A Guide to Using Market Research and Marketing Measurement for Successful Tourism Destination Marketing

Canada

FedNor

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Prepared for FedNor by Erin Mitchell, Mitchell Westlake.

Director's Message

On behalf of FedNor, I'm pleased to present A Guide to Using Market Research and Performance Measurement for Successful Tourism Destination Marketing. Commissioned by FedNor, the guide provides basic information about tourism market research, as well as practical tips on how to implement a marketing plan and measure its success. I hope it will be a useful tool in helping Destination Marketing Organizations make informed marketing decisions to attract more visitors to our backyard!

Louise C. Paquette
Director General
FedNor

Canada

FedNor

A Guide to Using Market Research and Marketing Measurement for Successful Tourism Destination Marketing

Preamble

Tourism is big business in Northern Ontario. The industry attracts more than 11 million visitors a year, who inject more than $1.8 billion into the regional economy. With a mandate to stimulate community economic development and diversification, FedNor supports tourism initiatives to help Northern Ontario increase its share of the global tourism market.

The challenge for many tourism stakeholders is to identify the most appropriate target market(s) and then assess the impact of their marketing investments. Given limited budgets and the need for fiscal responsibility, measuring the impact of their investments can assure tourism stakeholders that they are getting the best value for their marketing dollar. To that end, FedNor commissioned the consulting firm, Mitchell Westlake, to develop this step-by-step guide that provides general information about tourism market research methodologies, the rationale behind the practice, as well as the benefits and limitations of a variety of available measures.

FedNor is committed to building the capacity of the Northern Ontario tourism industry and hopes this guide will help stakeholders to maximize sound marketing investments.

A Guide to Using Market Research and Marketing Measurement for Successful Tourism Destination Marketing

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A. INTRODUCTION

1.0 Objectives of this Guide

The main objective of this guide is to provide an understanding of tourism market research methodologies and appropriate results measurements — fundamental elements for planning successful tourism marketing investments and determining their impact. There are two main factors to be taken into account that identify and/or justify a tourism investment based on expected results:

- Undertake marketing planning based on market research; and
- Measure the outcome of the tourism investment based on actual results, again using market research as an essential tool.

Given this, the guide provides you with some basic and practical information about using market research during the marketing planning process, using secondary research (the collection of information from sources that already exist), and about conducting a research of your own, or primary research, which is often necessary for measurement purposes.

In both cases, market research is used to give your destination information with which to make informed decisions that increase your chances of succeeding. There are many different methods, research designs, and data sources that can be used to conduct market research, but this guide describes the most important ones for small and medium-sized destination marketing organizations (DMOs) — including regional marketing organizations.

The guide also provides you with a systematic, business-minded approach to performance assessment and measurement of your main purpose for being — marketing. It is meant to serve as a basis for measurement standards and best practices among DMOs, and to propose the steps that you can take to set up credible measures of the effectiveness and value of your programs.

We guide you through the process necessary to implement actionable and credible performance measurement of your marketing activities, taking into account both effectiveness and efficiency of those activities. In turn, you can create recognized benchmarks to utilize in order to assess your performance over time. Most importantly, with ever-growing accountability scrutiny from stakeholders, the use of these consistent measures over time will reinforce confidence in your operating and reporting practices.

The reader of this guide should not expect to find a simple, neat tool kit. There can be no simplistic, one-size-fits-all answer. Rather, through numerous examples of current practice and the presentation of key information, you have the opportunity to consider what combination of market research and measures is most useful for your unique organization. After reading this guide, you will be

able to effectively compile a **marketing performance measurement report** for your organization. In the process, you will address the functional areas of leisure/consumer marketing, travel trade and convention sales, using the necessary research tools and calculations required to fill in the results for various marketing tactical areas. Thus, at the guide's end, you should be able to create a report similar to that seen in **Appendix I**, that is unique to your DMO.

2.0 Why Research?

For a destination to succeed in this industry, research is increasingly important. Market research activities involve the processes of systematic gathering, recording, processing and analysing tourism data to improve the quality of marketing decisions. Research sometimes is thought of as a complicated, arcane subject — but, in fact, it is basically nothing more than asking and answering questions using systematic ways of collecting and interpreting information.

Some of the questions that marketing research can answer during the marketing planning and marketing outcomes measurement process are:

- Who are my visitors? Where do they come from? How do they get here? When do they come? What activities do they do when they are here? What are their accommodation choices?
- How well are my destination services meeting the needs of my customers? Is the quality, the price, the range of options and activities consistent with what my customers want?
- How do I communicate with my potential customers? Where do they get information — print ads, television, the Internet, travel agents?
- What messages do I need to put into my marketing materials to attract visitors?
- What new products or services does the market want?

For tourism marketing, these questions help a DMO's marketing manager to make practical, strategic and tactical decisions about which markets to pursue, what themes or messages to put into marketing materials, what product development strategies to pursue, and other issues that require information to support a sound decision.

3.0 Why Measure?

3.1 The Trend Towards Accountability

Accountability has truly become an integral part of the corporate marketing lexicon. According to research by the Washington-based Marketing Leadership Council, even blue chip companies are dissatisfied with their marketing performance measurement systems, and reckon that, on average, they are wasting 26 percent of their marketing budgets.

This desire for accountability and the trend towards measuring marketing performance also extends to DMOs. They used to be reasonably successful at making their case to their unique funding sources based on 1) the importance of tourism to the local economy; and 2) the excellence and thoroughness of their marketing activities, as evidenced by the attractiveness of their brochures, the volumes of inquiries received, and the number of trade shows attended. In recent years, however, declining revenues of many municipalities and other funding sources have led to more intense competition for budget resources, with the result that funding requests must now be supported by rigorous justification. At the same time, DMOs are being asked to play a larger and more important role in the business of economic development and are therefore subject to the same kind of scrutiny and interest as other public entities and organizations. Consequently, DMOs have a responsibility for delivering marketing programs that produce incremental and measurable results.

Stakeholders — whether they are a Board of Directors, government entities, members/tourism operators or corporate partners — are increasingly asking their DMOs to show that they are effectively using their resources to generate the greatest possible return on investment to the local community — the ultimate stakeholder. If you have no uniform approach for reporting performance to these audiences, you find yourself limited in your ability to systematically and credibly articulate your contribution to the destination.

3.2 If You Don't Measure, You Can't Manage

Beyond this external pressure for accountability, there is another overriding reason to measure marketing performance — DMOs should also internally review their operations on an ongoing basis and, simply put, **if you don't measure, you can't manage**. Why? Metrics provide a means to assess progress, as they provide valuable data points against which the marketing organization can track its activities.

JARGON BUSTER

A **"market metric"** is a quantitative, financial (e.g., sales by value) or non financial (e.g., market share) indicator of marketplace performance important enough to be regularly reviewed either as a relative (to competition) or absolute number. The term includes internal marketing metrics, e.g., advertising expenditures.

"Measurements" are the raw outcomes of quantification, such as an organization's numbers, ratios and percentages; metrics are the ideal standards for measurement, providing target values that a company must achieve to reach a certain level of success.

"Benchmarks" are the standards by which all others are measured — the best measurements to aspire to.

In sum, the many reasons for adopting marketing performance measurement include:

- To create recognized benchmarks to utilize for assessing internal performance;
- To provide a means to accurately compare performance to other DMOs;
- To capture valuable information about which marketing tactics are most effective, what types of prospects are most likely to buy, which customers are most profitable, and how the market in general develops over time;
- To aid in the decision-making process for resource management and allocation;
- To aid in decision-making during sales and marketing campaign development;
- To identify "need areas" for staff training and development; and
- To provide a platform by which you can clearly articulate your contribution to your stakeholders and the local community.

To work without metrics is to work blindly. A lack of metrics makes it extremely difficult to assess whether a course of action is working or needs adjustment.

4.0 Do I Need this Guide?

To determine if you need this guide, ask yourself these questions:

Does your organization routinely research consumer (end user) behaviour (retention, usage, acquisition, etc.) and why they behave that way (awareness, satisfaction, etc.)? Is this information an integral part of your planning process?

Are your external market indicators (customers and competitors) aligned with your strategy and with your internal marketing measurements?

Can you quantify what "success" for your marketing organization or specific marketing initiative would look like and the metrics and milestones on the road to success?

Are these measurements routinely reported internally and to stakeholders, annually or semi-annually, and are results compared with levels previously forecasted?

If you answered no to any of these questions, then this guide is of crucial importance to your organization and its marketing efforts.

B. USING RESEARCH AND MEASUREMENT FOR MARKETING PLANNING

1.0 If You Don't Plan, You Can't Measure

Every DMO should have a cycle of marketing analysis, planning, implementation, and then reviewing plans against results. The process of measurement begins with the marketing plan.

The chief advantage of a formal planning process lies in the ease of tracking and interpreting results. You can compare proposed budgets and activities to actual results — and most importantly, you can assess how operational decisions impact performance — an analysis that yields critically important information.

The plan should also specify what your measurement system is going to be: what you will measure, how frequently, and the methods you will use to track and evaluate these measures. These principles can be applied not only to the DMO annual marketing plan (for guidelines on creating an annual marketing plan, see **Appendix C**), but also to the planning process for individual marketing campaigns.

2.0 Incorporating Market Research into Marketing Plans

Marketing efforts by destinations must be based on sound research on the needs and motivations of travellers, so some key market research is necessary prior to putting together a marketing plan or making marketing decisions regarding tactics or investments. This includes **identifying** and **understanding**:

- Your target markets
- Market trends
- Consumer preferences
- Consumer mediums consulted
- Purchase behaviour
- Travel behaviour

This research can provide both direction and rationale for marketing decisions.

Sometimes a literature review will provide the answers a manager or marketer is seeking, thus avoiding the need for actually conducting a separate market research study. Outside of any internal market research program, DMOs have access to large-scale studies that have been carried out on a regional or national basis to use as information sources. National or regional bodies and the provincial Ministry of Tourism and Recreation often develop these studies.

Advantages of these secondary data sources include:

- The research typically contains a wealth of detailed information;
- It is available free or at a relatively modest cost;
- The quality of the data can be very high (if it has been collected by a reputable source such as Statistics Canada); and
- The data might be re-analyzed to answer questions specific to a DMO.

Disadvantages of these secondary sources are:

- They may not address issues of specific local concern — although they may provide an accurate overview on a national or regional level, it may be difficult to extrapolate the results of these studies to a local level;
- The data may not directly answer the questions a manager or marketer wants to ask;
- The definitions or samples may not match those relevant to a DMO; and
- Information provided may be out of date.

In general, the types of research available to DMOs from these sources are precisely those that are useful when evaluating marketing investment and tactical decisions and planning, such as:

- General tourism forecasts and outlooks
- Tourism indicators
- Visitor statistics
- Regional profiles
- Segmentation reports
- Product development research

A compendium of available research useful in the marketing planning process for destinations appears in **Appendix D**.

3.0 Incorporating Marketing Measurement into Marketing Plans

DMOs need to adopt a measurement mindset that permeates every marketing initiative. Therefore, marketing initiatives need to be derived from objectives and evaluated on a set of objective measures. In order to mature from an activity-based department to a results-based organization, you must first build measures into the planning process. Every project must start with a defined objective, so that you can measure results against the stated objectives. Good marketing goals are precise and meaningful; and when they are both, they allow performance measurements to serve as vital instruments that make analysis and decision-making both useful and unambiguous.

FOCUS ON BEST PRACTICES:

Marketing objectives should have these characteristics:
- Specific: encompassing the who, what, when and how of the marketing activity.
- Measurable/Quantifiable: defining a quantifiable result expressed in terms of time, dollars, or a percentage increase or decrease.
- Achievable: realistically achievable, within a specified time frame.
- Results oriented: identifiable with an actual result; to have a meaningful marketing plan, results should be clearly and logically traceable to deliberate marketing actions.

Would publishing 100 000 brochures be considered a quantifiable objective? Yes, but it is an output or activity, not a result. Examples of quantifiable goals and objectives that would reflect the results of an effective marketing program include:

- Increase total visitor volume by 5 percent within two years.
- Increase visitor expenditures by 5 percent within two years.
- Increase average length of stay by a half-day within two years.
- Increase off-season business by 10 percent within three years.
- Increase occupancy rates by one percentage point within two years.

EXAMPLE: SETTING OBJECTIVES

Maryland DMO

The state of Maryland's annual marketing plan demonstrates the incorporation of specific measurements for the group travel market, beginning with their related specific objectives.

Objective:

Increase the awareness of Maryland as a desirable meetings, conventions, reunions, and incentive travel destination via active participation in meeting planner trade shows and direct sales activities.

Measurements:
- Generate 200 leads through direct sales activities.
- Convert leads to prospects at a minimum rate of 20 percent over a two-year period.
- Facilitate 10 percent of the prospects in becoming clients of Maryland suppliers.

Again, these principles can be applied to both the annual marketing plan as well as to plans for specific marketing campaigns or initiatives. For example, any funding proposal for a specific marketing program (in itself a planning process) should embody this approach. Because projecting actual results at the planning stage is a complex process involving controlled testing, or an inexact science involving assumptions based on past performance, DMOs should focus on plans that prioritize well-stated objectives, state how results will be measured, and provide clear standards for evaluation and reporting of those results.

C. MEASURING YOUR MARKETING ACTIVITIES

1.0 Choosing the Right Measures

1.1 What are DMOs Currently Measuring?

A 2002 study by the Hospitality Sales and Marketing Association International (HSMAI) in the U.S. addressed the current measurement practices of the DMO sector:

Most Commonly Used Metrics in DMO Sector	**Metrics Also Utilized (Not Listed in Survey)**
▪ Customer inquiries ▪ Hotel taxes ▪ Conventions booked	▪ Website usage ▪ On-line bookings ▪ Travel agent bookings ▪ Advertising responses via reader response cards ▪ Occupied hotel room nights ▪ Hotel room revenue ▪ Sales tax ▪ Media assists ▪ Consumer media promotions

Destinations utilize these metrics primarily for strategic planning, public relations, competitive analysis and to judge the performance of the organization as a whole. Most DMOs calculate their metrics on a monthly and annual basis and benchmark their performance against the same period last year.

The survey did note that the DMO industry is not spending a great deal of time developing new and more powerful metrics. For instance, absent from the study were metrics involving Customer Satisfaction, Number of Repeat Customers, Total Dollars Spent per Customer, and Cost of Acquisition or the marketing dollars associated with acquiring each guest or visitor (all of which play a crucial role in the strategic planning process).

1.2 Moving to More Relevant Measures

Another conclusion that can be made from the above study, as well as from anecdotal information gathered about most Ontario DMOs, is that most organizations are currently focused on **activity measures**, rather than on **effectiveness** measures and **efficiency** measures.

JARGON BUSTER:

Activity Measure: An **action** taken by a DMO's functional area (convention sales, travel trade, or consumer/leisure marketing and communications) designed to support its mission. Activity measures provide information about the inventory of what was done in terms of marketing activities. They define "what you did".

Examples: include attending trade shows, conducting a familiarization tour, writing a press release.

Results: are compared with the annual marketing "to do list" (e.g., critical path, marketing calendar).

Effectiveness Measure: Also known as a **performance** measure is a measure that quantifies the results and outcomes of an activity. Effectiveness measures assist in managing your resources in the most effective manner possible. They define "what resulted from what you did".

Examples: include the number of leads per trade show attended, the number of confirmed bookings, and the number of media impressions.

Results: are compared with benchmarks, past results, strategic marketing objectives, or stated targets.

Efficiency Measure*:* Also known as a **productivity** measure is a measure that describes the relationship between DMO performance and resources (manpower, time, dollars). These measures assist in managing your resources in the most cost efficient manner possible. They define "what resources were required to achieve the results from what you did".

Examples: often expressed as a ratio, such as the number of bookings per sales agent, or the cost per lead generated.

Results: are compared with benchmarks, past results, and budget or return on investment targets.

The differences among these three types of measurements is illustrated by California Tourism and the manner in which it reports on its marketing activities in the summary below:

EXAMPLE: CHOOSING MARKETING MEASURES

California Tourism

To respond to the dramatic decrease in travel spending after September 11, 2001, California Tourism developed and launched a new comprehensive campaign designed to get Californians to rediscover their great State.

Activity Measures:

The campaign included the production of three 30-second television spots; eight 60-second radio spots; nine newspaper spreads in major metropolitan newspapers; the creation of a "California Finds" website providing added-value travel packages to the consumer; and the development of 13 half-hour "*Best of California*" television programs.

Effectiveness Measures:

The campaign reached 7.8 million targeted households. Independent research shows that travel was up 3 percent despite the effects of September 11.

Efficiency Measures:

A study of this campaign showed a return on investment of $143 for each dollar spent. Expenditures by visitors influenced to travel by the in-state advertising campaign totalled $1.48 billion, created 19 444 jobs, and generated tax revenues totalling $51.9 million during the promotional period. A total of $5 million was leveraged into a $25 million in-state marketing effort.

Source: ***www.gocalif.ca.gov/state/tourism/tour***

Currently, most DMOs are planning and reporting the physical actions they engage in to support their mission, such as attending a trade show, conducting a familiarization tour, or writing and distributing a press release (these are all activity measures). What most DMOs are not doing is taking these measurements one step further, to evaluate both effectiveness and efficiency. These areas of measurement are identified as key success factors for DMOs by the International Association of Convention and Visitor Bureaus (IACVB). In February 2005, it updated its *Recommended Standard CVB Performance Reporting: A Handbook for CVBs* incorporating these types of measurements, describing them as "necessary to prosper and succeed in today's environment"—and consequently, this guide focuses on these two other key areas of measurement.

It is important to note that effectiveness precedes efficiency: **efficiently doing the wrong things is more wasteful than inefficiently doing the right ones**. There should be an increasing emphasis on effectiveness (achieving what matters) rather than doing things wrong more cheaply (efficiency). All elements, and potential elements, of the mix should be considered firstly for their ability to deliver the marketing goals. Only then should efficiency be considered, not as return on investment (ROI), but by asking whether the same goals could be achieved with less expenditure or even better performance with more.

1.3 What about Return on Investment (ROI)?

With the recent buzz about marketing ROI, the truth is, it is not necessarily the most appropriate metric for every marketing initiative. While determining marketing ROI is ideal for large initiatives and initiatives where revenues can be easily determined, such as direct mail or on-line marketing, it has many limitations:

- It can be a complex and cost prohibitive process to accurately determine ROI on small off-line branding campaigns;
- An integral part of the equation is determining revenues resulting from investments, which is particularly difficult to calculate for a non-profit or an organization that is not directly connected to the sale, such as a DMO; and
- It can be very costly to implement.

Because of these limitations, ROI is explored in less detail than efficiency and effectiveness measures in this guide, which are more realistic performance measurements for most DMOs. ROI is explored in greater detail in **Section C, 4.0**.

1.4 Implementing Multiple Measures

Within the categories of effectiveness and efficiency measures, multiple measures are needed for the purpose of guiding decisions. Remember that:

- These measures differ somewhat across organizations
- Appropriateness of measures is determined by whether they relate back to the objectives set in the marketing plan
- When selecting measurements, you should choose those that embody the following SMART characteristics.

SMART measurements reflect these characteristics:

- **Strategic alignment:** The measure should be aligned with the strategic objectives of the DMO.
- **Market driven:** The root cause or need for the measure is made necessary by your market, not through your internal, organizational lens. It is client driven, not internally driven.
- **Actionable:** If the measure does not offer an answer that can result in an action, do not use it. It must provide guidance for action.
- **Repeatable or consistent:** A simple, repeatable measurement provides the necessary consistency to create ongoing benchmarks and comparisons over time.
- **Touch points:** They cover all aspects of a customer's experience — all the points at which the customer comes into contact with the DMO (i.e., visitor centre, website, toll-free line).

2.0 Overview of Standard Recommended Measures

Recommended measurements are divided into three common destination marketing functional areas below in **Sections 3.0 and 4.0**: consumer marketing, convention sales and travel trade sales. It is very likely that a DMO will find that it does not engage in one or more of the sales and marketing tactics mentioned in this guide. We are not recommending that you do undertake each of these sales and marketing efforts; rather we recommend these measures and metrics if the DMO does engage in that particular activity, and **we encourage you to draw from the various measurements as appropriate**.

