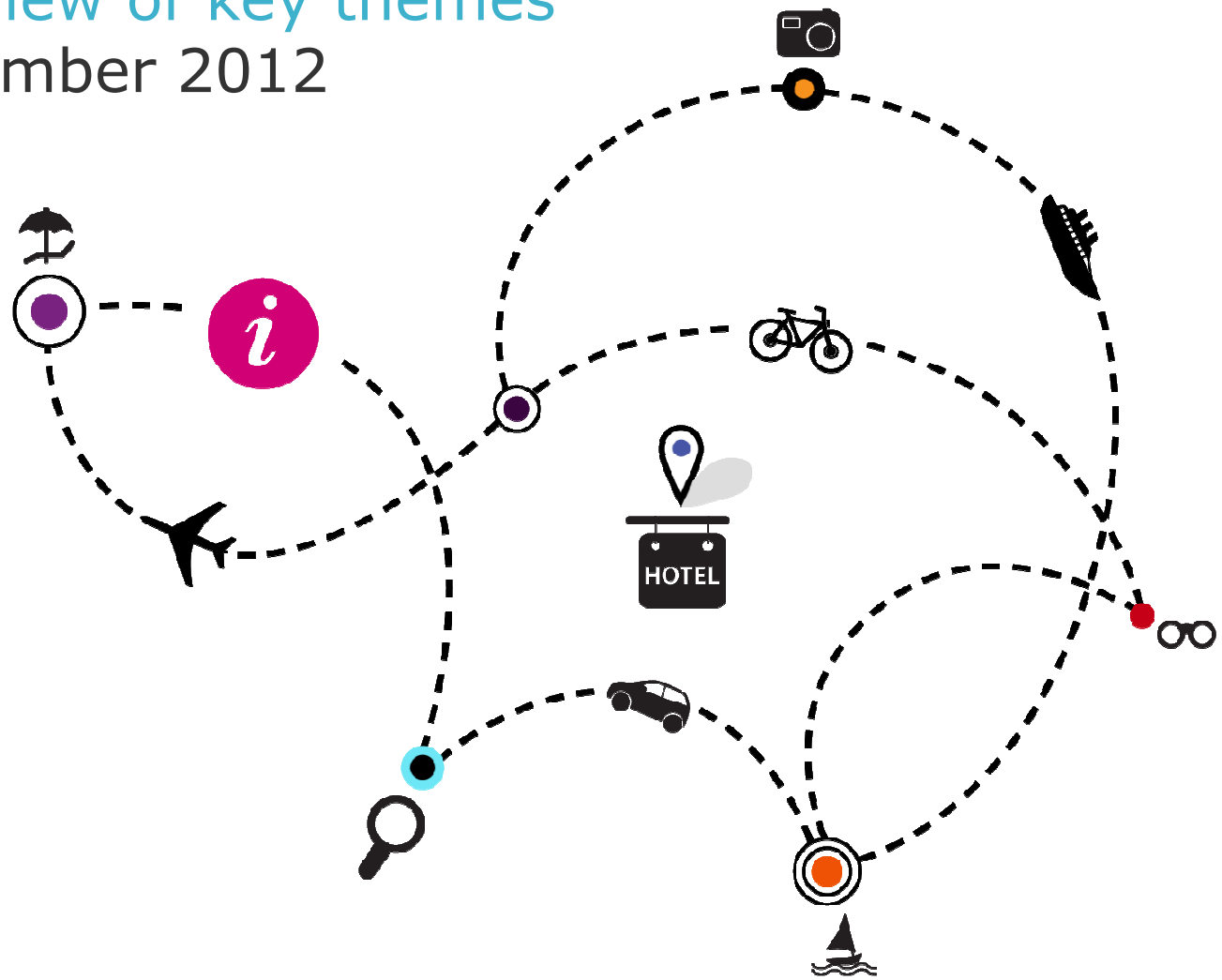
Evaluating tourism marketing
Overview of key themes
September 2012



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What we will cover today…

1

Landscape and strategic context

2

Developing a framework for evaluating brand, response and ROI

3

Key evaluation challenges for destinations and KPIs used

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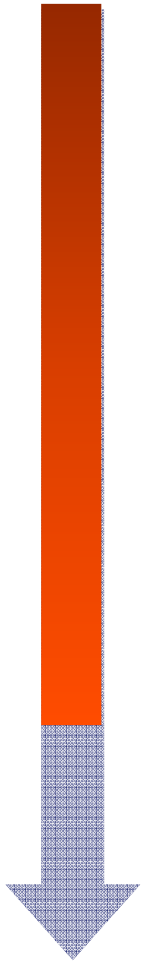

Stage
Preliminary desk research • Including previous Handbook, E-Marketing Handbook and various other secondary data resources
Initial structure of Handbook prepared
ETC/UNWTO members' survey • Survey conducted • Initial results analysed
ECM members' survey • Survey conducted • Topline analysis conducted
In-depth interviews with key stakeholders
Draft Handbook • Includes full analysis of all stages above – awaiting e-marketing results
Draft Handbook review
Final Handbook

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Handbook inclusions

Key contents (not limited to):
Introduction (including the definition of marketing
Key Issues (including significant changes since the 2003 Handbook)
Approaches to Evaluation (General)
Current NTO Evaluation Techniques Inventory of known techniques used by NTOs Results of the ETC/UNTWO members survey
Case Studies Tourism and non-tourism (if applicable)
Practical Guide Models and templates which NTOs could 'lift off the page', customise and use (i.e. specimen questionnaires and discussion guides etc.)

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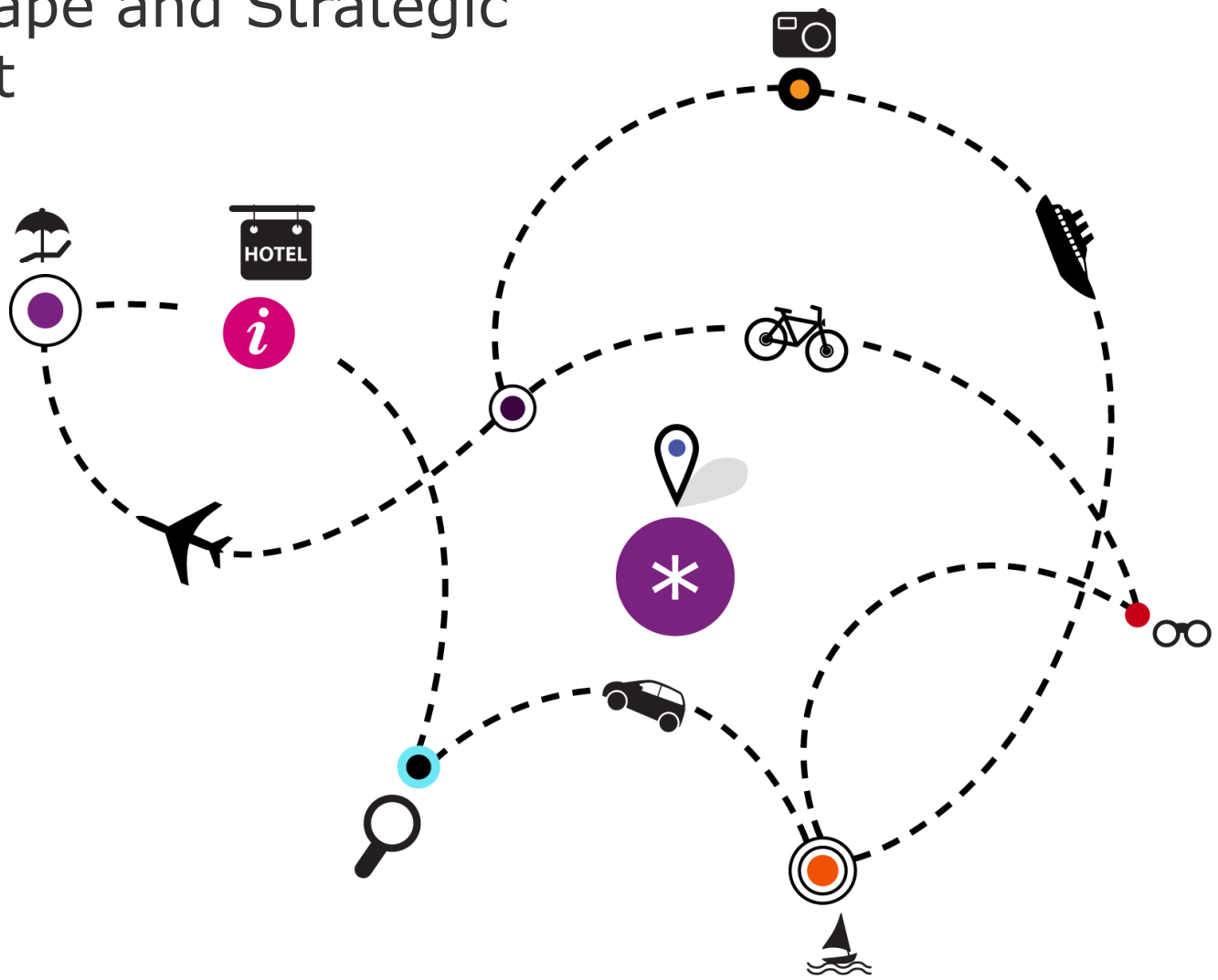
1
Landscape and Strategic Context



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The two key definitions…

Tourism marketing: promotion of destination through the range of marketing activities driven by the tourism operator

Evaluation: the attempt to measure the impact that these promotional activities have on inbound tourism to a destination

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Evaluation needs to serve two key purposes

- You need to be accountable for what you do
- Marketing activities require significant investment, and is therefore carefully scrutinised
- You to understand whether these activities are delivering on its objectives
- If not, you need to understand where any issues lie

- BUT accountability is only half the story
- By assessing what you did and learning what is most effective you can build a bank of knowledge
- That can ensure you achieve greater ROI in the future

