Strategic
Marketing &
Research, Inc.

OUTER BANKS VISITORS BUREAU

2005–2006 Advertising Conversion Research

DECEMBER 2006

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BACKGROUND & OBJECTIVES

The Outer Banks Visitors Bureau is charged with the difficult task of educating consumers about area attractions and convincing them to visit. While the product is strong and people report high levels of satisfaction after visiting the Outer Banks, the marketing efforts have to reach a large audience and convey the beauty and uniqueness of the area. One way to determine the effectiveness of past marketing efforts and identify the better marketing options is through conversion research. Research of this type determines the percentage of people that requested information from the Outer Banks and then visited the area. This Conversion Research covers a fifteen-month period and includes leads that were generated from January 2005 through March 2006.

This research explores the overall effectiveness and impact of the Bureau's marketing efforts over the course of 2005.

The specific objectives of the research included the following:

- Measure the overall level of conversion among advertising responders and calculate their economic impact on the area;
- Identify the current visitor profile and the best targets for upcoming marketing efforts;
- Compare the performance of various media relative to lead generation, conversion, and return on investment;
- Investigate the specific of visitors' trips to the Outer Banks to gain insight into their motivation for visiting the area;
- Gauge levels of satisfaction with the Outer Banks experience to determine whether barriers exist to repeat visitation; and
- Forward conclusions and recommendations regarding how best to market the Outer Banks and increase visitation.

METHODOLOGY

Because the Outer Banks Visitors Bureau collects leads through traditional (magazine) and online sources, this conversion study employs two methodologies – one telephone and another via the Internet. For this conversion research, Strategic Marketing & Research, Inc. (SMARI) completed 1,217 interviews – 617 via telephone and 600 via the Internet. The sample, comprised of leads received by the Bureau during 2005 and the first three months of 2006, was stratified by the various media options to facilitate comparison of the results by media category. International leads were not surveyed and calculations for economic impact are presented in two ways – both with and without this small lead type. For the overall sample, the precision rate for the results is +/-2.5% at a 95% confidence level.

Sample Stratified by Medium

Search Engines	157
Web Ads	151
Virtual Guide	53
State Website	60
Women’s Magazines	253
Travel Magazines	176
Misc. Magazines	117
Newspapers	150
Guides	100

Data collection was conducted at the SMARI call center, in Carmel, Indiana, and on the Web during June 2006. To facilitate broad participation, all the interviews were administered by professional interviewers during evening and weekend hours. The questionnaire was similar to the one used in 2003, although minor changes were made. A copy of the survey instrument appears in the Appendix.

Upon completion of the data collection process, the data were cleaned and coded for analysis. In addition, the sample was balanced to be representative of the actual lead distribution. Several statistical procedures were used in the analysis.

The following report summarizes the key research findings and forwards conclusions and recommendations regarding upcoming marketing efforts on behalf of the Outer Banks Visitors Bureau.

CAMPAIGN & EXPENDITURE OVERVIEW

Given that the Outer Banks generates capacity-level visitation during the summer months, the Visitors Bureau focuses its marketing on the off-seasons. The 2005 marketing effort was directed through four primary media types – the Internet, magazines, newspapers and guides.

Consumers can respond to Outer Banks' marketing by requesting additional information. While other destinations have seen leads fall with increased use of the Internet, the Outer Banks saw a striking increase in the number of leads. In 2002, the Visitors Bureau had 215,654 respondents. In 2005, this number jumped to 298,919.

By evaluating the number of leads generated by each media and comparing the costs associated with each, the Visitors Bureau can determine where resources are being used most effectively. Given that only leads generated from January 2005 through March 2006 were considered in this research, the media costs associated only with this timeframe are included. While magazines generated the highest number of leads, newspapers recorded the lowest CPL.

Cost per Lead by Media Type

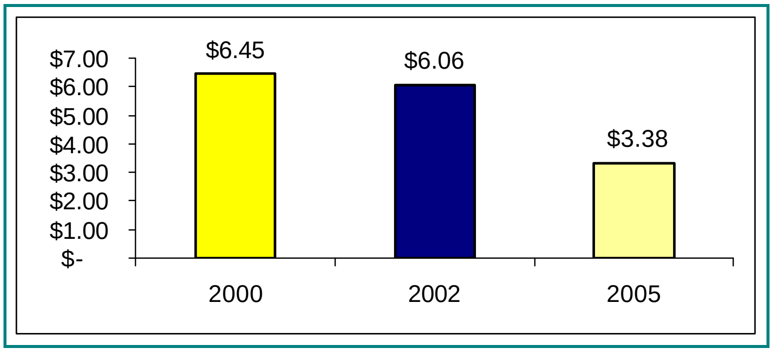
Type	Leads	Cost	CPL
Internet	97,060	$233,815	$2.41
Magazines	175,382	$673,054	$3.84
Newspapers	22,652	$45,442	$2.01
Guides	3,825	$44,778	$11.71
Total	**298,919**	**$997,090**	**$3.34**

When the media types are broken down by more specific sources of leads, women's magazines record the lowest cost per lead, followed by newspapers and search engines. And while the cost per lead for guides far exceeds the average CPL, this does not mean that this media type should be abandoned. Often, these are listings in publications of other destination marketing organizations, such as the North Carolina Division of Tourism. Because consumers have requested information from these other DMOs, they are unlikely to take the additional step of requesting a guide from the local CVB.

Source	Leads	Cost	CPL
Search Engines	67,101	$164,398.34	$2.45
Web Ads	16,438	$69,416.67	$4.22
Virtual Guide	3,969	$14,500.00	$3.65
State Website	9,552		$ -
Women's Magazines	93,380	$159,218.07	$1.71
Travel Magazines	62,153	$334,402.47	$5.38
Misc. Magazines	19,849	$179,433.68	$9.04
Newspapers	22,652	$45,442.45	$2.01
Guides	3,825	$44,777.88	$11.71
TOTAL	**298,919**	**$1,011,589.56**	**$3.38**

Especially encouraging for the Visitors Bureau is the overall cost per lead. Because the number of leads increased while actual spending by the Bureau decreased, the overall cost per lead was reduced drastically.

Cost per Lead



Also encouraging for the Bureau is the expansion of the geographic areas from which respondents originated. This redistribution of lead geography is best seen when comparing the percent of leads coming from the Outer Banks' Primary and Emerging markets. Whereas in 2002 58% of leads were from the Primary markets, just 53% came from these areas in 2005. This decrease resulted in a shift to the Emerging markets and even those beyond. While this shift is small, it importantly suggests that the Bureau's marketing efforts are expanding their reach, something that occurs gradually.

Relative to the 2005 marketing, the CVB has improved with respect to leads, cost effectiveness and reach. The number of leads rose 39% from 2002, even while spending decreased 24%, the cost per lead dropped from $6.06 to $3.34, and the geographic swath was more diverse.

Lead Geography

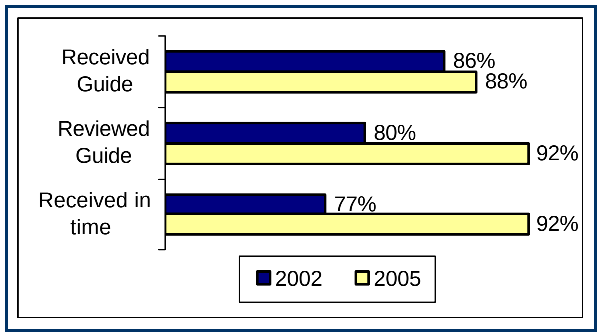
Primary Markets	2002	2005
North Carolina	11.7%	10.8%
Pennsylvania	12.2%	10.5%
New York	7.9%	8.7%
Ohio	7.2%	6.4%
Virginia	8.3%	6.1%
New Jersey	4.3%	5.1%
Maryland	5.3%	3.6%
West Virginia	1.4%	1.5%
Total	**58.3%**	**52.7%**
Emerging Markets	**2002**	**2005**
Florida	3.9%	5.4%
Illinois	3.3%	3.4%
Indiana	2.6%	2.4%
South Carolina	2.5%	2.5%
Georgia	2.1%	2.6%
Tennessee	2.1%	2.7%
Kentucky	1.5%	1.7%
Alabama	0.8%	1.1%
Total	**18.8%**	**21.7%**
All Others	22.9%	25.6%

RESPONSE & TRAVEL PLANNING

As discussed, the Outer Banks Visitors Bureau did a better job of generating leads in 2005 than in previous years. While the goal of this study is to evaluate how many of those respondents traveled (i.e., converted), a middle step assesses the travel planning process and how well the Visitors Bureau responded to the leads.