As a quick reference and overview, the following table outlines how the different measurements in Sections 3.0 and 4.0 are broken down and presented. The measurements are presented not only by DMO functional area, but also divided into effectiveness measures and efficiency measures. Within these two over-arching types of measures, individual DMO tactical marketing areas are addressed, with specific measures given for each:

Type of Measure	Consumer Marketing	Convention and Group Sales	Travel Trade
Effectiveness Measures	Advertising and Promotion Inquiries and Fulfillment Website	Leads Bookings Lost Opportunities Cancellations	Leads Bookings

Type of Measure	Consumer Marketing	Convention and Group Sales	Travel Trade
Effectiveness Measures	Media and Public Relations Bookings	Trade Shows Annual Statistics Post-Event Measures	
Efficiency Measures	Marketing Conversion Studies Event Marketing	Personnel Productivity Repeat Business Cost Productivity Lead Conversion Demand Ratios	Personnel Productivity Cost Productivity Lead Conversion

3.0 Measuring Consumer/Leisure Marketing

The purpose of consumer marketing for the DMO is to increase visitor volume, visitor spending and economic impact for the destination by developing awareness and preference. The following are some of the more common marketing efforts a DMO conducts to fulfill its mission of generating visitor volume to its destination.

Most DMOs are already tracking leisure/consumer marketing **activity measures** such as:

- Number of advertising and promotions programs
- Total reach and frequency
- Gross impressions
- Total value of media placed
- Number of Web pages of content developed
- Number of media familiarization tours
- Number of media inquiries
- Number of special events supported/produced

However, a must-have when evaluating your marketing performance is an understanding of what the most common marketing **effectiveness and efficiency measurements** are and how they are calculated. An inventory of activities alone will not provide the information required for evaluation.

Note that the recommended measurements that follow focus solely on marketing and communications efforts in the consumer/leisure market — however, it should be noted that these marketing and communications efforts can also span the spectrum of convention and travel trade segments and that many of the metrics discussed below can be applied to them as well. Explanations and definitions of all related terms are included in the Glossary, in **Appendix A**.

3.1 Consumer Marketing: Standard Effectiveness Measures

TRACKING TIP:

For your consumer marketing activities, you should monitor all of the measures outlined below for **each program/niche market**, and **on a total annual basis**.

3.11 Advertising/Promotion

According to a Marketing Leadership Council Survey (2001), the main measures most organizations use for advertising assessment in descending order of popularity are: recall, reach, frequency, cost per thousand, and gross rating points (also known as GRPs). Interestingly, these mainly refer to the technical performance of the ads, as distinct from the effect on brand image or the organization's bottom line.

Instead, effectiveness measures for advertising campaigns are best determined by advertising effectiveness studies. Effectiveness measures typically include: advertising awareness (aided and unaided), changes in a destination's brand image among target audiences over time as well as intent to travel. Destination awareness and consumer assessments of the quality/impact of the ads are other measures that DMOs are often interested in. Because these studies are an activity requiring market research, a more thorough discussion of advertising effectiveness reporting is described in **Section D, 4.1**.

3.12 Inquiries/Fulfillment

The following measures indicate the effectiveness of a DMO's inquiry and fulfillment program for the consumer and leisure market:

1. *Number of brochure requests*

2. *Number of consumer calls handled*

3. *Number of coupons received*

4. *Number of people who registered at DMO's website to obtain information (opt-ins)*

3.13 DMO Website

With on-line marketing, DMOs have an opportunity for behavioural tracking of individual customers. Because of this, there are a myriad of measures that can be undertaken to determine the effectiveness of your website. The ease of measurement for on-line marketing activities makes it an ideal tactical priority for DMOs who may not be able to engage in the market research necessary to calculate measurements for other types of marketing tactics. The difficulty becomes the practical one of managing and making sense of the huge volumes of data available through Web analytics.

JARGON BUSTER:

Web analytics is the tracking of website visitors on your website. The technology of monitoring and summarizing website user patterns has become a multi-billion dollar business. Not everyone needs a $100 000 analytics package, but everyone needs some understanding of how people are looking at their site.

Web analytics is the electronic equivalent of having a team of marketing researchers follow every customer through a bricks-and-mortar retail store. You can track how every visitor arrives at your site — by search engine, a link and so forth — and determine which links and on-line ads deliver the most consumers. As the Internet evolves, Web analytics will continue to provide more and more advanced reporting to assist marketers with increasingly targeted Web marketing strategies.

Analytics reports can track the effectiveness of on-line banner advertising, on-line partnership marketing agreements, and e-mail ad campaigns. The reports can then be used to set specific website redesign goals, such as reducing by a certain percentage of visitors who abandon a site on a particular page.

The Web's new measures can be confusing, especially when experts use the jargon inconsistently. And some measures that are commonly referred to, such as hits, may not indicate anything useful.

JARGON BUSTER:

Hits: When users access a website, their computer sends a request to the site's server to begin downloading a page. Each element of a requested page (including graphics, text, interactive items) is recorded by the site's Web server log file as a "hit". Because page designs and visit patterns vary from site to site, the number of hits bears no relationship to the number of pages downloaded, and is therefore a poor guide for traffic measurement.

For further definitions of Web measurement terms, see the Glossary in **Appendix A**.

Many Internet Service Providers (ISPs) responsible for hosting websites provide basic tracking software that is hosted on your server. Most allow you to perform basic analytics at no additional cost (including many of the measures listed below), so you should ask your ISP what Web traffic tools you have access to at no charge. Some discount Web hosting services may only permit you to access the log file (each Web domain has a unique log file which stores visitor information on each page of your website). Log files are generated automatically and are generally updated monthly, but analysis of the data may require purchasing software, which is usually available to download on a trial basis.

DMOs with available budgets can consider Deep Web Traffic Analysis, strategic Web design information that is not offered as part of traditional Web hosting services, often costing hundreds of dollars, but this is not necessary in order to make a start on the effectiveness measures listed.

What we expect our website expenditure to provide should determine the relevant effectiveness measures to use. Since most DMOs use the Web as an information medium rather than a sales channel (as a tourism operator would), the measures most applicable in the DMO context are:

1. *Number of user sessions*
2. *Number of unique users*
3. *Number of repeat visits*
4. *Click-throughs to DMO website*
5. *Number of specific Web page view count*

6. *Number of click-throughs to member/sponsor websites from DMO website ads or links*

7. *Number of Web coupons redeemed*

8. *Average length of session*

9. *Search engine referrals*
    a. Total number of referrals
    b. Top referring search engines
    c. Percentage of website traffic attributable to search engine referrals

10. *Search engine results' placement of website* (number of first-place rankings, top five, top 10)

EXAMPLE: WEBSITE EFFECTIVENESS MEASUREMENT

Georgia Tourism

Georgia Tourism generates a quarterly report that details website traffic with information provided from its ISP. The report encapsulates many effectiveness measures, including visitor sessions, unique visitors, page views, most visited pages, most popular downloads, and average time on-line. Available website traffic statistics from the previous quarters, going back two years, are also included for comparative benchmarking:

Website Traffic Report

Q4 Overview

Category	Q4 '03	Q4 '04	% Change
Visitor Sessions	331 140	418 685	26.44
Unique Visitors	69 261	161 566	133.27
Page Views	610 057	941 607	54.35

(Additional tables show each category on a monthly basis throughout the quarter compared with other months of that same year and in the previous two years).

Q4 Synopsis

Traffic on **www.georgiaonmymind.org** increased substantially in this quarter over last year. Unique visitors to the site more than doubled, while page views and visitor sessions also increased considerably. Across all three variables, traffic was highest in October and then slightly decreased in November and December. This can be attributed to the ending of the Georgia Golf Campaign on November 15 as well as the historic decrease in traffic during the holiday season.

Most Visited Pages

The top five most visited pages for Q4 were as follows:

Position	Page	Sessions
1	"Old" Homepage	82 274
2	"New" Homepage	74 917
3	Search Results	37 762
4	Events Calendar	20 379
5	Mountains Region Homepage	15 363

Most Popular Downloads

The top five most downloaded files for Q4 were as follows:

Position	Page	Sessions
1	Mountain Travel Guide	10 583
2	Coast Travel Guide	10 176
3	Atlanta Metro Travel Guide	8886
4	Region Map	7077
5	Events Calendar	6197

Average Time On-Line

The average time on-line for visitors to the tourism website in Q4 was as follows:

Time On Site	Unique Visitors
1 minute	28 232
2-4 minutes	29 488
5-9 minutes	15 634
10-29 minutes	12 823
30-44 minutes	1447
45-59 minutes	570
60+ minutes	1376

Note: Information is also included on any on-line marketing campaigns such as on-line contests, on-line advertising or e-newsletters, so that any analysis can take these concurrent activities into account.

Many more DMOs are focusing on Customer Relationship Management (CRM) on the Web, and will be particularly interested in measuring the effectiveness of these efforts. For more information, you can go to **www.tourismkeys.ca**.

3.14 Media/Public Relations

While the effects of advertising are hard to measure, many practitioners give up even trying when it comes to measuring the impact of media relations. Popular measures include the volume and favourability of coverage, and advertising equivalency. Advertising equivalency refers to the idea that media relations can be evaluated by totalling the number of column inches of editorial that refer to the destination or brand in the medium, and then estimating what it would have cost to reach a similar audience with similar frequency if advertising was purchased in the medium instead. This theory has never been completely sound, but is used just the same, for practical reasons. Since the objectives of media relations (persuading and getting closer to customers) are the same as advertising, it is perhaps not surprising that the measures of media relations and advertising effectiveness are often related.

Recommended measures of media relations effectiveness for DMOs include:

1. *Editorial Placements*
    a. Total number of placements
    b. Domestic versus international
    c. Broadcast versus print

2. *Number of impressions (circulation, sometimes multiplied by a factor of two to reflect readership by more than one person)*

3. *Advertising equivalency ($)*

EXAMPLE:

Tourism Hamilton's Annual Report highlighted its recent media relations activities. Editorial placement was quantified with a description of each third-party media endorsement, and each placement was described in this sample format:

The Montreal Gazette, August 2, 2003
Impressions: 318 516 (circulation X 2)
Media relations value/advertising equivalency: $24 944 (advertising rate X 4)

3.15 Bookings

Not all DMOs actively take bookings or have a reservation service. If your DMO does engage in this activity, the following effectiveness measures are recommended:

1. *On-line/toll-free hotel reservations*
    a. Number of room-nights booked
    b. Room revenues
    c. Commission
    d. Average length of stay

2. *On-line ticket sales (e.g., for attractions, events)*
    a. Total number of tickets sold
    b. Ticket revenues
    c. Commission

3. *Packages*
    a. Total number of packages sold
    b. Revenue
    c. Commission
    d. Number of room-nights booked

3.2 Consumer Marketing: Standard Efficiency Measures

3.21 Marketing Conversion Studies

The ultimate measure of marketing productivity is the number of individuals whose visit to the destination was clearly and significantly generated by the DMO's marketing efforts. You are strongly cautioned against simply using the total number of visitors to your destination, as it is extremely unlikely that the DMO generated each and every visitor to its destination. A common research method to measure visitors generated by the DMO is a conversion study. A conversion study determines via surveys the percentage of individuals responding to specific DMO marketing effort (such as requesting travel information or looking at package Web pages) who eventually visit the destination. Because executing a conversion study is largely a market research activity, the suggested methodologies for executing the types of conversion research outlined here are found, in **Section D, 4.2**.

The three most important types of conversion studies for DMOs, along with their related efficiency measures, are:

1. Inquiry conversion

This measures the conversion of "inquiries" produced by the DMO's marketing efforts to generated visitors.

Inquiries include:

- Individuals who went to a unique website address in response to a specific marketing effort.
- Individuals who requested information (brochures, a fulfillment package, maps, etc.) via telephone.
- Website user sessions of a specified minimum length or user sessions for travel-specific pages.

Tracking the number of inquiries requires that your staff record every contact made by someone requesting information and asking them how they got your address (or phone number), and then tabulating the total number of different requests generated in response to your advertising efforts. In other words, make sure that you do not count someone who contacted you twice as two contacts. Unique Web-based inquiries can be obtained from statistics provided by your ISP.

TRACKING TIP:
Individual toll-free numbers and unique URL's are recommended as a tracking mechanism for inquiries and fulfillment ("lead source") because they can provide the exact number of calls or clicks by channel or source. For example, you can track results by sources such as specific television networks, Web pages, and by creative or offer. If individual numbers are used while the campaign is still ongoing, changes can be made quickly, resulting in improvements and efficiency while a campaign is still in market.

Toll-free Numbers
As an example, Grey County uses a unique 800 number as a call-to-action in its television advertising. Viewers are encouraged to call Edith at a specific phone number. Edith is a fictional name, but the caller's use of the name works as an effective tracking mechanism to track the source of the inquiry.

Unique URLs
Penticton, British Columbia's tourism office is part of the Chamber of Commerce, and its on-line tourism information is part of the larger Chamber of Commerce website. They have a special landing page, "Vacations Happen Here", which is the call-to-action for any advertising campaigns they launch. This way they can see how many people arrived at this page via a specific URL (call-to-action)

versus navigating from a search engine or the Chamber site. Web visitors to their designated page leave information about their visit in their unique .log file. By simply counting the number of entries to this unique URL, they know how many people clicked to that page as result of their marketing strategy.

Larger DMOs can consider creating a unique URL for each offer made through media, trade shows, print ads, brochures and on-line ads.

Hyperlinks
Hyperlinks are an effective way to track inquiries from e-mail campaigns. Embed hyperlinks within your e-mails that lead users to special landing pages on your website where users can purchase products, allowing you to track inquiries specifically arising from the e-mail. You can also use a hyperlink in your e-mail to connect to your general website, where you ask customers to fill out a simple form indicating how they heard about you. This allows you to distinguish customers who find you via e-mails from those who have found you via other means such as search engines.

As a best practice, DMOs should attempt to collect three items of information from every inquiry:

- How they obtained the phone number or URL ("lead source");
- If the inquirer has already decided to visit by the time of the request for information; and
- Permission to re-contact for a follow-up survey

This information will assist the DMO in ultimately determining whether the inquiry turned into a visit to the destination and whether the visit was generated by the DMO's efforts.

The recommended inquiry conversion ratio is:

$$\frac{\textit{number of visitors generated by the DMO marketing initiative}}{\textit{number of inquiries generated by the DMO marketing initiative}}$$

The number of visitors generated by the DMO marketing initiative can be obtained from a survey of those people who contacted you for information (see **Section D** below for information on conducting surveys). Specifically, one of the questions that could be asked is, "Did you visit (your destination)?". The percentage of respondents who replied "yes" would then be applied to the total number of inquiries to obtain an estimate of total visits generated by your advertising campaign. Of course, not every visitor will have requested information through a toll-free number, mail-in coupon, website or other communication vehicle tied to an advertising initiative. But this is not a problem because your

interest is only on estimating the number of people who came because of the information you sent them.

2. Advertising campaigns

A conversion study that focuses just on inquiries generated by a particular advertising campaign is limited in that it does not account for visitors who were generated by the campaign but did not subsequently contact the DMO. In order to gain a full accounting of ALL visitors that were generated, it is recommended that DMOs who advertise conduct custom advertising effectiveness research studies. These studies can be used to measure other key advertising performance measures including awareness, destination image and perception, and intent to travel. Further information on advertising effectiveness is found in **Section D, 4.1**.

3. On-line hotel booking conversions

Again, not all DMOs provide reservation or booking services, but for those who do, many provide this as an on-line service. For these DMOs, the following efficiency measures are recommended:

a. Overall "Look-to-Look" ratio:

$$\frac{\textit{number of Web page views for on-line hotel date/rate availability page}}{\textit{number of visitors to website}}$$

b. Overall "Look-to-Book" ratio:

$$\frac{\textit{number of Web page views for on-line hotel booking page}}{\textit{number of visitors to website}}$$

c. "Look-to-Book" ratio:

$$\frac{\textit{number of Web page views for on-line hotel booking page}}{\textit{number of Web page views for on-line hotel date/rate availability page}}$$

These statistics can be provided to you by your Internet service provider.

4. *Package conversion*

For Web-based package conversions, two ratios are offered. The design of the DMO's package Web pages will dictate the use of one over the other. Ideally, as a best practice, the DMO should also follow-up with package purchasers to determine their average out of-pocket expenditures.

$$\frac{\text{number of DMO packages purchased}}{\text{number of page views of initial package Web page}}$$

or

$$\frac{\text{number of DMO packages purchased}}{\text{number of page views of package pricing/availability Web page}}$$

Page views can be provided by your Internet Service Provider (ISP). The number of DMO packages produced can be obtained through a survey of those who visited your website. The survey is most easily administered via e-mail, either by sending a questionnaire as an attachment or, as a preferred practice, sending an invitation to complete an on-line survey in return for an incentive, such as a chance to win a free weekend package. Advice on how to actually design and conduct visitor surveys is described in **Section D**.

3.22 Event Marketing

For some DMOs, event marketing is a key component of their consumer/leisure marketing and communications activities. In this way, the special events themselves become an activity (rather than performance or productivity) measure of DMO marketing performance. The two main activity measures are:

1. *Number of events supported by the DMO*

2. *Number of events produced by the DMO*

Both of these numbers will be obtained from your administrative records.

In terms of productivity and performance measurements, economic impact is the measure most often used to evaluate the success of events as marketing tools — although it is arguable as to whether this is a true marketing performance measure. Guidelines for measuring the economic impact of special events are found in **Appendix E**.

3.23 Branding

The majority of a DMO's marketing activity is actually devoted to branding. The DMO's efforts are meant to positively impact on the brand image of the destination, increase awareness of the destination's brand, and increase consumer preference for the destination brand. Producing the optimum program for tourism marketing results requires a community-wide branding initiative that is both memorable and effective in building new destination awareness and resulting business. Although you cannot be responsible or accountable for every customer's perception of the destination, you have a role as a DMO to craft a brand development program that supports the industry through a coordinated and effective marketing plan. Given the importance of branding to the DMO, brand measurement is key.

Because effective brand measurement can only be executed via market research surveys, it is unlikely that many small to medium-sized DMOs can afford to conduct the level of research necessary to measure their brand over time (often referred to as brand equity). For those considering implementing a brand measurement program or adding a few brand measurement questions to their ongoing research activities, further information is found in **Appendix F**.

4.0 Measuring Travel Trade and Convention Sales

The purpose of the convention sales function for the DMO is to generate visitors (delegates), visitor (delegate) spending and economic impact for the destination by booking events at the destination's hotels and convention facilities. These events cover those in the **corporate, association, meeting, incentive and sports markets** (groups in general, with the exception of travel trade groups, which are treated separately).

The purpose of the travel trade sales function is to increase leisure visitor volume, visitor spending and economic impact for the destination through the promotion and distribution of the destination's travel products to the travel trade.

Most DMOs are currently tracking and reporting on these functional areas via **activity measures** such as:

- Number of bids
- Trade shows attended
- Number of sales missions
- Number of client site inspections
- Number of developed suggested itineraries
- Number of packages developed
- Number of familiarization tours

However, a must-have when evaluating how you measure sales performance is an understanding of what the most common **effectiveness and efficiency metrics** are and how they are calculated.

Explanations and definitions of all related terms are included in the Glossary, in **Appendix A**.

4.1 Convention Sales: Standard Effectiveness Measures

Key performance measures for the conventions sales function are **leads, bookings**, and **booked room nights**. These terms are defined in the Glossary in **Appendix A**. This data comes from a combination of your own administrative records as well as information on bookings and attendance provided by your members/operators. Attendee spending is estimated through surveys administered to visitors/delegates associated with an event.

Information on "lost opportunities" and cancellations will come from your staff interviews with leads that did not follow through with a booking (or who cancelled). Estimates of lost spending can be obtained by multiplying the estimate of lost number of delegates by the average spending associated with similar events that were held in your community.

4.11 Leads

a. Number of leads
b. Estimate of room-nights

4.12 Bookings

a. Hotel events

    Number of bookings
    Estimate of room-nights
    Estimate of attendance
    Estimate of attendee spending

b. Convention centre/citywide events

    Number of <u>confirmed</u> bookings

        Estimate of room-nights
        Estimate of attendance
        Estimate of attendee spending

    Number of <u>contracted</u> bookings

        Estimate of room-nights
        Estimate of attendance
        Estimate of attendee spending

Estimates are utilized in these measures because bookings can change over time and the actual numbers are not known until post-event. Bookings are measured and accounted for at the time they are considered “on the books” (see Glossary, **Appendix A**).

4.13 Lost Opportunities

a. Number of lost opportunities
b. Reasons
c. Estimate of lost room-nights
d. Estimate of lost attendance
e. Estimate of lost attendee spending

4.14 Cancellations

a. Number of cancellations
b. Reasons
c. Estimate of cancelled room-nights
d. Estimate of cancelled attendance
e. Estimate of cancelled attendee spending

4.15 Trade Shows

The effectiveness of trade shows that target the convention/group market is measured by calculating the number of leads per tradeshow attended by DMO staff. For a definition of a lead, see **Appendix A**.