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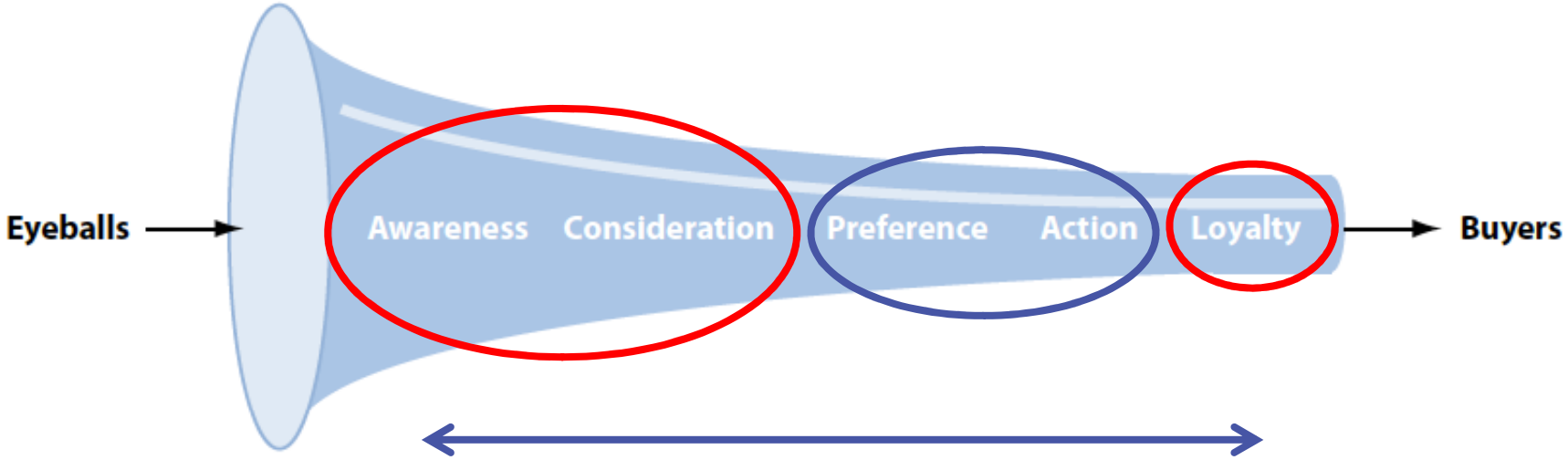
Our world

Consumers are being turned off by one way conversation

What consumers are saying is shaping your brand

This requires both organisational and mind set change

The traditional marketing funnel



Depending on strategic context some DMOs focus on specific parts of the customer journey. Strategic objectives, awareness and perception of the destination are all important factors

Source | Forrester | Engagement, a New Marketing Metric

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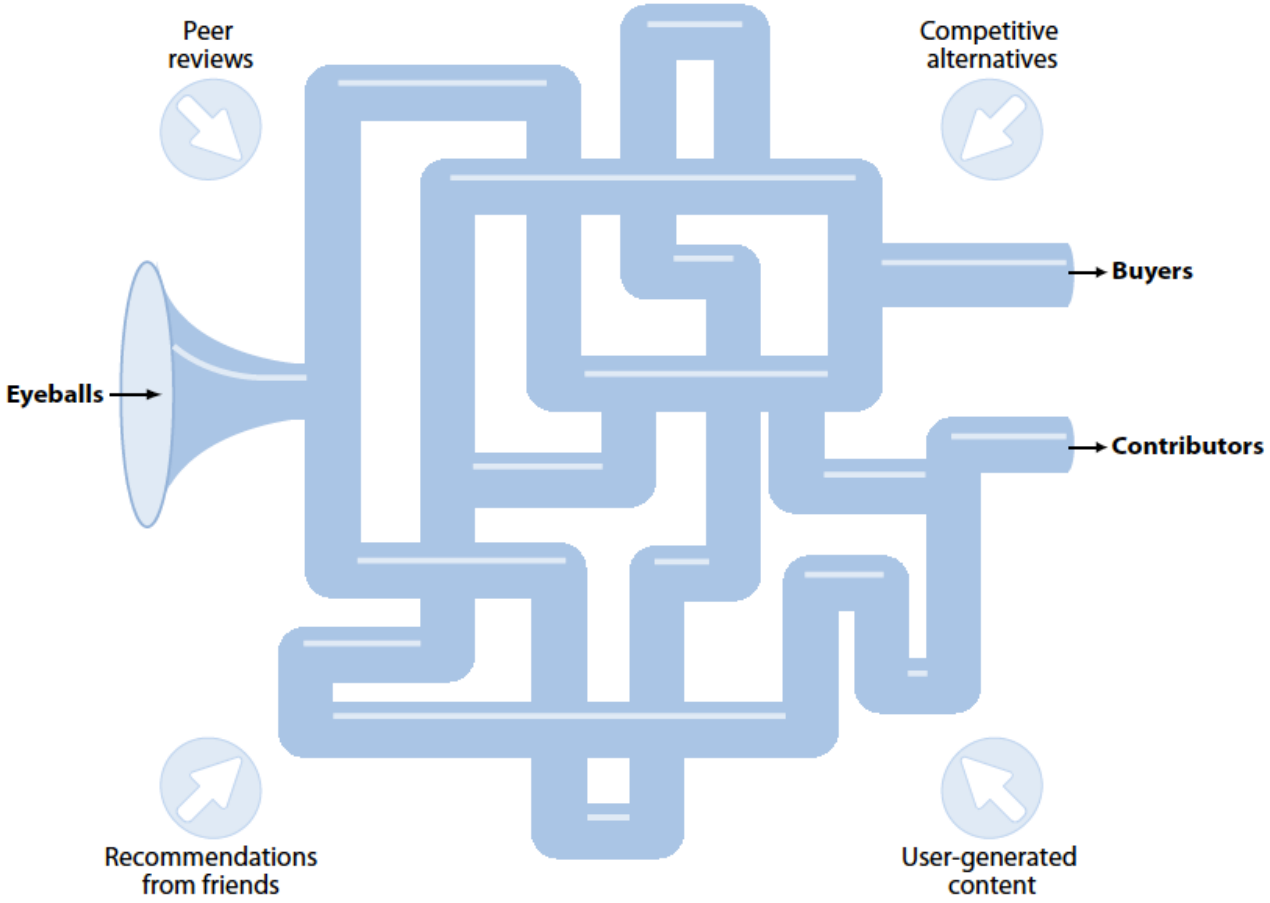
In reality is a lot more complicated



Source | Forrester | Engagement, a New Marketing Metric

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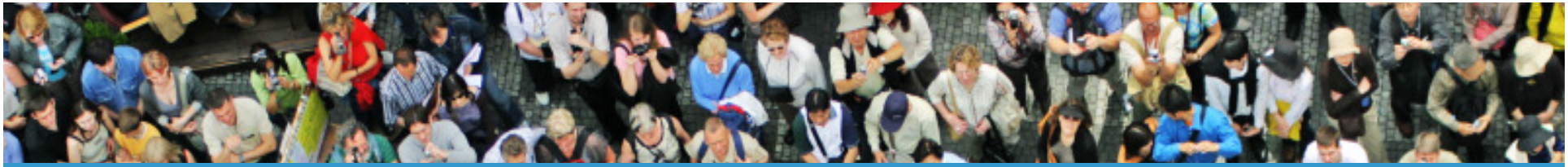
Path to purchase

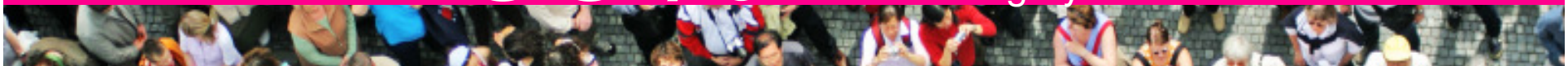
Which online or offline touchpoints did you use during the various stages of the purchase cycle?

- Finding the most efficient way to integrate and evaluate touchpoints



92% of UK online consumers research products online

88% Travel category dominates online research



59% PC/Laptop users research a product/service they'd just seen advertised

Source: TNS Digital Life 2011 - UK (study of online consumers)

Socialisation

Conversation culture over information culture

Adding the credibility we so desperately need

We have to learn to live within the earned media spa

Owned, paid and earned media

Media type	Definition	Examples	The role	Benefits	Challenges
Owned media	Channel a brand controls	• Web site • Mobile site • Blog • Twitter account	Build for longer-term relationships with existing potential customers and earn media	• Control • Cost efficiency • Longevity • Versatility • Niche audiences	• No guarantees • Company communication not trusted • Takes time to scale
Paid media	Brand pays to leverage a channel	• Display ads • Paid search • Sponsorships	Shift from foundation to a catalyst that feeds owned and creates earned media	• In demand • Immediacy • Scale • Control	• Clutter • Declining response rates • Poor credibility
Earned media	When customers become the channel	• WOM • Buzz • "Viral"	Listen and respond — earned media is often the result of well-executed and well-coordinated owned and paid media	• Most credible • Key role in most sales • Transparent and lives on	• No control • Can be negative • Scale • Hard to measure

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Source: Forrester Research, Inc.