The first evaluation relates to whether those who requested information actually received it. If so, was it received in a timely manner and was it reviewed by the consumer. In this context, performance in 2005 was superior to years past, especially with regard to timeliness. Not only did receipt and usage of the Travel Guide improve, consumers considered it a quality publication. It was most often rated *better than* (29.2%) or *similar to* (69.1%) other destination guides.

Receipt of Requested Information



While a high percentage of consumers reported receiving the Guide, it is helpful to examine the sources of leads and the rate of receipt. Leads from magazine sources claimed the poorest fulfillment. The Visitors Bureau should look into possible problems with addresses being supplied by the publications or if issues within its mail house are causing lower rates of receipt.

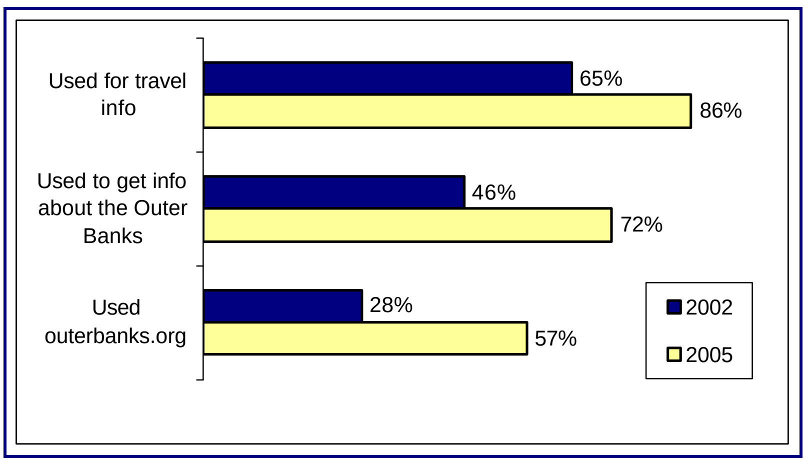
Material Received	Received Guide
Guides	94%
Web Ads	92%
State Website	92%
Virtual Guide	90%
Search Engines	90%
Newspaper	89%
Travel Magazine	88%
Women's Magazine	87%
Misc. Magazine	83%

While the rate of fulfillment can be used to guide future media placement, identifying the other sources consumers use to plan their travel can provide a better gauge. While traditional media such as AAA guidebooks and magazines continue to garner high usage, the Internet has become a leading source of information – over 80% cited at least one on-line source for travel planning. This included not only the destination's Website but commercial entities.

Destination's Website	74%
Magazine Articles	55%
AAA or Other Travel Club	53%
Hotel/resort Website	47%
Commercial Website, e.g., Expedia, Travelocity	43%
Magazine Ads	38%
Calling the Visitor's Bureau to Request Info	36%
Newspaper Articles	36%
Newspaper Ads	23%
Television Ads	18%
Other	8%

By increasing its spending for on-line media nearly tenfold since 2002, the Outer Banks has kept up with the influence of the Web in travel planning. Among those who requested information from the CVB, there was a 21% increase in the percentage of consumers that used the Internet for travel planning. Even more striking is the fact that 26% used the Web to plan their visit to the Outer Banks and 29% used the Visitors Bureau Website – an increase on both counts.

How Website Information was Used

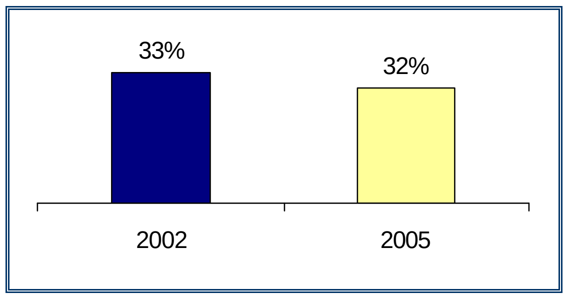


CONVERSION & VISITATION

The first goal of the Outer Banks' marketing efforts is to generate response from consumers and turn them into leads. Secondly, the Bureau wants to produce effective fulfillment pieces which are received and read. The final measure of success is turning these respondents into travelers. Those who respond to marketing and then actually visit are considered "converted visitors."

In 2005, the conversion rate was 32% -- close to the 33% recorded in 2002. Given the increase in leads and their wider geographic distribution, this is especially encouraging. Often when the number of leads increases, a decline in conversion is noted. And while fewer leads from the Primary markets could have resulted in a diminution in visitation, this did not occur.

Conversion Rate



Relative to the media sources and their impact on travel, the Outer Banks' *Virtual Guide* generated the highest conversion. This is not surprising given that users of destination Websites have usually made the commitment to visit and are likely gathering specific information for their trip.

As such, most noticeable in the media source conversion is the low rate of travelers from the state's Website. However, these leads were not expressing interest in the Outer Banks as a destination; they were registering for a contest. This is an important distinction because the leads may not be interested in the area, only in getting something free. As such, they are not as qualified as leads from other sources.

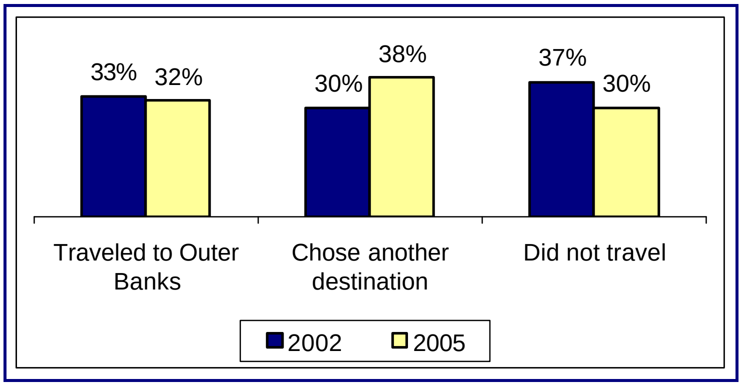
Conversion by Media Source

Virtual Guide	62%
Guides	51%
Independent Tourism W&B Ads	50%
Search Engines	45%
Women's Magazine	28%
Misc. Magazine	26%
Travel Magazine	23%
Newspaper	21%
State Website	20%

VISITORS & NON-VISITORS

While the number of leads that converted changed only slightly, a shift occurred in the overall number of travelers. There was a noticeable decrease in the number of requesters who did no traveling at all, which resulted in more leads visiting elsewhere. It is important to know who they are and where they went.

