Reported winter travel which had gained in previous years down among 2014 visitors
- Increase in peak summer and early summer reported visitation

Accommodations- 2014

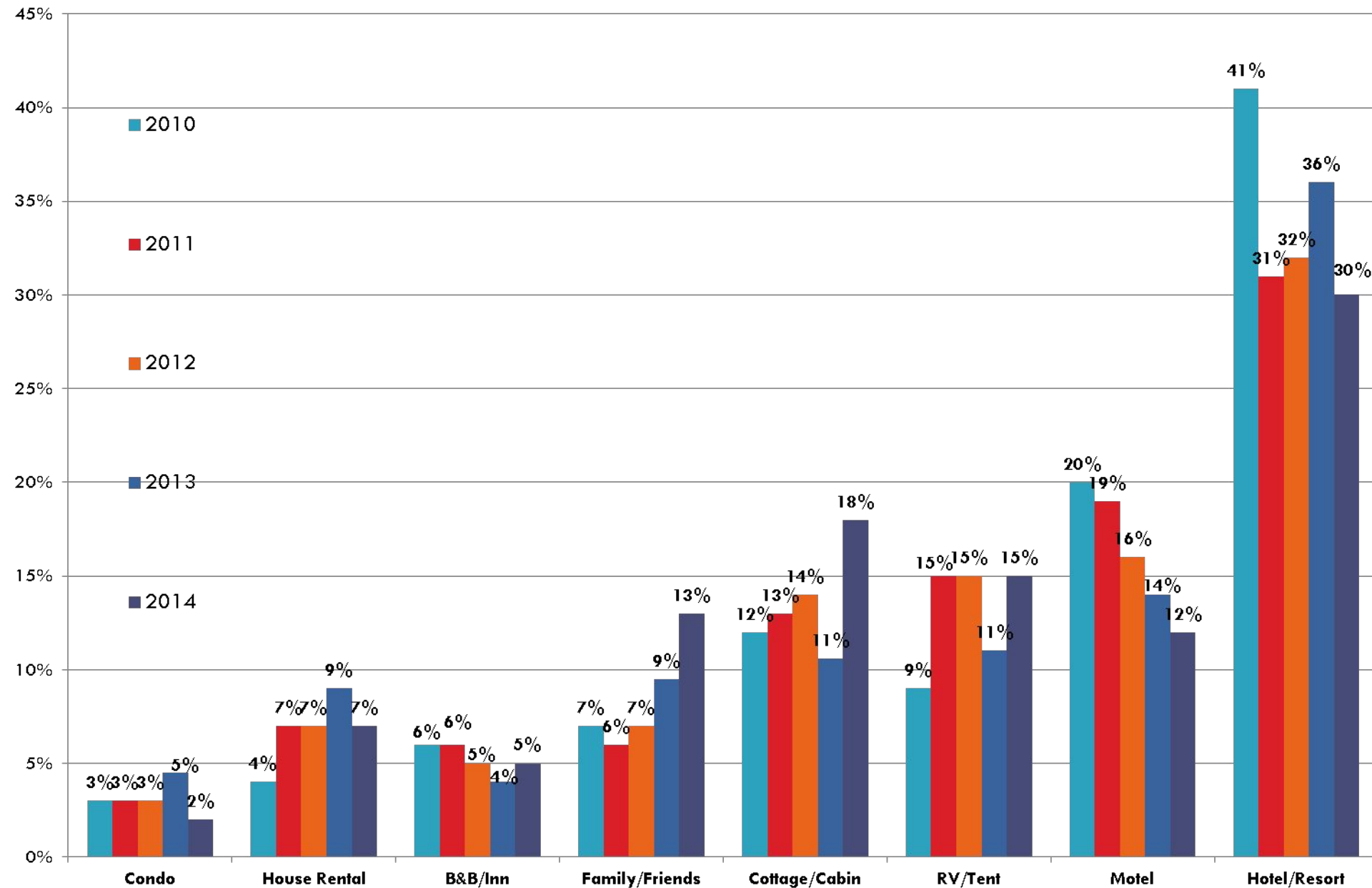
Visitors

Hotels remain dominant choice; motels decreasing market share

One-third of respondents "camped" in RVs, tents or cabins/cottages, higher than reported in any other year