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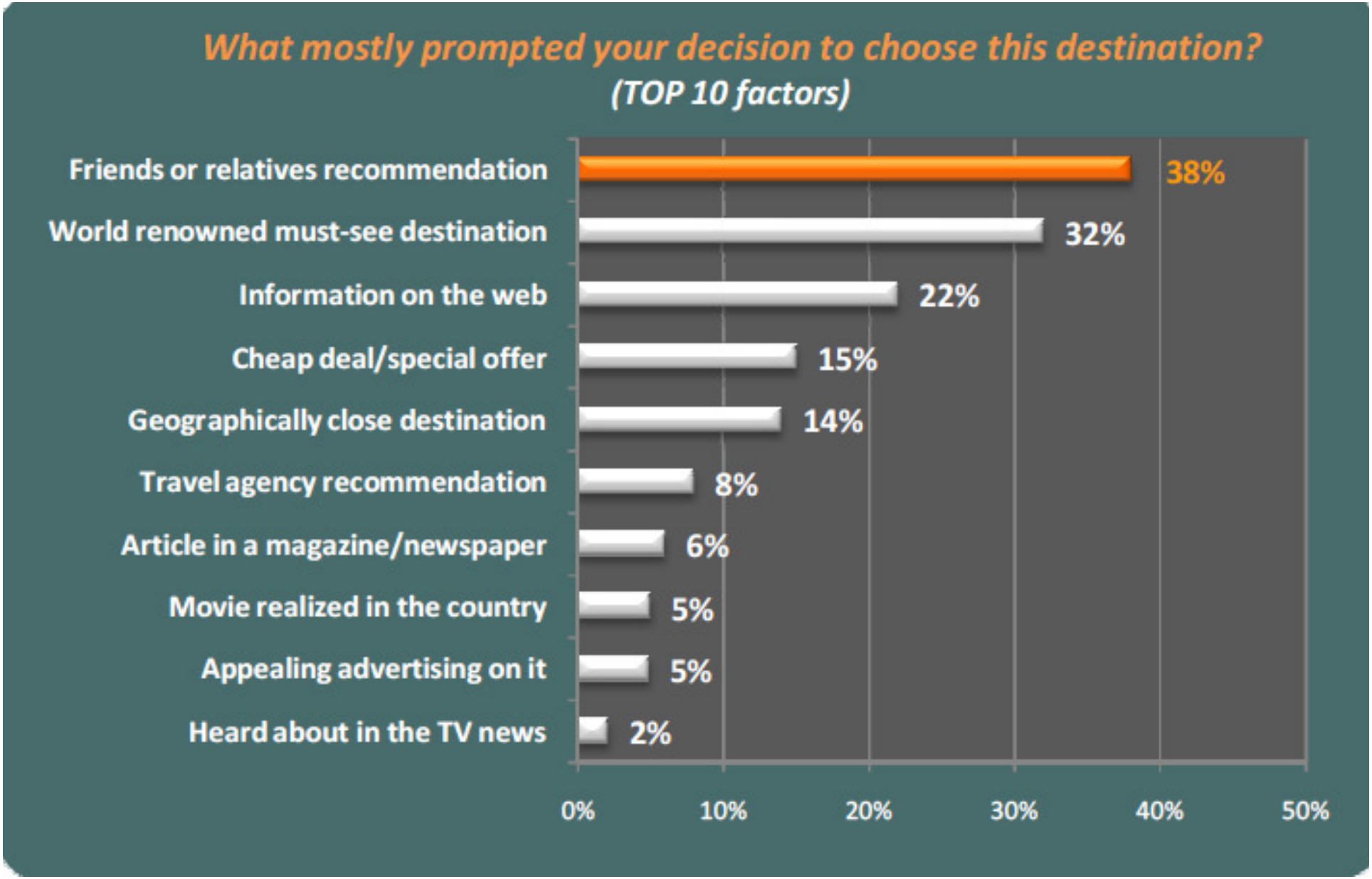

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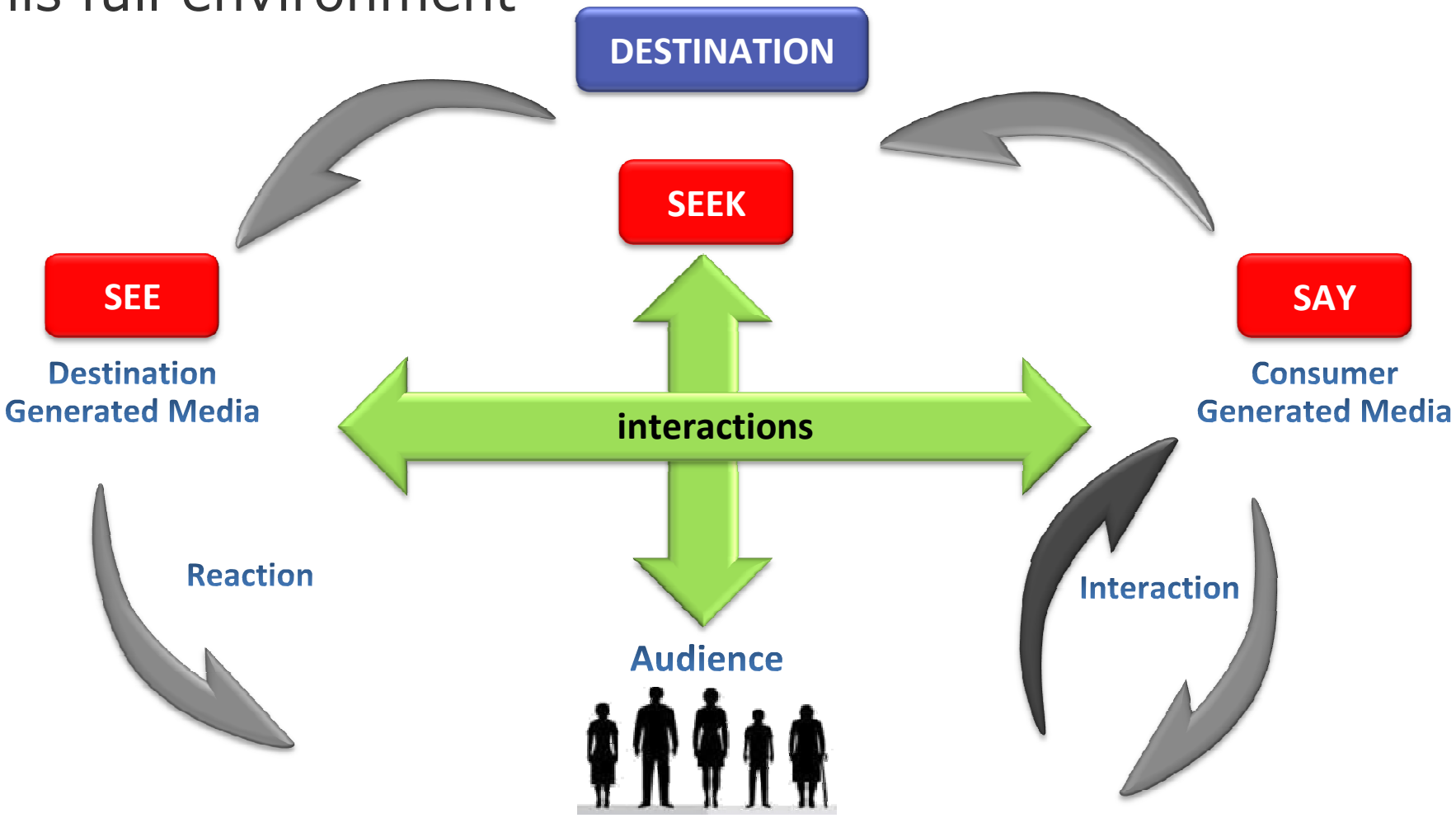
Source: TRAVELSAT© benchmarking survey Provisional 2011 data. 15 000+ international tourists from 30+ markets and visiting a destination for the first time

Evaluation needs to include measurements of this full environment



The See, Seek and Say interaction with destination brand now happens across multiple channels – both online and offline

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Example of consumer marketing response metrics used by NTOs:

SEE	SEEK	SAY
• Recall by media touch points • Recognition of destination generated communications including overlap of the various media channels • Message takeout from communications • Creative diagnostics • Attitudinal response to communications	• Behaviour response (i.e. call to action based on strategy) • Websites visited • Word of mouth/reviews recall	• Word of mouth response • Reviews posted • Positive/neutral/negative?

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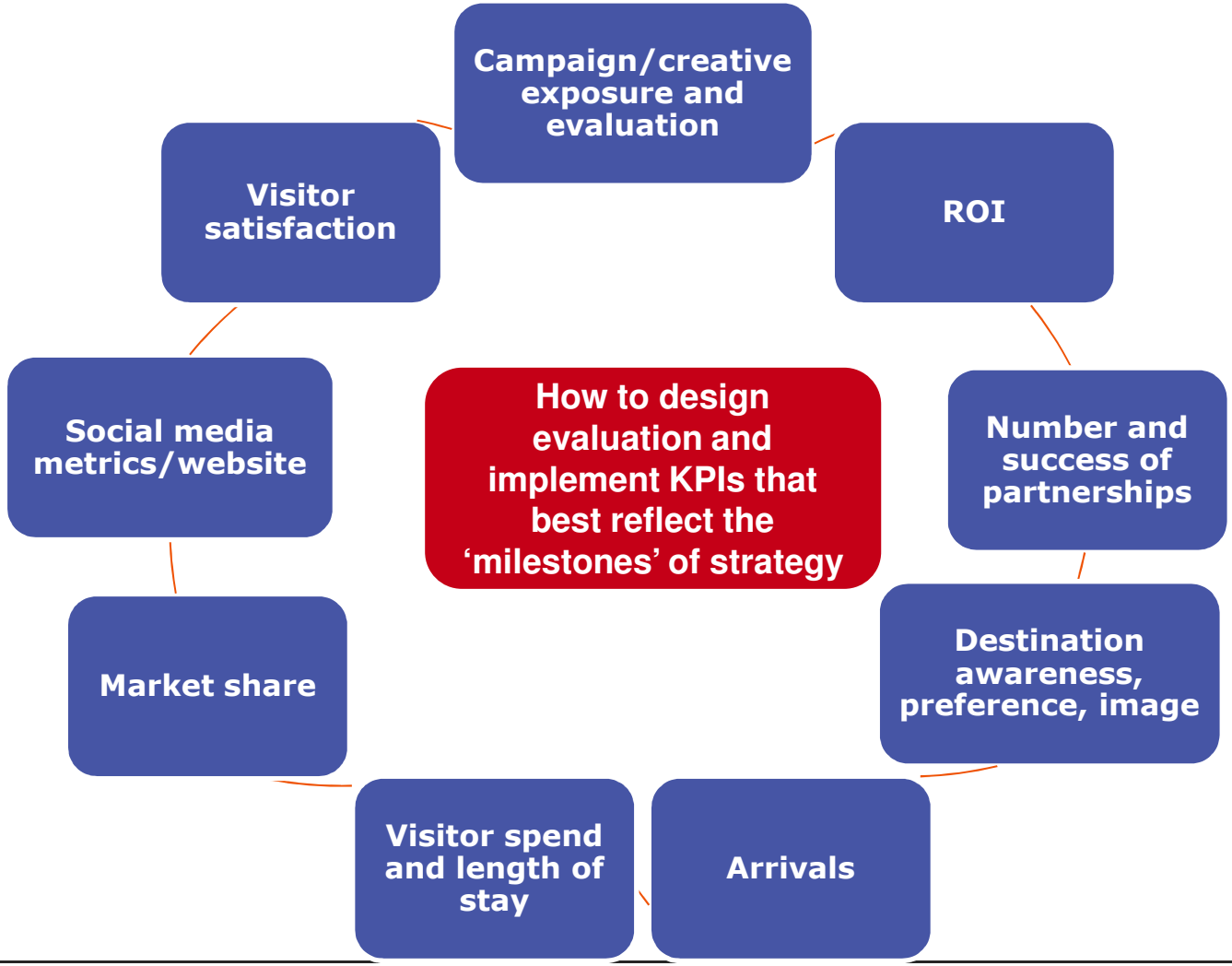
Implementing KPIs in this new environment is challenging



