Strategic Marketing & Research, Inc.

Outer Banks Visitors Bureau

2002 Conversion Research

June 2003

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EXECUTIVE SUMMARY

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 satisfaction once they visit, the marketing effort has to reach a large audience and attempt to communicate the beauty and uniqueness of the area.

This research explores the overall effectiveness and impact of the Bureau's marketing efforts during 2002, (14 months from January 2002 through February 2003) excluding the impact of the First Flight Anniversary. The study does address the level of awareness and interest generated thus far, but the impact in terms of travel will not be measured until 2004 Results from the study of the 2002 campaign are compared to research conducted in 2000.

- ✓ The economic impact generated by the campaign increased significantly from $131 million to $162 million.

- ✓ The ROI for this campaign was $99, when all costs are considered and $125, when just media costs are considered. This compares to an ROI of $138, in 2000. However, this campaign reached a large number of new and potential visitors. As such, the impact of this campaign will continue to grow over the next few years.

- ✓ O The 2002 campaign was effective in generating response, and the 73% increase in marketing expenditures was leveraged into a 48% increase in leads. Response was heavy from the Primary markets, although some Midwestern states and DMA's demonstrated strong interest in visiting the Outer Banks. These preliminary findings suggest that the 2002 campaign was at least more effective in generating leads and producing a better cost per lead than was the 2000 campaign.

- ✓ On a key measure of success -- cost per lead -- performance of the 2002 campaign is notably better as the cost to generate a lead fell from $6.45, in 2000, to $6.06 this past year.

- ✓ The 2002 campaign generated responses from households throughout a wide geographic area, with 81% of the leads coming from sixteen (16) states. This year there was a significant increase from the in-state market, and other southern states, and continued strong activity from the Midwestern states.

- ✓ Most people who indicated receiving the Travel Guide said they got it in time to plan their trip (89% of those who received it, got it in time). Yet, there seem to be problems with people not receiving the Guide at all.

- ✓ This year 33% of the respondents had visited the Outer Banks, a drop from the 44% that had visited the area in the 2000 study. A few plausible reasons for this decline include:

- Often when the number of leads increases, especially in emerging markets, conversion drops. People who have less experience with the destination have to familiarize themselves with the area and they take longer to consider their decision.
- A major feature that was promoted in the advertising was the First Flight celebration. Given that the event is scheduled for December 2003, some level of conversion will not occur until then.
- In general, while a slightly higher number of consumers chose another destination, the major difference seems to be that more people decided against leisure travel. The economic climate and political uncertainty have undoubtedly made people more cautious about traveling and investing in travel.

✓ For the Outer Banks, four categories of respondents were identified as follows: ***Potential Visitors*** – are interested in, but have never visited, the area, ***Past Visitors*** – have visited the Outer Banks though not within the last year, ***First-time Visitors*** – visited for the first time within the past year, and ***Repeat Visitors*** – have visited in the past and continue to revisit the area.

✓ Repeat visitors are the most likely to be married, to have a post graduate degree, to be Caucasian, and to earn the highest household incomes. Visitors, in general, (both First-time and Repeat) earn higher household incomes and are more likely to have children under the age of 18 as compared to Non-visitors.

✓ Reaching outside traditional markets is a good strategy for growth. However, motivating First-time visitors can take longer than one year. The Visitors Bureau needs to assess this strategy over the next few years to determine whether "Potential visitors" convert and become Repeat visitors.

✓ In order to attract Potential and Past visitors, the Outer Banks needs to promote some of its activities that are preferred by these consumers, which include musical performances, festivals/fairs, and theatrical productions.

✓ While some visitors fly into the Outer Banks area, the vast majority drives. Interestingly, First-time visitors were more likely to fly into the area and they did not arrive in RV's. As the profile of visitors changes and the audience broadens, air travel may become more important. The Visitors Bureau may want to consider fly/drive packages in the future.

✓ The duration of trips to the Outer Banks tended to be almost one week, which is considerably longer than the national average. The average trip also involved relatively large travel parties, with six adults and two children -- many people rented homes during their visit, which provides a good venue for larger groups.

✓ Repeat visitors were satisfied with all aspects of their accommodations and apparently found places that met all their needs and expectations. First-time visitors were a bit more critical especially of cleanliness and value. While these lower ratings are not cause for concern, they do indicate areas in need of attention before slippage occurs.

- ✓ The beaches, lighthouses, scenery, and historic sites were favored by First-time visitors. These remained important to Repeat visitors, although these visitors tended to also participate in a wider range of activities. Focusing on the Outer Banks' core attributes will attract new visitors, while promoting some of the less popular activities will remind Past visitors of the area's special charm.

- ✓ The Outer Banks seldom fails to at least meet visitors' expectations. However, only about one-third of those who visited the Outer Banks indicated that the experience exceeded their expectations. While simply meeting visitors' expectations is anticipated, today's competitive travel environment makes it less than sufficient for generating customer loyalty. The Outer Banks Visitors Bureau should encourage all local businesses to strive to exceed visitors' expectations.

- ✓ Only about one-quarter of the respondents indicated that they would definitely visit the Outer Banks in the next year. Another one-quarter indicated that a visit was likely. Perhaps most concerning is that future intent to travel has declined since 2000, though this finding may be a reaction to the uncertainty people are feeling about things in general.