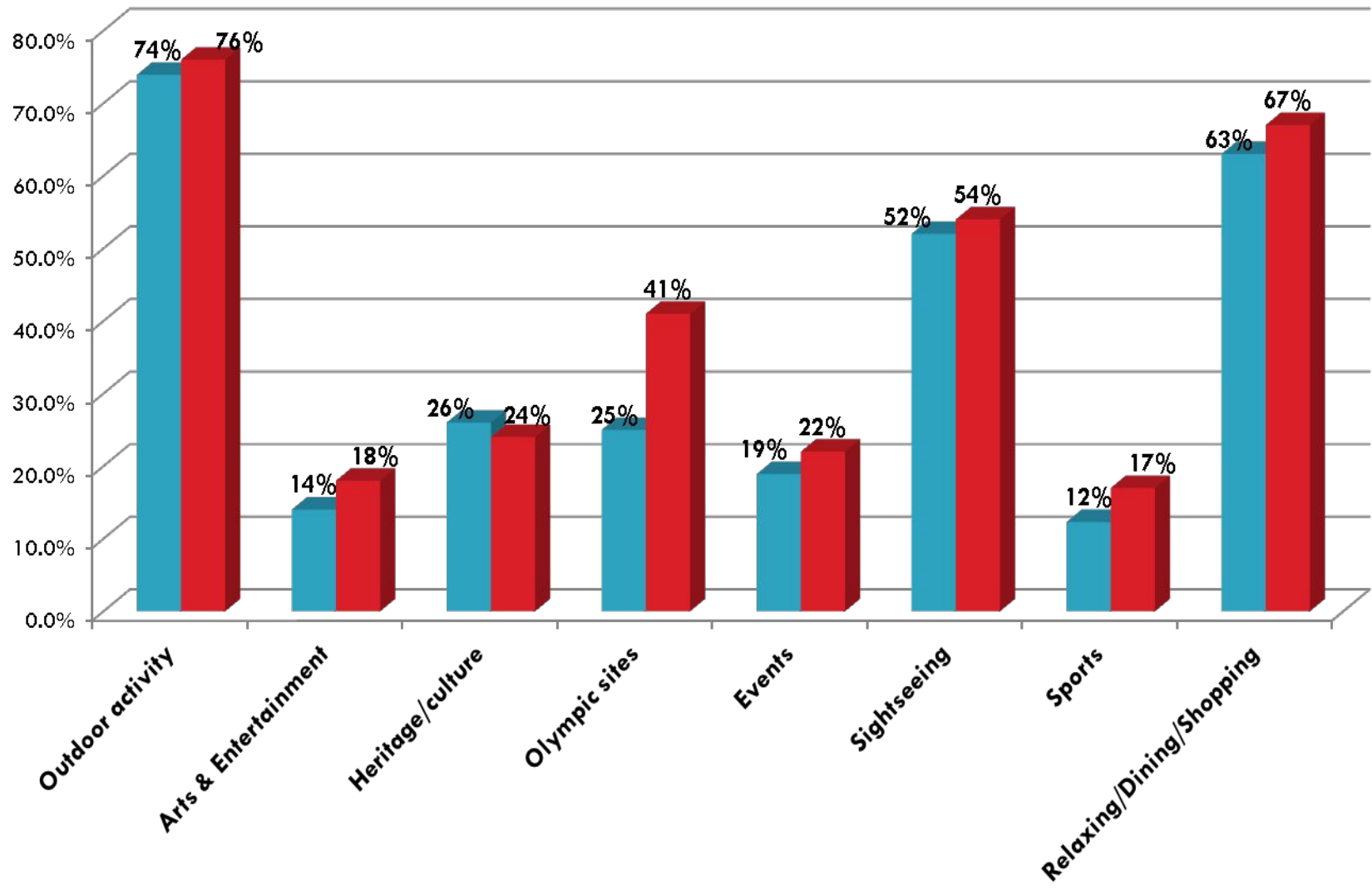


Accommodations- 2010-2014



Key Attractions to Visiting the Area

2014 Visitors and 5-Year Average

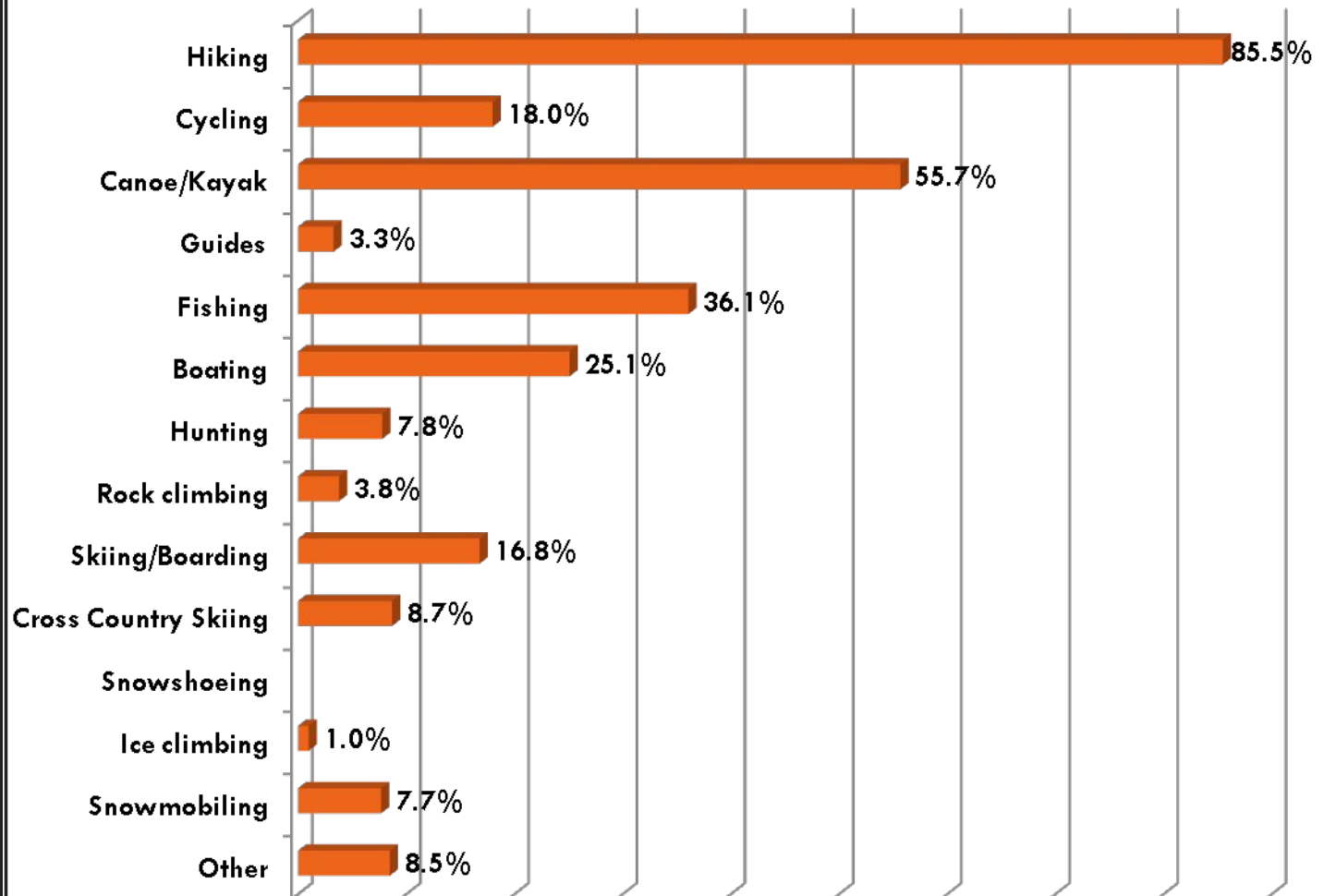


Key Attractions to Visiting the Area- 2014 Visitors and 5 Year Average