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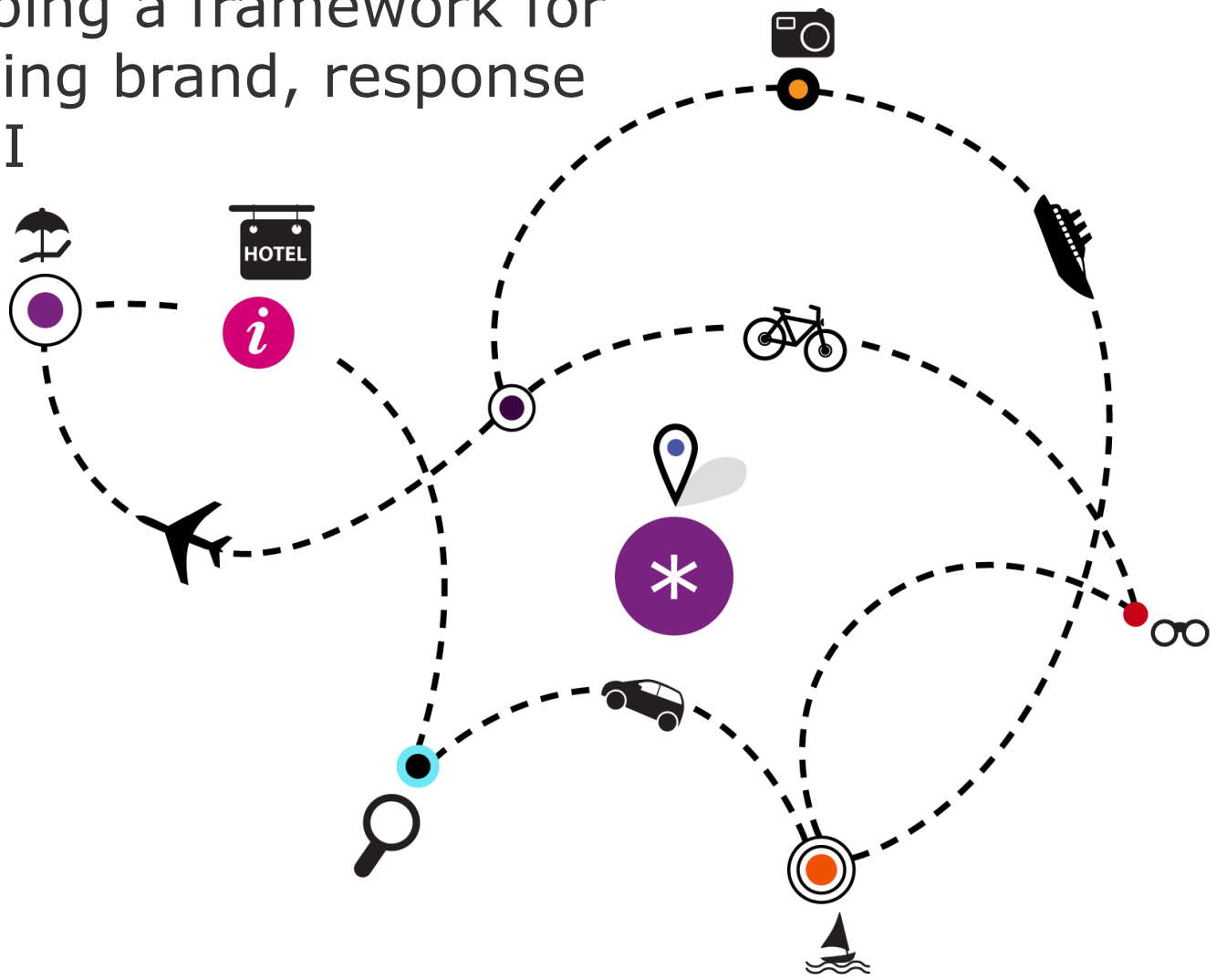
2
Developing a framework for evaluating brand, response and ROI



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The spectrum of evaluation and KPIs

Interim outcomes (such as marketing impact)

Ultimate impact (visitors achieved as a result of marketing)

Evaluation and KPIs – 'milestones' of strategy

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Evaluation can be broken down into these basic phases:

Defining objectives for specific marketing activities (aligned with organisational objectives)

Monitoring inputs (i.e. resources invested)

Monitoring outputs (i.e. marketing activities)

Measuring impact (i.e. quantifying benefits of activity and whether objectives have been met)

Measuring impact relative to inputs (i.e. benefits achieved in relation to costs)

Source: 2003 Handbook

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The key marketing impact questions destinations are asking:

Key questions	Results used to optimise:			
	Audience selection	Media Mix	Message Content	Message execution
Did we reach the target audience?	✓	✓		
Did they see it? Who was most likely to see it?	✓	✓		
Did this change over time? (If applicable?)	✓	✓		
Which media generated most cut through? (If applicable)		✓		✓
Did it build our destination or just the category?			✓	✓
Did it change their perceptions of our destination?	✓	✓	✓	✓
Did they do anything about it?	✓		✓	✓
Was it what we wanted them to do?	✓		✓	✓

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An example, Tourism Australia:

Organisational objectives:
Achieve high growth scenario of the Tourism Industry Potential ($140 billion in overnight expenditure by 2020):

- Growth in leisure and business events visitors
- Continued improvements in visitor value ($per trip / $per night)
- Gaining market share
- Supporting supply side issues by applying consumer insights

Marketing objectives:
Creating urgency to visit, increasing knowledge and building a strong image of what Australia has to offer potential visitors

It will do this through a variety of approaches and channels, including brand advertising, australia.com, public relations, promotions, events and advocacy programs that promote positive word of mouth

A key channel is digital, which will be further strengthened

Marketing impact:
- Increased intention to visit and knowledge of Australia's experiences and product
- Stronger association of desired brand positioning
- Generation of online and offline WOM
- Increase in digital as a touchpoint

Ultimate impact:
Track its global performance through key KPIs such as:
- Total overnight spend by all visitors
- Market share of inbound trips against competitors
- Visitor value – spend per night and spend per trip

KPIs for Destination Marketing Evaluation – 2012 Handbook

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Consideration of key marketing and promotional activities currently involved in or likely to undertake:

- **Brand communications - above the line activity and advertising**
- **Digital marketing – SEO, paid search, display advertising, social media and email**
- **Consumer PR and Promotions – such as consumer shows**
- **Trade Promotions – including seminars, familiarisation trips and trade shows**

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Digital marketing - what is the role of the DMO?

- **Building on the authority you already have** – both in the eyes of the customer (it is likely you are the official site) and Google (on the basis your domain already has some authority in terms of PageRank)

- **Adding credibility** – addressing some of the negative perceptions around being the 'official' site and being managed by a Government Department

- **Wrapping what you do and say in your destination brand** – or more importantly your 'point of view' and the way you behave as a destination

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Developing a user centric evaluation framework

"Do people know about us?"

Awareness

- Site visits
- Time spent
- Pages viewed
- Search keywords
- Click through rates
- Bounce rates

"What are they doing when they find us?"

Actions

- Brochures
- Signing up
- Bookmarking
- Product search
- Watching a video
- Gallery views
- Downloads

"How do they feel about us?"