- ✓ Conversion rates for the marketing campaign via various media options ranged from a high of 45.5%, for the outside Internet leads, to a low of 12% for the Men's magazines. Senior magazines, which have a low cost per lead, also have a low conversion rate, while Women's magazines are one of the biggest generators of trips.

- ✓ It is not surprising that the Web options produced the highest ROI. These options generate many leads and cost little. The ROI for the pay per inquiry television is relatively low, but this may be slightly misleading. In some cases, television supports the other media and increases their leads and impact. The Bureau should do an analysis of where and when the television ads ran to determine if there is a correlation with higher lead production, suggesting the ROI for this medium is being understated.

- ✓ Overall, 56% of the respondents were aware that the Outer Banks is celebrating the Anniversary of the First Powered Flight of Orville Wright during 2003. Fewer respondents -- 31% -- were aware of the upcoming, week-long celebration, a respectable number given the small number of leads generated by this element of the campaign.

- ✓ Slightly over one-third (36%) of the respondents indicated that awareness of the First Flight event increased their interest in visiting the Outer Banks area during 2003, which will likely result in increased visitation throughout the year, not just December.

- ✓ Given the low conversion rates of business reply card leads, a better media option for the Bureau would be publications that generate 800 calls and Internet requests for information. Given the performance of the Internet, in general, for this campaign and its high overall conversion rate, this is probably going to become the preferred response vehicle.

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 satisfaction once they visit, the marketing effort has to reach a large audience and attempt to communicate the beauty and uniqueness of the area. One of the ways to determine the effectiveness of past efforts, and to identify the better marketing options is conversion research. This type of research determines the percentage of people who requested information about the Outer Banks and then traveled to the area. This Conversion Research covers a fourteen-month period and includes leads that were generated from January 2000 through February 2003.

While this is generally a conversion study and is similar to past research conducted by the Bureau, one of the factors that means 2002 is unusual is the upcoming 100^{th} Anniversary of the First Powered Flight of Orville Wright, in December 2003. This event provides the Bureau both opportunity to attract additional visitation during the off-season and to profit from a great deal of additional attention and promotion. The 2002 marketing campaign attempted to capitalize on this once in a lifetime occasion. Yet, the event does not occur until the end of 2003, and thus it is impossible to evaluate the total impact of this event until it occurs.

Therefore, this research explores the overall effectiveness and impact of the Bureau's marketing efforts during 2002, excluding the impact of the First Flight Anniversary. The study does address the level of awareness and interest generated thus far, but the impact in terms of travel will not be measured until 2004

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

- Assess the impact of the First Flight Anniversary in terms of generating more interest in the destination;

- Forward conclusions and recommendations regarding how best to market the Outer Banks and increase visitation.

METHODOLOGY

The Bureau has conducted two past conversion studies, with the last conducted in 2000. This study, comparable to that effort, employed a telephone interview methodology and the questionnaire was similar to that used in 2000. Some of the results from the 2000 study will also be used to compare performance for 2002. The Bureau also conducted a conversion study in 1999, but this effort focused only on leads generated from September 1998 – March 1999, and was designed to measure visitation during the shoulder season. As a result, the findings from this study are generally not comparable to the 2003 effort, and will not be considered.

For this effort, Strategic Marketing & Research, Inc. (SMARI) completed 1,256 interviews. The sample, comprised of leads received by the Bureau during 2002 and the first two months of 2003, was stratified by the various media options to facilitate comparison of the results by media category. Within the Women's and Travel magazines categories, the sample was divided into responses from the 800 number, BRC's, and the Internet. The leads from advertising related directly to First Flight were included to provide an assessment of their interest in visiting the area, but these are not included in the conversion analysis itself. For the overall sample, the precision rate for the results is +/-2.5% at a 95% confidence level.

Sample Stratified by Medium

Women's magazines	150	Pay per inquiry TV	175
Travel magazines	150	Nature	75
First Flight	102	Internet	100
Senior magazines	77	Outside Web site	101
Travel brochures	75	Other	126
General	75	Men's magazines	50

Data collection was conducted at SMARI's Indianapolis call center during April and May 2003. To facilitate broad participation, all the interviews were administered by professional interviewers during evening and weekend hours. As noted, the questionnaire was similar to that used in 2000, although minor changes were made. A copy of the research survey is included 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. A number of 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

This research is designed to assess the results of the Outer Banks Visitors Bureau's 2002 marketing efforts. Before assessing the effectiveness of these efforts, we first address each element of the campaign. For most advertising endeavors, success is closely associated with the level of investment and the appropriateness of investment allocation. A preliminary review of these details provides a context for considering the results.

The 2002 marketing effort was multi-faceted, as major investments were made in magazine ads, television, and promotion of the First Flight celebration. Overall, $1.65 million was spent on marketing, a 73% increase over the 2000 budget of $950,000. These expenditures include all printing costs, as well as the cost of a major public relations campaign. Given the increase in expenditures, the campaign should have generated stronger interest than in the past. At the same time, a major portion of the campaign expenditures was used to promote the First Flight celebration and, given that this event will occur in December 2003, the total impact of this campaign (especially the visitation) will not be apparent before then. The goal of this research is to quantify the current level of visitation that resulted from these marketing efforts.