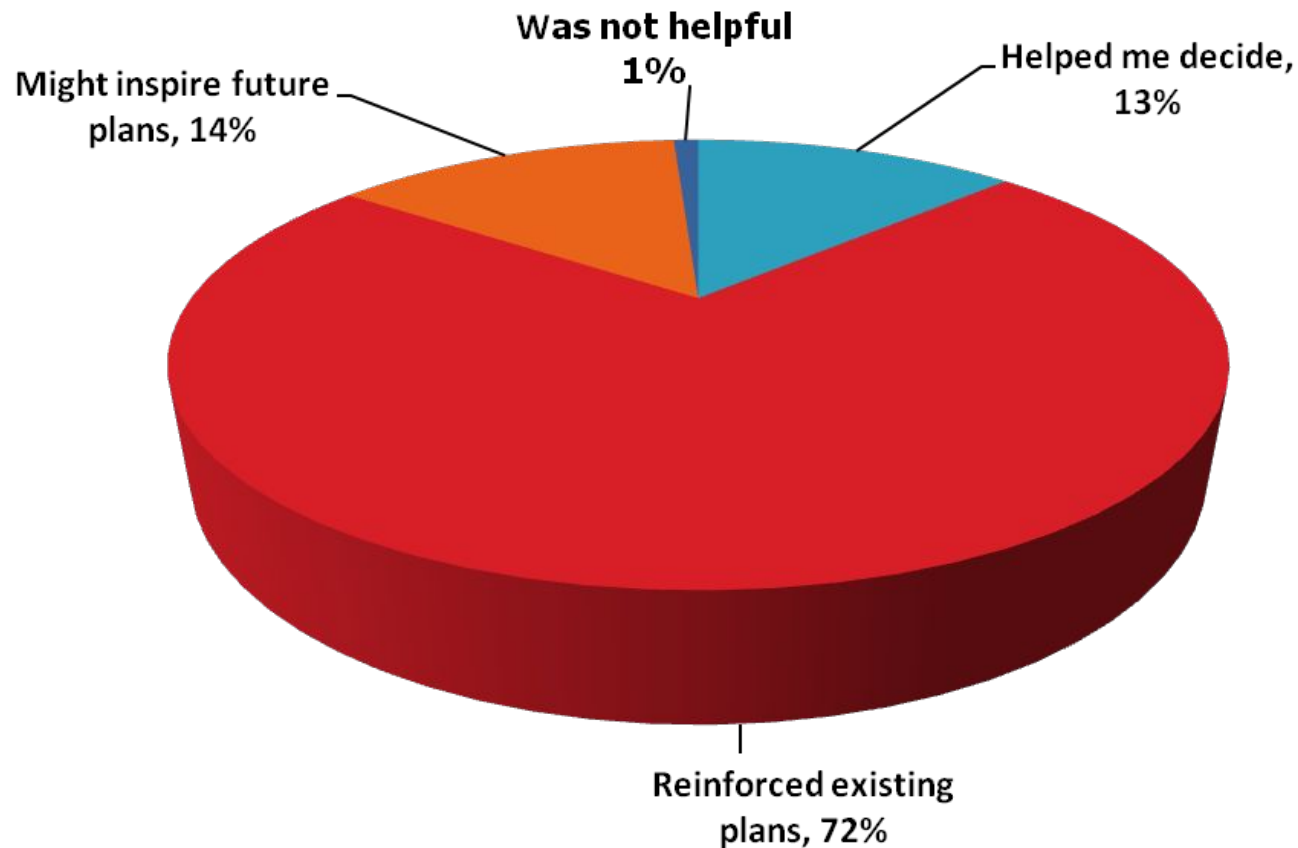
- Outdoor activities, relaxing/dining/ shopping and sightseeing remain the predominate draws to area
- Heritage and culture, Olympic sites and Events remain secondary draws

Outdoor Activities Interests

The majority of visitors who selected that outdoor activities were a key draw for their visit were queried as to which types of outdoor activities were of interest: Hiking received record-setting levels of interest