4.16 Annual Statistics

a. Number of bookings
b. Estimated number of booked room-nights
c. Estimated number of booked attendees
d. Estimated attendee spending

4.17 Post-event Measures

a. Estimate of additional room-nights outside of hotel room block for event

4.2 Convention Sales: Standard Efficiency Measures

4.21 Personnel Productivity Metrics

a. Number of leads per sales representative
b. Number of bookings per sales representative
c. Number of booked rooms per sales representative

4.22 Repeat Business Ratios

The statistics for these two ratios are to be provided by your partners who host convention or association delegates, such as hotels and convention/meeting facilities.

a. $$\frac{\textit{number of repeat business bookings}}{\textit{total number of bookings}}$$

b. $$\frac{\textit{room-nights from repeat business bookings}}{\textit{total booked room-nights}}$$

4.23 Cost Productivity Measures

The ratios below measure the cost efficiency of the DMO's convention sales function with respect to its key performance measures: leads, bookings, and booked room nights.

a. Cost per lead:

$$\frac{\textit{convention sales function's direct and indirect operating costs}}{\textit{number of leads}}$$

b. Cost per booking:

$$\frac{\textit{convention sales function's direct and indirect operating costs}}{\textit{number of bookings}}$$

c. Cost per booked room-night:

$$\frac{\textit{convention sales function's direct and indirect operating costs}}{\textit{number of booked room-nights}}$$

The direct and indirect operating costs (defined in the **Glossary** in **Appendix A**) and the number of leads are obtained from your administrative records. Bookings are to be provided by convention and meeting facilities as well as hotel partners.

4.24 Lead Conversion Ratios

Lead conversion ratios measure, over a stated amount of time, the effectiveness of the DMO's lead qualifying process and the likelihood generated leads will book for the destination. These ratios are particularly useful as they can be calculated for each individual convention sales representative and for the convention sales function as a whole. There are two standard lead conversion ratios, one that examines the booking rate and one that examines the rate of lost opportunities:

a. Booking ratio:

$$\frac{\textit{number of bookings}}{\textit{(number of bookings) + (number of lost opportunities)}}$$

b. Lost opportunity ratio:

$$\frac{\textit{number of lost opportunities}}{\textit{(number of bookings) + (number of lost opportunities)}}$$

EXAMPLE: CONVENTION LEAD CONVERSION RATIO

In the current year, a DMO generated 45 bookings, 40 lost opportunities and had 48 leads outstanding (from 133 leads that were generated sometime in the past).

The lead conversion ratios:

45 bookings/(45 bookings + 40 lost opportunities) = 53% booked

40 lost opportunities/(45 bookings + 40 lost opportunities) = 47% lost

If you wish to report lead conversion on an ongoing basis, it is recommended that you use a rolling 12 month review of those leads generated in the past 12 months and compute the percentage that booked, were lost or are still outstanding.

4.25 Convention Booking/Room-Supply Ratio

This ratio measures the degree to which you are booking rooms in the destination's convention hotels:

$$\frac{\textit{annual booked room-nights}}{\textit{total available convention hotel room-nights}}$$

This information can be obtained from your hotel partners. Note that hotel managers will usually be reluctant to share such information if there is any chance that their competitors can find out how well they are doing. As a result, you will need to ensure that such information is kept completely confidential for individual properties, and that the only figures you provide are for all parties combined.

4.26 Demand Ratios for Total Room-Nights Sold

These measures illustrate the relationship between the DMO's convention sales performance (measured in room nights) relative to the destination's convention product and overall product (total room nights sold). These ratios are most useful when the DMO establishes a benchmark year and then compares the measure for subsequent years:

a. Convention sales efforts productivity:

$$\frac{\text{annual booked room-nights by DMO}}{\text{destination's total meeting or convention room-nights sold}}$$

b. Convention sales' impact on entire destination:

$$\frac{\text{annual booked room-nights by DMO}}{\text{destination's total room-nights sold}}$$

As before, this information is obtained from your convention and hotel partners, and reported at an aggregated (combined) level to avoid disclosing information for specific businesses.

4.3 Travel Trade Sales: Standard Effectiveness Measures

In terms of visitor spending estimates, as a best practice, it is recommended that DMOs obtain destination-level visitor spending through custom research. Failing that, they should use pre-existing secondary research from credible sources with appropriate caveats and notes. Data on the number of leads, bookings, and actual room-nights will be obtained from your accommodation partners.

4.31 Leads

Hotel leads

a. Number of hotel leads
b. Estimate of hotel lead room-nights
c. Estimate of visitor spending

Non-hotel leads

a. Number of non-hotel leads
b. Number of non-hotel leads by category
c. Estimate of visitor spending

4.32 Bookings

Hotel bookings

a. Number of bookings.
b. Estimate of room-nights
c. Estimate of number of visitors
d. Estimate of visitor spending

Non-hotel bookings

a. Estimate of number of visitors
b. Estimate of visitor spending

4.4 Travel Trade Sales: Standard Efficiency Measures

4.41 Personnel Productivity Metrics

a. Number of leads per sales representative
   (as reported by hotel and non-hotel staff)
b. Number of bookings per sales representative (hotel and non-hotel)
c. Number of booked hotel rooms per sales representative
   (based on both staff reports and sales figures)

4.42 Cost Productivity Metrics

The three cost productivity ratios below measure the cost efficiency of the DMO's travel trade sales function as a function of its key performance measures: **leads, bookings** and **booked room nights**. It is recommended that you establish benchmarks in the current year (or based on the prior year if information is available).

a. Cost per lead:

$$\frac{\textit{travel trade sales function direct and indirect costs}}{\textit{number of leads}}$$

b. Cost per booking:

$$\frac{\textit{travel trade sales function direct and indirect costs}}{\textit{number of bookings}}$$

c. Cost per booked room-night:

$$\frac{\textit{travel trade sales function direct and indirect costs}}{\textit{number of booked room-nights}}$$

4.43 *Lead Conversion Ratio*

The lead conversion ratio measures, over a stated amount of time, the effectiveness of the DMOs lead qualifying process and the likelihood generated leads will book for the destination. This ratio is particularly useful as it can be calculated for each individual travel trade sales representative and for the travel trade sales function as a whole:

$$\frac{\textit{(number of bookings from hotel leads)}}{\textit{(number of leads that did not book) + (number of bookings from hotel leads)}}$$

EXAMPLE: TRAVEL TRADE LEAD CONVERSION RATIO
In the current year, a DMO generated 250 travel trade bookings from 378 travel trade hotel-only leads that were generated sometime in the past. The lead to booking conversion ratio:

250 bookings/378 leads = 66% booked.

5.0 Measuring Marketing Return on Investment

Ultimately, the most compelling way of demonstrating the value of your overall marketing program is to show that your DMO has a positive return on investment (ROI). This concept is borrowed from other industries in which funds invested are compared against net proceeds.

A simple ROI calculation is as follows:

$$\textbf{Return on investment} = \frac{\textbf{amount of return (income)}}{\textbf{amount of investment (expense)}}$$

Such an equation in the DMO context can be used to determine whether the return to the community or region directly attributable to destination marketing activities is greater than the costs represented by the DMO.

5.1 Difficulties of Determining ROI for DMOs

One notable difference in the ROI concept for tourism from that used by financial analysts is that the returns on the investment do not come back specifically to the agency making the investment (such as a DMO), but to a range of individual businesses selling services to visitors — hence the difficulty DMOs have in coming up with exact ROI calculations.

This is one of a number of limitations presented by the ROI measurement approach discussed above. Although it is highly recommended that a DMO use standard business ROI approaches to quantify its financial impact on its local community, **in practice ROI is difficult to measure**.

What is of particular concern is that any ROI measurement should be based on the number of visitors and their related spending **clearly and significantly generated by a DMO's marketing efforts**. Visitors that had already decided to visit at the time they sought information or visitors that may have been influenced by marketing activities other than those of the DMO should not be included in the DMO's ROI.

Because of this, it is recommended that DMOs use the effectiveness and efficiency measures discussed above presented in the form of an overall marketing performance report to analyze their overall contribution to a destination, rather than attempt to determine the ROI of their DMO.

5.2 Recommendations for Determining ROI of a DMO

In order to determine the ROI of a DMO the following guidelines can help you to determine the difficult value of the number of visitors and their related spending clearly and significantly generated by your marketing efforts. In calculating this value, include the value of:

- Meetings booked;
- Visitor receipts generated through marketing and media relations programs (based on conversion analysis outlined below);
- Hotel or attraction bookings that can be traced to your activities;
- Motorcoach groups directly attributable to contacts made at trade shows, through familiarization tours, or through direct mail; and
- Measurable increases in certain targeted segments that would not have occurred anyway (such as a marked increase in bicycle tours after advertising for the first time in a cycling magazine).

In terms of the related visitor spending estimates, as a best practice, it is recommended that DMOs obtain destination-level visitor spending through custom research. Failing that, they should use pre-existing secondary research from credible sources with appropriate caveats and notes.

Once the input measurements have been determined, three different ROI measures may be used by DMOs**.** The data for these ratios will come from a combination of visitor surveys, to obtain estimates of visitor spending, as well as administrative data related to operating costs. A DMO should consistently choose and use only one of these measures over time for comparative purposes:

a. Return on total operating costs:

$$\frac{\textit{visitor spending generated by DMO's efforts}}{\textit{total DMO operating costs}}$$

b. Return on functional area (e.g., convention sales) direct operating costs:

$$\frac{\textit{visitor spending generated by DMO's efforts by functional area}}{\textit{direct operating costs for the functional area}}$$

c. Return on functional area direct and indirect operating costs:

$$\frac{\textit{visitor spending generated by DMO's efforts by functional area}}{\textit{direct and indirect operating costs for the functional area}}$$

EXAMPLE: ROI OF PARADISE DMO

The Paradise DMO's operating costs were $7 million. Its costs per functional area were as follows (direct and indirect costs are defined in the **Glossary** in **Appendix A**):

Convention Sales: Direct $1.6 million; Indirect $400 000

Travel Trade Sales: Direct $1.2 million; Indirect $300 000

Consumer/Leisure Marketing and Communications: Direct $3 million; Indirect $500 000

Paradise was able to identify $375 million in visitor spending that was clearly and significantly generated by its sales and marketing efforts, broken out by functional area:

Convention Sales: $160 million in attendee spending from events booked by the DMO that year.

Travel Trade Sales: $75 million in visitor spending that year.

Consumer/Leisure Marketing and Communications: $140 million in visitor spending that year.

The ROI for the DMO is:

$$\frac{\text{Visitor spending generated by the DMO's efforts}}{\text{Total DMO Operating Costs}} = \frac{\$375 \text{ million}}{\$7 \text{ million}}$$

ROI = 53.6

A ROI statement can succinctly explain the significant, quantifiable value of your DMO:

“Last year, operating with a $ ___ budget, DMO generated an estimated $ ___ in new out of town visitor dollars from leisure visitors and conventions booked, amounting to more than ___ room-nights. Thus, for every marketing dollar expended, the DMO produced an additional $ ___ in visitor spending.”

Using the same visitor spending input measurement as above for the DMO, the economic impact of the DMO’s marketing program can also be evaluated. The economic impact of tourism is perhaps the most common tourism economic question asked by community officials, particularly when money has been invested through infrastructure, sponsorship, or tourism marketing activities. Guidelines for determining economic impact are found in **Appendix G**.

5.3 Recommendations for Projecting ROI for Marketing Campaigns

DMOs often attempt to use the ROI equation when they need to project the return on investment of a marketing campaign in the planning stage, before the marketing activities are implemented. As discussed above, the process of projections can be both complex and an inexact science. In order to project ROI, a DMO may be forced to use unrealistic assumptions, mainly because the necessary historical data on past sales generated from similar initiatives can only be accessed from its partners (given the fact that the organization is one step removed from the sale). The most effective way to utilize ROI in this context is via reverse analysis. By determining what results are needed in terms of sales to achieve minimum acceptable return on investment, DMOs may be able to use rationale to determine if this required return is likely or probable.

D. CONDUCTING MARKET RESEARCH FOR MEASUREMENT

The installation or adoption of marketing measurements usually requires market research. Why? Market research is essential to provide the data collection and numbers necessary for most measurement formulas. The following steps outline a recommended approach for implementing market research for the purposes of marketing measurement.

1.0 Step One: Know the Research Basics

Whether you work with a market research professional or decide to conduct some of your research in-house, an understanding of the principles of **quantitative research** is a necessary component in order to execute the type of market research so necessary to the process of marketing measurement. The basics include:

- Survey questionnaire and design
- Advantages and disadvantages of different types of surveys
- Selecting a sample of survey respondents: who are relevant survey respondents?
- Sample sizes to ensure that surveys are statistically significant
- Understanding the margin of error in your surveys

An introduction to quantitative research is found in **Appendix H**. **Because of the complexity of some of the basic elements of quantitative research, such as sample sizes, relevant respondents, and margins of error, you may prefer to work with a market research professional rather than conduct your research in-house**. It is therefore imperative that before embarking on any in-house research, that you are familiar with the topics explored in **Appendix H**.

2.0 Step Two: Determine Your Research Needs

Once you have chosen your marketing measurements, you will need to determine your organization's marketing information needs. The best way to achieve this is via a **market research audit**, which is simply a systematic review of the information to which you already have access, along with the gaps in the information you might need in order to implement your measurements. A market research audit involves answering the following questions:

- Do we already have, somewhere in the organization, the data to support the measurements now selected?
- Do we also have the more detailed information that will be needed to answer questions about variances in the measurements?
- What other information do we regularly receive through tracking studies or surveys?
- What are the lowest costs to obtain what we now need?

- How does the resulting overall cost compare with whatever yardstick we deem appropriate and with the cost of providing the internal measurements?

3.0 Step Three: Allocate a Budget and Determine Research Costs

FOCUS ON BEST PRACTICES:

As a best practice, it is recommended that you work with market research professionals to begin to implement a research program that will determine the number of visitors generated by your marketing activities. Working with a professional can ensure a correctly designed survey, appropriate samples and results with a lower margin of error.

According to the *Convention and Visitor Bureau Organizational and Financial Profile Report* (published by the IACVB Foundation), a barometer by which DMOs can compare their operations to industry standards, the average DMO spends 1 percent of their entire operating budget on research. Since this is expressed as a percentage of a total operating budget rather than as a portion of the marketing budget, this figure supports a general recommendation: market research should account for between 2 and 5 percent of your total DMO marketing expenditure.

FOCUS ON BEST PRACTICES:

As a best practice, if a DMO spends a significant amount or percentage of its budget on marketing efforts, it must then be prepared to invest in the research necessary to accurately and credibly measure the effectiveness of those efforts.

Some other guidelines to help with budgeting for market research:

- **Telephone surveys**: If surveys are done in-house, you will need to budget only for staff time and long distance charges (approximately $10–$20 per completed interview). If surveys are outsourced to a commercial market research firm, budget $75–$90 per completed interview.
- **Internet surveys**: Pricing for Internet surveys varies based upon the programming complexity of the survey you are executing, whether tabulation is included, and whether you provide the database of e-mail addresses or the Internet survey company provides the sample. In the simplest scenario, the price is around $10 per completed survey and can range up to approximately $40 per completed survey, including programming, hosting and coordination. It is important to note that when conducting advertising research, Internet surveys are not necessarily less

expensive than telephone surveys. Commercial firms will often use a panel of respondents in order to achieve a representative sample, which can push costs up significantly.

The cost of advertising effectiveness and conversion studies vary significantly based on the size of the sample. It is unlikely that you will be dealing with fewer than 200 surveys, and for conversion studies, your sample is likely to be much larger.

When deciding where to spend your market research budget most effectively, you will also want to take into account the advantages and disadvantages inherent in these different types of survey methods, such as average response rates, outlined in **Appendix H**.

4.0 Step Four: Execution — Types of Research Integral to Marketing Measurement

As discussed above, the two main types of market research conducted for determining efficiency and effectiveness measures are advertising effectiveness research and conversion studies. There are a number of issues to bear in mind regarding the timing, samples used and potential pitfalls for both of these kinds of surveys:

Task	Timing	Sample	Cautions
Advertising Effectiveness Research	- Continuous tracking should involve research concurrent with the running of the campaign as well as on an ongoing basis throughout the year, beyond the campaign — a significant financial commitment - In market after the conclusion of the campaign (within two weeks of campaign end) if budget is limited	- Requires a representative sample of the general population and market - Increasingly being done by Internet rather than by telephone	- Normally a general population survey would be done by a professional firm - Can be costly to execute - There is high potential for non-response bias

Task	Timing	Sample	Cautions
Conversion Studies	- At the end of the travel season (as much as three to four months after the end of the campaign) - If doing an exit survey, during the course of the travel season	- If you conducted the research above, you can do a return to survey sample, having asked those surveyed about advertising effectiveness if they are willing to be contacted and surveyed again - It can also be done independ-ently of advertising effectiveness surveys by sur-veying those who contacted the DMO via the call centre or website, who agreed to be con-tacted by you again. - Recall is questionable if surveys are timed long after a cam-paign, which can affectresults. - You mustfollow privacy regulations and have permis-sionfrom the inquirer tore-contact them when executing surveys.	- If the survey is done indep-endently and samples only those who inquired, the results show “converted inquiries” only, not total con-version; it will not capture those who were con-verted who did not contact the DMO - If an exit survey is used, you assess the im-pact of certain tactics on those who were con-verted but you cannot calculate a complete conversion number.

Selecting a truly representative sample can be very difficult, and drawing representative samples from large or dispersed populations is particularly challenging. Even when you have a tight sample frame, such as the telephone numbers of people who have contacted you for information, there is the potential for biased results because not everyone will be equally likely to respond to your survey. Thus, the use of a professional survey firm is recommended, as they will be able to assess and weigh extent and nature of biases and to make the statistical adjustments necessary to present the most accurate results.

4.1 Advertising Effectiveness Research

Assessing advertising **awareness** and **impact** is an important task in the evaluation phase of marketing. Advertising effectiveness research will allow you to:

- Identify the percentage of people who recalled your ads during a campaign period, giving you a measure of how well you got your message out to your market;
- Measure the recall of the specific messages in the ads;
- Determine consumers' evaluation of the ads; and
- Determine whether the ads prompted any action by the consumer.

These measures require going into the market in which you advertised and conducting a **survey** of residents. Such research can be expensive, of course, and may not always be feasible for a DMO with a small budget. Nonetheless, some attempt to assess awareness and impact of advertising can be very important for making future marketing decisions about how to communicate with potential markets.

The following provides a brief description of the various metrics that can be collected regarding awareness and the effectiveness of an ad campaign, including:

- Destination awareness
- Advertising awareness
- Advertising content
- Ad assessment scales
- Impact of ads on travel intentions

4.11 Destination Awareness

Understanding the basic level of awareness of your destination in your key market provides important baseline information against which you can assess the impact of advertising. Ideally, a survey about destination awareness would be conducted prior to an advertising campaign and then again after the campaign to assess the impact of the campaign.

There are two forms of awareness measured by DMOs — **unaided** and **aided**:

- **Unaided awareness:** measured by asking the respondent what destinations come to mind when thinking about a holiday (or getaway) trip. For example, you might ask, "What destination or place first comes to mind when you think about taking a holiday (or getaway — depending on your market) in Canada (or Ontario)?" This question could then be followed by asking, "What other places come to mind when you think about taking a holiday (or getaway — depending on your market) in Canada (or Ontario)?"
- **Aided awareness**: measured by providing the respondent with a list of potential destinations — your own plus competitors — and asking if they would consider any of these as potential destinations for a vacation (or getaway) trip.

Both unaided and aided awareness questions can be asked, but the unaided questions should be asked before the aided questions.

4.12 Advertising Awareness

The focus in this question is not on market awareness of your destination *per se*, but on recall of your ads. You can precede the questions about ad awareness with a question about unaided awareness of your destination, if you wish, but you should avoid asking an aided awareness question because this might influence the actual recall of your destination ads. Both unaided and aided recall of ads can be asked.

A typical question for unaided awareness would be:

> "For which destinations or places have you seen or heard advertising related to travel or holidays in the (specify a time period, such as the last two months)?"

Note what places the respondent names and probe by asking, "Any others?" It can be useful to note whether places mentioned were the first named or mentioned after probing.

An aided question about awareness of ads can be asked in this way:

> "Have you seen any ads specifically for (destination) in the (specify a time period, such as the last two months)?"

The answer to this question would be recorded as "yes", "no", or "don't know/unsure".

If the person recalls ads for your destination (or for Ontario or Northern Ontario, depending on how you want to position your study), you can then ask:

> "In which media do you remember seeing or hearing ads for (destination) in (specify a time period, such as the last two months)?"

Record the responses offered without reading a list of the possible media.

You can then follow this by an aided question:

> "Do you remember seeing any ads for (destination) in (then read a list of possible media, excluding any media mentioned in the previous question)?"