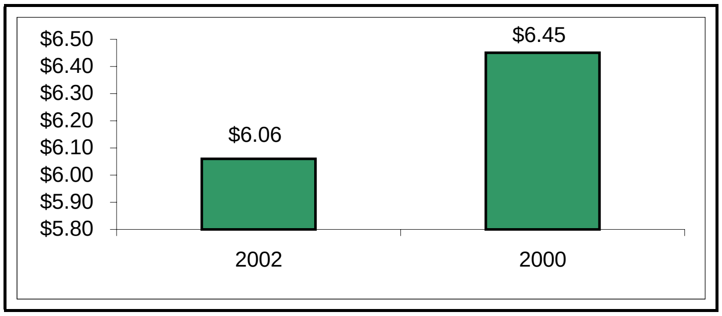
Description	Costs
Women's magazines	$224,817
Travel magazines	$205,592
Senior magazines,	$22,356
Travel brochure	$40,280
General	$284,421
Pay per inquiry	$275,428
Nature	$82,309
Internet	$26,667
Outside Web site	$1,200
All others	$126,253
Men's magazines	$16,763
Printing	$264,101
Public Relations	$81,000
Total	**$1,651,187**

One goal of the campaign was to inspire consumers to contact the Bureau for additional information. In all, over 215,0000 people responded in the manner hoped for. Women's magazines generated the highest number of leads, followed by Travel magazines. Note, however, that to some degree lead generation is linked to expenditures. As such, considering the actual cost of generating a single lead and comparing this across the various media provides a more accurate assessment as to which media have been the best performers. These details will be explored later in the report, but comparing the cost per lead for the 2002 leads compared to the cpl for 2000 provides another measure of the relative success of the campaign.

Description	Leads	Costs
Women's magazines	41,159	$224,817
Travel magazines	32,061	$205,592
Senior magazines	6,395	$22,356
Travel brochure	13,744	$40,280
General	11,527	$284,421
Pay per inquiry	10,158	$275,428
Nature	6,501	$82,309
Internet	27,671	$26,667
Outside Web site	20,278	$1,200
All others	45,078	$126,253
Men's magazines	1,082	$16,763
Total	**215,654**	$1,306,086

In comparing the cost to generate a lead, only the media costs are considered. While printing costs are included in the calculation of the return on investment, only the media generates leads. As a result, when the total number of leads are compared to the media costs, the cost to generate a lead fell from $6.45, in 2000, to $6.06 this past year, indicating that on the first measure of success -- cost per lead -- performance of the 2002 campaign is notably better.

Cost Per Lead Trends



The 2002 campaign generated responses from households throughout a wide geographic area, with 81% of the leads coming from sixteen (16) states. The top lead producers included Pennsylvania, North Carolina, and Virginia. This year there was a significant increase from the in-state market, and other southern states (South Carolina and Florida) There was also continued strong activity from the Midwestern states, including Ohio, Indiana, Illinois, and Michigan.

State	% Leads 2000	% Leads 2002
Pennsylvania	11.1%	12.2%
North Carolina	9.5%	11.7%
Virginia	8.1%	8.3%
New York	8.1%	7.9%
Ohio	7.3%	7.2%
Maryland	4.0%	5.3%
New Jersey	5.0%	4.3%
Florida	3.5%	3.9%
Illinois	3.5%	3.3%
Michigan	2.6%	2.7%
Indiana	3.0%	2.6%
California	2.0%	2.6%
South Carolina	1.9%	2.5%
Georgia	2.1%	2.3%
Texas	2.2%	2.1%
Tennessee	2.2%	2.1%

Reviewing this information based on how the Outer Banks classifies markets is helpful. The designations of *Primary* and *Emerging* markets remain effective, with the Primary markets generating over one-half the leads and Emerging Markets representing another 18%. Mainly due to increases in leads from Pennsylvania and North Carolina, there was an increase in the percentage of leads from the Primary Markets.

State	% of Leads - 2000	% Of leads - 2002
Primary Markets		
Pennsylvania	11.1%	12.2%
North Carolina	9.5%	11.7%
Virginia	8.1%	8.3%
New York	8.1%	7.9%
Ohio	7.3%	7.2%
New Jersey	5.0%	4.3%
Maryland	4.0%	1.4%
DC	0.2%	0.3%
West Virginia	1.7%	1.40%
Total	55.1%	58.6%
Emerging Markets		
Florida	3.5%	**3.90%**
Illinois	3.5%	3.30%
Indiana	3.0%	2.60%
South Carolina	1.9%	**2.50%**
Georgia	2.1%	**2.10%**
Tennessee	2.2%	1.50%
Kentucky	1.6%	1.50%
Alabama	0.9%	0.08%
Total	18.7%	17.5%
All Others	26.2%	23.9

If this information is reviewed in detail, we see that approximately 60% of the leads came from twenty-three (23) DMA's, with New York City topping the list. Of course, this city represents about 7% of the national population. Consequently, its generation of 7% of the leads is not surprising. The DMA's closely relate to the top states, including major North Carolina and Pennsylvania markets.