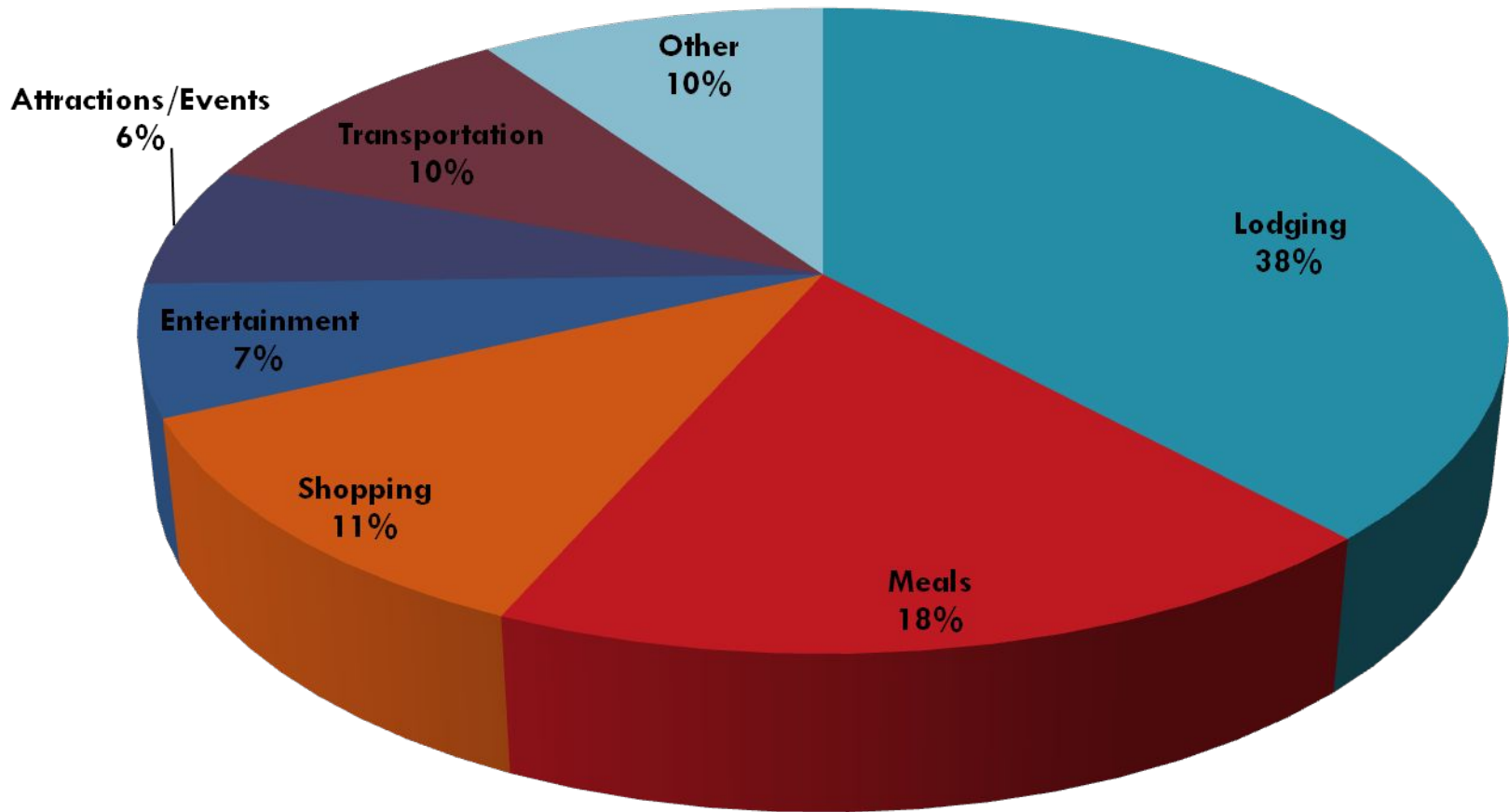


Conversion Rate of Visitors from Viewing Marketing Materials



85% of Visitors either had preliminary plans to visit reinforced or decided to visit after viewing ROOST marketing materials for Essex County- this is the Gross Conversion Rate

2014 Visitor Total Expenditures by Spending Category



2010-2014 Mean Reported Expenditures by Visitor Party Per Day

CATEGORY	2014	2013	2012	2011	2010	5 Year Average
ATTRACTIONS & EVENTS	\$21	\$19	\$15	\$21	\$39	\$23
ENTERTAIN-MENT	\$22	\$14	\$14	\$21	\$35	\$21
TRANSPORT-ATION	\$33	\$37	\$37	\$37	\$43	\$37
LODGING	\$129	\$138	\$147	\$191	\$139	\$149
MEALS	\$62	\$69	\$68	\$103	\$70	\$74
SOUVENIRS/ SHOPPING	\$39	\$34	\$34	\$55	\$49	\$42
ALL OTHER	\$32	\$12	\$11	\$25	\$56	\$27
AVERAGE DAILY EXPENDITURE	\$338	\$323	\$326	\$453	\$431	\$373

Visitor Impacts

- 139,914 direct, traceable leads in 2014
- 85% gross conversion factor
- 3.9 average party size
- 3.93 average length of overnight stays

Over 460,000 visitors who were touched by ROOST marketing estimated, resulting in nearly \$158 million in leisure visitor revenue generated in 2014



Return on Investment (ROI)

For every dollar of occupancy tax expenditures in marketing- it is estimated that \$83 in visitor revenue was generated in 2014

- \$157,975,400 estimated leisure visitor revenue from 2014
- \$1,908,471 in marketing expenditures through Essex County occupancy tax dollars spent in 2014

Total Occupancy Tax Return on Investment (ROI)= 84:1

(\$157,975,400/\$1,908,471)