Travel Overall

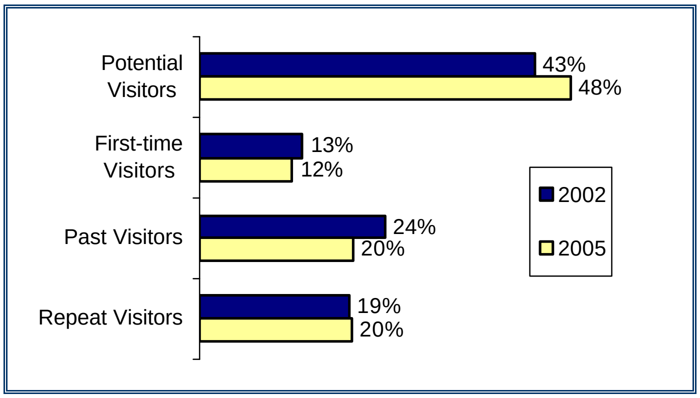


Typically, conversion research considers visitors and non-visitors to generate ideas for enhancing conversion. While this is helpful, it is also important to consider past visitation. People who have never visited the area react differently to the Bureau's marketing efforts. For the Outer Banks, four categories of respondents were identified:

1. ***Potential Visitors*** – have never visited the Outer Banks and, at this point, they are merely *interested* in the area. This segment represents potential in terms of first-time visitation, which helps to maintain or increase market share.
2. ***Past Visitors*** – did not visit the Outer Banks in the past year, but have visited before. Importantly, they know the area and are interested in returning. As such, determining some of the factors that result in non-visitation is beneficial.
3. ***First-time Visitors*** **–** visited the Outer Banks for the first time this past year. These first-time visitors became willing to visit the area and their reactions help the Bureau to assess its product and identify its perceived strengths and weaknesses.
4. ***Repeat Visitors*** **–** represent the lifeblood of most destinations. They have visited in the past and continue to return. They exhibit a degree of loyalty to the Outer Banks and represent the most likely group to continue enjoying the area.

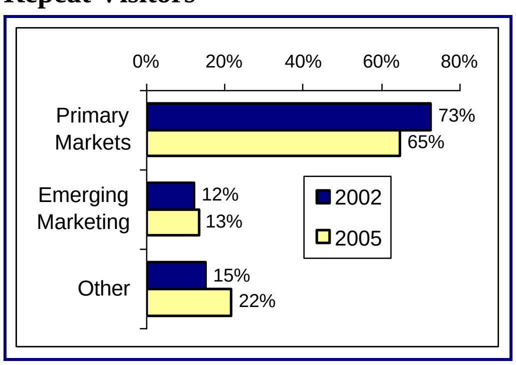
The Bureau can use these four segments to assess customer loyalty and growth potential. The relative size of each group is a key consideration. Remember that these survey respondents were people *who requested information from the Visitors Bureau.* This group is not representative of visitors as a whole. For example, loyal Repeat visitors may not need information from the Bureau given their familiarity with the area.

Segmentation among Requesters of Information

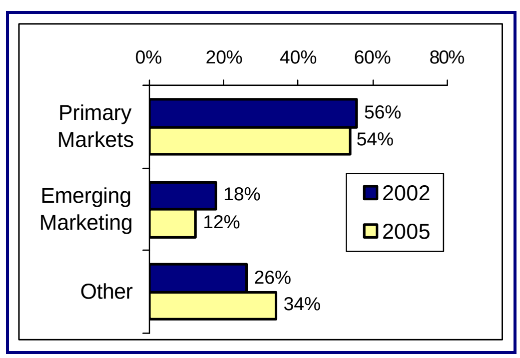


This distribution suggests that the Outer Banks' ads are reaching a wider audience and more Potential visitors. It may take time to close the sale but the strategy should lead to growth. The effectiveness of the Outer Banks marketing endeavors in targeting new and emerging markets is seen in the geographic distribution of First-time and Repeat visitors. While Repeat visitors came more often from the Primary markets than First-time visitors, fewer Repeat visitors came from these predictable areas – more came from the Emerging markets or beyond

Repeat Visitors



First-time Visitors



Given that Potential and Past visitors did not visit the Outer Banks after they requested information, it is important to review their decision making and the type of travel experiences they desire. Most importantly, both groups remain interested in visiting the area. Those who *have* visited are more likely to return, suggesting that visitors to the Outer Banks are satisfied with the experience.

	Potential Visitors	Past Visitors
Still intend to visit	58%	69%
Chose another destination	28%	19%
Didn't Travel	14%	11%
Other	9%	7%

Month of Travel	
July	18%
August	23%
September	21%
October	17%

While the Outer Banks has focused its marketing on generating travel in the off season, of those who still intend to visit, the summer months are preferred for traveling. It is encouraging to see that a high percentage intend to visit in the early fall as well.

While the Bureau has identified key competitors, the variety of other destinations visited varies greatly. This indicates how strong the competition is for travelers' dollars.

It is concerning when non-visitors choose to visit other destinations with qualities similar to those of the Outer Banks. While the greatest percentage of non-visitors went to Florida, the majority did not visit a beach location. Orlando, with a unique attraction in Walt Disney World, was the most frequently visited destination in Florida.

Destinations Visited	
Florida	24%
Myrtle Beach, SC	12%
International	10%
North Carolina	10%
California	8%
New Jersey Coast	8%
Tennessee	6%
Texas	6%
Virginia	6%
Las Vegas, NV	6%

Trips to Florida	
Orlando	34%
Ft. Lauderdale	12%
Destin	4%
Ft Meyers	7%

It is encouraging that many non-visitors did not take beach-focused trips. Nearly half of them were looking for a variety of attractions or visiting friends and/or relatives.

Trips Taken by of Non-visitors

Variety of attractions	27%
Visit friends & relatives	21%
Visit a beach	14%
Attend a special event	13%
Visit a specific attraction	8%
Learn about history of area	4%
Participate in outdoor recreation	3%
Attend a family reunion	2%

TRIP SPECIFICS

While the goal of marketing is to generate visitation, the ultimate goal is to generate visitor spending. And while the most distinguishing feature of the area is its shoreline, the Bureau wants visitors to enjoy other attractions and offerings as well. Hence, it is important to evaluate the types of activities that generated interest among both First-time visitors and loyal Repeat visitors. While beaches were not the primary travel motivator among non-visitors, it is not surprising that beaches were the key driver among visitors to the Outer Banks. On a positive note, a higher percentage of First-time visitors visited the area primarily to enjoy attractions or events – 34.8% for First-timers versus 24.7% for Repeat visitors.

Key Drivers of Visitation

	First-time	Repeat
Visit a beach	30.1%	32.6%
Variety of attractions	24.9%	19.9%
Visit friends & relatives	9.6%	10.7%
Attend a family reunion	4.7%	5.9%
Outdoor recreation	2.4%	4.1%
History of the area	3.9%	3.8%
Specific attraction	4.8%	2.4%
Specific event	5.1%	2.4%
Participate in sports	0.4%	0.7%

As discussed, because the Outer Banks receives such high visitation during the summer months, the Bureau's marketing efforts are focused on attracting visitors during the off seasons. In 2002, 53% of First-time visitors arrived during the summer months, a number that dropped to 42%, in 2005. The result was increased visitation during the spring months.

Also evident in an evaluation of seasonal visitation is that Repeat visitors are visiting the area more than once a year. In fact, 24% of Repeat visitors visited the Outer Banks at least twice in 2005 – up from 17%, in 2002.

As in the past, most visitors to the Outer Banks drove to the area -- 94% of First-timers and 96% of Repeat visitors.

Season	First-time	Repeat
Winter		
December	0%	2%
January	0%	3%
February	2%	3%
Total	**3%**	**8%**
Spring		
March	8%	6%
April	14%	15%
May	20%	15%
Total	**42%**	**36%**
Summer		
June	15%	26%
July	17%	17%
August	10%	16%
Total	**42%**	**59%**
Fall		
Sept	6%	11%
Oct	8%	15%
Nov	4%	6%
Total	**18%**	**32%**

While only slight differences are noted between where First-time and Repeat visitors stayed, noticeable difference are apparent relative to the 2002 findings. The year 2002 marked the Centennial of Flight celebration, which generated much publicity. Kitty Hawk was the most frequently visited destination. In 2005, this community was the fourth most popular destination in the Outer Banks.

Primary Destination

	First-time	Repeat
Nags Head	15%	18%
Kill Devil Hills	19%	18%
Duck	11%	13%
Kitty Hawk	9%	11%
Hatteras Island	6%	6%
Manteo or Roanoke Island	2%	3%
Rodanthe	3%	3%
Hatteras Village	3%	3%
Southern Shores	1%	3%
Buxton	2%	3%
Salvo	3%	3%
Frisco	1%	2%
Waves	3%	2%
Avon	4%	2%

Though the popularity of Kitty Hawk during the Centennial of Flight celebration was unique, it remains the number one destination in the Outer Banks. Still, on average, visitors traveled to 3.7 areas of the Outer Banks during their stay.