DMA	% Of Leads
New York, NY	7.3%
Washington, DC (Hagerstown, MD)	6.1%
Philadelphia, PA	5.8%
Raleigh-Durham (Fayetteville), NC	3.6%
Charlotte, NC	3.3%
Pittsburgh, PA	2.9%
Baltimore, MD	2.8%
Greensboro-High Point-Winston Salem, NC	2.7%
Cleveland, OH	2.5%
Chicago, IL	2.3%
Harrisburg-Lancaster-Lebanon-York, PA	2.3%
Greenville-Spartanburg-Asheville-Anderson, SC-NC	2.0%
Richmond-Petersburg, VA	1.9%
Atlanta, GA	1.6%
Norfolk-Portsmouth-Newport News, VA	1.4%
Indianapolis, IN	1.4%
Wilkes Barre-Scranton, PA	1.3%
Buffalo, NY	1.3%
Roanoke-Lynchburg, VA	1.3%
Detroit, MI	1.3%
Columbus, OH	1.2%
Cincinnati, OH	1.2%
Boston (Manchester), MA-NH	1.2%
Dayton, OH	1.1%

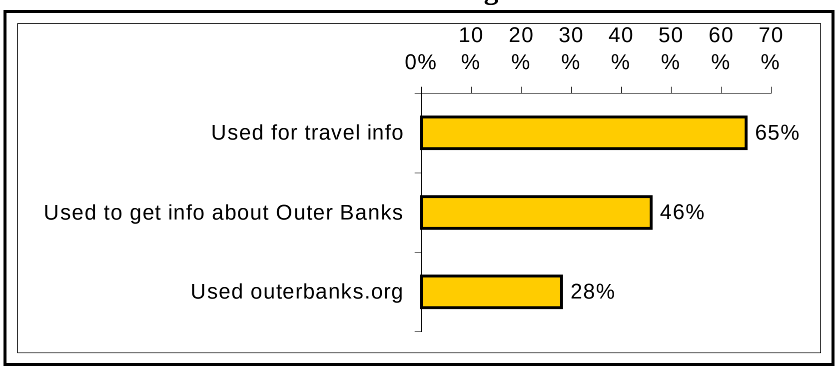
The 2002 campaign was effective in generating response, and the increase in marketing expenditures was leveraged into a 48% increase in leads. Response was heavy from the Primary markets, although some Midwestern states and DMA's demonstrated strong interest in visiting the Outer Banks. These preliminary findings suggest that the 2002 campaign was at least more effective in generating leads and producing a better cost per lead than was the 2000 campaign.

RESPONSE & FULFILLMENT

After generating a lead, the Bureau must next provide responders with the requested information. Now, potential visitors can receive either print material from the Bureau or use the Outer Banks Web site. This research does not explore these steps in detail but some useful information can be considered.

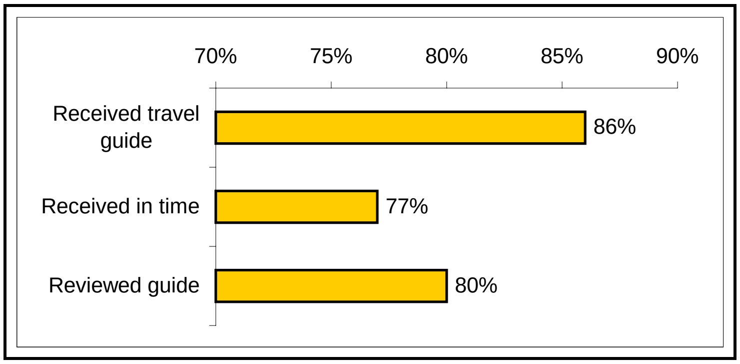
First, the Web has become a major source of travel information. While this study was conducted primarily among those who contacted the Bureau for print material, almost two-thirds indicated using the Internet in the past year to gather information for trips that were being considered or planning. Almost one-half indicated using the Web specifically to get information about the Outer Banks of North Carolina. In addition, 28% recalled specifically visiting the outerbanks.org Web site. The Bureau should initiate steps toward directing more people to its Web site so that the entire travel experience can be promoted. If not already in place, an aggressive effort should be made to link to other sites that people might visit when looking for information about the Outer Banks.

Internet Usage



Most people who indicated receiving the travel guide said they got it in time to plan their trip (89% of those who received it, got it in time). Yet, there seem to be some problems with people not receiving the Guide at all. For those who got it, the material was well received, with 80% of those that received the Guide claiming to have reviewed it.

Travel Guide Usage



The following table shows the percentage of respondents that received the Guide, and got it in a timely manner. One hypothesis was some of the problem might be related to respondents that were received via BRC. There is some evidence of this, but there seem to be problems with some of the specific types of publications – Senior's and Men's Magazines.

Outside Website	88.1%
Women's Magazines - Internet	88.0%
Women's Magazines - Calls	84.0%
Internet	83.0%
Travel Magazines - Calls	80.0%
Women Magazines - BRC	76.0%
Travel Magazines - Internet	76.0%
All Other	73.0%
Pay Per Inquiry TV	73.0%
FSI	72.0%
Travel Brochure	70.7%
Nature	69.3%
Travel Magazines - BRC	64.0%
Seniors	63.6%
General	57.3%
Men's Magazine	54.0%
Total	76.7%

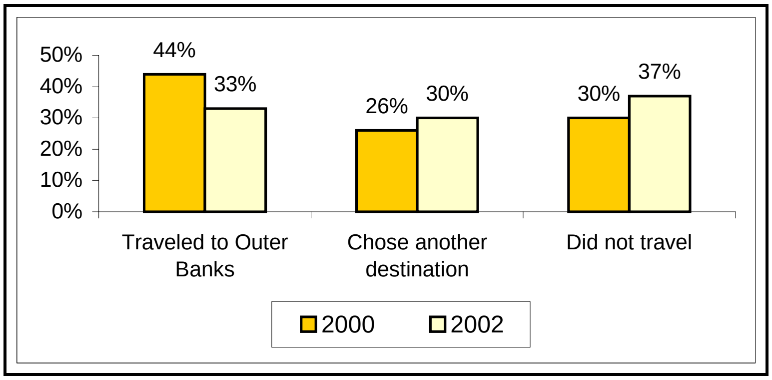
CONVERSION & VISITATION

The Bureau's marketing efforts are ultimately designed to convince people to visit the area on a leisure trip. As such, a key element of assessment is the number of trips that are influenced by the Bureau's efforts. Those who respond to an ad, request information, and then actually visit the Outer Banks are considered "converted visitors."