Advocacy

- Expressing opinions
- Comments and posts
- Content sharing
- Posting on other profiles sites

Source | iCrossing | Slideshare

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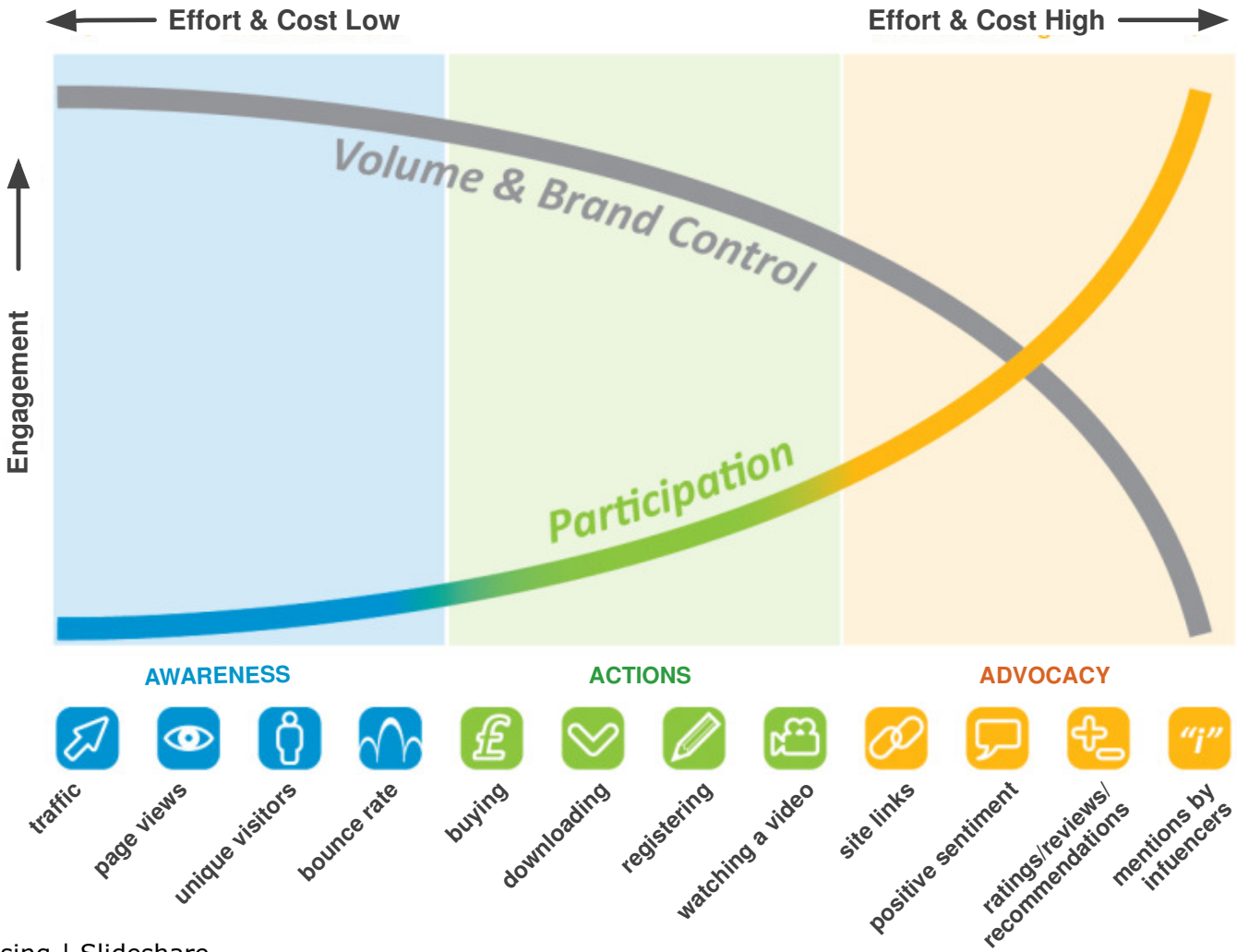
Developing a user centric evaluation framework



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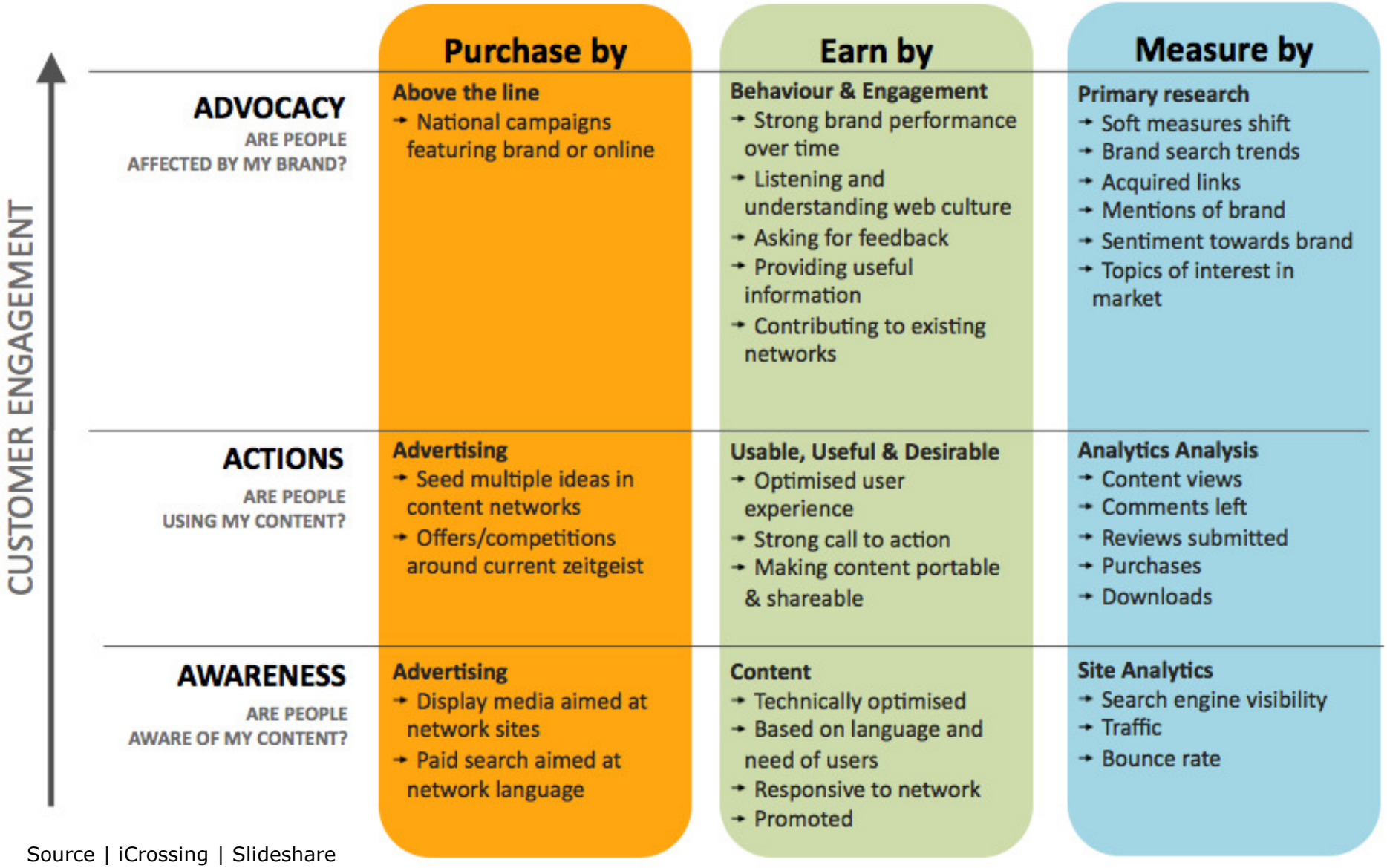

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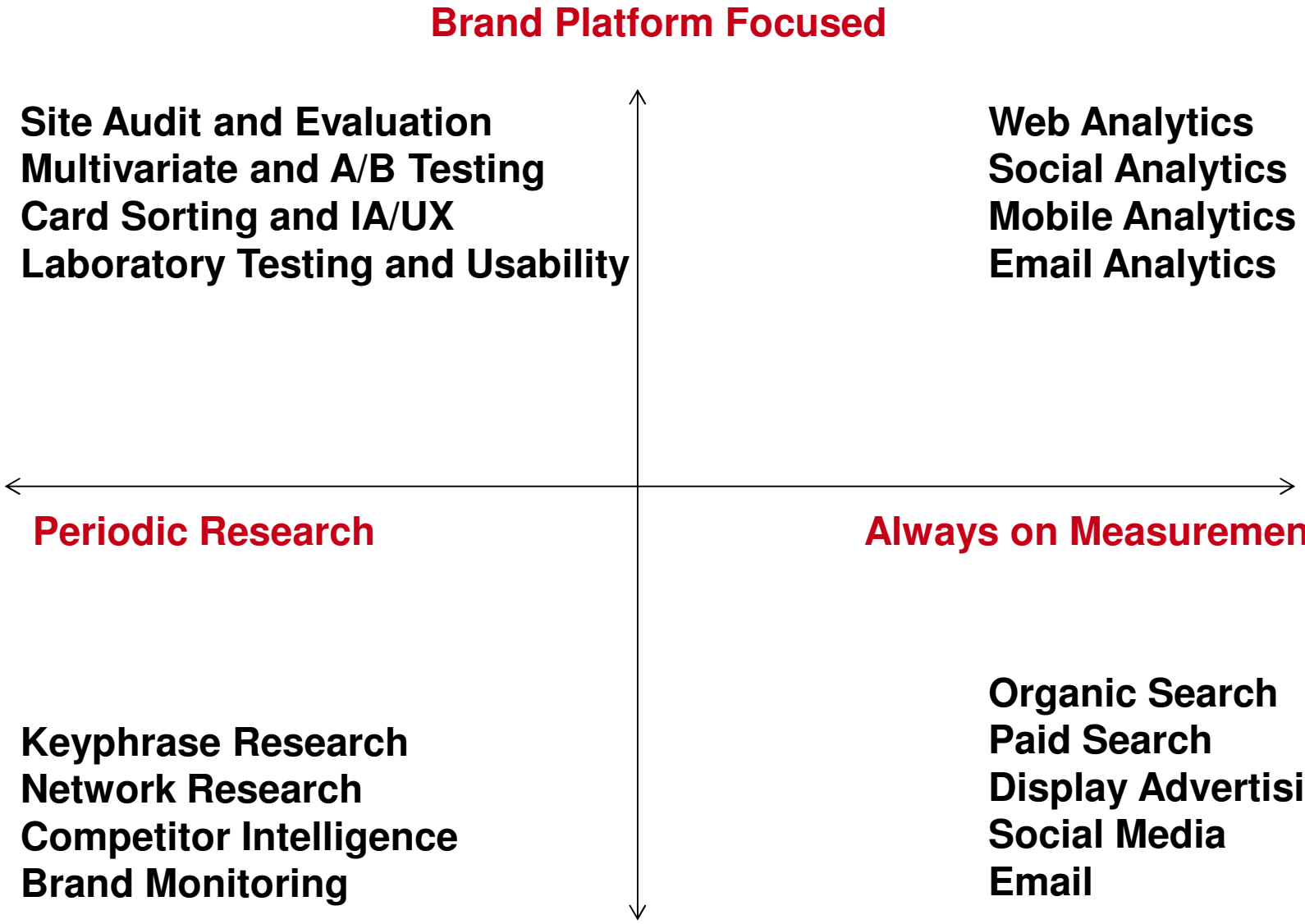
Brand Platform Focused
Site Audit and Evaluation
Multivariate and A/B Testing
Card Sorting and IA/UX
Laboratory Testing and Usability
Web Analytics
Social Analytics
Mobile Analytics
Email Analytics
Periodic Research
Always on Measurement
Keyphrase Research
Network Research
Competitor Intelligence
Brand Monitoring
Organic Search
Paid Search
Display Advertising
Social Media
Email
Channel Focused

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Return on investment

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What do we mean by 'return'?