LEISURE TRAVEL STUDY

2014 VISITOR PROFILE AND RETURN ON INVESTMENT ANALYSIS

Essex County, New York

*Regional Office of Sustainable Tourism (ROOST)-
Lake Placid Convention and Visitor's Bureau*



PlaceMaking
Growing North Country Communities and Economies
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September 2015

EXECUTIVE SUMMARY

Introduction

This study was commissioned to ascertain leisure visitor information and key marketing program statistics for the Regional Office of Sustainable Tourism (ROOST) in Essex County, New York. ROOST is responsible for marketing Essex County's tourism assets. The research was targeted exclusively to the leisure travel market and does not intend to reflect impacts produced by the meeting/convention market segments. This study marks a full decade of consecutive annual research being conducted to consistently analyze tourism in Essex County.

ROOST contracted with PlaceMaking, a regional community and economic development research firm, to complete this research. In 2015, PlaceMaking conducted a survey of 2014 leisure visitors to Essex County. The end-product of the research includes detailed visitor information and a carefully estimated return on investment ratio of Essex County public marketing dollars expended during 2014.

The number of potential visitors who inquired about travel to Essex County in 2014, and provided contact information (traceable leads), was 139,914. A sampling of these visitors were requested via social media and e-mail to complete an online survey and a 11.7% response from this sampling was received.

Survey Respondent Data Summary

Highlights of 2014 visitation to Essex County from among all survey respondents included:

Demographics and Visit Information

- Average visitor party age of respondents was 49 years old; which is slightly younger than the five year average visitor age (51).
- Mean annual reported household income of visitors was \$101,039
- The average reported total visitor party size was 3.9 persons, including an average of 2.7 adults and 1.2 children. This showed a very slight decrease from average reported 2013 visitor party size, but a higher figure of children. This is the first time that the average number of children per visitor party rose above 1.0, implying stronger family visitation.
- Visitation by New York State resident respondents increased to 60% (from 52% in year prior). The largest portion of this growth was among western New York State residents. Over half (52%) of visitor respondents reported living in New York State. Reported Canadian visitation dropped 5% from 15% of the pool to

10%. Reported visitation from other areas of the U.S. stayed constant at a total of 10%.

- The average stay reported by 2014 visitors was 3.9 nights. This represents a decrease from the 2013 average reported visit duration of 5.1 nights which had represented a historic high. The 2014 reported average stay is just below the five year average of 4.1 nights.
- Peaks summer (July/August), followed by early summer (May/June) were the highest reported times of visitation. Reported winter visitation (November/December and January/February) dropped considerably from 2013 levels. This may be attributable to poor stretches of weather for winter sports.
- Hotels remained the most popular reported lodging choice among 2014 visitor respondents. The proportion of visitors who reported staying in an RV/camping, rented a cabin or cottage, or stayed with family or friends increased from the prior year.

Interests

- Outdoor activities remained, by a substantial margin, the largest draw to the area. "Relaxing, dining and shopping" remained the second most frequently reported draw to visit the region, followed by sightseeing. Olympic site visitation, sports and events dropped markedly from the spike in levels of attraction that were reported by 2013 visitors.
- Hiking remained the most popular reported outdoor activity among all survey respondents, with a notably high 85% of respondents who reported seeking outdoor activities indicating interest in this activity. The following outdoor activity interests were also selected as most popular activities of interest (in descending order): canoeing/kayaking, fishing, and boating. Skiing and riding and cycling were did not rank as highly among 2014 respondents as they had in the two years prior.

Visitor Spending and Conversion

- The average daily visitor party spending in 2014 was estimated at \$338 per day. This is slightly lower than the average daily spending reported over recent years but slightly higher than reported by 2013 visitors. The average reported stay is shorter than found in most recent years, therefore the total estimated spent per visitor party is \$1,328 per visitor party this year, as opposed to the record high estimated for 2013 visitors at \$1,647.
- Conversion measurement, the percent of visitors who stated that the information or marketing viewed either reinforced potential plans to visit or helped them decide to take an unplanned trip, was 85%.

- The estimated number of leisure visitors to the region in 2014 based on contacts through ROOST and the conversion rate reported by survey respondents is over 460,000. These visitors spent nearly an estimated \$158 million during these Essex County visits.
- For each occupancy tax dollar Essex County spent on marketing, visitors to the County spent an estimated \$83.