This year 33% of the respondents visited the Outer Banks, a drop from the 44% that visited the area during 2000. A few plausible reasons for this decline are forwarded below.

1. Often when the number of leads increases, especially in emerging markets, conversion drops. People who have less experience with the destination have to familiarize themselves with the area and they take longer to consider their decision.
2. A major feature that was promoted in the advertising was the First Flight celebration. Given that the event is scheduled for December 2003, some level of conversion will not occur until then.
3. In general, while a slightly higher number of consumers chose another destination, the major difference seems to be that more people decided against leisure travel. The economic climate and political uncertainty has undoubtedly made people more cautious about traveling and investing in travel.

Conversion and Travel Behavior



The web provided the highest level of conversion, which is not surprising. In research that SMARI has conducted for other organizations, this has been the case. In part, this occurs because people visiting the website are oftentimes further along in the planning process, and are looking for specific information regarding their trip. Both Travel and Women's magazines had a fairly high conversion rate, while Senior's and Men's magazines did not perform as well. It is interesting that these are the two groups where significant numbers of respondents did not recall receiving the Travel Guide, and this could have retarded the conversion rate.

Conversion by Medium

Description	Conversion
Outside Web site	45.5%
Internet	44.0%
All others	38.1%
Travel magazines	30.0%
Travel brochure	29.3%
Women's magazines	26.7%
Pay per inquiry	25.0%
General	21.7%
Nature	20.0%
Senior magazines	18.2%
Men's magazines	12.0%

A more thorough review of visitors and non-visitors and their travel decision-making process and trip specifics provides greater insight into the change in conversion and the overall impact of the campaign.

VISITORS & NON-VISITORS

As noted, 33% of the respondents reported visiting the Outer Banks during the past year. 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 to the area. 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:

Potential Visitors – these folks 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 will help to maintain or increase market share.

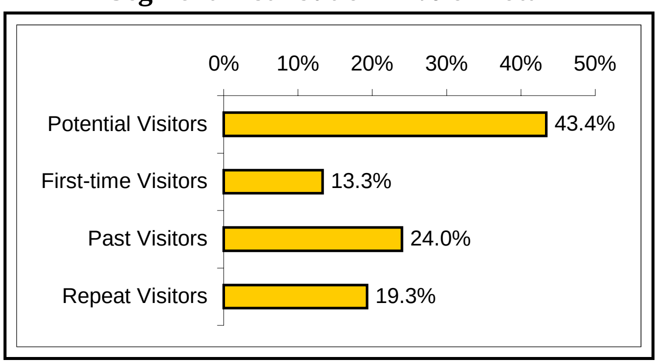
Past Visitors – this group of respondents did not visit the Outer Banks in the past year, but they have visited before. They are important because they know the area and are obviously interested in returning. As such, determining some of the factors that result in non-visitation is beneficial.

First-time Visitors **–** these respondents 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.

Repeat Visitors **–** this group of travelers represents the lifeblood of most destinations. They have visited in the past and continue to revisit the area. They feel some degree of loyalty to the Outer Banks and represent the most likely candidates for repeat visitation.

These four segments can be used to assess the situation being faced by the Outer Banks in terms of customer loyalty and growth potential. The relative size of each group is a key consideration in assessment. At the same time, it must be remembered that the respondents in this survey were only those 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 Visitors Bureau given their familiarity with the area.

Segment Distribution - % of Total



As only 33% of the total respondent base was represented by Visitors, the two largest groups are Non-visitors. Potential visitors represented 43% of the total, and Past visitors accounted for 24% of the total. These numbers suggest that the campaign reached a new audience. While many of these respondents did not "convert" to visitors, they may still decide to visit the area. Past visitors are also interested in the area and may return – although it is important to identify any barriers to repeat visitation. Interestingly, the percentage of First-time visitors is quite high, meaning that the Outer Banks is broadening its audience. The primary question with these folks is whether they will evolve into Repeat visitors.

When reviewing these groups, one must first consider how demographics relate to trends in visitation. A few interesting trends differentiate First-time and Repeat visitors from those who did not visit during the past year. Repeat visitors are the most likely to be married, to have a post graduate degree, to be Caucasian, and to earn the highest household incomes. Visitors, in general, (both First-time and Repeat) earn higher household incomes and are more likely to have children under the age of 18 as compared to Non-visitors. While the average age of the respondents, from segment to segment, was similar, Potential visitors are a bit older.

These findings suggest that the established audience for the Outer Banks is quite upscale and tends to be more family-oriented. Potential visitors are probably as upscale although, given that they are a bit older, a larger percentage is probably retired, thus making their average income lower. However, both Past and Potential visitors are less likely to have children. As such, the Outer Banks should consider this fact when marketing to these segments.