Financial

Incremental profit
Additional sales

Non-financial

Strategic
Behavioural

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ROI can mean different things to different organisations – unfortunately there is no magic metric called ROI!

Increase in customer lifetime value (17%)

Post buy analysis comparing media plan to actual media delivery (21%)

Cost per sale generated (23%)

Cost per lead generated (34%)

Gross rating points delivered (25%)

Number of leads generated (40%)

Ratio of advertising costs to sales revenue (34%)

Changes in attitudes toward the brand (51%)

Changes in brand awareness (57%)

Reach/frequency achieved (30%)

Total sales revenue generated by marketing activities (55%)

Incremental sales revenue generated by marketing activity (66%)

Changes in market share (49%)

Changes in purchase intention (55%)

Changes in the financial value of brand equity (19%)

Source: TNS European survey of clients across various industries

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The general challenge of measuring ROI

- **The most fundamental challenge - the issue of cause and effect**
- It can be difficult to establish **what impact** marketing has had on **sales of a product or service**
- To **accurately measure impact**, you need to take into account **all the confounding factors that might be affecting sales:**
  - E.g. competitor activity, pricing, general economic situation, distribution issues, etc…

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This becomes more complex for tourism…

- In principle what we want to measure is the net gain to the tourism sector/economy from marketing activity
- Our product is complex and diverse - cause and effect can be hard to establish but also because the measurement of change itself can be difficult
- You can confidently estimate the impact of a specific campaign on visits to one attraction because the outcome is easily measured and role of other factors readily identifiable
- For general destination marketing, think of all the influencing factors - the weather, economic situation, flights, exchange rates, advertising spend for competing destinations and so on!

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There is no ‘one size fits all’ solution

Simple & high level

Detailed & complex

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But there are opportunities to develop a framework that defines the outcomes and overall impact of specific pieces of work within the context of the limitations that exist around specific types of activity and their evaluation

Let's discuss…

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Response or business driving activity (i.e. digital marketing, trade and consumer promotional programmes)

Possible to create measurement model that derives ROI for each specific programme or area of activity

Requires accurate evaluation of financial and resource inputs and business outcomes for each specific piece of work

A clear measurement model needs to be developed around each piece of response or business driving activity that outlines business objectives, specific goals, key metrics and appropriate targets

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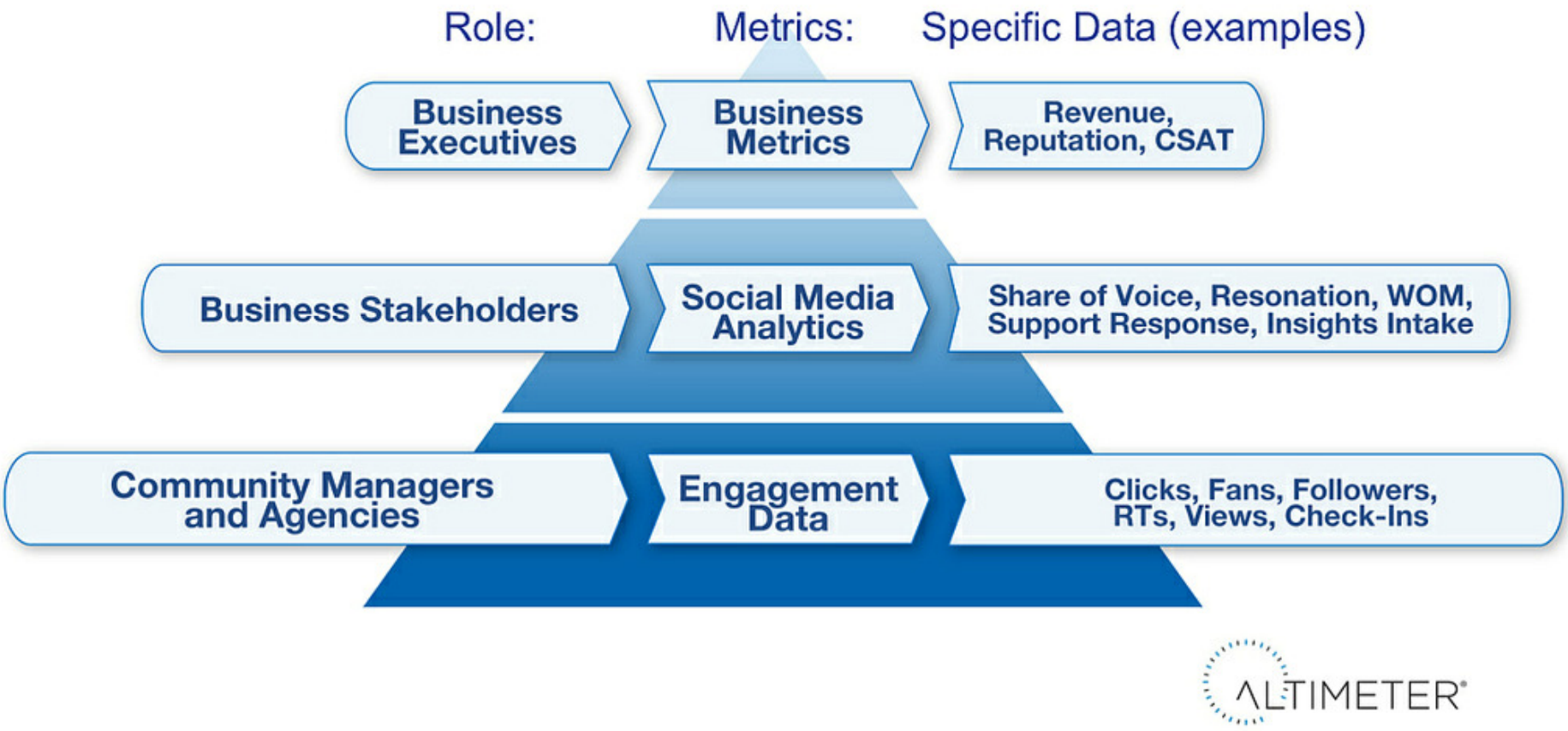
Example: digital marketing ROI pyramid



Source | Altimeter Group

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Brand communications

Likely to affect things like overall awareness of destination, perceptions and the extent to which the destination is 'front of mind' across the target audience

Brand tracking studies in markets where the destination is running a significant weight of advertising will help understand the overall effect those campaigns are having

It is however much more difficult to develop a robust model based on ROI for above the line activity

Broadcast channels work to create awareness and change perceptions rather than generate direct sales

They also create a 'halo' effect that supports response and business driving activity

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Understanding ROI for brand communications

- **Econometric modelling** takes into account the factors which may impact on tourism revenue – however requires significant research effort and investment as well as long periods of survey and secondary data

- **Direct calculation** is a survey based approach and is the method used by the majority NTOs (in varying levels of sophistication)

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Econometric modelling

- Used to estimate the relationship between an input – in this case the spend on tourism promotion and development – and the output – tourism revenues
- The analysis seeks to allow for all the other factors which may impact on tourism revenue
- Uses hard measures of output and relies on observed behaviour (visits and spending) rather than, say, subjective measures such as what people choose to tell about their intentions or motives in surveys

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But look at the data you will need!

The types of data required would include but not be confined to the following (for a long period of time):

- A measure of outcome, such as number of visits and number of days
- Amount spent on tourism, per visit, per day
- Advertising spend by week
- Advertising spend by alternative promoters
- Weather (temperature, rainfall, etc.)
- Economic conditions (unemployment rates, GDP, Consumer Confidence)
- Other survey measures: such as advertising awareness etc.

And many assumptions – risk of 'chaos theory' kicking

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An example of direct calculation on the other hand…

- Calculate the **additional tourism spending** which has resulted from marketing activities:
  - This is done through survey data by assessing the decisions made by individuals and **how they are influenced by promotions when making those decisions**
- Promotional activity may produce a return to the investment if it leads to (for example):

1. An increase in the number of leisure breaks taken in the destination
2. Longer breaks
3. People taking higher value/more expensive breaks

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Example framework used by and NTO:

Establish weight of influence of marketing communications (including those not driven by NTO) versus other influences (such as word of mouth)

Understand how all below and above the line activity by NTO has influenced a decision about a holiday in that destination (if at all):

Awareness
Degree of influence (minor to major)
How influenced (took a holiday, swapped from another destination, stayed longer, visited more places etc.)

Then:
Increase in expenditure arising from promotional activity in total and by medium is calculated
Increase in Gross Value Added (GVA) arising from expenditure is calculated
Compared with the cost of the promotional activity as a whole and by form

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'Influence' can also be measured in the form of a re-contact survey which allows us to also establish actual conversion, the outcomes of which can be combined with value data to provide a reasonable assessment of financial outcomes

Conversion studies work if you don't have a lot of markets and high incidence of the target – otherwise it can be an expensive process!