Conclusion

Visitor data from 2014 demonstrate another year of improved travel conditions in light of a strengthening economy. These figures show three consecutive years of strong returns and visitor numbers from 2012-2014. This information suggests that 2013 may have been a peak in length of stay and visitor dollars during this period. Continued funding for marketing efforts such as state matching funds allowed ROOST tourism professionals to carry out their mission.

This study has been employed for eleven years, allowing for substantial comparison of visitor trends in Essex County. ROOST has assumed an expanding role in tourism promotion across the region. The research team discussed the broader impact of regional tourism on Essex County tourism and areas by which to expand visitor data collection accordingly. As a result, the survey was streamlined this year, in preparation of collecting data for other counties as well. Survey response was strong at over an 11% return rate; providing higher confidence than found in years when the response rate was lower.

These data can continue to be used to enhance and evaluate future marketing efforts, techniques, and marketing channels for the agency. The Visitor Study clearly demonstrates the highly positive results of ROOST's tourism marketing campaign in Essex County with a strong return on investment (ROI) for marketing dollars spent.

The expected growth of the U.S. tourism industry in general (as forecasted by the U.S. Department of Commerce) and three consecutive years of strong tourism growth in Essex County provide a bright outlook for these impacts to the region as a whole in the near future. The lower age of respondent visitors and the increase in those visiting with children implies a possible shift in visitation to a younger generation (shift from Baby Boomers to Millennials).

METHODOLOGY

Background

The Regional Office of Sustainable Tourism (ROOST) engaged PlaceMaking to conduct research through a leisure visitor survey for the fourth consecutive year. The study has employed the same methodology with comparable results for over a decade. The survey instrument was designed collaboratively by PlaceMaking and ROOST to gather information from its leisure visitors, and to measure the return on investment of Essex County marketing expenditures.

The survey was distributed electronically by ROOST to a sampling of its electronic database of visitors or parties inquiring about visitation to Essex County in 2014. These names are traceable direct inquiries generated by the office's marketing efforts which resulted in individuals providing their contact information. The inquiry categories included respondents who requested travel information through the internet, by telephone, through social media outlets (Twitter and FaceBook), through magazine reader service cards, and in-person visits. *This study does not take into consideration the potentially large group of individuals that view travel materials and are then influenced to travel to the area, but do not provide traceable information.*

The survey instrument was predicated on research for surveys with a similar purpose, and was further refined based on the experience of the tourism professionals involved in the research. The on-line survey was attractively designed and provided unique Adirondack- related incentives to randomly-selected respondents for survey completion. A weekend for two at a luxury property and five Adirondack chairs were awarded as prizes. The opinion of the researchers is that incentives contribute to a relatively higher survey return rate without skewing data.

A total of 16,653 invitations to participate in the survey were sent by ROOST. One thousand nine hundred and fifty eight (1,958) complete (those who responded that they had traveled in 2014) responses were received. This is lower than the over 2,000 responses received from 2013 visitors, but provides a high (11.7%) response rate, which provides researcher confidence in data validity. Given the difference in survey format this year however, the researchers caution to some extent regarding longitudinal comparisons.

The project team for this research is consistent with previous years of study, including project manager Victoria Zinser Duley- Principal with PlaceMaking, John Parmelee- faculty member of the SUNY Plattsburgh Department of Hotel, Restaurant, and Tourism Management and Lisa Cyphers- Statistician.

Conversion Rate

The return on marketing investments is a key measure of this study, and is based substantially on measured conversion rate of visitors. The conversion rate is measured by comparing the number of traceable inquiries about the region in a given time period against the number of individuals that visited the region after receiving travel information. Direct traceable inquiries are defined and generated by ROOST marketing efforts, resulting in individuals who provide contact information. It is important to recognize that there were conceivably many more visits to the websites, or potential visitors who viewed travel information, than those who provided their contact information, and consequently many more visitors than what is tracked through the number of direct inquiries.

The following is an explanation of conversion analysis from Michigan State University¹:

"Conversion studies estimate gross and net proportion of inquirers. Gross conversion rate involves the inquirers that took a trip to the destination after requesting travel information, while the net conversion rate involves the inquirers who traveled to the destination as a direct result of the travel information they received. Researchers and marketers use conversion studies to compare the effectiveness of advertising placements.

These studies base their estimates on gross, net and length of stay conversion rates. These rates provide information about the effectiveness of promotional material. The gross estimate refers to the amount of people inquiring for information and traveling to [Essex County] after receiving the information, while the net estimate is about the direct influence of the [Sustainable Tourism Office's] information on the decision to travel to [Essex County].