Possible media include newspapers, television, radio, billboards, magazines and Internet.

4.13 Advertising Content

These next questions probe what messages, if any, your ad conveyed to those people who remember hearing or seeing it. A typical question is:

> "What images do you recall seeing in the advertising for (destination)?"

The purpose of this question is to assess whether the experiences or other images/qualities of your destination are being recalled by those who have seen your ads.

4.14 Ad Assessment Scales

You can also ask about the quality of the ad — how well did they like it? The Canadian Tourism Commission (CTC) uses the following instrument in assessing the impact of its TV ads. You can change the qualities to better match your interests.

CTC TV Ad Assessment Scales

"Thinking about television ads you saw for destination, please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with the following statements."

The ads were . . . (read items)	***Strongly agree***	***Somewhat agree***	***Somewhat disagree***	***Strongly disagree***	***Don't know***
Interesting					
Unique					
Boring					
Visually appealing					
Unmemorable					
Informative					
Better than other travel ads I've seen on TV					
The ads . . . (read items)					
Made me aware of new vacation opportunities in destination					
Made me feel more positive about destination as a holiday destination					
Made me more likely to vacation in destination					
Made me switch to another channel					

Print Assessment Scales

For print ads in magazines and newspapers, a simplified scale can be employed: "Thinking about magazine or newspaper ads you saw for (destination) please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with the following statements."

The ads . . . (read items)	***Strongly agree***	***Somewhat agree***	***Somewhat disagree***	***Strongly disagree***	***Don't know***
Made me aware of new vacation opportunities in destination					
Made me feel more positive about destination as a holiday destination					
Made me more likely to vacation in destination					

4.15 Impact of Ads on Travel Intentions/Actions

In addition to advertising recall and assessing the content of the ads, you will also want to know what effect the ads had on the person seeing or hearing them in terms of subsequent actions. The following sequence of questions, also based on CTC's advertising awareness research methods, can provide useful information.

1. Since seeing the advertising campaign for (destination), have you sought additional information on (destination)?

   Yes *(continue to Question 2)*
   No *(skip to Question 3)*
   Don't know *(skip to Question 3)*

2. As a result of the ad for (destination), did you do any of the following? *(Record "yes" or "no" for each)*

   Called the toll-free number in the ad?
   Visited the Internet site mentioned in the ad?
   Talked to a travel agent?
   Called a tour operator?
   (Add to or modify the list as appropriate)

3. Thinking back to the time before you saw the ad for (destination), had you planned on taking a trip to (destination)? *Do not prompt — first note if the respondent says "yes", "no", or "don't know". If yes, probe by asking, "*Were you definitely planning a trip to (destination) or just considering it?"

4. How likely are you to visit (destination) in the next 12 months? (*Read the following list)*

   Definitely
   Very likely
   Somewhat likely
   Not very likely
   Not at all likely

   If the respondent replies, "don't know" — record that, but don't offer it as a response option.

4.2 Conversion Studies

In a perfect world, a DMO would know exactly how many of its visitors were motivated to come solely by its efforts. And further, it would be able to pinpoint exactly which of its sales and marketing efforts was responsible for that visitor. However, the DMO and the local tourism industry do not function in a perfect world. Potential visitors are constantly bombarded by such a myriad of stimuli (the DMO, its industry partners, national sales offices, the news, and so on), that it becomes impossible to say that a visitor was motivated 100 percent by the DMO and only the DMO.

Remembering that results should be clearly and logically traceable to deliberate marketing actions, it is no longer sufficient to show that visitation increased. There may have been market forces, such as the opening of a new attraction that invariably increased visitation whether or not there was any action or involvement on the part of the local DMO.

To make a clear case, you need to show that your actions generated visitation that would not have occurred anyway — you need to demonstrate an incremental impact.

FOCUS ON BEST PRACTICES:
Ad programs should incorporate and provide funding for a post-program conversion analysis that clarifies how many visitors who saw the campaign actually came within a prescribed period, and what they spent.

A common research method to measure visitors generated by the DMO is the **conversion study**, which is again executed via a survey. Conversion refers to the percentage of people who actually make a trip to your destination in response to your marketing activities.

FOCUS ON BEST PRACTICES:

Tourisme Île-Du-Prince-Edward

At the 2004 Canadian Marketing Association Awards, Prince Edward Island won a Gold Award for its recent campaign to increase the number of Quebecois visitors to its destination. The objectives for the campaign quantified an increase in visitation, a goal for number of travel kit requests and qualified leads, and a specific percentage increase to the conversion rate.

However, in reporting on the outcome of the campaign, the results generated were described in the following manner: “Results were good. The number of visitors to the island increased by 15 percent and there was a 27 percent increase in the number of travel kits requested.” It is questionable whether these results can be attributed solely to the Quebec campaign and it is difficult to measure a single campaign by increase in visitation unless a conversion study is conducted.

A best practice, when addressing the issue of visitors generated, is for a DMO to, at the very least, set into place monitoring and research programs that identify visitors that were clearly and significantly generated by its efforts.

Calculating the conversion rate from your survey results involves more than just counting the number of people who came during or immediately following an advertising campaign. Advertising conversion refers to the rate at which consumers visited a destination who would not otherwise have come. This means for example, that if someone were planning a trip to your destination, saw your ad, requested information, and then made the trip — you should not count that visitor as being converted by your ad because he or she was already planning on coming prior to exposure to your marketing efforts. Only those people who were not planning a trip (or perhaps considering but had not decided) should be counted among those converted visitors.

Given this, it is important to first define which of your survey respondents will be considered “converted”. This involves creating reasonable guidelines that will also be reflected in the types of questions you ask in your survey. This involves creating reasonable guidelines that will also be reflected in the types of questions you ask in your survey. These guidelines can range from conservative to liberal, taking into account whether the person saw your ads, whether they were planning or considering a trip before they saw it, and what their resulting actions were. For example, you may want to define "converted" as those who were already considering a trip when they saw your ad but had not yet decided to visit, then did visit; or, you may only want to count those who were not planning a trip when they saw the ad.

Thus, for conversion studies, we recommend that you ask questions to determine:

- If the person saw the ad (only those who saw the ad would be counted among the “converted”).
- Their plans to visit the destination at the time of seeing the ad (such as—definitely planning, considering but not certain, not considering). Only those who were “considering but not certain” or “not considering” would be counted among the potentially converted.
- Whether they had booked (paid for) or actually made a trip at the time of the survey (only those who had booked or made a trip could be counted as converted).

FOCUS ON BEST PRACTICES

If you are using a professional firm for your conversion studies, it is important to note that there are many different conversion models used. It is important to ask your supplier which model they use to determine conversion and ensure that you are comfortable with this approach. It is also imperative that a consistent conversion model is used over time if results are to be compared accurately.

It is also important to note that the methodology for a conversion study, the questions asked, and the results will be different based on who you are using as your sample. If you are returning to the sample that you used for a market based advertising effectiveness survey at the end of the travel season, you will only have to ask a simple question about the respondents' resulting travel actions, making this follow-up survey relatively low cost. If you are using a sample made up of those who inquired to the DMO, you will need to include more questions about what they were planning, their exposure and recall of the ads, and its influence upon them. In addition, when surveying this inquirer group, it is important to note that there could be advertising recall issues, particularly if the survey takes place at the end of the travel season. It is also imperative to understand that the results cannot be interpreted as indicative of the general population, but are only indicative of those who inquired to the DMO.

5.0 Market Research Best Practice Model

Atlantic Canada Tourism Partnership's Conversion Indicators
The Atlantic Canada Tourism Partnership (ACTP--a partnership of the four Atlantic Canada Provinces plus the Federal Government through the Atlantic Canada Opportunities Agency) conducts annual conversion studies of its advertising efforts in New England. Their conversion estimates are based on the following methods, followed by each of the four Atlantic Canada Provinces to ensure comparable results.

1. Telephone numbers of New England residents telephoning one of the Province's call centres using a toll-free number are collected into a central database. Ads run under the ACTP umbrella carry unique toll-free numbers so that any call to a call centre to one of these numbers is reasonably presumed to have been stimulated by the ACTP campaign.

2. Duplicate telephone numbers are purged from the pool of numbers.

3. A sample that generates data with a 95 percent confidence level and 5 percent margin of error is drawn from the pooled telephone numbers.

4. A telephone survey is conducted on the sample using common core questions and definitions. The survey is kept brief, and no incentive is offered to respondents.

Respondents are asked several questions including whether they made a trip, whether they were planning to make a trip at the time of their inquiry and, if they made a trip, how influential the ad was in their decision to visit Atlantic Canada. Trips counted as converted trips are only those taken by respondents who indicated they were not planning to come, or who were thinking about coming but had not yet decided. Respondents are also asked to estimate their spending in Atlantic Canada on the trip influenced by the ad that prompted their call. The

following table summarizes the statistics generated from the call centre telephone surveys for 2003 conducted of people in New England who requested information on any of the Atlantic Canada provinces via toll-free number, fax, coupon, letter or e-mail/ website. These data are supplemented by administrative data related to advertising expenditures by the four Provinces.

ACTP 2003 Conversion Results

Activity or Performance Measure	Source of Data/Calculation Used to Estimate Results	2003 Results
Media buy	Provincial marketing budget spent on ACTP-partnered media campaign from provincial tourism ministry records	$3.66 million
Inquiries	Number of calls recorded at call centres	128 494
Cost per inquiry	Inquiries/media buy through ACTP	$29
Conversion rate	Based on percent of respondents contacted through call centre surveys who said they made a trip to Atlantic Canada	24%
Converted party visits	Inquiries X conversion rate (from call centre surveys)	31 259
Cost per converted inquiry	Converted party visits/media buy	$117
Spending by visitors — per party	Estimated from call centre surveys	$1295
Total revenues	Spending per party x party visits	$40.5 million
Return on investment	Total revenues/media buy	$11.05:$1.00

These results are interpreted using two basic tactics. First, the U.S. marketing program in New England has a target ROI of $10.00:$1.00. The reported ROI ($11.05:$1.00) is compared to the target. For 2003, the ROI exceeded the target. Second, the other measures — inquiries, cost per inquiry, and so on — are compared to previous years' results to determine whether or not effectiveness and efficiency are improving (previous years' results are not shown here).

ACTP also conducts conversion estimates on visits to each province's tourism website. Dissemination of information by the Web is growing fast, and accounted for nearly one out of three requests for information in 2003. The Web conversion methodology involves the following components:

1. Unique user sessions to each provincial website were tracked and the e-mail addresses of users captured.

On-line users were sent an invitation to participate in an on-line travel intentions survey, involving an incentive for participation. This survey covered:

a. Origin of the Web visitor
b. Purpose of visit to provincial website
c. Advertising recall
d. Likelihood of visiting
e. Willingness to participate in a conversion survey

2. Those who indicated a willingness to participate in the conversion survey were then contacted for information on:

    a. Whether a trip was taken to Atlantic Canada
    b. Length of stay, party size
    c. Number of visits to website

The following table summarizes the results of the Web conversion survey for 2003. These results are based on an analysis of the Web survey.

ACTP 2003 Web Results

Activity or Performance Measure	2003 Results
Unique user sessions (thousands)	5217
Percentage of unique user sessions that were U.S. user sessions	33%
Unique U.S. users sessions (thousands)	1730
Percentage using site to research or plan trip, or select destination	95%
Users using site to research or plan trip, or select destination	1642
Users recalling seeing ads	760 300
Percentage recalling ACTP ads	100%
Percentage recalling Provincial ads	46%
Percentage not using website to request literature (those requesting literature were put into call centre database)	32%
Number of “anonymous” users (those not requesting literature)	243 200
Frequency of repeat visits to website	3%
Adjusted volume of anonymous Web visitors	81 070
Web conversion rate	31%
Number of converted parties	25 157
Average expenditures per party (based on toll-free conversion study)	$1301
Total revenues (millions)	$32.74

These results are interpreted by comparing them against targets and past results to determine whether or not effectiveness and efficiency are improving.

E. EVALUATING AND REPORTING MARKETING OUTCOMES

1.0 Benchmarks, Evaluation and Reporting

Regardless of which marketing research and measurement techniques you choose to deploy, to fully capitalize on their benefits you should consider establishing a continuous process in which results are collected, analyzed and reported on a regular basis.

1.1 Benchmarks and Evaluation

Once you have measurement results, consideration will need to be given to the number of benchmarks for comparison. Many of the marketing performance measurements above are designed with the intent that the DMO will establish a benchmark year and recalculate these measures regularly (e.g., quarterly, annually). By examining these metrics over time, the DMO will be able to monitor its progress toward achieving desired resource efficiencies. As discussed above, a DMO needs to demonstrate marginal impact, and to do this benchmarks are crucial. If you are just starting a program, or expanding in any significant way, it is especially important to document the "before" situation for this very reason.

Since metrics should be compared, at least, with the prior year, they need to be consistent over time. If the definition of a metric changes, the results for the prior year should be restated on the new basis. Year-to-year consistency, in terms of which indicators are used and how they are compared, is important — because it is the change, not the snapshot, that is important.

The main review of marketing metrics should probably be twice a year. Too much routine destroys fresh insight, and a half-yearly approach can fit with beginning and finalizing the annual planning process. You may have no formal planning systems at all. In this case, an annual review of marketing performance may well be enough. No organization is too small for the following questions:

- What are we trying to do?
- Compared to that, how are we doing?
- In light of that, what should we be doing?

1.2 Reporting

The DMO should have a quick way for analyzing performance, and one method is through "The Consolidated Marketing Analysis". This one-page report tracks all marketing activity categories, comparing the annual goal for each program against monthly and year-to-date results. It serves as a powerful internal tracking and management tool encapsulating the ongoing success of actual work against goals on a monthly and quarterly basis. A template for monthly performance reporting is provided in **Appendix I**.

Another term for the presentation of a refined set of marketing metrics is known as the “dashboard” to help drive the organization.

JARGON BUSTER

A marketing “dashboard”
A marketing dashboard is a set of indicators expressed in a simple, easily grasped format that provide a manager with real-time key indicators of marketing performance.

Within your own DMO, you should first gain the commitment and upfront agreement amongst management and/or staff about how the dashboard will be used. The team should commit to put time aside as a group to review the metrics and to drill down where the figures show a story. The dashboard only flags the possibility that something might be off track. It only takes a quarter of an hour to go through the dashboard, but the subsequent discussion often can take a couple of hours.

Other suggestions to keep in mind when reporting marketing performance:

- Quantitative measures are not the last word when assessing and reviewing DMO marketing performance internally and with stakeholders. Narrative reviews of key initiatives and programs must always accompany the performance reporting and are strongly recommended. The quantitative measures should be supplemented, but not overtaken by, commentary. Text alone has little value.
- The metrics should be reported along with trends, since market context is very important. This is an ideal place to include secondary market research analysis undertaken during marketing planning.
- The metrics can occupy a single page and adopt the traffic light system (red, green and amber for worsening, improving and static metrics), to highlight short-term changes.
- Exceptional longer-term trends can be shown as charts on back-up pages.

2.0 Reporting Best Practice Model

Tourism Kelowna’s Marketing Measurement and Reporting

Prior to 2004, Tourism Kelowna had a relatively small budget; however, with the adoption of a 2 percent hotel tax that year in British Columbia, its budget substantially increased. Along with this increase came a higher level of expectations on the part of stakeholders regarding marketing performance measures. This led to the adoption of a new measurement program that has recently been rolled out. The DMO has recently instituted marketing performance measurement in all of its functional areas, from travel trade sales through to leisure and consumer marketing and communications.

In choosing its measurements, Tourism Kelowna referred to the recommendations made in the IACVB's *Recommended Standard CVB Performance Reporting: A Handbook for CVBs.* Its new system now incorporates measures for advertising, public relations, Internet/website, convention and travel trade sales.

Tracking Via Software

In order to ensure foolproof tracking, Kelowna partnered with supplier Kettle Valley Research, who created a customized software program called "Enterprise Reporting System" or ERS, specifically for the DMO. **Although customized software is not an option for many DMOs, its capabilities could easily be replicated in house by a DMO using a standard spreadsheet program**, and this software program as a guide in terms of spreadsheet templates and what types of data should be collected.

The Microsoft Excel-based application is based completely on the IACVB Handbook recommendations, ensuring that all measurements are specific and useful in a DMO context. The system has virtually all of the activity, performance and productivity measures recommended in the handbook built into the system. The main purpose of the ERS is twofold:

- To allow functional areas to track and monitor specific metrics
- To allow the organization's executives to monitor functional area activities, performance and productivity for the entire organization.

The software program is used by all six full-time staff members. The software's capabilities mirror the recommended process for measurement; it allows the user to enter plans and targets, to enter and therefore track actual results, to update forecasts, and then to view a dashboard summary report.

The software's greatest asset is that it allows for consolidation of each department's tracking information that is necessary to compile overall performance measurements. Each department collects its data in its own ERS workbook, inputting data on actual activity and performance on a monthly basis. Then, on a monthly basis, all received data is consolidated via the program for the benefit of the DMO's general manager.

Reporting

Because of this consolidated data, the software program also aids in reporting. The system produces reports that managers can use to understand how their functional area is performing compared to their forecasts and targets for the year. Although manual data entry is still required, it is a time saving tool that consolidates collected information from different functional areas, sets targets,

tracks comparison to targets on a year-to-date basis and produces both monthly and annual reports.

Since the system is made up of a series of Excel workbooks that are linked together, the type of report generated by the software could be easily adapted by a DMO, using their own standard spreadsheet program such as Excel — albeit with considerably more data entry and tracking required (mainly consolidation of information from different functional areas and on a year-to-date basis, and the production of reports).

The tracking system using spreadsheets is relatively simple to emulate. A DMO could consider adopting its own version of an ERS departmental monthly report, for example, using the following sample for the meetings and conventions department as a guideline to set up something similar in Excel:

Monthly Meetings and Conventions Performance Measurement Report Template

Performance Measure	Actual	Forecast	Target
Leads ▪ Number of leads ▪ Lead room nights (est.)			
Bookings ▪ Number of meetings/conventions booked ▪ Number of booked room nights (est.) ▪ Booked attendees (est.) ▪ Booked attendee spending (est.)			
Post-event Measures ▪ Room night pick-up (est.) ▪ Total attendance			
Tentatives ▪ Number of tentatives ▪ Tentative room nights (est.)			
Indirect Operating Costs			
Direct Operating Costs			
Total Operating Costs			

This type of report can be elaborated to take the analysis of the above departmental information even further, so that in house spreadsheets also incorporate areas for information such as: forecasts versus targets, percentages of forecasts and targets, year-to-date actuals, year-to-date forecasts versus targets, and year-to-date percentage change to forecast and target.

The ERS system also comes with a dashboard reporting system to graphically display information. It is very easy to read, and is intended to provide an at-a-glance look at key metrics and productivity measures. The main elements of the dashboard, which can be adopted as a best practice for reporting by any DMO are:

- A simple spreadsheet table format.
- All the actuals, forecasts and targets you have entered up to and including the date of the report.
- Three different types of measures: activity, efficiency and effectiveness measures, as discussed above in **Section C, 3.0 and 4.0**.

Benefits

Tourism Kelowna has enthusiastically embraced its new measurement philosophy. The DMO reports that one of the main benefits has been to create a great focusing tool for staff, who have more incentive to keep on track with their action plans because their stated goals and objectives are constantly reviewed. At the senior management level, it has been invaluable both for planning and projections — by highlighting areas that are doing well, the measurement system makes annual budget allocations much simpler.

Because the software program and its resulting reports represent a new formalized approach, Tourism Kelowna says that it has been able to effectively build credibility for its programs and activities amongst its external audiences. Although the system is in its infancy, the increased transparency and accountability it has provided has already received positive response from the DMO's stakeholders.

The Next Steps

One of the next steps left for Tourism Kelowna to institute in terms of recommended marketing performance measurement is to create benchmarks for evaluation purposes. Because they have yet to complete a full year of tracking and measurement, there is no base year as a comparison — yet. Secondly, Tourism Kelowna is not yet reporting on the overall ROI of their DMO. It is currently grappling with how to best measure the true effect of its marketing programs on visitation levels (a requirement for ROI calculations as discussed above), and hopes to start to undertake the market research necessary to determine this in the near future.

3.0 Conclusion — The Continuous Process

The ensuing actions and follow-up after the reporting stage is what links the metrics to a culture of measurement in your organization, and turns measurement into a continuous process. You must analyze marketing performance for two reasons:

- To examine the past and gauge how well you have performed in terms of meeting marketing objectives; and
- To formulate goals and strategies that will help improve your organization's marketing performance in the future.

A deliberately simple process you can follow to initiate a continuous process of measurement and optimization within your DMO is the five step, RADAR process:

Reporting — When it comes to reports, less is more. You will want to focus your reporting on the key metrics based on your marketing objectives. Focus on the dashboard approach outlined above.