Demographics	First-time Visitors	Repeat Visitors	Past Visitors	Potential Visitors
Marital Status				
Single	19.6%	15.5%	20.6%	19.4%
Not single	80.4%	84.5%	79.4%	80.6%
Education				
High school	25.4%	22.8%	23.6%	19.8%
Some college/tech school	26.0%	24.4%	28.8%	24.9%
College graduate	35.9%	22.6%	28.1%	37.4%
Post graduate	12.7%	30.2%	19.5%	18.0%
Ethnicity				
Caucasian	93.0%	98.3%	92.3%	96.2%
African American	1.3%	0.0%	2.9%	1.1%
Hispanic/Latin American	3.9%	0.0%	0.5%	0.6%
Asian or Pacific Islander	1.3%	0.0%	0.7%	0.4%
Native American	0.1%	0.5%	2.1%	0.5%
Other	0.4%	1.2%	1.6%	1.2%
Misc.				
Have kids	35.9%	35.9%	28.4%	27.1%
Income	$75,514	$76,233	$65,828	$66,556
Age	51	53	52	55

A geographic profile of visitors indicates that the majority came from the Primary markets and this is especially true of Repeat visitors, the group that helped to define the Primary markets. With First-time visitors, the Primary markets are important, but Illinois and Indiana also generated a relatively high number of First-time visitors. While this effect may be a result of the marketing efforts, it suggests that the Outer Banks can expand its marketing area and increase the breadth of its audience.

Origination of First-time & Repeat Visitors

State	First-time Visitors	Repeat Visitors
Pennsylvania	20.3%	18.3%
North Carolina	9.1%	19.5%
Ohio	8.2%	6.3%
Virginia	2.1%	10.0%
New York	8.5%	5.1%
New Jersey	4.6%	1.9%
West Virginia	0.9%	3.9%
Maryland	2.1%	7.8%
Total	**55.8%**	**72.7%**
Indiana	4.0%	2.1%
Florida	1.2%	1.4%
Illinois	6.5%	1.6%
Tennessee	2.0%	2.2%
South Carolina	1.1%	1.8%
Kentucky	1.4%	2.4%
Alabama	0.0%	0.0%
Georgia	1.7%	0.7%
Total	**18%**	**12.2%**
Grand Total	***73.8%***	***84.9%***

Overall, 57% of the respondents came from Primary markets and Past visitors were much more likely to come from these traditional markets, especially Pennsylvania, North Carolina, and Virginia. Nonetheless, only about 40% of Potential visitors came from these states, and about one-quarter came from outside the Primary or Emerging markets. The fact that First-time visitors came from farther away is one reason that they are less likely to visit – especially in the short term. This is one of the reasons that the conversion rate is low – but it also means that the market is likely to grow in the future, as these potential visitors decide to travel to the area.

Reaching outside traditional markets is a good strategy for growth. However, motivating First-time visitors can take longer than one year. The Visitors Bureau needs to assess this strategy over the next few years to determine whether "Potential visitors" convert and become Repeat visitors.

Primary Markets	Potential	Past	Overall
Pennsylvania	11.1%	15.4%	14.7%
North Carolina	6.7%	14.1%	11.3%
Ohio	6.8%	9.4%	7.5%
Virginia	3.4%	10.8%	6.3%
New York	6.6%	4.2%	6.0%
New Jersey	4.7%	6.6%	4.6%
West Virginia	1.1%	1.5%	1.7%
Maryland	2.6%	7.0%	4.6%
Total Primary	**42.9%**	**68.9%**	**56.7%**
Emerging Markets	**Potential**	**Past**	**Overall**
Indiana	5.8%	4.4%	4.5%
Florida	4.6%	3.5%	3.3%
Illinois	4.0%	1.2%	3.2%
Tennessee	3.3%	2.7%	2.8%
South Carolina	3.3%	2.3%	2.5%
Kentucky	0.7%	1.8%	1.4%
Alabama	2.0%	0.2%	0.9%
Georgia	2.6%	2.2%	2.0%
Total Emerging	**26.2%**	**18.2%**	**20.5%**
Grand Total	***69.2%***	***87.1%***	***77.1%***

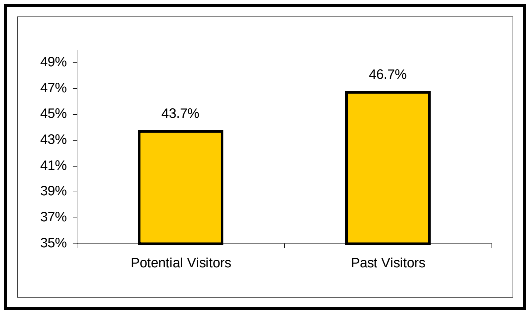
Having reviewed this basic segmentation classification, a review of the two groups that did not visit during 2002 (Potential and Past Visitors) provides the context for considering visitors – and what makes distinguishes them. It also provides information as to any barriers to visitation.

On a positive note, while these people did not visit the Outer Banks this past year, most plan to do so in the future. About 20% did not visit the Outer Banks because they chose to visit another destination – this scenario was a bit more prevalent among Potential visitors. Generally, however, chances are good that the Potential visitors will eventually visit the area as will Past visitors.