Other Areas Visited

	First-time	Repeat
Kitty Hawk	59%	53%
Kill Devil Island	41%	44%
Hatteras Island	43%	42%
Nags Head	39%	42%
Duck	29%	37%
Manteo or Roanoke Island	32%	37%
Hatteras Village	28%	27%
Avon	11%	20%
Southern Shores	17%	18%
Buxton	14%	17%
Rodanthe	15%	13%
Frisco	9%	13%
Salvo	6%	13%
Waves	7%	13%

While many destination marketing organizations have seen visitors' duration of stay drop over the years as week-long family vacations are replaced with weekend getaways, those traveling to the Outer Banks are staying nearly a full week. Moreover, while there were few differences in travel party composition between First-time and Repeat visitors, the seasonality of their trips created the greatest impact. Predictably, the number of children who traveled during the summer months was much higher than during the other seasons.

Trip Specifics

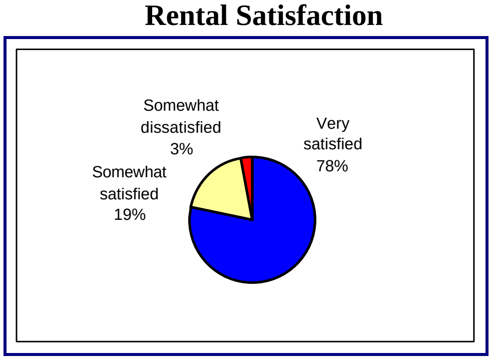
	Winter	Spring	Summer	Fall
Nights	4.3	5.0	6.0	5.6
Days	5.0	5.6	6.6	6.2
People on trip	3.1	5.3	6.7	5.1
Children under 16	0.7	1.3	2.2	0.6
Kids	31%	41%	62%	21%

One significant change from 2002 is noted relative to the types of accommodations used by First-timers. Previously, First-time visitors stayed most often in chain hotels/motels (20.7%); this number dropped to 17%, in 2005. Rental houses on the beach record the biggest gain – as 28% chose this type of lodging, in 2005, as compared to 20%, in 2002.

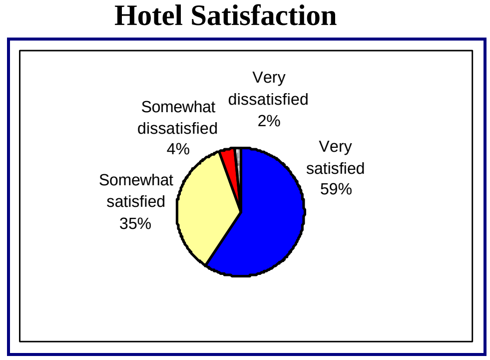
Type of Accommodations	First-time	Repeat
A house rental on the beach	28%	30%
A house rental not on the beach	15%	18%
A condominium/timeshare	18%	16%
A chain motel/hotel w/ on-site amenities	17%	16%
A non-chain motel or hotel w/ amenities	7%	7%
A campground	4%	5%
A non-chain motel/hotel w/out amenities	6%	3%
A chain motel/hotel w/out amenities	2%	3%
Family or friends	1%	3%
A national park	0%	2%
A bed & breakfast	1%	1%
A cottage court	0%	1%

Visitors' satisfaction with their accommodations is definitely a point of interest for the Bureau. The switch from hotels to rental properties by First-time visitors was positive, as this type of accommodation earned the highest satisfaction ratings. Hotels/motels received less complimentary ratings.

Rental Satisfaction

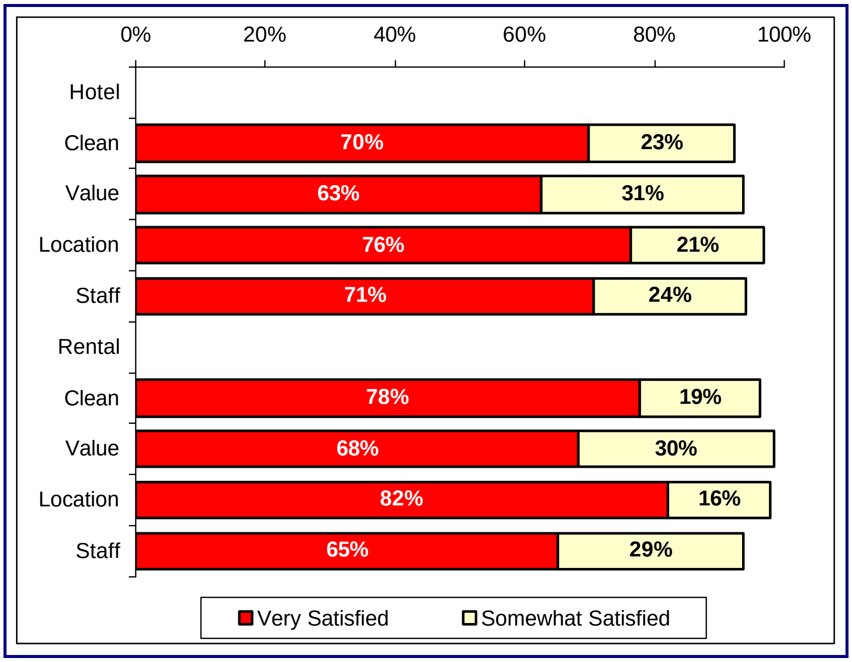


Hotel Satisfaction



While visitors tended to be satisfied with their accommodations, some differences are noted relative to visitors' ratings for specific attributes of their lodgings. Rental properties garnered higher "very satisfied" ratings than hotels in every category besides staff, which is to be expected since rental units are not typically staffed. What is concerning is that both hotel and rental properties received lower "very satisfied" ratings relative to value. In order for First-time and Past visitors to become Repeat visitors, they need to believe that they are receiving a good value for the money. Otherwise, many will feel "priced out" of the area.

Satisfaction with Accommodations



Activities such as visiting the beaches or enjoying the scenic beauty of the Outer Banks will remain favored pastimes. However, participation in nearly every activity has eroded since 2002. In 2002, visitors participated in far more activities than those in 2005. But because the Outer Banks generated so many more leads, which resulted in more trips, this scenario did not result in a decline in attendance for specific attractions. However, when there is a sharp decline in activity (e.g., dining out and shopping) participation, a great deal of revenue can be lost. The Bureau needs to focus on this issue in its marketing creative.

Participation in Activities

Activities	2002	2005	Diff.
Visit the ocean or beaches	87%	86%	-1%
Enjoy scenic beauty	80%	80%	0%
Eat at restaurants unique to the area	84%	70%	-13%
Visit historic sites	72%	70%	-2%
Go shopping	78%	65%	-13%
Visit lighthouses & other coastal relics	76%	64%	-12%
Take scenic drives along the coast	69%	59%	-11%
Go on a Ferry Boat	37%	33%	-4%
Enjoy wildlife viewing/Bird watching	47%	31%	-16%
Visit aquariums	24%	24%	0%
Go fishing	31%	24%	-7%
Go hiking or biking	29%	23%	-6%
Visit art or cultural museums/galleries	33%	19%	-14%
Go to lakes/rivers/other natural features	33%	17%	-16%
Visit shipwrecks/lifesaving stations	20%	16%	-4%
Golf	12%	10%	-1%
Attend musical performances	7%	10%	3%
Canoeing or kayaking	8%	8%	-1%
Go camping	8%	6%	-1%
Attend theater performances	10%	6%	-3%
Visit amusement or theme parks	8%	6%	-2%
Attend festivals or craft fairs	9%	5%	-3%
Play tennis	4%	2%	-2%
Go hunting	1%	1%	0%
Attend sporting events	2%	0%	-1%

While the table above might suggest depressed spending due to participation in fewer attractions, the opposite was true. In 2002, average trip expenditures were $2,294, or $60 per person/per day. This number rose to $2,445 per trip and $75 per day. The 25% increase in per person/per day spending is a result of smaller travel parties coupled with fewer overnight trips.