Analysis — Next, analyze the data to identify trends and pinpoint areas that you need to improve upon.

Decision — Now, make a decision. We need to be explicit about this step because too often people either are not sure what conclusions to draw from the data, or when they decide to make changes, they execute several major changes all at once. When multiple changes are made, it is difficult to know which specific change had the greatest impact on performance.

Action — Take action. Action needs to become addictive within your organization. And decisive action based on sound analysis is the best kind. This is the most critical step in this process. You cannot improve results if you do not act upon your analysis.

Results — Finally, the process comes full circle in measuring the reactions to the changes you have made. Did your action have a positive or negative result? That is what you will measure and report on next — comparing the before and after. If the result was positive, continue with that strategy. If the result is negative, test another action to fix it. It is a continuous process of integrating analysis into your organization's daily operations.

EXAMPLE: RADAR IN ACTION

The **RADAR** process is best leveraged when you are committed to testing different variables. This approach is ideal in the context of the Web. For example:

The **Reporting** process can outline exit measurements for pages of your website.

The **Analysis** step then identifies a critical page on your website within your conversion scenario with a high exit ratio, which is an instant red flag that the content or navigation on that page is ineffective.

Your **Decision** is to make a specific change to the content of the page in the decision phase.

You take **Action** to implement this change.

In the **Results** stage, the exit ratio is again measured to see the effect that the action has had on the initial marketing performance measurement.

APPENDIX A: Glossary of Terms

Consumer Marketing and Communications Measurement

Advertising

Frequency:	Average number of times households or persons viewed a given program, station, or advertisement during a specific time period. This number is derived by dividing GRPs by the Reach.
GRP:	Gross rating point — a measure of audience size, indicating exposure to a television commercial (or program) without regard to multiple exposures.
Gross impressions:	Sum of audiences in terms of people or households that viewed the same commercial or program on multiple occasions. Two gross impressions may mean one person saw an ad twice, or two people saw an ad once.
Reach:	Unduplicated number of individuals or households exposed to an advertisement at least once during the average week for a reported time period (also known as “cumulative audience”).

Public relations

Advertising equivalency:	A means of converting editorial space in a medium into advertising costs by measuring the editorial coverage and then calculating what it would have cost to buy that space if it had been advertising. This amount is sometimes multiplied by three or four to reflect the greater credibility that editorial is assumed to have over paid ads.
Circulation:	The number of copies sold of a given edition of a publication at a given time or average over a period of time.
Impressions:	The number of individuals who had the opportunity to be exposed to a story or ad. It is usually estimated as the total audited circulation of a publication or audience reach of a broadcast.

Internet

Ad clicks:	Number of times users click on an ad banner.
Ad impressions:	Number of times an ad banner is presumed to have been seen by visitors.
Ad views:	A visitor seeing an ad. If the same ad appears on multiple pages simultaneously, this statistic may understate the number of ad impressions, due to browser caching. An ad impression is not to be confused with a page view since several ads may reside on one page.
Banner:	An ad on a Web page that is hyperlinked to the advertiser's website.
Clicks:	A useful diagnostic of how customer friendly a website is, particularly when investigating high levels of abandonment. Ideally, the customer should be able to achieve the desired information, with the minimum number of page visits and mouse presses (clicks).
Click-through:	Percentage of ad views that result in an ad click (ad click rate).
Cost per Click:	The advertiser is charged only for clicks received.
Duration (or stickiness):	Refers to the time the visitor spends on the website.
Geomatics:	A deep Web traffic analytics service that allows you to see precisely where your Web visits are coming from in terms of geographic areas, sometimes with accuracy to the level of postal codes.
Graphic Web Page Traffic Analysis:	This analytics tool puts your Web page in a browser window and allows you to see what page elements users clicked to and from to browse your site.
Hyperlink:	Also known as a hot link — an electronic connection between two websites.
Hit:	A viewing of a Web page or an element on the Web page. If a Web page contains two graphics that are viewed by a user, three hits will be recorded: one for each graphic

	element plus a third for the Web page itself. Thus, hits are not a particularly useful measure of Web page traffic.
ISP:	Acronym for Internet Service Provider. Your ISP provides website hosting services.
Jump page:	Also known as a splash page. This is a special Web page set up for visitors who clicked on a link in an ad.
Opt-in e-mail:	The action a person takes when they agree by e-mail or other means, to receive communications. It requires a mechanism to encourage and allow people to become recipients.
Opt-out e-mail:	The action a person takes when they choose not to receive communications. It requires a mechanism by which people can ask to be removed from your e-mail list.
Page views:	Number of times a user requests a specific Web page; commonly referred to as viewing all of the elements that comprise a Web page (graphics, text, etc.).
Remote tracking services:	Some on-line tracking services provide you with a small java script which you can cut and paste into each page on your website. The java script sends information to the data service which updates your tracking statistics and provides detailed statistical information without the use of the Log file.
Spam:	Unsolicited commercial e-mail.
Unique users:	Number of different individuals who visit a website within a specific time period; “individuals” are usually identified by their ISP number, thus two people accessing a Web page from the same computer and same ISP, will be counted as a single user.
URL:	A website address page (universal resource locator).
Valid hits:	A refinement of hits; these exclude redirects, error messages, and computer-generated hits.
Visits:	A sequence of requests made by one user at one website — a visitor session is a series of page views that begins when a visitor lands on the first page and ends when the visitor leaves the site.

Convention Sales Measurement

Attendees:	A combination of delegates, exhibitors, media, speakers, and guests who attend an event.
Bid:	A proposal submitted by the DMO and/or hotel(s) to a planner that includes defined dates and room blocks.
Hotel booking:	Future event contracted in writing by the event organization with a hotel. The details should be shared with the DMO for tracking purposes.
Convention booking:	A confirmed booking is supported by a letter or other formal correspondence signed by an authorized agent. Dates, space and room requirements are noted. A contracted booking is a confirmed booking that has led to the signing of legally-binding contracts.
Cancelled:	An event that was either confirmed or contracted but that subsequently did not take place. The same information as for lost opportunities should be collected.
Convention:	An event where the primary activity of the attendees is to attend educational sessions, participate in meetings, attend other organized events. There may be a secondary exhibit component as well as social activities.
Delegates:	Individuals who attend an event primarily to visit exhibits or attend meetings and sessions. Exhibitors, media, speakers, and guests are excluded.
Exhibitors:	Those who attend an event to staff an exhibit.
Lead:	An event enquiry by a meeting planner that includes a request for a minimum of 10 sleeping rooms per night over a specific set of dates that is forwarded by the DMO to only those hotels that meet the meeting planner's criteria. This is more formal than just forwarding names or telephone numbers to hotels.
Lost opportunity:	A lead or tentative event that was subsequently lost by the destination (does not include simple venue changes in the destination). Ideally, the DMO should track estimated number of room-nights, attendance, and attendee spending as well as reason for lost opportunity.

Meeting: An event where the primary activity of attendees is to attend educational sessions, participate in meetings, attend other organized events. There may be social activities, but there is no exhibit component. Meetings also tend to be smaller than conventions in terms of the number of attendees.

Site inspection: Personal, careful investigation of a property, facility, or destination.

Trade show: Also called an “exhibition”. An event where the primary activity of the attendees is visiting exhibits on the show floor. The focus is on business-to-business communications. Consumer shows are focused on business to consumer communications.

Tentative: The status of a group/event after a bid has been submitted to the meeting planner and before a decision is made.

Travel Trade Sales Measurement

FIT tour: A custom-designed, prepaid travel package with many individualized components. These are unescorted and usually have no formal itinerary. FIT stands for fully independent traveller, or foreign independent traveller.

Fam tour: Short form for familiarization tour. A free or highly subsidized trip offered to travel professionals (or media) to acquaint them with what a destination, attraction, or supplier has to offer. They are part of an overall marketing strategy, not just an educational experience.

Group tour: A package for an assembly of travellers that has a common itinerary, travel date, and transportation. Group tours are usually prearranged, prepaid, and include transportation, lodging, dining, and attraction admissions. They are accompanied by a tour escort or guide.

Itinerary: A schedule of visitor activities and stops often including attractions, dining establishments, entertainment and recreation opportunities and shopping. Itineraries are often themed: family, romantic, adventure, and so on.

Packaged travel: A package is a combination of two or more types of tour components from different suppliers that is produced, assembled, promoted, and sold, by a tour operator for an all-inclusive price.

Tour catalogue:	A publication by a tour wholesaler listing package offerings. These are made available to travel agents for use with their clients.
Tour program:	Multiple departures to the same destination throughout the year.
Travel trade:	Any individual or company that creates and/or markets tours and/or FIT packages. This includes tour operators, travel agents, on-line travel companies, receptives, and so on.

Leads

Booking:	A confirmation in writing (letter, fax, e-mail, other booking notice) from an authorized travel trade agent. Only bookings generated as the result of a DMO lead should be tracked.
Hotel lead:	A request for hotel rooms over a specific set of dates by someone in the travel trade. Leads are more formal than simply sharing information by the DMO with all its members.
Non-hotel lead:	An inquiry by a representative from the travel trade for information other than hotel rooms.

ROI Measurement

DMO indirect costs:	Includes Public Affairs/Community Relations, Membership, Human Resources, Finance, and Administration.
DMO direct costs:	Includes Convention and Sales Marketing, Travel Trade Sales and Marketing, Leisure Marketing and Communications, Convention Services, Visitor Services, and Communications/PR.
Investment:	The total of all expenses that were put at risk for the purpose of generating a return.
Return:	The financial gain beyond the original investment.
Visitor spending:	The product of the number of visitors times spending per person per day times number of days.

Market Research

Person-visits: Combination of same-day and overnight trips to a destination, combining both the number of trips and the number of people making them. Thus two person-trips can be two trips made by one person, or one trip made by two people.

Same-day trips: A day trip at least 40 km away from home within Ontario.

Economic impact: The sum of direct spending plus indirect and induced spending (as described in "direct costs" above). Indirect spending is spending by a destination's tourism businesses on goods and services from local suppliers they need to serve visitors. Induced spending is spending in the local economy associated with the salaries and wages of employees in tourism businesses. The combination of indirect and induced spending creates a "multiplier" effect that increases the total impact of the initial (direct) spending by visitors. Losses of visitor spending through taxes, savings, and imports are "leakages". Economic impact is basically measured by dividing the sum of direct, indirect, and induced spending by the value of direct spending. See **Appendix F** for further information on economic impact.

APPENDIX B: Further Resources

Marketing Planning

SWOT analysis

www.zrc-sazu.si/lgs/SWOTConference.pdf
www.adcracker.com/adnauseam/17-5-1.htm

Writing a marketing plan

www.thewritemarket.com/marketing-plan.shtml
www.rd-marketing.com/marketing-plans.htm

Marketing Measurement

General reference

Recommended Standard CVB Performance Reporting: A Handbook for CVB's, International Association of Convention and Visitor's Bureaus, February 2005, International Association of Convention and Visitor Bureaus (IACVB).
www.iacvb.org

Ambler, Tim. *Marketing and the Bottom Line*, Prentice Hall, 2003.

HSMAI Foundation Survey: *How Hotels and DMO's Measure Sales and Marketing Performance*, by John S. Fareed. *HSMAI Marketing Review*, Fall 2002

Lenskold, James. *Marketing ROI*, McGraw Hill, 2003.

Measuring and Valuing Brand Equity, A report prepared by Brand Finance in collaboration with the Institute of Communications and Advertising, November 2004.

www.marketingpower.com
www.marketingprofs.com
www.marketingtoday.com

Web analytics

www.tourismkeys.ca
www.overture.com
www.webtrends.com
www.extreme-dm.com/tracking
www.opt-innews.com

Tourism Kelowna's ERS Measurement Reporting Software

Kettle Valley Research: **www.kvresearch.com**

Market Research

General references for tourism market research

Paul Brunt. 1997. *Market Research in Travel and Tourism*. Oxford: Butterworth-Heinemann.

Douglas Frecthling. 1996. *Practical Tourism Forecasting.* Oxford: Butterworth-Heinemann.

Sungsoo Pyo (ed). 2001. *Benchmarks in Hospitality and Tourism*. London: Haworth Hospitality Press.

Stephen Smith. 1995. *Tourism Analysis: A Handbook, 2nd Edition*. Harlow, Essex (UK): Longman.

Sources of tourism market research reports

Ontario Ministry of Tourism and Recreation:
www.gov.on.ca/english/tourdiv/research

Tourism Investment in Ontario: **www.2ontario.com/tourism/research**

Ontario Tourism Marketing Partnership Corporation (OTMPC):
www.tourismpartners.com

Canadian Tourism Commission: **www.canadatourism.com**

Statistics Canada: **www.statcan.ca**

Travel and Tourism Research Association (TTRA) International: **www.ttra.com**

World Tourism Organization (WTO): **www.world-tourism.org**

World Travel Tourism Council (WTTC): **www.wttc.org**

Aboriginal Tourism Canada: **www.aboriginaltourism.ca**

Canadian Tourism Research Institute (CTRI): **www.conferenceboard.ca**

Travel Industry Association of Canada (TIAC): **www.tiac-aitc.ca**

Brock University, Tourism Studies: **www.brocku.ca/tourism**

University of Guelph, Hospitality and Tourism Management:
www.htm.uoguelph.ca

Lakehead University, School of Outdoor Recreation, Parks and Tourism:
outdoorrec.lakeheadu.ca

University of Waterloo, Department of Recreation and Leisure Studies:
www.ahs.uwaterloo.ca/rec

On-Line Tourism Research Guides

"How To" Manual on Research Needs Assessment:
www.ontla.on.ca/library/repository/mon/4000/10004782.pdf

Guide to Conducting Visitor Surveys:
www.ag.arizona.edu/pubs/marketing/az1056

Conducting a focus group:
www.amonline.net.au/amarc/pdf/research/focusgps.pdf

Assessing and developing tourism resources:
www.communitydevelopment.uiuc.edu

APPENDIX C: Overview of Marketing Planning

Your DMO Marketing Plan should include the following components.

Executive Summary

- A detailed review of the implementation process
- The destination marketing process (how new visitor business will be attracted to the community through coordinated action)
- Plan highlights (including major quantifiable and productive goals to be achieved)

Introduction

- Marketing mission
- Visioning process and value statements that chart the course for success

Marketing Objectives

- Formulated as a response to the mission statement
- All programming of the DMO should fit within the parameters of these objectives

The plan's principal building blocks follow:

Marketplace Complications

- All the impediments or roadblocks to success
- Perceived complications

Major Challenges

- Economic conditions etc., that unfavourably impact the DMO's ability to create customer share of mind and market

Marketplace Opportunities

- Where the new doors to success can be opened

Departmental Reports and Productivity Goals

- These comprehensive sections are the core of the plan
- Each department (Travel Trade, Conventions, etc.) or individual responsible for market segments will produce a detailed plan including:
  - Mission
  - Relevant trends
  - Current year productivity/activity achievements
  - Planned highlights of marketing activities for the New Year, including all relevant tactical areas, such as advertising, Internet, and media relations
  - Projected sales goals in firm numbers, comparing them to work of current year
- Each market segment will be addressed, incorporating each department's own marketplace complications, competitive analysis, major strategies to be undertaken, primary target audiences to be reached, specific tactics or work programs to accomplish the strategies

Comprehensive Marketing Calendar

- Lists all major strategies by month
- Including trade shows, sales missions, media relations, advertising, direct marketing, collateral

Detailed Budget

- Operational and departmental budgets as appropriate

APPENDIX D: Compendium of Market Research Available to DMOs for Marketing Planning Purposes

NOTE: Unless otherwise indicated, this information is available free of charge or by signing up as a member (on a complimentary basis) at the websites listed.

Research Tool	Specific Information Need	Source of Information	Advantages and Disadvantages, Limitations and/or Technical Issues
Regional Tourism Profiles	Reports include historical travel statistics (e.g., person visits) and a recent trip profile (e.g., total visitors, purpose of trip, party size, visitor spending and origin) from Statistics Canada's Canadian Travel Survey (CTS) and International Travel Survey (ITS), hotel occupancy rates, average daily rates and revenue per room from PKF Consulting, the economic impact from MTR's Tourism Regional Economic Impact Model, and the number of establishments in a county or district by type.	Ontario Ministry of Tourism and Recreation Available at: **www.tourism.gov.on.ca/english/tourdi/research/rtp/index.html**	Includes information at the regional level, e.g., North West Ontario, North East Ontario and North Central Ontario, as well as at Census Division level, e.g., Thunder Bay District, Algoma District, Nipissing District, Kenora District and Parry Sound District. Difficult to extrapolate data information from regional levels to community levels. Sample size for ITS data can be small, producing estimates that must be used with caution. Most recent data available is for Year 2002. Some sample areas are too small to report on (Sudbury Regional Municipality, Timiskaming District, Cochrane District).
Border Crossing Updates	Provides preliminary statistics on the number of border crossings to Ontario, such as overnight and same-day trips by market.	Counts provided by Canada Customs agents at each port of entry. Available at: **www.tourismpartners.com**	Data provides information only on border-crossing points; they provide no details about trip characteristics, or even the ultimate destination of the visitor (or if the visitor is simply passing through Ontario). Updates are produced monthly.

Research Tool	Specific Information Need	Source of Information	Advantages and Disadvantages, Limitations and/or Technical Issues
Tourism Monographs	Periodic travel surveys covering wide ranging data, including Ontario's Visitors with Outdoors Interest, Overseas Travel Markets, U.S. Travel Markets, Domestic Travel Markets. An encapsulated bulletin about CTS/ITS.	Compiled from Statistics Canada data sources. Available at: **www.tourism.gov.on.ca.**	Most information is from 2001.
Ontario Tourism Facts and Figures	A concise compilation of border crossings, short-term economic indicators, visits to travel information centres, occupancy rates around the province, and other information that varies by issue.	Statistics Canada's ITS and CTS; PKF Consulting data for occupancy figures; MTR's Tourism Regional Economic Impact Model. Available at: **www.tourism.gov.on.ca.**	Sample size for data can be small, producing estimates that must be used with caution. Convenient "snapshot" source of information.
Canadian Travel Survey (CTS) and International Travel Survey (ITS)	Wide ranging data, addressing areas including Ontario's Overseas Travel Market, U.S. Travel Market, Domestic Travel Market, Overnight Pleasure Market, and Business and Convention Market. Includes summary data tables as well as provincial and regional data tables.	Statistics Canada Available at: **www.tourism.gov.on.ca.**	ITS sample sizes can be so small that some estimates must be used with caution. Most recent information available is for 2002. Custom runs of tables are available from Statistics Canada, but can cost several hundred dollars, depending on scope of analysis. General results are available through other sources described in this compendium.

Research Tool	Specific Information Need	Source of Information	Advantages and Disadvantages, Limitations and/or Technical Issues
Travel Intentions Study	This study measures intent to travel to Ontario and specific Ontario destinations within key U.S. and domestic markets.	Compiled from market surveys completed by market research firm. Available at: **www.tourism.gov.on.ca.**	Can be used to gauge impact of negative events on travel to Ontario, forecast demand to assist with industry planning, and provide information to assist with messaging and targeting of promotional communications and marketing initiatives. U.S. data are from U.S. border states and mid-market only; data from Ontario are divided into GTA residents and "other Ontario"; while other Canadian data come from Winnipeg and Montreal only. Published four times per year (February, May, August and November); most recent information available is 2004 Year End Report. Travel intentions versus actual travel may have little or no correlation (recent studies show they can diverge by 17% on average). Generally speaking, approximately 60 percent of Canadians actually follow through on vacation plans made six months earlier. Many unforeseeable factors can have a strong influence on the performance of tourism (SARS, etc.). Factors like weather, exchange rates, and disruptive events are difficult to anticipate and have a major impact on consumer travel decisions.

Research Tool	Specific Information Need	Source of Information	Advantages and Disadvantages, Limitations and/or Technical Issues
Canadian Tourism Commission (CTC) Market Research Reports	CTC offers a range of tourism intelligence bulletins and in-depth market research in the following areas: Asia Pacific (Consumer Research, Regional Profiles, Overview of Outbound Travel Market) Canada (North American Tracking Study, Heritage Tourism Enthusiasts), Meetings and Conventions (U.S. Business Travellers to Canada, Meeting Planners International Delegate Survey), United States (USA Recovery Monitor) and General (Long Term Trends and Cycles in Canadian Tourism, International Travel Forecasts, Traveller Accommodation Survey, Role of the Internet in Vacation Travel).	Various, including CTC, DK Shifflet and Ipsos Reid. All available at: **www.canadatourism.com**	Reports cover a wide range of topics and are characterized by careful attention of methodological rigour. No significant limitations, other than the fact that the results are usually framed at the level of Canada as a whole.
Segmentation Reports	Includes reports on Youth Market Segment, Senior Market Segment, Mature Market Segment, and Family Market Segment. Divides travellers into groups with similar travel needs and interests. Based on research conducted in Ontario's main North American markets, (Ontario and the U.S. border states), travellers are grouped into 12 market segments. Segments include information on demographics, income, travel product preferences, and sources of information used (including use of Internet).	Available at: **www.tourismpartners.com**	A good source to find out more about your current customers and to gain insight into potential future markets. Insightful and valuable if your tourism product is designed for marketing directly to a distinct target group such as families or youth. Data were obtained from market surveys conducted a number of years ago.