Reason for Non-visitation	Potential	Past
Still intend to visit	56.2%	63.2%
Chose another destination	22.1%	17.5%
Didn't travel	19.0%	16.5%
Other	2.7%	2.8%

At the same time, almost one-half of those that did not visit the Outer Banks this year *did* visit other destinations. While many did not cite visiting another destination as the reason for not visiting the Outer Banks, the suggestion is that the competition is relatively strong. These respondents believed that another area offered a better vacation option.

Visitation to Other Areas



Among Potential visitors, the strongest competitor was Florida. Other beach destinations -- Myrtle Beach, Hilton Head, and the New Jersey Coast -- were popular as well. However, Potential visitors also chose such places as Virginia, Las Vegas, Texas, and New York.

Some of the same trends are noted among Past Visitors, especially in terms of choosing Florida and Myrtle Beach. However, Past visitors were more likely to focus on beach destinations, which is probably why they enjoy the Outer Banks.

Visited by Potential Visitors

Florida	21.3%
Myrtle Beach	7.7%
Virginia	3.5%
Asheville	3.3%
Texas	3.2%
Hilton Head	3.1%
New Jersey coast	2.9%
New York	2.4%
Branson	2.2%
Las Vegas	2.1%
Maine	2.1%
North Carolina	2.0%

Visited by Past Visitors

Florida	22.7%
Myrtle beach	7.4%
Hilton Head	6.0%
Ocean City	5.1%
Hawaii	4.8%
New York	4.4%
Atlanta	2.6%
Morehead	2.6%
Virginia Beach	2.6%
Niagara Falls	2.4%
Smokey Mts.	2.3%
Chicago	2.2%
Tennessee	2.1%

When asked to indicate the main purpose of traveling to their chosen destination, the most compelling appeal was a variety of attractions. Many people who chose to visit another area visited friends and/or relatives. This scenario is difficult to counteract and will probably remain a motivation for selecting other destinations. Past visitors were more interested in outdoor recreation and history, while Potential visitors wanted variety or a connection with family.

Reasons for Visiting Other Destinations

Reasons for Visiting	Potential Visitors	Past Visitors
Variety of attractions	40.1%	34.2%
Visit friends and relatives	28.0%	22.5%
Visit a specific attraction	14.1%	16.4%
Attend a special event	6.8%	9.7%
Participate in outdoor recreation	6.2%	11.8%
Family reunion	4.5%	1.4%
Learn about history of area	3.9%	7.4%
Vacation	2.3%	3.6%

It seems that people who chose other destinations desired specific activities or things to do. The activities profiles reported by Potential and Past visitors vary somewhat. When exploring the specifics about what Outer Banks visitors do, it is clear that these activities were much less prevalent. As such, to attract these consumers, the Outer Banks needs to promote some of their preferred activities. Of course, the area does not host an amusement park, but musical performances, festivals/fairs, and theatrical productions should appeal to these traveler segments. At the same time, it may be that these travelers come to the Outer Banks for one type of trip, and then travel elsewhere for a different type of experience. In that case, it will be difficult to generate a higher level of repeat visitation.

Potential Visitors	Past Visitors
Attend sporting events	Attend sporting events
Visit amusement or theme parks	Visit amusement or theme parks
Attend a musical performance	Hunting and fishing
Attend festivals or craft fairs	Attend festivals or craft fairs
Attend a theater performance	Camping
Tennis	Go to lakes, rivers

The Bureau's aggressive marketing campaign is designed to convince people to visit the area. The ultimate goal, of course, is to enliven the area's tourism trade by heightening the level of visitation by tourists. The appropriate marketing effort has to create interest in the area by offering people an appealing picture of vacationing along the Outer Banks.

Reviewing the specifics of visitors' trips can provide deeper insight into the things that appeal to visitors. As discussed, the Outer Banks hosts a significant number of First-time and Repeat visitors. An exploration of the differences between these two groups provides the Bureau with information about how to attract new visitors and to convince Past visitors to return.

As with people who chose another destination, the main motivation for choosing the Outer Banks was the wide variety of things to see and do in the area. Some differences are noted between First-time and Current visitors. First-time visitors participated in sporting events, attended family reunions, and visited specific attractions. A significant percentage of Repeat Visitors listed VFR travel as the primary reason for visiting the Outer Banks, in addition to sun and beaches, outdoor recreation, and fishing. The questionnaire provided separate categories for "visit friends and relatives" and "attend a family reunion," and the differences between the first-time and repeat visitors are noteworthy. First, most of those who indicated that they were in the Outer Banks to visit friends and relatives stayed in rental homes, or hotel/motel properties. These are not the traditional VFR segment, and it is likely that some of the trips involve bringing friends and family to the Outer Banks to spend time together. While people may not consider this a "family reunion" the concept is quite similar.

At the same time, those who came to the Outer Banks for a family reunion are quite important. Generally these travel parties are large – an average of 20 people. Plus over 90% rented a house for the reunion. As a result their per trip expenditures were significantly higher than other trips.