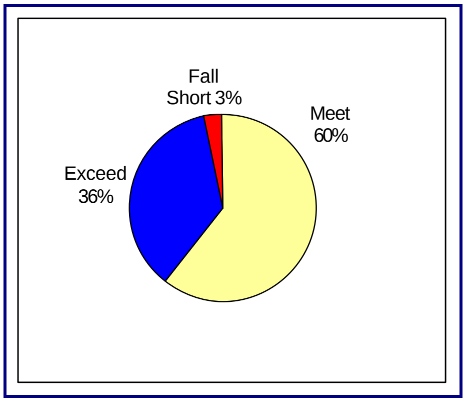
Expenditures

	First-time	Repeat	Overall
Lodging	$1,077	$1,339	$1,239
Meals/Food/Groceries	$382	$450	$424
Attractions	$109	$119	$115
Recreational expenses	$50	$112	$88
Novelties and Souvenirs	$109	$121	$116
Shopping	$165	$165	$165
Entertainment	$8	$14	$12
Transportation	$332	$217	$262
Other	$36	$17	$25
Total	**$2,267**	**$2,556**	**$2,445**
Per person/per day	$70	$78	$75

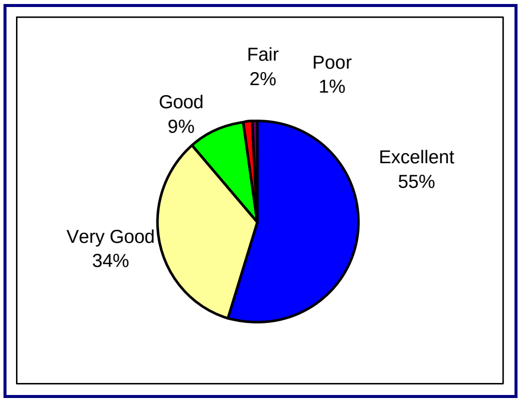
FUTURE TRAVEL INTENTIONS

While visitor spending is an immediate measure for the CVB, visitors' expectations and satisfaction can impact future conversion rates and spending. The Outer Banks consistently provides a quality experience – one that meets or exceeds visitors' expectations. In addition, overall satisfaction remains high.

Visitor Expectations

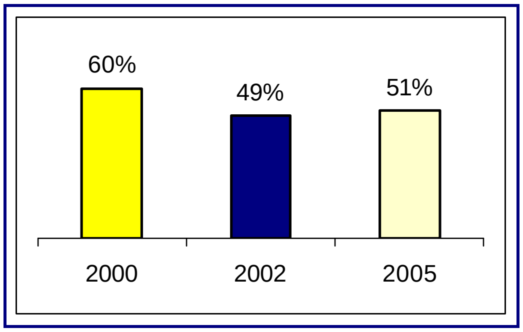


Visitor Satisfaction

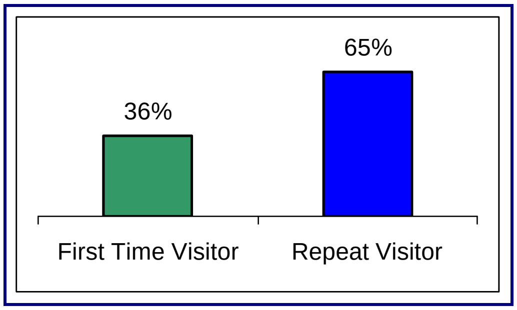


High satisfaction with a travel experience often results in repeat visitation. In 2002, the *likelihood to visit* rating fell from the 2000 measure. Though the *definitely* or *likely to visit* ratings rose slightly, they were lower than previous levels. Again, this highlights the competitive nature of the travel industry and consumers' unlimited options. This is especially obvious when comparing the *likelihood to return* ratings on behalf of First-time and Repeat visitors. First-timers are far less likely to return; it is as if they have checked the Outer Banks off their list and have decided to visit many other destinations.

Likelihood to Visit



Likelihood to Visit by Traveler Segment



As seen, those who stayed in hotels were less satisfied than those who chose rental properties. This scenario had a tremendous impact on likelihood to revisit, with 19% of those who stayed in hotels claiming that they would definitely visit in the next year compared to 37% of those who stayed in rental properties.

MEDIA ASSESSMENT

Besides measuring the economic impact of a marketing campaign, one of the most valuable findings from conversion research relate to the effectiveness of various media. By evaluating the number of leads generated by a medium, coupled with its conversion rate and trip expenditures, the destination marketing organization can make strategic decisions about its investments in marketing.

These decisions are never easy. The media sources with the highest conversion rate, the Virtual Guide and Guides such as the ABA Directory and North Carolina Visitor's Guide, generated the fewest leads. Also to be considered is how much it cost the CVB to generate a lead. While newspaper advertising has one of the lowest CPL's ($2.01), it also has one of the lowest rates of conversion.

Media Considerations

Media	Leads	Conversion	# of Trips
Virtual Guide	3,969	62%	2,442
Guides	3,825	51%	1,951
Web Ads	16,438	50%	8,219
Search Engines	67,101	45%	30,304
Women's Magazine	93,380	28%	26,205
Misc. Magazine	19,849	26%	5,089
Travel Magazine	62,153	23%	14,288
Newspaper	22,652	21%	4,681
State Website	9,552	20%	1,910

Add to the equation trip expenditures and economic impact. While search engines record a higher than average rate of conversation and generated a large number of leads, the spending per trip by these travelers was lower than for any other media source. However, the final economic impact, coupled with a low CPL ($2.45) makes search engines a good investment. While women's magazines record a lower than average rate of conversion, the number of leads generated by this medium far outpaced any other, resulting in the highest economic impact by media source.

Media	Leads	Conversion	# of Trips	Average Expenditures	Economic Impact
Virtual Guide	3,969	62%	2,442	$2,757	$6,733,457
Guides	3,825	51%	1,951	$2,574	$5,021,099
Web Ads	16,438	50%	8,219	$2,771	$22,772,023
Search Engines	67,101	45%	30,304	$1,540	$46,680,137
Women's Magazine	93,380	28%	26,205	$2,509	$65,754,731
Misc. Magazine	19,849	26%	5,089	$1,983	$10,091,624
Travel Magazine	2,153	23%	14,288	$2,302	$32,887,706
Newspaper	22,652	21%	4,681	$1,946	$9,110,190
State Website	9,552	20%	1,910	$2,001	$3,823,349

As seen in the Trip Specifics evaluation, the average per person/per day spending for an Outer Banks trip was $75. Because the number of nights and number of people in the travel party vary by media source, the range of PP/PD spending varies greatly. Magazines other than women's and travel record the highest PP/PD spending because fewer people spent fewer nights in the area, not because their trip expenditures were the highest.

Per Person/Per Day Spending

	Per Trip Spending	Nights Spent in Outer Banks	# People on Trip	Per person/ per day Spending
Misc. Magazine	$2,302	4.8	4.3	$112
Virtual Guide	$2,771	5.9	5.2	$90
Independent Tourism W&B Ads	$2,574	5.6	5.2	$87
Newspaper	$1,946	4.7	5.3	$78
State Website	$1,540	3.5	5.8	$77
Search Engines	$2,757	6.3	6.0	$73
Women's Magazine	$2,509	5.3	6.6	$72
Guides	$2,001	6.2	4.6	$70
Travel Magazine	$1,983	5.8	5.1	$67

Because the investment required for the Internet is far less than for print publications, especially for the Outer Banks' Virtual Guide and the state's Website, it is not surprising to see such a high ROI. In addition, the dramatic increase in leads from women's magazines resulted into an increase in ROI for this media source – from $123, in 2002, to $413, in 2005.