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If limited by evaluation scope/budget…

Marketing response (interim outcomes) can be used as a 'proxy' for return on investment from activity:

- Top of mind and prompted awareness of the destination
- Recall of specific ads and overall campaign
- Opinion of the campaign (ad diagnostics such as clear messaging, increased interest in the destination)
- Action taken after seeing activity (spoke to others, looked for more information, booked)
- Impact on purchase cycle (i.e. awareness, preference, intention)
- Impact on brand image (i.e. changing perceptions)

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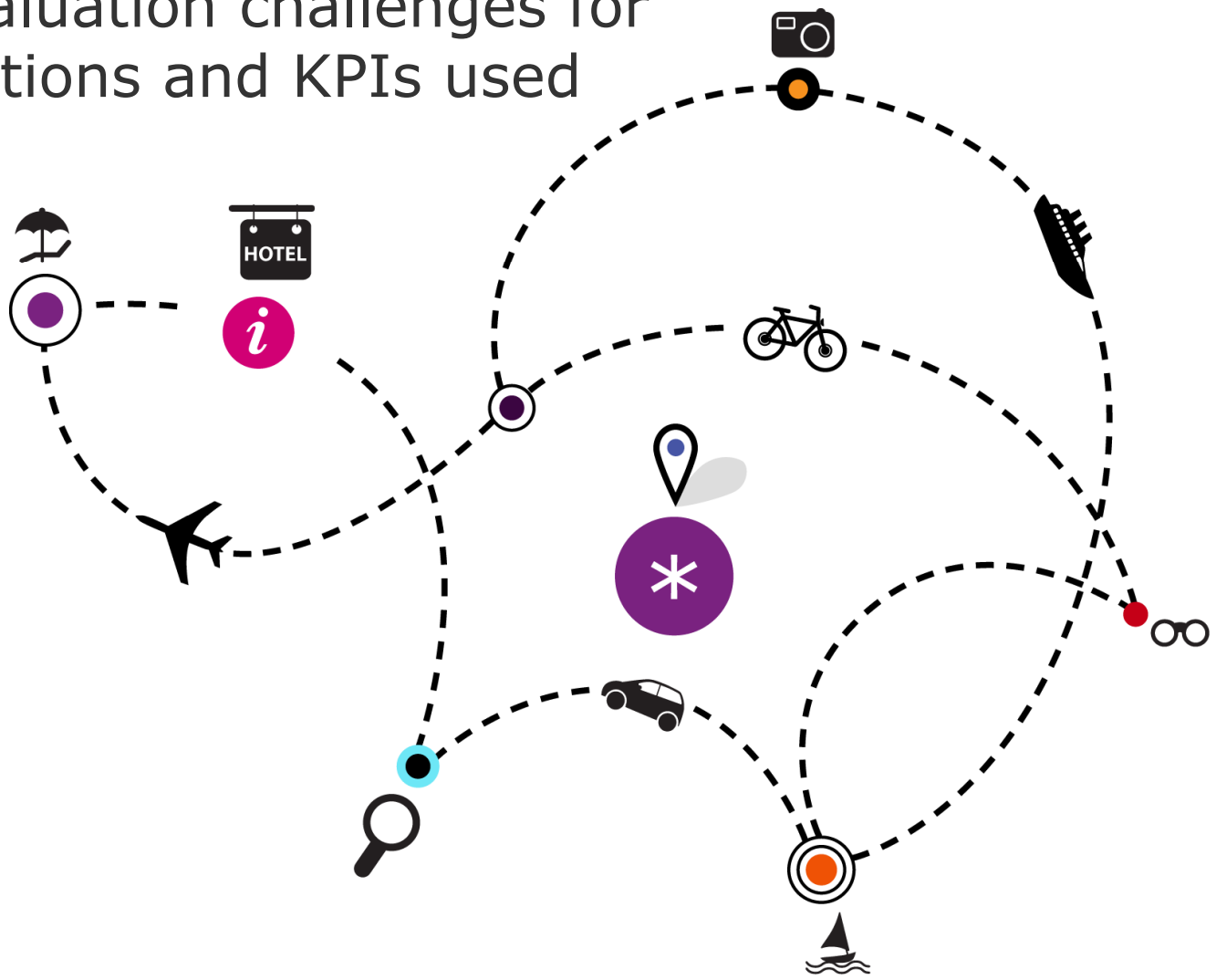
3
Key evaluation challenges for destinations and KPIs used



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Impact/ROI, new influence channels, efficiency and practicality are key evaluation challenges

What are the current challenges to your organisation when evaluating marketing activity?

- Attributing direct cause and effect between marketing efforts and tourism impact
- Related to this, measuring return on investment – particularly combined across channels
- Constant adaption of evaluation methods to include new technology and consumer trends (i.e. social media)
- Increasing efficiency of evaluation (with reference to reducing costs)
- Ensuring practical application of evaluation (and hence organisational acceptance)

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Mainly offline consumer marketing activities

Note: only key activities shown

Activity	KPIs
Promotions in offline media	Mainly exposure – some campaign effectiveness (i.e. generate interest)
Outdoor/poster	Mainly exposure – some campaign effectiveness (i.e. generate interest)
Direct mail	Exposure and response rate
Press/PR	Ad value
Exhibitions/fairs	Attendance, knowledge and leads
Promotional literature	Circulation
Tourist Information Centres	Visitor numbers and satisfaction

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Mainly online consumer marketing activities

Note: only key activities shown

Activity	KPIs
Cinema	Exposure/effectiveness
Film	Press coverage, increasing knowledge
Mobile (apps)	Downloads/usage
Internet	Visitors and click through
Direct (e) mail	Subscribers and response rate (click through to newsletter)
Radio	Exposure and effectiveness
TV	Exposure and effectiveness
Corporate website (own)	Visitors, downloads and views (pages)
Press/PR	Visitors and media value
Owned social media platforms	Facebook key platform mentioned – fans, likes, posts. Twitter also but to a lesser extent – followers

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Event centred activities

Note: only key activities shown

Activity	KPIs
Convention/event support	Participants and satisfaction
Event support/ sponsorship	Participants and media coverage
Event marketing (above, below and online)	Visitors, feedback and media coverage

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Trade activities

Note: only key activities shown

Activity	KPIs
Exhibitions and trade fairs	Number of visitors, exhibitors and satisfaction
Trade promotions	Attendance and satisfaction
Event support	Visitors/viewers and media coverage
Trade support	Agreements/contracts and response levels to activity
Destination learning	Participants, drop out rate, completion rate
Sales calls/company-specific meetings	Contacted, leads and agreements/contracts
Familiarisation trips	Participants, follow up survey evaluation

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MICE activities

Note: only key activities shown

Activity	Commentary
Advertising	Exposure, circulation, visitors to B2B website, click through
DVDs/VDOs/CD-ROMS	Distribution
Exhibitions/trade fairs	Visitors, exhibitors, leads, meetings and satisfaction
Literature	Distribution and exposure
Press and PR	Media value, exposure, planned events/participants
Sales promotions	Business/leads generated
Sponsorship	Reverted back to high level KPIs (i.e. destination knowledge) – not linked directly to sponsorship activity
Ambassador programmes	Applications, members, generated visitors, guest nights
MICE event support	Participants, events, macro economical return

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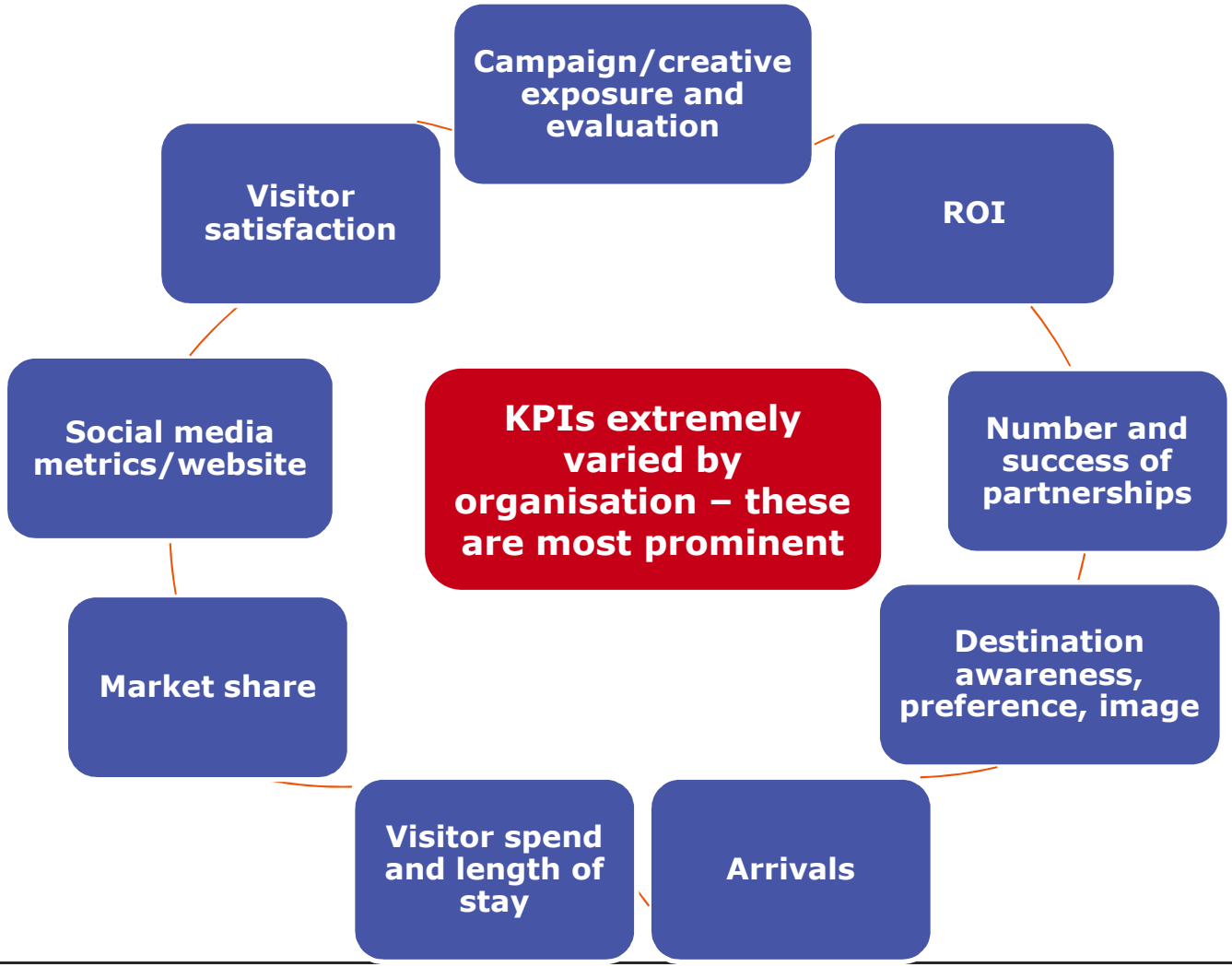
Campaign/creative measures play a significant role, strong presence of website/social media