Research Tool	Specific Information Need	Source of Information	Advantages and Disadvantages, Limitations and/or Technical Issues
TAMS (Travel Activities and Motivation Survey)	Large survey assessing travel activities and motivators of pleasure travel among Canadians and Americans. Provides research to help develop marketing strategies and travel products to attract visitors to Ontario. Reports within the survey include: Travel Patterns of Ontario's Population; Impacts of Aging on Canadian and American Markets on Tourism in Ontario; and a dozen activity related reports including Outdoor Segmentation, Aboriginal Tourism, Festival Tourism Enthusiasts, Canoeing and Kayaking Travel Market and Hard Outdoor Adventure Enthusiasts.	A collaboration between Canadian tourism ministries and organizations. Available at: **www.tourismpartners.com, www.tourism.gov.on.ca.**	Activity participation refers only to whether the respondent participated or not within two years prior to survey (or intends to in next two years); no measure of frequency of participation or of purpose of trip during which activity occurred is provided. Survey conducted between 1999 and 2000; new version not likely until late 2006. Does not measure intent to visit and therefore does not define market opportunity. Some of the product categories for reports, such as culinary tourism, may not be defined in terms that represent industry conventions. New survey will have information by province for the Canadian traveller information. Published reports are free; custom runs by a consultant will carry a cost.

Research Tool	Specific Information Need	Source of Information	Advantages and Disadvantages, Limitations and/or Technical Issues
CTC Product Innovation and Enhancement Research	A series of research reports dedicated to the following product areas: spa and wellness, cuisine, adventure/outdoor, cultural and heritage, and winter. For the outdoor product category, as an example, reports include National Snowmobile Tourism Study, Outdoor Tourism Industry Profile and Resource Guide, and Outdoor Enthusiast Survey 2003.	Based on analyses done of TAMS. Available at: **www.canadatourism.com**	Definitions/scope of some product categories may not correspond with current industry conventions. Study was not designed to provide direct guidance for marketing tactics; more useful to get a broad picture of profiles of potential customers for certain types of tourism experiences. Data were collected in 1999 and 2000, thus have become dated. Data are based on activity participation (and intentions) but not tied to any specific trip, thus caution must be used when interpreting results.
Northern Ontario Reports	Information Tools for Marketing Planning: Tourism Volume, Value and Characteristics in Northern Ontario. An Overview of Tourism in Northern Ontario, 2002 Assessing the Challenges: Summary Report of the 2003 Northern Ontario Tourism Consultations	Some available through OTMPC at **www.tourismpartners.com.** All available through FedNor at **www.fednor.ic.gc.ca.**	Summaries of information already available through Statistics Canada and Regional Profiles, although some information is gathered through special runs of data. Some data can be considered out of date. Not all reports represent primary research documents and findings.

Research Tool	Specific Information Need	Source of Information	Advantages and Disadvantages, Limitations and/or Technical Issues
	Northern Landscapes: Opportunities for Nature-Based Tourism in Northern Ontario, November 2004 The Impact of SARS and Other Challenges for Tourism in Northern Ontario in 2003 Eco-North 2004 Eco-Nord Conference Summaries, November 2004		

APPENDIX E: Evaluating the Economic Impact of Festivals and Special Events

Communities often look to festivals and special events as a way of generating local income and promoting themselves to potential visitors. Many residents of communities also see benefits in developing and promoting such events. They do so for many reasons. These can include a passion for a particular sport and the desire to host a tournament for that sport in their hometown. Others see festivals as the means to create opportunities to socialize, build networks, and to express pride in their community.

Many festivals and special events typically involve a request to a city council for some form of financial support. This can range from a request for a modest level of sponsorship to the need for the community to make major investments in building or upgrading new facilities. Regardless of the motivations behind the event or the scale of municipal involvement, city council will eventually want to understand what the community has received in return for its use of taxpayers' dollars to support the event.

There are two perspectives that may be adopted in posing this question. The differences can be illustrated using a simple example. Consider a community hosting a three-day summer festival, running from Friday afternoon through Sunday afternoon, celebrating local culture and heritage. The festival features musical performances, arts and craft sales, an antique show, historical displays, and children's amusements. The festival is held at a local fairground and has an admission fee.

Perspective 1: City Council's Financial Perspective

1. The Parks and Recreation Department allocates $50 000 for policing, maintenance, a temporary display of local historical and cultural artifacts, and other operating costs. Of the $50 000, $5000 also was transferred to the local destination marketing organization for promotion of the event.

2. Vendors selling crafts, music CDs, and other retail items paid a total of $10 000 in fees to the municipality.

3. Another $30 000 is earned by the municipality through admission fees, their own concessionaire sales, and parking revenues.

4. Total revenues to the municipality thus equal $40 000. Given $50 000 allocated to the event, the municipal government records a $10 000 loss. Municipal councilors question the wisdom of future support of similar events.

Perspective 2: Economic Impact Perspective

1. The DMO conducts a survey of the attendees at the festival.

2. Based on ticket sales and the survey, the DMO estimates 25 000 people attended, comprised of 20 000 locals and 5000 visitors from other communities.

3. The survey revealed that the average party size of out-of-town visitors was 2.1 persons, staying an average of one night. Expenditures at the festival, for accommodation and other local expenditures, averaged $84.50 per party-night. Thus, total visitor expenditures were ($84.50/2.1) X 5000 = $201 190.

4. With the municipality's expenditure of $5000 on marketing plus an additional $5000 from the DMO's budget for marketing, the DMO estimates that the ROI was $201 190/$10 000 = $20.12:$1.00. The DMO declares the event a success and calls for an expansion of the festival in the following year.

The difference in these two perspectives and the resulting conclusions reflect different focuses of concern. The city council perspective looks solely at the impact on the municipal budget, while the DMO's perspective is on the broader community. Both perspectives are valid. However, given that the majority of municipal revenues ultimately derive from taxes paid by the residents, the broader economic impact perspective of the DMO has particular relevance. This perspective correctly places the emphasis on the impact of the event to generate income for residents and local businesses, some of which will be paid to the municipal government in taxes. Thus the economic impact perspective takes into account a broader and more realistic perspective of the benefits and costs of event sponsorship.

A basic approach to estimating the economic impact of an event, as suggested in the example, is to conduct a survey of people attending the event. This provides an estimate of the direct spending generated by the event. This information can, in principle, then be used to estimate total economic impact including indirect and induced effects — and a tourism multiplier — through the use of an economic impact model such as Ontario's Tourism Regional Economic Impact Model (OTREIM), outlined in **Appendix G**.

Guidelines for designing and implementing a survey, and selecting a sample are provided in **Appendix H**. Conducting a survey of visitors to festivals and events to assess economic impact, however, also requires attention to two additional principles. These are described below.

Principles for Economic Impact Surveys for Festivals and Events

1. Exclude spending by local residents

   Economic benefits from festivals and events come from the injection of new money into a community. This money is spent by visitors, participants, media, and other people drawn to the community who live elsewhere. **While spending by local residents may be important to the event organizers in terms of their own bottom line, spending by locals simply recycles money that was already in the community**. It does not contribute to the net growth of the local economy. Spending by locals at a festival or event means this money was not spent at other local businesses, so the net effect of spending by locals on the community's economy locally is nil.

   In principle, one could argue that by hosting the event in the community, money was kept in the community that would otherwise have leaked out. This argument is sometimes called "import substitution", and can represent a positive economic impact. However the existence and magnitude of import substitution in the context of a specific event is exceedingly difficult to prove and is often likely only of minor consequence.

2. Exclude "date shifters" and "opportunists"

   "Date shifters" are those visitors to a community who were already planning a trip to the community but shifted the dates of their visit in order to take advantage of the event. "Opportunists" are those visitors who were in the community during the time of the event but for other reasons. They took advantage of the event, but were not drawn to the community because of the event. Assessing the impact of an event in terms of drawing new spending to a community also means that visitors who would have come to the community anyway should be excluded from economic impact measures. **In other words, the impact of an event should be limited to those who were drawn specifically by the event and not visitors there for other reasons**.

   Again, the spending by opportunists and date shifters can be important to the financial success of the event, but their presence should not be counted as a measure of the ability of the event to draw people to the community.

3. Consider potential negative economic impacts

   There is evidence that, in fact, some events can also have a negative economic impact on a community. For example, events that are likely to draw large crowds may cause some potential visitors to switch to other destinations. This pattern has been observed in connection with cities hosting the Olympic Games. Also, there is some evidence that mega-events such as the Olympics or World's Fairs can result in local suppliers raising their prices. Higher prices that affect spending by residents through higher prices in restaurants or inflated rental accommodation should, in principle, be deducted from the net economic gain associated with the event. These effects, however, are relatively rare and are associated only with the largest events.

Currently, there is a study in progress on the impact of festivals, designed to give those executing surveys some advice on how to better conduct surveys at festivals and events. It will not provide an economic impact model — the model used will continue to be OTREIM, mentioned above.

APPENDIX F: Measuring Band

The measurement of a brand, which is often expressed as **brand equity**, lacks the attention it deserves because it is not on the balance sheet and it is hard to measure. Furthermore, it is a relatively new concept, becoming part of the business scene over just the last 20 years.

JARGON BUSTER

Branding or **brand identity** is the total sum of the words, images and associations that form each and every consumer's perception of a destination.

A **brand**, therefore, is the conveyed personality of the visitor's experience. It is the promise and link between the customer and the visitor product.

Brands create preference (the basis for profitability), permission (the basis for growth), and loyalty (the basis for stable revenues and profits).

Brand equity is what is in people's heads about the brand (can be either positive or negative).

Coca-Cola, for example, one of the brand giants of the corporate world, has chosen five core measures to measure brand equity: daily drinking, advertising awareness, an affinity measure (this is the brand for me), an experiential measure (it is great tasting), and a value measure (it is worth paying more for). The essential tool for arriving at these measures is market research. Although most DMOs do not have the research resources of a Coca-Cola, you are encouraged to include brand measurement in your marketing performance measurement activities if resources allow.

Of course, one of the first steps in brand measurement is choosing the right metrics. The traditional metrics of market research — awareness, familiarity, and quality — are often poor measures of brand equity. They do a good job of benchmarking the scale of a brand's presence, but they do a poor job of measuring a brand's potential. There is another difficulty with measuring brands — they cannot be measured directly. We cannot look inside people's heads and count the brand memories. Because of this, it is important that brand measurement encompass three types of measures:

- **Input measures**: quantifying the amount of advertising and communications (the prime driver of brand equity) executed.

- **Intermediate measures**: these estimate what is in people's heads, usually via surveys — awareness and attitudes such as how relevant they perceive the brand to be, perceived quality, and customer satisfaction.

These are fuzzy data even if collected to the highest standards. Such responses are unreliable, especially because they involve emotions and feelings.

- **Behaviour measures**: widely considered to be the most reliable indicator of what we really think and feel. Sales are the most popular metric. Others include: market share, relative price, customer gains, retention, loyalty, and penetration.

A close look at these measures reveals why it is difficult for DMOs to effectively measure their destination's brand. DMOs often have limited access to behaviour measures such as sales; and many cannot afford elaborate research surveys used to determine intermediate measures. Although they can calculate input measures, these are of no use unless used in concert with the other types of measures to present a whole picture of brand equity.

Most DMOs, however, can incorporate some brand measurement oriented questions into ongoing marketing research. Some basic questions to ask to measure brand include:

- Are potential customers aware of this brand? What is their familiarity relative to other brands in the competing set (competing destinations)?
- What proportion of the intended market has bought (or experienced) this brand?
- How do they rate the brand's quality?
- How satisfied are they with their experience of the brand?
- What is their level of preference for the brand compared to other brands in the consideration set?
- What is their level of knowledge about the brand?
- Do they intend to buy (experience) the brand?
- Do they have a brand habit, i.e., are they loyal (repeat visitors)?

APPENDIX G: Measuring Economic Impact

Tourism can be an important form of economic development in a community because it is an export industry — it brings new money into an economy by selling commodities (primarily services) to visitors from outside the host community. On the surface, tourism appears different than traditional export industries that make their sales by shipping manufactured goods to consumers. Tourism, in contrast, sells services by bringing the out-of-town visitors to the community to make their purchases. However, the flow of money for tourism as an export industry is precisely the same as that for manufacturing industries shipping their products to distance consumers: **new money is injected into a community from outside the local economy in return for the purchase of local products**.

Several techniques have been developed to measure economic impact. One of the best known is the tourism multiplier. Tourism multipliers are based on a set of ideas known as Keynesian principles that allow measurement of the proportion of export income to residents in that economy that recirculates in the economy, creating further economic activity and employment. The following Figure summarizes, in a highly simplified fashion, this principle.

An initial expenditure of $2000 by a visitor to a community results in $400 of that $2000 income to businesses being paid to government in the form of taxes (in the example here, we assume the marginal tax rate is 20%). The businesses also import $285 worth of goods and services from outside the community (the marginal rate of importing is assumed to be 14.25%). After taxes and import purchases, the businesses thus inject $1315 into the local economy through profits, wages, salaries, and so on. The employees and other residents receiving this income then pay taxes — $263 or 20 percent — as well as save a portion (12.5%) of their income, $132. They also import some goods and services, at a marginal rate of 14.25 percent, or $150. This leaves approximately $771 to be spent in the local economy.

The initial expenditure by the visitor is called the *direct impact (or income)*; re-spending by businesses to restock their inventories or to acquire services associated with doing business is known as *indirect impact.* Economic activity generated by the spending of the employees whose income has increased as a result of direct and indirect income is the *induced impact.*

That $771 (about 38.6% of $2000) represents the start of a second round of expenditures. The cycle continues until the initial injection of $2000 is dissipated. The reason each subsequent round of spending is only about 38.6 percent (in this example) of the previous round of spending is that money leaks out of the local economy in the form of taxes, savings, and imports. The greater these losses, the lower the overall impact of tourism spending. The tourism multiplier provides a measure of the retention of earnings.

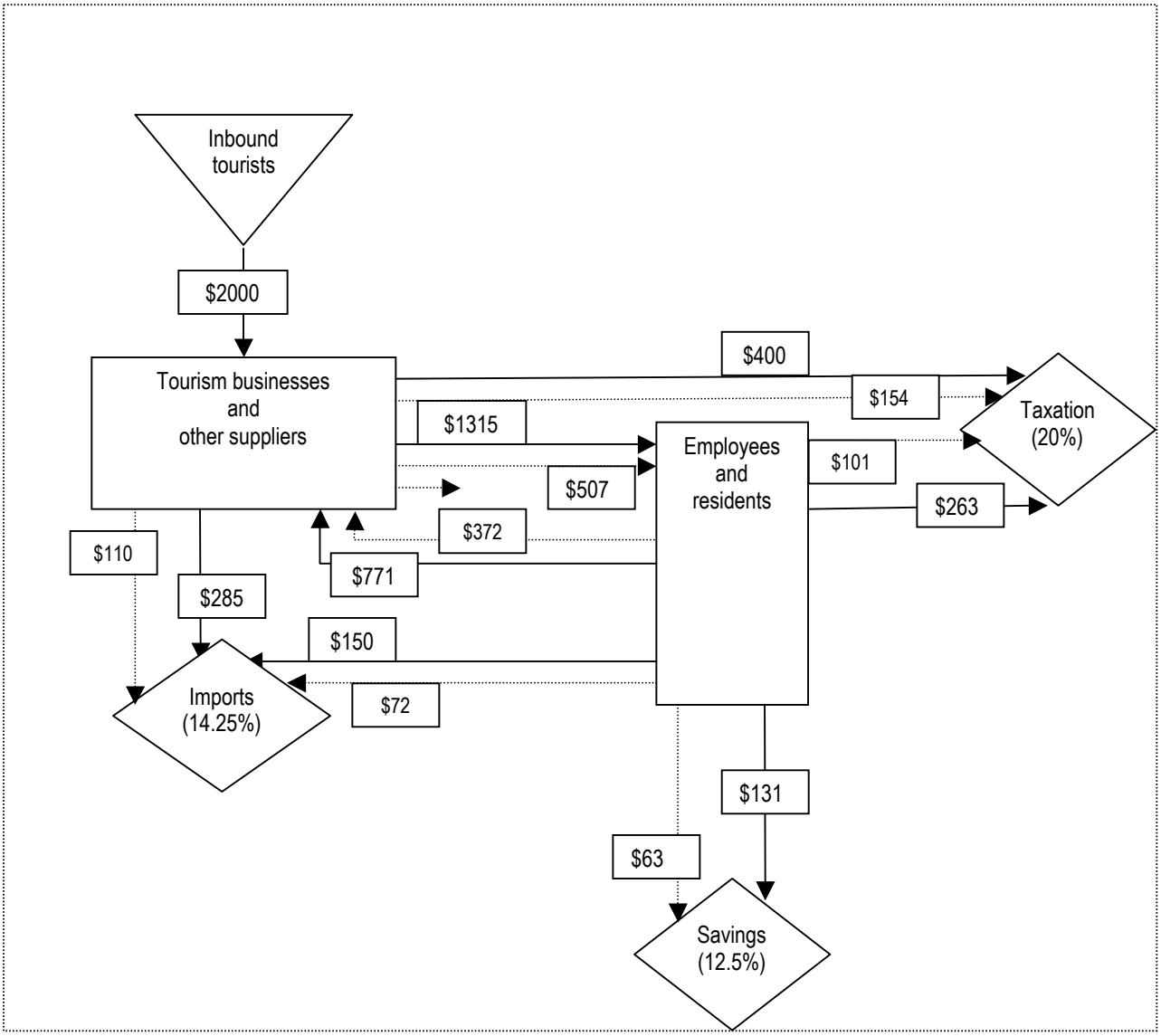
A simple multiplier can be estimated by calculating the ratio between total income generated and the initial expenditure.

Following the example above, the total value of income created by the initial expenditure of $2000 is the sum of the series:

$2000 + $771 + $297 + $114 + $44 + . . . = $3255

The ratio between the total income generated of $3255 and the initial expenditure of $2000 is 1.6275. This indicates that for every dollar spent by a visitor in the community, approximately an additional $0.63 is generated.

Figure: A Simplified Model of a Tourism Multiplier



In practice, there are several different approaches to calculating multipliers as well as several different types of multipliers. These analytical details are beyond the scope of this guide, but several general comments are still possible.

Sales or *output multipliers* summarize the impacts of an extra unit of visitor spending on the total economic activity in a community through direct, indirect, and induced effects. The focus is on total business turnover or gross economic activity. This type of multiplier has a higher value than the *income multiplier*, and thus is sometimes preferred by those who want to report the largest number possible. However, sales multipliers relate only to inter-industry linkages and overall sales impacts, not on the generation of net wealth to businesses and individuals in communities. It is not, for most purposes, a very meaningful measure.

The *income multiplier* provides an estimate of the net increase of a unit of visitor spending on personal incomes in the destination. Its value tends to be lower than the sales or output multiplier, but the income multiplier generally has more relevance to government policy because it relates to the overall well-being of a community.

A third type of multiplier is the *value-added multiplier*, which adds to the income multiplier an estimate of other property income, indirect taxes, employee compensation, and proprietary income.

Finally, the *employment multiplier* reports the impact on job creation resulting from the direct, indirect, and induced effects of a unit increase of visitor spending.

However calculated, the value of the multiplier is a function of several basic characteristics of the local economy. Smaller economies will generally have lower multipliers than larger economies because smaller economies generally need to import more products and services. Communities where the owners of businesses are located outside the economy will have smaller multipliers, everything else being equal, because of the leakage of profits back to the owners. Communities where tourism (or any other business or residents) has high levels of indebtedness to external (outside the economy) lending institutions will also have lower multipliers. The level of taxation is also an important leakage. The higher the levels of taxes from all sources, the lower the tourism multiplier. Of course, government revenues can sometimes be reinvested into a community, through vehicles such as tourism marketing and infrastructure that can help the local tourism industry grow. However, the economic impacts of government revenues should be offset by an assessment of the negative economic impacts of the revenue lost to local businesses when they pay taxes. That lost money might have been used to reinvest in the growth of local businesses, thus increasing the overall income generated by the local tourism sector.