Return on Investment by Media Source

	Economic Impact	Expenditures	ROI
Virtual Guide	$6,733,457	$14,500	$464
State Website	$3,823,349	NA	$3,823,349
Women's Magazine	$65,754,731	$159,218	$413
Web Ads	$22,772,023	$69,417	$328
Search Engines	$46,680,137	$164,398	$284
Newspaper	$9,110,190	$45,442	$200
Guides	$5,021,099	$44,778	$112
Travel Magazine	$32,887,706	$334,402	$98
Misc. Magazine	$10,091,624	$179,434	$56

ECONOMIC IMPACT

The ultimate goal of this research is to evaluate the economic impact of the Bureau's marketing efforts and, in turn, its return on investment. By multiplying the conversion rate by the number of leads, the number of travelers can be discerned. In addition, because not all travelers take only one trip, the actual number of trips taken by those leads can be found by multiplying the average number of trips visitors took to the area.

By then multiplying the number of trips by the average expenditures, the Bureau's economic impact can be determined. Finally, dividing that number by the marketing expenditures produces a final return on investment figure.

Because no international visitors were surveyed for this research, there are two separate calculations for the 2005 economic impact equation. One calculation has fewer leads and includes only those within the US who responded to the Outer Banks marketing; the second includes international requesters.

Encouragingly, both calculations produce far better economic impact and ROI numbers than those recorded in 2002. This is primarily attributable to a significant increase in leads, and there was a slight increase in trip expenditures as well. Even the more conservative calculation (that without international leads) produces an ROI that is 133% higher than that recorded in 2002.

Economic Impact

	2002	2005 No International	2005 With International
Leads Generated	215.654	298,919	313,715
Conversion Rate	33%	32%	32%
Number of Travelers		95,654	100,389
Average # of Trips		1.26	1.26
Number of Trips	70,950	120,524	126,490
Spending per Trip	$2,295	$2,445	$2,445
Economic Impact	$162,830,631	$294,697,289	$309,284,321
Expenditures	$1,306,086	$1,011,589	$1,011,589
ROI	$125	$291	$306

DEMOGRAPHICS

Though all of those surveyed were responding to a piece of Outer Banks marketing, by comparing the demographics of visitors and non-visitors, the Bureau can evaluate how well it is reaching its target audience. Visitors to the Outer Banks were more often married with children than non-visitors, and though on nearly equal footing educationally, visitors claimed to earn slightly higher incomes. Because visitors were less ethnically diverse than non-visitors, the Outer Banks should consider ways to expand its reach to ethnic households.

Visitor vs. Non-visitor Profile

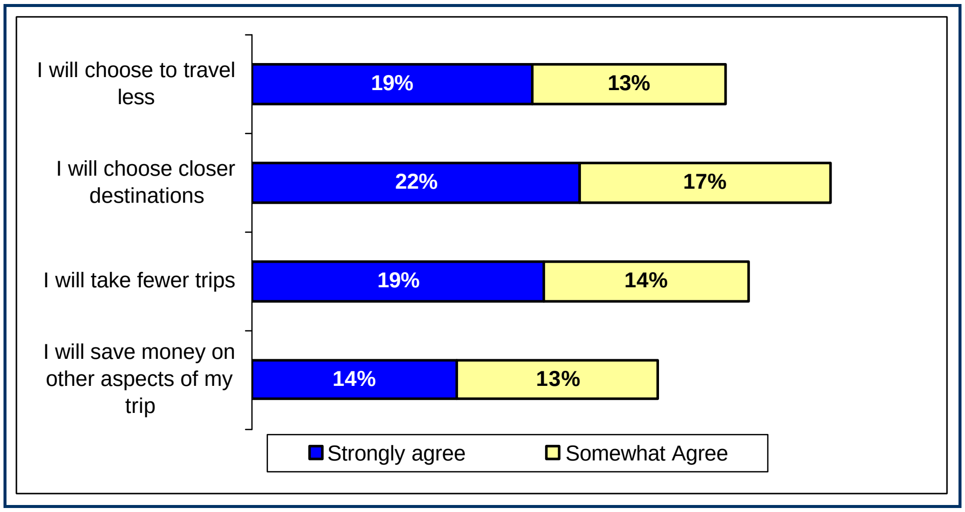
	Visitors	Non-visitors
Marital Status		
Married	83%	78%
Single	17%	22%
% with Children	31%	30%
Education		
High school or less	16%	17%
Some college/technical school	31%	28%
College graduate	31%	33%
Post graduate	23%	22%
Average Income	$75,991	$73,132
Ethnicity		
Caucasian/White	97%	92%
African American	0%	3%
Hispanic/Latin American	0%	1%
Asian or Pacific Islander	0%	1%
Native American	1%	1%
Other	1%	2%
Age	52	53

MISCELLANEOUS

Because the price of fuel has spiked sharply over the past year, the Outer Banks was interested in the influence of gas prices on travel behavior. SMARI has found in its research that the cost of travel has little impact on visitation. Of those who did not visit the Outer Banks, 24% said gas prices were very likely to influence their travel plans, just 5.5% more than those who visited the area.

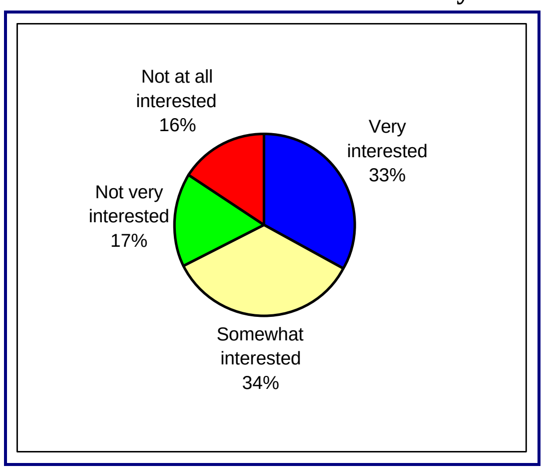
Overall, 53% of all respondents said gas prices were very or somewhat likely to influence their travel plans. The most notable consequence on travel behavior due to the hike in gas prices will be travelers choosing destinations closer to home (39%). Here again, however, SMARI has found that while consumers believe that the price of fuel will impact their travel, it has not in the past.

Gas Prices Impact on Travel Behavior



As the Visitors Bureau looks to improve the visitor experience, one way to do so is through product development. Currently under consideration is the construction of a trolley system along the Outer Banks. The majority (67%) of visitors claimed that they would be interested in such a service, and 92% would be willing to pay $1 per day for this service.

Interest in Outer Banks Trolley



CONCLUSIONS & RECOMMENDATIONS

The Outer Banks has managed to increase the effectiveness of its marketing efforts:

- ✓ Though campaign expenditures were down 24%, the number of leads increased 39%.
- ✓ The cost per lead decreased from $6.06, in 2002, to $3.34, in 2005.
- ✓ Though the number of leads increased dramatically, which can often lead to decreased conversion, the rate of travel held steady at 32%.
- ✓ While economic impact increased 81%, with the reduced expenditures the return on investment increased 137%.

By increasing investment in Internet sources tenfold, the Outer Banks is keeping up with, if not ahead of, how visitors plan their travel. Eighty-six percent (86%) of those that requested information from the Visitors Bureau used the Web for travel planning, up from 65%, in 2002.

Because of cost per lead, the rate of conversion and overall economic impact, the Outer Banks should consider investing even more of its resources in Internet sources, especially search engines. In other research, SMARI has found that these types of informational sources are where visitors go first when planning their travel.

However, magazines, especially women's magazines, were the largest generator of leads for the Outer Banks. Given that visitors and non-visitors indicate magazine articles are the second most used media for travel planning (behind only the destination's Website), the Bureau should not cut expenditures in this area.

If looking for areas in which to save resources, the Outer Banks should consider its participation in the state's sweepstakes. Though it generates a large number of leads (nearly 10,000), they are not especially well qualified. These are not people requesting information about the Outer Banks; they are merely hoping for a free trip. This is evidenced by this media source recording the lowest rate of conversion and therefore the lowest economic impact.

The Outer Banks has successfully expanded its marketing reach. In 2002, 58% of leads were from the Bureau's Primary markets; in 2005, this number was 53%, which resulted in a shift to Emerging markets and beyond.