Return on Investment is determined by measuring estimated visitor expenditures divided by the marketing dollars spent.

RETURN ON MARKETING INVESTMENT ANALYSIS

Marketing Costs per Visitor

Dividing the marketing costs for the region in the specified period, by the number of visitors to the region, results in estimated marketing expenditures per visitor.

The 2014 estimated visitor count is tabulated by multiplying the number of leads generated by ROOST (those who contacted their office during 2014 for information) by the conversion factor and by the average party size (determined by this survey).

$$139,914 \text{ (direct leads)} \times 85\% \text{ (gross conversion factor)} \times 3.9 \text{ (average party size)}$$

$$463,815 = \text{estimated visitors in 2014}$$

The number of visitors who were influenced by ROOST in visiting the region in 2014 is estimated at over 460,000.

In 2014, Essex County spent \$1,908,471 of occupancy tax dollars for tourism marketing purposes. This yields a \$4.11 estimated marketing cost per visitor based on occupancy tax expenditures (\$1,908,471/463,815). This is a low cost point which shows not only high levels of visitation, but significant efficiencies in reaching these visitors.

Return on Investment

Return on investment (ROI) is measured by estimated expenditures generated by visitors divided by the total marketing dollars spent (from occupancy tax dollars).

The first step in this process is to estimate total revenue generated by leisure visitors to Essex County, who were influenced by ROOST marketing materials, by multiplying the number of traceable inquiries by the average gross conversion rate, daily visitor expenditures and length of stay:

$$139,914 \text{ (number of direct, traceable inquiries)} \times 85\% \text{ (gross conversion factor)} \\ \times \$338 \text{ (mean visitor party expenditure per day)} \times 3.93 \text{ (mean length of stay in nights)}$$

$$= \$157,975,400 \text{ (total estimated revenue generated by visitors influenced by ROOST in 2014)}$$

The second step in this process is to divide the total revenue generated by visitors by the total marketing dollars spent:

$$\$157,975,400 \text{ (total estimated visitor revenue)} / \$1,908,471 \text{ (total marketing expenditures spent through occupancy tax dollars)}$$

Return on Investment (ROI) = 83:1

The above calculations show that the total estimated revenue generated by visitors touched by ROOST was over \$158 million in 2014. This produces an estimated ROI of \$83 in leisure visitor-related revenue for occupancy tax dollar expenditures. This figure is comparable to the five-year average ROIs.

The “Key Facts Derived from Survey Data” table following provides estimated returns based on several budgetary breakdowns, including not only occupancy tax expenditures, but total bureau budget and regional cooperative investments.

KEY FACTS DERIVED FROM SURVEY DATA:

5 YEAR COMPARISON

	5 Year Average	2014	2013	2012	2011	2010
Number of Completed Survey Respondents	2358	1958	2,943	4,037	1,502	1,348
Average Income of Respondents	\$97,409	\$101,039	\$105,550	\$98,456	\$102,000	\$80,000
Mean Age of Respondents	51	49	53	51	49	52
Direct Inquiries to Essex County via the Bureau	98,206	139,914	133,078	101,998	104,886	60,604
Average Night Stays/ Party	4.2 Nights	3.9 Nights	5.1 Nights	4.9 Nights	2.8 Nights	4.1 Nights
Average Party Size	4.0 Persons	4.0 Persons	4.1 Persons	4.0 Persons	3.8 Persons	3.9 Persons
Conversion Factor Rate	84%	85%	81%	85%	85%	83%
Average Daily Expenditure per Party	\$374	\$338	\$323	\$326	\$453	\$431
Total Leisure Visitor Expenditures	\$136,031,800	\$157,975,400	\$177,567,705	\$138,491,900	\$117,120,4277	\$89,004,789
Essex County Occupancy Tax	\$1,618,609	\$1,908,471	\$1,807,862	\$1,694,051	\$1,318,029	\$1,364,634
Essex County Occupancy Tax ROI	84:1	83:1	98:1	82:1	89:1	65:1
Total Bureau Budget	\$2,031,811	\$2,255,520	\$2,251,729	\$2,042,001	\$1,668,742	\$1,941,061
Total Bureau Budget ROI	67:1	70:1	79:1	68:1	70:1	46:1
Total Budget & Regional Co-op*	\$2,733,838	\$2,808,992	2,978,770	\$2,884,941	\$2,262,649	NA
Total Budget & Regional Co-op ROI	54:1	56:1	60:1	48:1	52:1	NA