Finally, there are opportunity costs associated with government spending. A general principle is that public monies should be directed to the "highest and best use" — that is, the money should yield a return to residents that is at least equal to that return that could be obtained from other ventures in which the government could invest. Opportunity cost is the difference between the return on the decision made for investment and the investment that could have been realized from the best alternative not taken.

Destinations who have produced reports quantifying their economic impact include Sunset Country and the Blue Sky Region. Copies of these reports are available at **www.nwota.com** and **www.blueskyegc.ca**, respectively.

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OTREIM

The preferred model for estimating economic impact of tourism activity in Ontario is the Ontario Tourism Regional Economic Impact Model (OTREIM), developed by the Canadian Tourism Research Institute. OTREIM is an econometric model based on the provincial Input/Output (I/O) tables (a series of tables summarizing the structure of the provincial economy in terms of the economic value of the inputs and outputs of the province's industries).

OTREIM can provide estimates the impact of any of three different types of tourism activity: spending by visitors in a destination, business operational expenses, or investment in a new (or expanded) tourism enterprise. To conduct any of these estimates, data must be input relevant to the particular form of activity. For example, if you want to estimate the impact of visitor spending in a given region, you have to provide data related to total spending on public transportation, private transportation, car rental, local transportation, accommodation, food and beverage from restaurants, food and beverage from stores, recreation and entertainment, retail clothing, and other retail by visitors to the destination.

It should be noted that OTREIM can be used only for relatively large geographic units such as counties, census metropolitan areas, or tourism regions. It cannot be applied to the level of small jurisdiction such as most individual municipalities or townships.

The model produces estimates of GDP contributions, number of jobs, and taxes generated by the specific tourism activity being modeled. This information can then be compared to the impacts of other industries in terms of GDP, employment, and taxes or to the impact of tourism in another region.

OTREIM is scheduled to be made available for use by industry through a hyperlink on MTR's website sometime in 2005 (**www.tourism.gov.on.ca**).

STEAM

A similar model is STEAM (Sport Tourism Economic Assessment Model), which has also been developed by the Canadian Tourism Research Institute. STEAM applies specifically to sport tourism, and is available on-line to members of the Canadian Sport Tourism Alliance who have attended a workshop on its use. It is intended to be used to assist with the development of bids for sport events by communities. More information on STEAM can be found at **www.canadiansporttourism.com.**

APPENDIX H: Quantitative Marketing Research

1.0 Introduction to Quantitative Research

1.1 Definition of Quantitative Data

Basically, quantitative information is any information that is expressed as numerical data and can be subjected to statistical analysis.

1.2 Distinctive Characteristics of Quantitative Data

- They are usually collected from surveys of relatively large samples selected to be representative of the population being studied.

- The survey has identical wording for each respondent, and the questions are formatted to permit easy coding of the data for subsequent analysis.

- "Qualitative" information such as gender, occupation, attitudes, opinions are measured using numerical categories or rating scales.

- Analysis typically is based on the use of statistics. The type of statistics depends on **the "power" of the scale** or categories used.

The **"power" of the scale** refers to the properties the scale possesses. There are four levels:

- **Nominal**: in which the scale simply uses numbers as a label. Examples would be to label "no" as 0 and "yes" as 1, or "female" as 1 and "male" as 2.
- **Ordinal**: the numerical value represents rank or order. For example, the most important factor in selecting a destination would be labelled as "1", the second most important as "2", and so on.
- **Interval**: where the "distance" between numbers is fixed and consistent. For example, many attitudinal scales are assumed to have "interval qualities". A common tool used for scoring attitudes records levels of agreement with different statements using the following scale: 1 = "very strongly agree", 2 = "strongly agree", 3 = "agree", 4 = "uncertain", 5 = "disagree", 6 = "strongly disagree", and 7 = "very strongly disagree". In this case, the difference between, for example, "very strongly agree" and "strongly agree" (a difference of 1) is the same magnitude as the difference between "uncertain" and "disagree" (also 1 point).
- **Ratio Powers**: scales may have ratio powers. In this case, the ratio between numbers is meaningful. For example, someone earning $100 000 per year is earning twice as much as someone earning $50 000 per year ($100 000/$50 000 = 2).

The **"power" of the scale** determines what type of statistical tools can be used. For **nominal** scales, only counting is possible (the number of "1s", the number of "2s", and so on). **Ordinal** scales can be analyzed using techniques such as Spearman's rank order correlation, which indicates, for example, whether the order of two different lists of activities (from most popular to least popular) engaged in during a trip by two different market segments is essentially the same. **Interval** scales permit the calculation of means as well as more sophisticated statistical techniques such as correlation analysis. Finally, **ratio** scales can be analyzed using any statistical technique.

It is essential not to try to use statistical tools that are not appropriate for a scale of a given power. For example, if females are coded as one (1) and males are coded as two (2), it is not appropriate to infer that males are somehow "twice" females. In this case, the number means no more than the number of a hockey player's jersey. Or if shopping is ranked number one (1) among activities engaged in by some market, sightseeing is ranked number two (2), and walking is ranked number three (3), (this is an ordinal scale), you cannot assume that the difference in the number of people reporting shopping (1) versus the number reporting sightseeing (2) is the same as the difference in the number of people reporting shopping (2) versus the number reporting walking for pleasure (3).

1.3 Benefits and Disadvantages of Quantitative Data

Benefits	*Disadvantages*
Because surveys collecting quantitative data are usually based on representative and random samples (random means that every individual in a population being sampled has an equal chance of being selected for an interview), quantitative results can often be generalized to a larger population. This depends, of course, on whether the sample is truly representative. Quantitative information is readily understood by manager and marketers and can be quickly applied to make informed decisions. The data are easily coded, summarized, and analyzed by standard computer programs. The results can also be easily summarized using tables and graphs.	Quantitative information tends to be impersonal and often fails to capture important insights about people that are not easily summarized by numbers. The ability to generalize quantitative results from a sample to a larger population requires relatively large samples to permit the drawing of accurate conclusions (the question of sample size is addressed in **Section 3.0**). Further, biases in the samples, regardless of the size of the sample, can result in incorrect conclusions. In other words, people who agree to respond to a survey may be fundamentally different than those who do not agree to answer. Choosing the right sample is addressed in **Section 3.0**. Surveys using quantitative tools may not permit the interviewer to probe for additional details or permit the respondent to ask for clarifications of the meaning of questions.

2.0 Quantitative Methods

2.1 Quantitative Surveys

The most important and common type of quantitative method to collect data for destination marketing is the use of quantitative surveys. Surveys are used to gather the same type of information from a large group of people. The information may be about their travel experiences and plans, perceptions of a destination, preferred activities, expenditures, how they decide on which destination to visit, and many other topics of importance to marketers. The questions are designed so that each respondent is asked essentially the same questions, and the results are easily tabulated for analysis, usually using a computer and statistical or spreadsheet software.

There are two fundamental types of questionnaire administration and design:

- **Personal Interviews**: typically are conducted in person or over the telephone; in-person interviews may be conducted either on-site (at a tourism attraction or festival, for example) or at home.
- **Self-completion Questionnaires**: surveys may be mail-back questionnaires (in which the respondent returns the questionnaire by post after completing it); self-administered on-site surveys (in which case the interviewer hands the questionnaire to the respondent who fills it out on the spot, and then hands it back); or Internet surveys (in which the respondent is directed to a questionnaire administered through a website).

2.2 Advantages and Disadvantages of Each Type of Questionnaire Design

Personal Interviews

Advantages	*Disadvantages*
The interviewer has personal contact with the respondent, and this can help establish a rapport and increase the quality of the information collected.	The results can be subject to interviewer bias or to negative interactions between the interviewer and the respondent.
Very rich and detailed information can be gathered by a trained interviewer.	Respondents may resist answering questions from interviewers they feel uncomfortable with — whether due to age, race, gender, or other characteristics.
The interviewer can explain what is being sought and answer questions about the meaning of any ambiguous questions.	Personal interviews are often costly, especially if travel is involved or the interviews last for a long time.
Unhelpful, incomplete, or vague replies can be probed and clarified.	

Advantages	*Disadvantages*
Unanswered or skipped questions are minimized. The interviewer can usually judge whether the respondent has understood the question and possibly whether the person is probably telling the truth. There is no requirement that the respondent be literate.	

On-Site Interviews

Advantages	*Disadvantages*
Interviews can be conducted during or immediately after a visit or a specific activity has taken place. Provides guarantee respondents are visitors or participants. Response rates can be relatively high, up to 95 percent.	Interviews have to be kept short — less than 15 minutes. Range of questions and interview techniques has to be simple and focussed. Rigorous random sampling techniques can be difficult to implement in venues where there are no gates or where other aspects site layout are complicated. Interviewers need to be carefully trained.

Telephone Interviews

Advantages	*Disadvantages*
No travel time to conduct interviews — wide areas can be easily covered. Answers can be probed; questions for clarification can be answered by interviewer. Responses can be computer-coded during the telephone interview using computer-assisted telephone interviewing (CATI) software. Sample design can be carefully controlled. Random digit dialing software can provide access to unlisted numbers — but need to avoid business numbers and fax machines.	Interview time is limited — usually no more than 15 minutes. Interviewers need to be carefully trained. Process is rather anonymous; it may be difficult to establish rapport between interviewer and respondent. People are increasingly suspicious of telephone surveys, believing many are actually telemarketing pitches in disguise — rejection rate is growing.

Advantages	*Disadvantages*
	Caller-ID displays result in many people not answering calls from unknown callers, such as telephone interviewers. As many as eight call-backs typically are used to try and connect with potential respondents; the percentage of contacts willing to complete the survey is often under 20 percent. Sample limited to those who have a telephone. Households with cell phones and land lines are more likely to be sampled because they have two or more telephone numbers, resulting in potential biases in responses.

Internet Interviews

Advantages	*Disadvantages*
No travel time to conduct interviews — even wider areas can be easily covered than with telephone interviews. Internet surveys are still novel for many people; thus response rates tend to be relatively good — up to 20 percent for surveys associated with DMO websites, if an incentive is offered (such as participation in a draw for a free weekend at a local hotel). Internet consumer panels can be utilized to provide access to sampling frames that match the target clientele. Response rates from Internet consumer panels often are about 80 percent. Target population of many tourism surveys are also Internet users. Responses can be automatically coded into a data set for subsequent analysis. Graphics or audio files can be utilized as part of advertising recall studies or other survey topics requiring use of audio-visual aids.	Interview time is limited — usually no more than 15 minutes. Specialized software and technical expertise is required to post survey and capture results. Process is anonymous. No rapport between interviewer and respondent. No probing of answers or clarification of questions is possible. Only Internet users can be contacted — and only frequent Internet users are likely to respond.

Advantages	*Disadvantages*
Survey can be designed to allow respondents to leave the survey part way through completion, and return at a later time to complete. Respondent can be provided with ongoing indication of balance of survey remaining to be completed.	

Mail-Back Surveys

Advantages	*Disadvantages*
Large numbers of questionnaires can be distributed quickly and inexpensively. Training of interviewers not as difficult as for personal interviews. Respondents can complete interview at their convenience. Removes interviewer bias and errors. Coding can be done by multiple individuals.	Questions have to be simple, clear, carefully worded to avoid confusion and to elicit the information required. Probing and clarification is not possible. Response rates tend to be low — 33 percent is considered average for many surveys. Can be even lower. Need to develop extensive mailing lists. Surveys conducted across international borders require international postage both for mailing out and for returns. Appearance of questionnaires and graphic designs of questions have a significant influence on response rates and quality of data. There is little control over the questionnaire when completed and returned. Incomplete or inconsistent answers are common. Letters in advance of questionnaire to solicit participation and follow-ups for non-respondents add time and cost.

3.0 Sampling

Tourism market researchers normally cannot interview every individual who visits a destination, lives in the market a destination is targeting, or is a member of a population the market researcher is studying. The costs and logistics of reaching everyone are usually too high to make such an approach practical. Instead, researchers select only a sample of people to whom to administer a survey in the expectation that this sample will adequately represent the larger population. Scientific sampling is normally associated with the use of quantitative data collection techniques because the intent is to be able to generalize at some level of reliability from the sample to the general population.

Quantitative surveys are designed to provide three different types of results:

- **Frequencies**: such as how many people visited a given destination during the previous year.
- **Averages**: such as the average level of expenditures by visitors to a destination ("average" may be defined either as the mean or the median).
- **Percentages**: such as the proportion of visitors engaged in particular activities while visiting a destination.

There are three general questions that must be answered before sampling can begin:

1. How should the sample be selected?
2. How large should the sample be?
3. How representative (accurate) are the results obtained from the sample?

The answers to each of these questions are described next.

3.1 Selecting the Sample

Selecting a truly representative sample can be very difficult, and drawing representative samples from large or dispersed populations is particularly challenging. Even when you have a tight sample frame, such as the telephone numbers of people who have contacted you for information, there is the potential for biased results because not everyone will be equally likely to respond to your survey. Thus, the use of a professional survey firm is recommended, as they will be able to assess and weigh extent and nature of biases and the make the statistical adjustments necessary to present the most accurate results.

A sample is composed of **"sampling units"** — typically individuals. These are the units from whom the researcher collects information:

- Sampling units could be households, tour operators, attractions, or other social entities in which the researcher is interested. Taken together, the sampling units form a sample population.
- In some cases, the population is easily defined and accessible — such as the guests who stay at commercial accommodations in a destination or the clients of a tour operator.
- Other times, though, the population is large, diffuse, and impossible to identify or even count precisely — such as all the residents of a geographical area that a DMO might be targeting with advertising, or people who engage in some activity (such as snowmobiling or fishing).

A "**sampling frame"** is a list of the sampling units from which the sample is drawn. A sampling frame is, in a sense, the operational definition of the sample population:

- For the examples of guests at commercial accommodations or customers of a tour operator, the sampling frame and the sample population would be identical — they are the people who registered and did business with the operation(s) in question.
- For more indeterminate groups, such as anglers, some practical way of accessing them is needed. So, a list of individuals with fishing licenses, or customers of bait and tackle shops in a destination might be used as a surrogate for the sample population.
- A sampling frame of residents of an origin community might be defined as all those households listed in a telephone directory. In such cases, the sample frame is not precisely the same as the sample population. For example, not every person living in a community will have a listing in the local telephone directory.
- A good sampling frame will overlap with the sample population enough that gaps in the sampling frame will not seriously bias the results.

There are a number of different ways to select the individuals from a sampling frame for a survey. The most important ones for tourism marketing are:

- Systematic random sampling
- Stratified random sampling
- Cluster sampling
- Convenience sampling.

3.11 Systematic Random Sampling

A basic principle in selecting a sample that is representative of a larger population is that every member of the sampling frame should have an equal probability of being selected for the sample; in other words, certain individuals or types of individuals should not be more or less likely to be selected for an interview. If certain types of individuals were more likely than others to be chosen, the results would be biased. This notion of "equal chance of being selected" is referred to as "random" in the context of sampling.

If the number of people in a sampling frame is known precisely and is available as a list of customers or guests, for example, one can divide the size of the sampling frame by the desired sample size (discussed below), to specify how to draw the sample. For example, if a sample of 500 people is desired, and the sampling frame contains 100 000 people, one can select every 200th person from the list. To ensure randomness, it is desirable to use a random numbers table to select which person to start with in the list, and then select every 200th person after that. This is also referred to as probabilistic sampling.

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If the size of the sampling frame is not known, one can still use the "*n*th" person approach, using a frequency that is likely to generate the desired sample size. This requires an estimate of the rough size of the sampling frame, which is often the case in situations such as visitors to a festival. If there is very little knowledge about the number of people in the sampling frame, and one is doing the survey on-site, one can use the "next person past" approach — in which after an interview is completed, the next person past an imaginary line is selected for the interview, until the sampling quota is attained.

Systematic sampling works best when the population is relatively homogeneous, and there are no special sub-populations with distinctive characteristics or views that might be missed through a random sample. If there are potentially significant differences among certain groups, the following approach can be helpful.

3.12 Stratified Sampling

Stratified sampling involves placing potential respondents to a survey into sub-groups based on objective criteria. For example, respondents might be placed into groups ("strata") based on their age, which resorts or hotels they stayed at, or the season they visited a destination. Then a random sample is drawn within each stratum.

This approach can ensure a more representative sample than simple random sampling. However, it requires having information about each potential respondent in order to classify him or her into different strata, and having sampling frames for each stratum.

3.13 Cluster Sampling

Cluster sampling can be thought of as a version of stratified sampling. The difference is that the strata are geographic areas. This type of sampling would be employed when the respondents cover a wide geographic area, with certain areas (such as cities) having concentrations — clusters — of potential respondents and other areas (such as sparsely populated rural areas) having few potential respondents. A range of clusters may be selected randomly, or if the number of clusters is small, all of them may be used. Then, respondents are randomly sampled within each cluster. Alternatively, stratified random sampling can be employed within the clusters — grouping people, for example, by broad age cohorts within each of a series of key markets. (This is referred to as stratified cluster sampling.)

Cluster sampling might employ the use of telephone directories to identify households to be surveyed (using an "*n*th" telephone number approach) or the use of street maps to identify neighbourhoods, then streets, then individual households for interviews.

3.14 Convenience Sampling

When it is not possible to obtain an adequately representative sampling frame or selecting a truly random sample is impractical, researchers may use what is often known as a "convenience sample", or a "quota sample". For example, this is often done in mall intercept surveys or street surveys (for parades, for example). The interviewer is given a target or quote for a certain number of interviews to be conducted among people of a certain type — age and sex cohorts or ethnicity.

This approach, while often used in market research, has the potential to yield biased results. The surveyor may consciously or subconsciously not approach certain individuals, thus violating the premise of "equal chance". Further, if the quotas involve criteria such as age, social class, or ethnicity, the surveyor may make incorrect judgements — again, biasing the results.

3.2 Examples of Sample Selections in Different Contexts

The following outlines how you might go about selecting your sample depending on the marketing research and measurement goal you are trying to achieve.

3.21 ROI, Conversion Studies

- Simple random selection of telephone numbers of people requesting information, taken from DMO call centre records.
- For Web-based enquiries (where the user simply downloaded information and did not request information to be mailed), select your sample from a Web-based survey offering an incentive for completion.

3.22 Household Survey in Origin Market

- Random-digit dialing telephone survey.

3.23 Festival or Event Visitor Survey

- If festival or event is held at a gated facility, interview every *n*th person entering, where *n* is based on the portion of the visitors required in order to obtain the desired sample size.
- If the event is not gated, position interviewers throughout the site, and at representative times during the event, conduct a convenience sample. Special effort will be needed to ensure the sample is as representative of population (including, age, sex, race) as possible.

3.24 General Visitor Survey

- Distribute surveys through tourism businesses, such as at hotel/motel front desks, information centres, and tourism attractions.
- Effort should be made to ensure staff responsible for distributing and collecting surveys understand the importance of the tasks of distributing and collecting surveys.
- It should also be recognized that this approach will not generally provide contact with visitors who do not patronize the facilities used to disseminate the surveys.

3.3 Sample Size

"How many people do we need to survey?" is probably the most commonly asked question by survey researchers and those commissioning a survey. It is a legitimately important question because, everything else being equal, larger samples yield more accurate answers. However, costs also rise as sample size increases, so a balance must be found between accuracy and budget.

To a high degree, the size of the sample depends on the variability of the population being studied. If everyone were to provide exactly and truthfully the same answers to the questions on a survey, then a sample size of one would be sufficient. But people are different and the answers they provide can cover a broad range. The sample size should therefore reflect actual variances within the population; however, this is often not known prior to a survey. So, researchers often assume a normal distribution for variables that would have a wide range of possible values (e.g., age or income) within the population's expected answers.

Actually determining sample size depends on how accurate the results need to be. This topic is discussed in the next section. Some practical guidelines on how large a sample should be, given certain targets of accuracy, are provided in **Tables X** and **Y**.

3.4 Measuring the Accuracy of Survey Results

Because a survey is based on a sample rather than a complete census, the findings of any sample will be based on "the luck of the draw" — they will reflect the answers only of those who surveyed. For example, a sample of 1000 people might reveal that 68.2 percent (682/1000) of visitors to a destination engaged in shopping. However, if every visitor (assume there were 1 000 000) to the destination were interviewed, the actual number might be 70.8 percent (708 000). The difference is simply due to chance in terms of who was interviewed. The difference is called **"sampling error".** Such error is present in every survey. It does not mean that sampling is useless because it is inherently subject to error. The important question is, "how big is the probable error given any sample size?" The measure of this is called "margin of error". The margin of error refers to a "plus or minus" range — a range expressed in percentage points, such as " ± 4 percent, which means the real answer — should everyone be surveyed — would fall within plus or minus 4 percent of the sample estimate. Thus, if the margin of error around the sample estimate of 68.2 percent of visitors shopping is ± 4 percent, it means that the actual percentage could be as high as 68.2% + 4% = 72.2%, or as low as 68.2% - 4% = 64.2%.