While the majority of non-visitors claimed intent to visit the Outer Banks during the summer months, it is encouraging that 38% anticipated doing so in early fall. Moreover, among First-time visitors, 42% arrived in the spring. Given visitor saturation during the summer months, the Bureau is charged with increasing travel in the off seasons.

APPENDIX

OUTER BANKS VISITORS BUREAU - *CONVERSION RESEARCH SURVEY*

Thank you for visiting our travel survey. Your opinions are valuable to us. This survey is about travel and vacation choices. This is for research purposes only and is an opportunity for you to give feedback to travel destinations so that they can improve. No sales effort will ever result from your participation.

Before you begin, there are a few things to note about the survey:

- For most questions, simply click on the button of your response and then click on the Next button to go on to the next question.
- If you need to go back to the preceding question to change your response, click on the *Previous* button.
- For some questions, you will need to scroll down to respond to all the questions on a screen.
- To stop at any point, close the browser window. The survey will terminate and you will not be able to re-enter.

1. According to our records, in the past year you requested the Outer Banks of North Carolina Travel Guide from the Outer Banks Visitors Bureau. Before requesting the information, had you visited the Outer Banks of North Carolina?

   1…YES - VISITED
   2…NO – DID NOT VISIT **→SKIP TO Q3**
   3….DID NOT REQUEST INFORMATION [TERMINATE]

2. How often have visited the Outer Banks of North Carolina?

   1…Once
   2…2 – 3 times
   3…Every few years
   4…or, Once a year or more

3. Did you receive the official Outer Banks of North Carolina Travel Guide?

   1…YES
   2…NO **→SKIP TO Q6**

4. Did you review the Outer Banks of North Carolina Travel Guide?

   1…YES
   2…NO

5. Did you receive the Travel Guide in time to help you do your travel planning?

   1…YES
   2…NO

IF Q4 = 2 – SKIP TO Q6

5a. Compared to other visitor guides you may have received, thinking about the quality and depth of information, would your rate the Outer Banks Guide as….

1…Better than the others
2…Similar to others
3…Worse than others

6. In the past year, have you used the Internet to get travel information for a trip you were considering or planning?
   1…YES
   2…NO →**SKIP TO Q8B**

7. Did you use the Internet to gather travel information about the Outer Banks of North Carolina?
   1…YES
   2…NO →**SKIP TO Q8B**

8. Did you gather your travel information about the Outer Banks using the outerbanks.org internet address?
   1…YES
   2…NO

`[IF Q8 = NO SKIP]`
8a. Did you view the Outer Banks Travel Guide online?
1…YES
2…NO

8b. Thinking about your travel planning in general, which of the following sources of information do you typically use? Please indicate all that apply.

1…AAA or Other Travel Club
2…Magazine Articles
3…Newspaper Articles
4…Magazine Advertisements
5…Newspaper Advertisements
6…Television Advertisements
7…Website of the destination
8…Hotel/resort website
9…Commercial website such as Expedia, Travelocity
10…Calling the Visitor's Bureau to Request Information
11…Other, (SPECIFY)

9. Since requesting the Travel Guide, did you travel to the Outer Banks of North Carolina?
   1…YES
   2…NO →**SKIP TO Q11**

10. Was this a business trip, a leisure trip, or a combination of the two?
    1…Business →**SKIP TO Q35**
    2…Leisure →**SKIP TO Q17**
    3…Combination of the two →**SKIP TO Q17**

11. Which of the following statements best describes why you did not travel to the Outer Banks of North Carolina? **(ACCEPT MULTIPLE RESPONSES)**
    1…I chose another destination →**SKIP TO Q12**
    2…I decided not to take any trip →**SKIP TO Q12**
    3…I have a trip planned to the Outer Banks
    4…I will be visiting the Outer Banks within the next year
    5…I still intend to travel to the Outer Banks of North Carolina →**SKIP TO Q12**
    6…Other #1 (SPECIFY) _______________
    7…Other #2 (SPECIFY) _______________
    8…Other #3 (SPECIFY) _______________

11A. What month are you planning to visit the Outer Banks?

1. January
2. February
3. March
4. April
5. May
6. June
7. July
8. August
9. September
10. October
11. November
12. December

11B What is the purpose of the trip you are planning to the Outer Banks?

1…Visit the area because it has a variety of attractions
2…Visit a beach
3…Visit a specific attraction (SPECIFY) ____________
4…Attend a specific event or activity (SPECIFY) _______________
5…Participate in outdoor recreation (SPECIFY) _______________
6…Visit friends and relatives
7…Participate in sports (SPECIFY) _______________
8…Attend a family reunion
9…Learn about the history of the area
10…Other (SPECIFY) ________________

12. Since requesting the Outer Banks of North Carolina Travel Guide, did you visit any other destinations or places for an overnight leisure trip?
    1…YES
    2…NO →**SKIP TO Q35B**

13. Which other destinations or places did you visit last year for an overnight leisure trip? **(ACCEPT MULTIPLES)**
    1…NEW JERSEY COAST
    2…HILTON HEAD ISLAND, SC
    3…MYRTLE BEACH, SC
    4…FLORIDA SPECIFY ______
    5…VIRGINIA BEACH
    6…WILMINGTON/CAPE FEAR
    7…MOORHEAD/CRYSTAL COAST
    8…OTHER #1 (SPECIFY) _______________

(IF Q13 ONLY ONE RESPONSE, SKIP TO Q15)

14. In which destination did you take your most recent overnight leisure trip? **(ACCEPT ONLY ONE RESPONSE) (ONLY USE LIST OF DESTINATIONS MENTIONED IN Q13)**

15. Was the main purpose of your travel to… **(INSERT DESTINATION FROM Q13 OR Q14 IF MULTIPLES)**?

1…Visit the area because it has a variety of attractions
1A…Visit a beach
2…Visit a specific attraction (SPECIFY) ____________
3…Attend a specific event or activity (SPECIFY) _______________
4…Participate in outdoor recreation (SPECIFY) _______________
5…Visit friends and relatives
6…Participate in sports (SPECIFY) _______________
7…Attend a family reunion
8…Learn about the history of the area
9…Other (SPECIFY) ________________

16. Which of the following places or activities did you visit or participate in as a part of your trip?

1…Visit historic sites
2…Attend musical performances
3…Attend theater performances
4…Visit art or cultural museums or galleries
5…Visit aquariums
6…Visit amusement or theme parks
7…Enjoy scenic beauty
8…Visit the ocean or beaches
9…Go to lakes, rivers, or other natural features
10…Go hiking or biking
11…Go camping
12…Enjoy wildlife viewing/Bird watching
13…Go fishing
14…Go hunting
15…Canoeing or kayaking
16…Go shopping
17…Eat at restaurants unique to the area
18…Attend festivals or craft fairs
19…Take scenic drives along the coast
20…Attend sporting events
21…Golf
22…Play tennis
23…Go on a Ferry Boat
24…Visit lighthouses & other coastal relics
25…Visit shipwrecks/lifesaving stations
26…Other (SPECIFY) ____________________

27…NONESKIP TO Q35B

17. How many times have you visited the Outer Banks in the past year?

1……….Once
2……….Other, specify _________

18. In what months did you go to the Outer Banks of North Carolina? (**ACCEPT MULTIPLES**)

1…January
2…February
3…March
4…April
5…May
6…June
7…July
8…August
9…September
10…October
11…November
12…December

IF Q18 HAS ONLY ONE ANSWER, INSERT THAT MONTH, OTHERWISE RANDOMLY SELECT AMONG MONTHS MENTIONED

We'd like to know more about the specifics of your trip during [INSERT MONTH].