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Organisation 1

- Visitor overnight spend
- Market share
- Yield
- % target audience saw campaign
- % target audience who took action as result of campaign
- Target audience arrivals and spend
- PR EAV
- Digital and social metrics

Organisation 2

- Increase in the number of tourist arrivals
- Dispersal
- Improvement of the image of the destination
- Better knowledge of the destination
- Tourist investments
- Contribution of tourism sector to the GDP
- Job creation by the tourism sector

Organisation 3

- Website: unique visitors, bounce rate,
- Facebook: fans
- Mass media: monitoring of key words
- National Brand Index
- Market research – pre/post tests (shifts in brand recognition)

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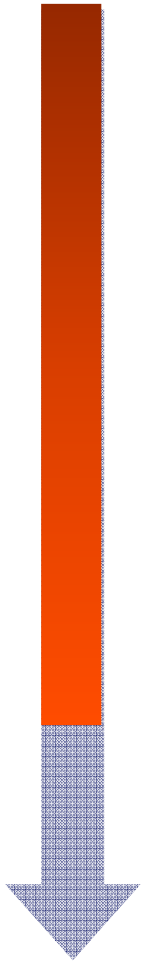

Stage
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Initial structure of Handbook prepared
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ECM members' survey • Survey conducted • Topline analysis conducted
In-depth interviews with key stakeholders
Draft Handbook • Includes full analysis of all stages above – awaiting e-marketing results
Draft Handbook review
Final Handbook

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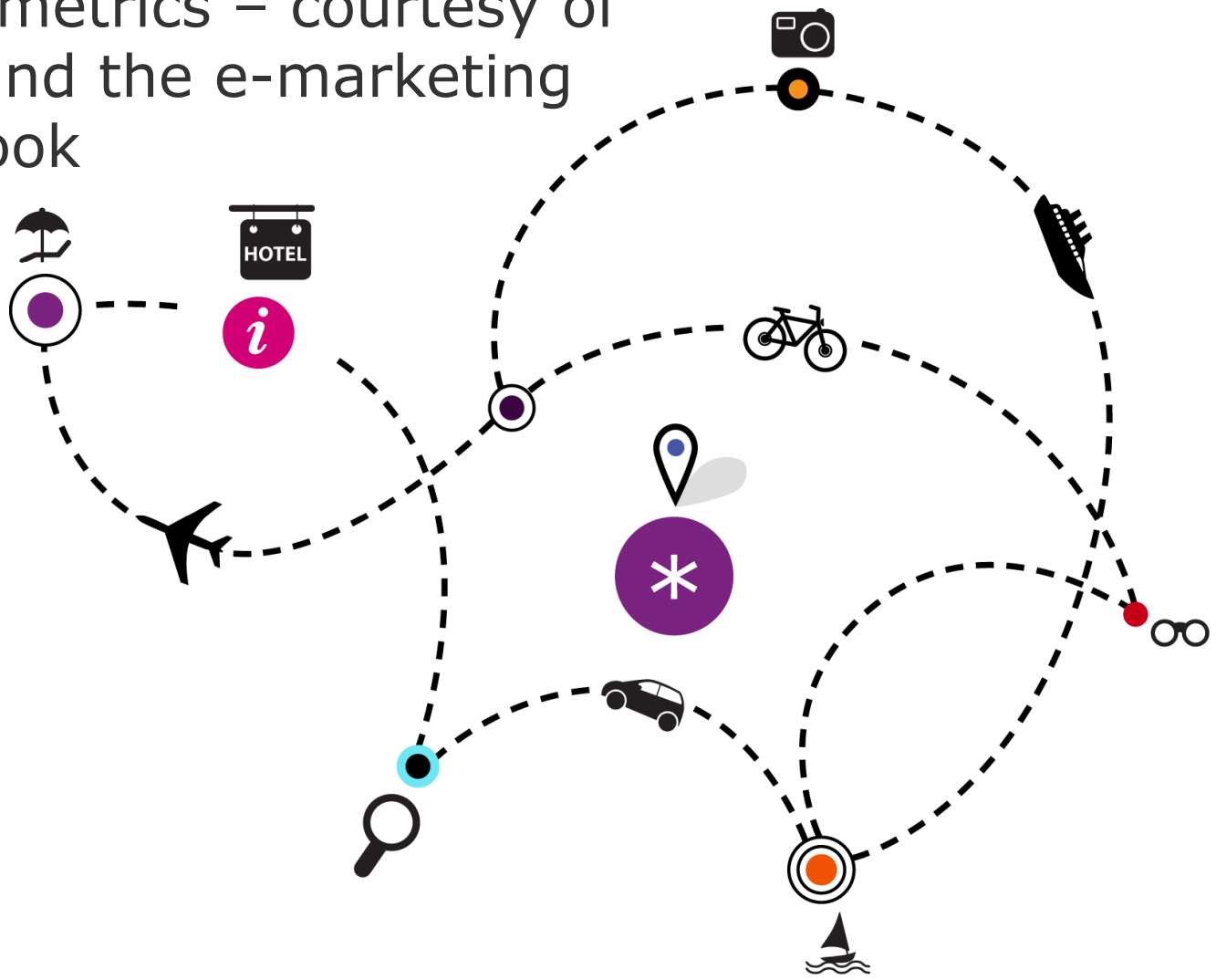
Appendix

Digital metrics – courtesy of TEAM and the e-marketing Handbook



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Digital Metrics
Which ones are important?

You are interested in three things:

Acquisition
Behaviour
Outcomes

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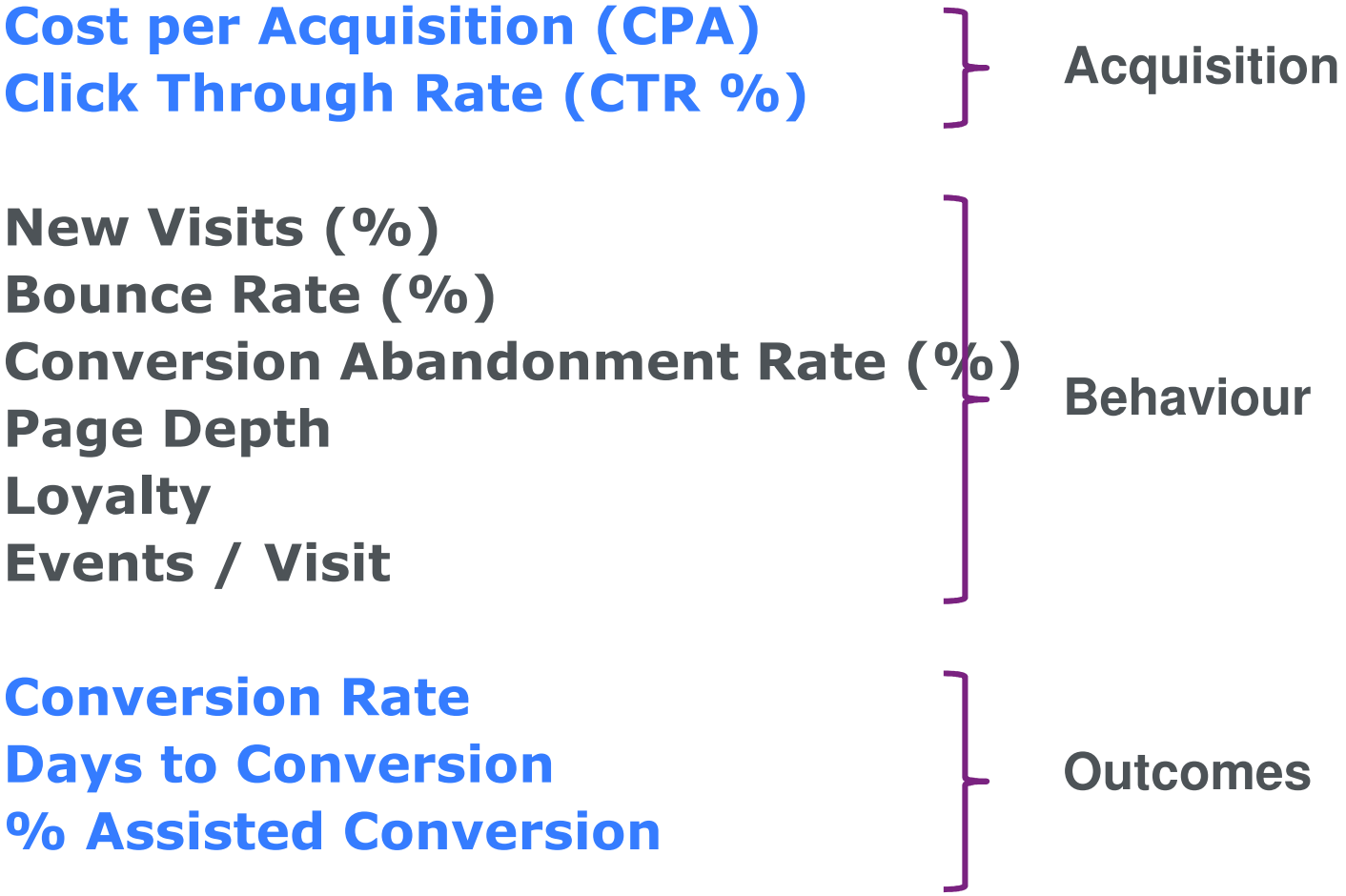
Operations and Senior Management



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Thank-you!
Questions?

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