However, the margin of error has to be expressed within a "confidence interval". The confidence interval indicates how often the actual answer will likely be found within the margin of error. For example, if the margin of error for our sample of visitors was ±70 percent (an absurdly large margin of error to be certain), we would be 100 percent confident the true level is with the margin of error. A margin of error of ±70 percent around the estimate of 68.2 percent would encompass the absolute low of 0 percent and the absolute high of 100 percent. In this case the confidence level is 100 percent. However, as we narrow the margin of error, our confidence that the actual answer is still within the margin of error drops. If the margin of error were to be as low as ±1 percent, we could not be very confident at all that our sample had managed to hit the estimate so close to the actual value.

The choice of confidence interval is arbitrary. However, by convention, most tourism researchers work with a confidence level of 95 percent — or "19 times out of 20". This is a fairly rigorous confidence level, but not an unrealistically high one. In other words, most tourism market surveys will present an estimate with a margin of error that indicates the actual figure will be within the margin of error 19 times out of 20.

Table X offers estimated sample sizes required to achieve a given margin of error at a 95 percent confidence level.

Table X
Sample sizes needed to achieve various margins of error for selected percentages (95% confidence level)

How to read: For example, if a margin of error of ± 4 percent is desired, and the sampling frame population is 2000, a sample of 476 is needed.

Sampling Frame Population	Margin of Error				
	1%	2%	3%	4%	5%
1000	*	*	*	385	286
2000	*	*	714	476	333
3000	*	1364	811	517	353
4000	*	1538	870	541	364
5000	*	1667	909	556	370
10 000	5004	2011	1001	588	385
20 000	6667	2222	1053	606	392
25 000	7143	2273	1064	610	394
50 000	8333	2381	1087	617	397
100 000	9091	2439	1099	621	398
500 000	9804	2488	1101	625	402

* A sample of at least 50 percent of the population is required.

Table Y
Approximate margins of error for selected percentages (95% confidence level)

How to read: For example, in a sample of 400 respondents, if you observe a result of 10 percent, the probability is that the true answer is within ± 3 percent, 7 percent to 13 percent) 19 times out of 20.

Sample size	10% or 90%	20% or 80%	30% or 70%	40% or 60%	50%
100	6%	8%	9%	10%	10%
150	5%	6%	7%	8%	8%
200	4%	6%	6%	7%	7%
250	4%	5%	6%	6%	6%
300	3%	5%	5%	6%	6%
350	3%	4%	5%	5%	5%
400	3%	4%	4%	5%	5%
450	3%	4%	4%	5%	5%
500	3%	4%	4%	4%	4%
600	2%	3%	4%	4%	4%
700	2%	3%	3%	4%	4%
800	2%	3%	3%	3%	3%
900	2%	3%	3%	3%	3%
1000	2%	2%	3%	3%	3%
1500	2%	2%	2%	2%	3%
2000	1%	2%	2%	2%	2%

The margin of error surrounding a particular percentage difference also varies with the percent being reported. Responses where 50 percent of the population responds one way and the other 50 percent responds another way will have a higher margin of error than if the split is 90 percent/10 percent. The techniques for calculating the precise margin of error at any given confidence level are fairly complicated. However, it is possible to provide some general guidelines that will be adequate for most marketing research. **Table Y** provides some guidelines about the margin of error associated with different levels of responses in a survey.

It is rare to obtain a 100 percent response rate in a survey. For example, mail-back surveys often achieve only a 30 percent response rate. If a sample of 500 respondents is needed, and a response rate of 30 percent is expected, it is necessary then to start with about 1500 potential respondents. Further, if the focus is on a sub-population of the general sampling frame — such as out-of-town visitors attending a festival and the sampling frame is all visitors on site at the festival, the sample size should be weighted accordingly. Thus, if it is

expected that 20 percent of people attending a festival are from out of town, and the focus is on out-of-town visitors but a general sample of all people attending the festival is being done, then five people will have to be approached, on average, to complete the interview with one out-of-town visitor.

It is useful to note that sample size is generally independent of the population size (except for very small populations [under 100 or so]). In other words, the sample needed to obtain a given level of accuracy will not vary that much among a population of 1000 or 1 000 000. If the size of the sample is less than 5 percent of a large population (defined as a population of about 10 000 or more), population size is functionally irrelevant in determining sample size or the precision of survey results.

4.0 Designing a Questionnaire

4.1 Format

The design of questionnaires is at least as important as the selection of a sample in ensuring high quality data. The following sections describe some practical guidelines and offer examples of questionnaire formats.

4.11 Phrasing and Content of Questions

Regardless of questionnaire format, certain types of questions can cause problems. The following identifies some of the more common problems in all survey design.

"Loaded" words and "leading questions" can easily bias responses. Words such as "vandalism", "pollution", "prostitution", and "exploitation" bias a survey by providing cues as to how the respondent is expected to answer. Questions such as, "Are you in favour of ensuring that the rights of disabled travellers are respected by commercial accommodation properties?", are leading in that they encourage a politically correct answer.

Questions can also be loaded by the structure of response categories of closed-ended questions. Consider the following:

> *How would you describe the change in the number of weekend get-aways you have taken over the last three years?*
>
> - ❑ *Decreased*
> - ❑ *Stayed the same*
> - ❑ *Increased slightly*
> - ❑ *Increased moderately*
> - ❑ *Increased substantially*

The response categories are loaded in that there are three categories for increase, but only one for decrease. Instead, there should be an equal number of categories that pertain to “decrease” and “increase” answers.

Not only can individual questions be loaded, an entire questionnaire can be loaded. This is done by expressing every question in such a way as to suggest a bias into the respondent’s answers. Consider the following brief example of questions related to residents’ perceptions of tourism impacts on a local community:

Tourists are responsible for increased traffic congestion.

- ❑ *strongly agree*
- ❑ *agree*
- ❑ *undecided*
- ❑ *disagree*
- ❑ *strongly disagree*

Crime has increased as a result of tourism development.

- ❑ *strongly agree*
- ❑ *agree*
- ❑ *undecided*
- ❑ *disagree*
- ❑ *strongly disagree*

Tourists are insensitive to local residents’ rights to privacy.

- ❑ *strongly agree*
- ❑ *agree*
- ❑ *undecided*
- ❑ *disagree*
- ❑ *strongly disagree*

If you were to continue this line of questioning, you would quickly convey the impression that tourism is to be viewed as the source of a significant number of social problems. Ideally, the contents of a questionnaire should be seen as balanced. This can be done by alternating the wording of questions so that half are worded positively and half negatively. Varying the wording of questions also helps responses set bias. “Response set bias” refers to the tendency of some respondents to checking off the same category for every question. Some respondents, for example, will tend to automatically check off “agree” with any statement. This tendency becomes particularly pronounced when every question is worded from the same perspective (either for or against tourism). Varying the perspective of questions can discourage this bias.

Further, if the perspective of questions (some positive and some negative) varies, it is easy to identify if a respondent tends to provide the same response for every question, including those that logically should prompt opposite responses. If someone exhibits this pattern, remove the respondent from the data set.

Use imprecise and vague words with caution. There are times when such words are probably unavoidable. Consider questions of this type:

> *Different people use different criteria when selecting a destination for a vacation. How important is each of the following <u>to you</u> when selecting where to go on a vacation?*

Criteria	*Very Important*	*Somewhat Important*	*Not Important*
Beaches	❑	❑	❑
Shopping	❑	❑	❑

Measures of importance such as “very” or “somewhat” are necessarily imprecise. However, for a question such as:

> *How often do you take a vacation?*
>
> ❑ *Often*
> ❑ *Sometimes*
> ❑ *Rarely*
> ❑ *Never*

The response categories are too vague and are likely to provoke questions among the respondent such as, “how ‘often’ is ‘often’”. This type of question would be clearer and would yield more useful results if it were worded something like:

> *How many times did you take a vacation (a pleasure trip lasting three nights or more) last year?*
>
> ❑ *0 (did not take a vacation)*
> ❑ *1 time*
> ❑ *2 or 3 times*
> ❑ *4 or more times*

Apply common sense to questionnaire design and administration. Some questions, however valuable and valid answers may be, are unrealistic to ask

under certain conditions. For example, asking festival attendees at a beer tent about levels of their expenditures is not likely to yield useful data and will probably annoy the visitors.

Anticipate respondents' emotions and sensitivities, and use tact with sensitive questions or avoid asking the questions at all. Even presumably innocuous but personal questions can also trigger problems. Questions related to alcohol consumption, smoking, exercise, attitudes towards minorities, attitudes towards sexual activity, income, even the respondent's address can elicit lies or refusal to answer. If such questions must be asked, use one or more of these strategies:

1. Provide broad categories for responses. If asking about income, for example, divide the income range into five or six broad categories. If asking about address, limit your enquiry to just a postal code or a portion of the code.

2. Allow the respondent to provide answers to sensitive questions by writing rather orally, especially if the interview is conducted in a public place.

3. Explain why you need the information, as an introduction to the questions. Avoid any hint of judgement about the respondent's answers. Begin with some "soft" general questions related to the topic, such as:

   As you may know, there is some concern about people fishing in this area without a license. Do you consider this to be a problem? Check the response that best describes your view.

   - ❑ *Not a problem*
   - ❑ *Slight problem*
   - ❑ *Moderate problem*
   - ❑ *Serious problem*
   - ❑ *No opinion/Don't know*

   Do you think the level of unlicensed fishing in this area has changed over the last year?

   - ❑ *Decreased*
   - ❑ *No change*
   - ❑ *Increased*
   - ❑ *No opinion/Don't know*

   Do you know anyone who has ever fished without a license?

   - ❑ *Yes*
   - ❑ *No*

Have you ever fished without a license (remember, all responses to the questionnaire are strictly confidential)?

- ❑ *Yes*
- ❑ *No*

4. Place sensitive questions, including demographic questions, at the end of the questionnaire. Introduce these with a brief explanation about why personal questions need to be asked.

4.12 Question Format

Questions are either open-ended or closed-ended:

- **Closed-ended questions:** provide fixed options for the respondent. Closed-ended questions provide for fast response and simple coding and they are appropriate when the range of possible answers is known, relatively limited, and factual. These questions are useful for demographic information; the number of previous trips to a destination, how reservations were made, and so on.
- **Open-ended questions**: allow the respondent to express his/her answers in whatever way he/she chooses Open-ended questions are used when the answers are complex, when the range of answers is not known, or you wish to explore answers in depth.

Although closed-ended questions simplify coding, they can still present problems, especially if the questionnaire is self-administered. The range of problems is probably unlimited. The following two examples may illustrate how subtle problems can emerge from what appears to be a simple closed-ended question.

Several years ago, Tourism Canada (the predecessor to the Canadian Tourism Commission) conducted a series of long-haul pleasure travel market surveys in the major international markets for North American tourism. The questionnaires were conducted as personal interviews, but with cards for the respondent to indicate his answers to certain questions. One of these concerned activities that tourists engaged in on their last vacation. Although the questionnaires were conducted in the respondent's language, certain activities still presented problems in terms of their cultural meaning. For example, in a survey of Japanese tourists who had been on an international visit, fewer than 15 percent checked “photography” from the list of activities. The taking of pictures is a stereotype of Japanese travellers, and such a low percentage was seen as unusual. Upon a debriefing of some respondents, it was learned that “photography” was interpreted as meaning serious involvement in photography as an art form; the causal taking of snapshots was not seen as “photography”.

A survey conducted in Hong Kong found that over 60 percent of respondents reported liking outdoor sports — a finding that again surprised the research team. Upon further discussion, the survey team learned that the phrase “outdoor sports” had a different connotation for the respondents than for the researchers. Researchers were interpreting “outdoor sports” as activities such as golf, tennis, skiing, fishing, and hunting. The respondents generally took the term to mean attending horse and dog racing.

Even without the challenges of linguistic and cultural differences, self-administered closed-ended questions can yield unexpected difficulties. Consider the following question:

> *Which of the following reasons was the most important in influencing your choice of this hotel? Please check only one.*

Even though the question clearly requests one answer only, a certain percentage of respondents will check two or more. If this happens, one strategy is to select one answer randomly and to not code the others. Or one may avoid requiring a single answer and allow the checking of multiple answers, perhaps even asking respondents to rank their answers by relative importance. However, experience suggests that few respondents provide rankings — unless the question design forces it.

Survey designers often include “other” as a final category in a list of responses to a closed-ended question. While this category may capture unanticipated but important answers, usual answers tend to be: 1) too vague to be useful, 2) identical to one of the listed categories, or 3) unrelated to the question actually asked. As a rule, “other” is a “throw-away” category; the results not only increase the work of coding but, in the final analysis, frequently are useless.

The collection of information is only the first step; once the questionnaires have been completed, the results have to be coded, typically input into a computer file for analysis. The survey should be designed to facilitate coding. This includes the use of simple, closed-ended questions as often as possible. It also implies giving some thought to the way the data will be analyzed.

Responses from surveys may be coded either as dichotomous (yes/no) or as multiple values. Questions such as one's sex or whether or not one went on a vacation in the last year can be coded as a simple dichotomous variable. However, if the respondent’s occupation is a question, responses present a more complex set of answers. Consider the following partial list of occupations:

- *clerical/secretarial*
- *manager*
- *professional*
- *skilled labourer*

- ❑ *owner*
- ❑ *student*
- ❑ *home-maker*
- ❑ *retired*

One could consider each category as a separate question (i.e., the respondent is retired or not), in which case each category would be coded as "yes" or "no". However, in the case of occupation, presumably the respondent will check off only one category. If so, numbers can be assigned to each category (e.g., "retired" would be coded as an "eight" in the above list).

Simplicity in coding is important for both subsequent analysis and for anyone else who might wish to work with the data set later. Consider the following example, drawn from an actual exit survey of Japanese visitors to Canada. This particular question was aimed at identifying activities the visitors engaged in during the trip just completed as well as attempting to discover what activities they might enjoy on a return trip.

Please indicate which of the following activities you: (1) engaged in during this current trip and (2) might like to try on a future trip.

	This Trip	*Future Trip*	*No Interest in This Activity*
White water rafting	❑	❑	❑
Bicycling	❑	❑	❑
Hunting	❑	❑	❑

The full list contained approximately 50 activities. The consultant responsible for coding the questionnaire used the following scheme:

If the respondent checked "this trip" only:	1
If the respondent checked "future trip only":	2
If the respondent checked both "this trip" and "future trip":	1,2
If the respondent checked "not interested":	3
If the respondent checked "this trip" and "not interested":	1,3
If the respondent checked all three:	1,2,3

(*NB*: Checking 1 and 3, 2 and 3, and especially 1, 2, and 3 are illogical. In fact, though, several respondents adopted a "response set" and checked all three categories.)

The problem with this strategy (beyond the fact that illogical answers were accepted uncritically and coded) is that if you wanted to identify those activities respondents actually engaged in, you would have to look for values: “1”, “1,2”, “1,3” and (maybe) “1,2,3”. It would be simpler to treat each activity and each category (“this trip”, “future trip”, and “not interested”) as separate dichotomous variables — coding each one as “yes” or “no”.

4.2 Enhancing Response Rates

Response rates determine the reliability of the results. Of course, a researcher wants as large a sample as possible to reduce the error associated with the sample estimates. However, regardless of sample size, non-respondents can bias the results. Non-respondents tend to be different than respondents, so the higher the non-response rate, the more unreliable one’s estimates tend to be.

The following suggestions outline a few basic techniques that can be employed to increase your response rate and thus reduce non-response bias.

1. Test the questionnaire or survey instrument. Administer it to colleagues who can provide expert advice on its content and structure and to individuals who are representative of the target population to identify areas of confusion or other problems.

2. If the information being sought is commercially valuable, offer compensation to respondents. Budgets will constrain what can be offered as compensation but some compensation should be considered, especially if the survey is sponsored by a profit-making firm.

   Compensation can be in the form of cash — one or two dollars can be appreciated. However, other items can be used, such as a pen (perhaps with the organization’s logo, and which could be used to complete the survey, as well), a souvenir pin, a voucher for a free drink or meal, or a gift certificate redeemable at the business conducting the survey.

   Internet surveys often provide the opportunity to win a prize awarded through a random draw. Entry of the respondent’s name — if they chose — to have the possibility of winning a prize may also be done with telephone and mail-back surveys. However, if the compensation is merely the chance to win a prize, the prize must be valuable enough to warrant someone’s attention. The chance to win a free T-shirt, for example, is usually not adequate as a motivating force. A free weekend at a resort can be.

3. Explain the reason for the survey. Respondents are usually more willing to answer questions if they understand their significance. This can be done orally in a personal interview or telephone survey, or in a cover letter for a mail-back.

4. Respect the respondents' time and right to privacy. Interviewers are asking a favour when they approach someone for an interview — a gift of the respondent's time and opinions. Make sure the respondents know that you know this. Be respectful, tactful, and direct. Acknowledge their participation is voluntary. Let them know how much time is being asked of them and what — if any — compensation is being offered.

5. Keep the survey as short as possible. Ensure the design is attractive, clear, and logical.

6. For mail-back surveys, follow a multi-stage strategy. Contact the pool of respondents with a card or letter noting that they have been selected to participate in a survey, provide them with the information suggested in steps 1, 2, and 3, above and note they will receive the questionnaire in about a week. A week later, send the questionnaire to them along with a cover letter reminding them that this is the survey described to them in the previous mailing. If they do not return the questionnaire by the deadline, send a reminder to them. If this does not result in a return, follow up about a week later with another questionnaire and a new cover letter acknowledging they may have misplaced the earlier questionnaire, that the survey is important, and that their answers are valued. Experiments with this multi-stage approach have produced response rates as high as 80 percent, in contrast to single mailings that often yield no more than 30 percent and sometimes less.

7. For mail-back surveys, print, if possible, the questionnaire on business or agency letterhead to add credibility. If your sample is aimed at business leaders, public officials, or another select group, it is helpful to have a letter of support from a recognized and respected individual endorsing the survey.

8. Include an addressed, postage-paid return envelope with the questionnaire. Some researchers suggest that the use of postage stamps rather than business-reply envelopes yields better results. However, the use of stamps increases your costs significantly; business-reply envelopes result in your paying postage only on those surveys actually returned.

9. Softer colours, especially blue, appear to yield a higher response rate for mail-back questionnaires. Bright, hard colours such as yellow and orange lower response rates.

10. The questionnaire should be printed on good quality, heavy stock (within the constraints of budget).

11. Conclude the questionnaire with an expression of thanks and a reminder about where to send the questionnaire.

APPENDIX I: Template for Monthly Marketing Performance Report

The data should include categories for this month, year to date, same month last year, and last year to date.

REPORT HIGHLIGHTS
Total Meetings Booked
Total Estimated Economic Impact
Total Estimated Room-Nights
Leisure Visits as a Result of the Conversion of Inquiries to Call Centre and Website
Total Estimated Economic Impact
Media Publicity Generated
Audience Impressions
Impression Dollar Value
Bookings/Meetings
Hotel Bookings/Meetings
Estimated Room-Nights
Estimated Economic Impact
Group Tour/Motorcoach Bookings
Estimated Room-Nights
Estimated Economic Impact
Total Bookings
Estimated Room-Nights
Estimated Economic Impact
Client Contacts/Calls Made
Meeting Planners: Contacts/Calls
Tour Operators: Contacts/Calls
Travel Writers: Contacts/Calls
Media Inquiries Serviced

Leads Generated
Convention Centre Leads Generated
Estimated Room-Nights
Hotel Leads Generated
Estimated Room-Nights
Tour Operator Leads Generated
Estimated Room-Nights
Total Leads Generated
Estimated Room-Nights
Fam Tours
Meeting Planner Events
Meeting Planner Clients
Tour Operator Events
Tour Operator Clients
Travel Writer/Media Events
Travel Writer/Media Participants
Site Inspections
Meeting Planners
Tour Operators
Travel Writers/Media
Communications
Travel Media Audience Impressions Generated (in circulation)
Value Ad Equivalency $
Travel Releases Issued
Inquiries Generated
Advertising Audience Impressions
Call Centre Inquiries (phone, labels, mail)
Website User Sessions
Total Inquiries (website, calls)
Total Visits as a Result of Conversion
Resulting Economic Impact

Website Registered Users
Visitor Services
Visitor Centre Patrons
Visitor Centre Restaurant Reservations Made
Reservation Web Page Visits
Room-Night Reservations Made
Room-Night Reservations (estimated value)
Ticket Purchases Made
Ticket Purchases (estimated value)