19. Was the main purpose of your travel to the Outer Banks of North Carolina to…?

1…Visit the area because it has a variety of activities & attractions
2…Visit a beach
3…Visit a specific attraction (SPECIFY) ____________
4…Participate in a specific event or activity
(SPECIFY) _______________
5…Participate in outdoor recreation (SPECIFY) _______________
6…Visit friends and relatives
7…Participate in sports (SPECIFY) _______________
8…Attend a family reunion
9…Learn about the history of the area
10…Other (SPECIFY) ________________
11…Conduct business in the area

20. Overall how would you rate the experience you had in the Outer Banks of North Carolina? Would you say it was…?

1…Excellent →**SKIP TO Q21**
2…Very Good →**SKIP TO Q21**
3…Good →**SKIP TO Q21**
4…Fair
5…or Poor

20A. Why do you feel this way?
____

21. Did you travel to the Outer Banks of North Carolina by…? **(ACCEPT MULTIPLES)**

1…Car (or other automobile)
2…Airplane
3…Bus (including Bus Tour)
4…Recreational Vehicle/RV
5…OTHER #1 (SPECIFY) _________________

22. Where did you stay while you were in the Outer Banks?

1............Duck
2............Hatteras Island
3............Kill Devil Hills
4............Kitty Hawk
5............Nags Head
6............Manteo or Roanoke Island
7............Southern Shores
8............Rodanthe
9............Waves
10..........Salvo
11..........Avon
12..........Buxton
13..........Frisco
14..........Hatteras Village
15..........Other (SPECIFY)__________________

Q22A. Aside from those places where you actually stayed, did you visit any of these other Outer Banks areas for a day trip/excursion during your stay? [LIST THOSE NOT SELECTED AT Q22 PLUS "None of these"]

23. Hw many nights did you spend in the Outer Banks of North Carolina?
RECORD NUMBER ________

24. How many days did you spend in the Outer Banks of North Carolina?
RECORD NUMBER ________

IF Q23>0, ASK Q25, OTHERWISE SKIP TO Q26

25. Which of the following describes the type of accommodations you stayed in? **(RECORD MULTIPLE RESPONSES)**
1…A familiar chain motel or hotel with on-site amenities such as a restaurant or swimming pool
2…A familiar chain motel or hotel without on-site amenities
3…A non-chain motel /hotel with onsite amenities such as a restaurant or swimming pool
4…A non-chain motel or hotel without on-site amenities
5…A Bed & Breakfast
6…A condominium or timeshare
7…A house rental on the beach
8…A house rental not on the beach
9…A cabin
10…A Cottage Court
11…A campground
12…A National Park where you camped
13…Family or Friends
14…Other (SPECIFY) ____________________

26. (Ask if Q25 NOT 13) Overall, how satisfied were you with your accommodations? Would you say…
1…Very Satisfied
2…Somewhat Satisfied
3…Somewhat Dissatisfied
4…Very Dissatisfied

27. (Ask if Q25 NOT 13) Given what you expected of your accommodations when you made your reservations, were the accommodations …
    1…Better
    2…Worse
    3…About the same
    …as you expected?

28. (Ask if Q25 NOT 13) Thinking about your accommodations, how satisfied were you with the ____________? Would you say…

A. Cleanliness	1…Very Satisfied
B. Value for the money	2…Somewhat Satisfied
C. Location	3…Somewhat Dissatisfied
D. Courtesy and Professionalism of the Staff	4…Very Dissatisfied

29. Which of the following places or activities did you visit or participate in as a part of your trip?

    1…Visit historic sites
    2…Attend musical performances such as the Lost Colony Theater
    3…Attend theater performances
    4…Visit art or cultural museums or galleries
    5…Visit aquariums
    6…Visit amusement or theme parks
    7…Enjoy scenic beauty
    8…Visit the ocean or beaches
    9…Go to lakes, rivers, or other natural features
    10…Go hiking or biking
    11…Go camping
    12…Enjoy wildlife viewing/Bird watching
    13…Go fishing
    14…Go hunting
    15…Canoeing or kayaking
    16…Go shopping
    17…Eat at restaurants unique to the area
    18…Attend festivals or craft fairs
    19…Take scenic drives along the coast
    20…Attend sporting events
    21…Golf
    22…Play tennis
    23…Go on a Ferry Boat
    24…Visit lighthouses & other coastal relics
    25…Visit shipwrecks/lifesaving stations
    26…Other (SPECIFY) ____________________
    27…NONE

30. Including yourself, how many people were on this trip to the Outer Banks of North Carolina?
    RECORD NUMBER _____________

IF Q30 = 1, SKIP TO Q32

31. How many were children under the age of 16?

RECORD NUMBER _____________

32. While at the Outer Banks, how interested would you be in using a trolley system that you could ride to get from place to place?

1…Very Interested

2…Somewhat Interested
3…Not very interested
4…Not at all interested →SKIP TO Q33

32a. Would you be willing to pay $1 per day to ride the trolley?

1…Yes →SKIP TO Q33

2…No

32b. DELETE

33. To better understand the economic impact of tourism, we are interested in finding out the approximate amount of money you and other members of your travel party spent on your most recent trip while in the Outer Banks of North Carolina. Please estimate how much you spent in total on...?

a. Lodging ________
b. Meals/Food/Groceries ________
c. Attractions ________
d. Recreational expenses such as boat rental, golf fees etc. ________
e. Novelties and Souvenirs ________
f. Shopping ________
g. Entertainment such as shows, theater or concerts ________
h. Transportation such as gasoline, auto expenses, auto rental or flight costs ________
i. Other ________

34. Overall, how would rate the hospitality or friendliness of the people in the Outer Banks? Would you say they were…?

1…Very Friendly
2…Somewhat Friendly
3…Neither Friendly nor Unfriendly
4…Somewhat Unfriendly
5…Very Unfriendly

34a. Did the Outer Banks of North Carolina meet, exceed, or fall short of your expectations of the area?

1…Meet **→SKIP TO Q35**
2…Exceed **→SKIP TO Q35**
3…Fall Short of Expectations

34 b. Why do feel that the Outer Banks fell short of your expectations?

____

35. How likely are you to visit the Outer Banks of North Carolina in the next year for a vacation or leisure trip? Would you say…?

1…Definitely will visit →**SKIP TO Q35B**
2…Probably will visit →**SKIP TO Q35B**
3…Might or might not visit →**SKIP TO Q35B**
4…Probably will not visit
5…Definitely will not visit

35A. Why not? ____

35B. How likely is it that the price of gasoline will influence your travel plans over the next 6 months?

1…Very likely to influence plans
2…Somewhat likely to influence plans
3…Not very likely to influence plans →SKIP TO Q36
4…Not at all likely to influence plans →SKIP TO Q36
5…Don't Know

35C. Please indicate how much you agree with each of the statements regarding how the cost of gasoline might influence your travel plans.

	1 –Strongly Agree	2	3	4	5 – Strongly Disagree
I will choose to travel less overall					
I will choose destinations that are closer to my home					
I will take fewer trips					
I will save money on other aspects of my trip such as lodging and meals					
I will choose to travel more					

These last few questions are for classification purposes only so that we can group your responses with others that we have interviewed.

36. Are you single?
1…Yes
2…No
3…REFUSED

37. How many adults live in your household?
RECORD NUMBER _____________

38. How many children under the age of 18 are currently living in your household?
RECORD NUMBER _____________

39. Which of the following best represents the last grade of school you completed?
    1…Less than high school
    2…High school
    3…Some college/technical school
    4…College graduate
    5…Post graduate
    6…REFUSED

40. Which of the following categories best represents the total annual income for your household before taxes?
    1…Under $25,000
    2…$25,000 but less than $50,000
    3…$50,000 but less than $75,000
    4…$75,000 but less than $100,000
    5…Over $100,000
    6…REFUSED

41. Which of the following best describes your ethnic heritage?
    1…Caucasian/White
    2…African American
    3…Hispanic/Latin American
    4…Asian or Pacific Islander
    5…Native American
    6…Other
    7…REFUSED

42. What is your age? **RECORD NUMBER ______________**

43. Zip Code _________

44. INTERVIEWER RECORD GENDER BY OBSERVATION:
    1. Male
    2. Female