Primary Reason for Visiting the Outer Banks

Primary Reason for Visitation	First-time Visitors	Repeat Visitors
Variety	36.1%	34.8%
Sports	9.8%	0.2%
Family reunion	9.1%	5.8%
Specific attraction	7.0%	4.6%
History	5.7%	4.1%
Lighthouses	5.0%	2.8%
Sun/beach	5.0%	7.9%
Sightsee	5.0%	2.0%
Outdoor recreation	4.7%	6.3%
Fish	2.9%	5.6%
Specific event	1.3%	3.5%
VFR	0.0%	14.1%
Conduct business	0.0%	0.5%

Travel to the Outer Banks tends to be seasonal, with the heaviest visitation occurring during the summer months. This is especially true among First-time visitors. Repeat visitors come at various times of the year, with the heaviest visitation occurring during the summer months, followed by fall. Neither group reported significant visitation during the winter months. These patterns suggest that once a person becomes a Repeat visitor to the area, they consider visiting during other times of the year are more likely to make multiple visits. In fact, 17% of the Repeat visitors reported making more than one visit to the Outer Banks during the past year.

Season	First-time Visitors	Repeat Visitors
Winter		
DEC	0.0%	2.5%
JAN	0.0%	2.1%
FEB	1.6%	2.4%
Total	*1.6%*	*7.1%*
Spring		
MAR	3.5%	6.2%
APR	10.1%	11.5%
MAY	6.0%	16.8%
Total	*19.7%*	*34.5%*
Summer		
JUN	17.9%	15.0%
JUL	18.4%	18.8%
AUG	16.3%	15.4%
Total	*52.6%*	*49.3%*
Fall		
SEP	13.4%	19.8%
OCT	8.8%	15.0%
NOV	4.2%	7.6%
Total	*26.4%*	*42.4%*

While some visitors fly into the Outer Banks area, the vast majority drives. Interestingly, First-time visitors were more likely to fly into the area., although they did not arrive in RV's. One reason for the high level of air travel among First-time visitors is probably that they traveled greater distances. As the profile of visitors changes and the audience broadens, air travel may become more important. The Visitors Bureau may want to consider fly/drive packages in the future.

Mode of Transport among First-time & Repeat Visitors

Mode of Transport	First-time Visitors	Repeat Visitors
Car	94.8%	90.1%
Plane	8.8%	4.8%
RV	0.9%	5.0%

Of interest, when visitors were asked about their primary destination in the Outer Banks, the two most prevalent answers were *beaches/ocean* and *lighthouses*. Apparently, these attractions are more important than the destination. Nags Head and Kitty Hawk were most often cited as destinations, followed by Hatteras. First-time visitors were more likely to visit Kitty Hawk, while Repeat visitors favored Nags Head and Hatteras.

Primary Destination	First-time Visitors	Repeat Visitors
Kitty Hawk	15%	10%
Lighthouses	16%	12%
Nags Head	8%	15%
Beach/Ocean	12%	19%
Hatteras	5%	13%
Duck	6%	6%
Avon	4%	4%
Wright Brothers Museum	5%	2%
Corolla	4%	6%
Kill Devil Hills	2%	3%
Elizabeth City	3%	1%
Ocracoke	3%	6%
Visit all the areas	8%	2%

The duration of trips to the Outer Banks tended to be almost one week, which is considerably longer than the national average. Repeat visitors reported taking slightly longer trips. The average trip also involved relatively large travel parties, with six adults and two children -- many people rented homes during their visit, which provides a good venue for larger groups. The prominence of VFR and family reunion trips also explains the larger party size. Nonetheless, it is important to note that about one-half of the parties did not include children; this was especially notable among Repeat visitors. In part, seasonal influences are at play -- 75% of the summer trips included children, while only 30-35% of the spring and fall trips included kids. Trip length varies by season, but is above average. The average trip in the summer is 6.3 nights, and it rises to 6.5 nights in the Fall. But, for spring the average length is 4.9 nights, and it drops slightly to 4.6 nights during the winter.

	First-time Visitors	Repeat Visitors
Nights	5.8	6.4
Days	6.0	6.7
Number of People	6.0	6.4
Number of Children	2.3	1.7
Kids on Trip	55.3%	48.6%

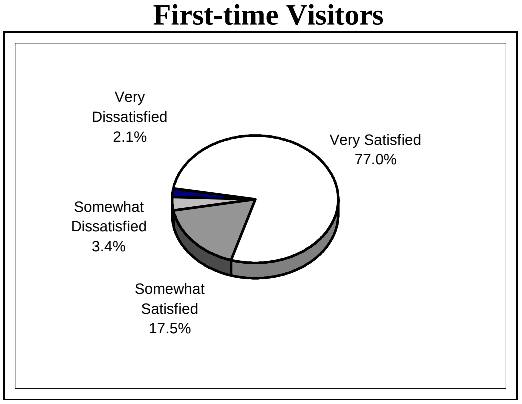
Visitors to the Outer Banks preferred accommodations with amenities, tending to choose rental homes, condominiums, and hotel/motels with amenities. First-time visitors tended to stay in hotels with amenities and rental homes both on and off the beach. Repeat visitors were much more likely to opt for a rental on the beach, although they also chose chain properties and condos. Both chain and non-chain properties without amenities were much less popular in both groups.

Type of Accommodations	First-time Visitors	Repeat Visitors
Chain hotel/motel with amenities	20.7%	18.9%
A house rental on the beach	20.1%	30.1%
A house rental not on the beach	17.0%	10.8%
Condominium/timeshare	10.4%	14.3%
Non-chain hotel/motel with amenities	8.8%	6.6%
Chain hotel/motel without amenities	6.5%	4.0%
Non-chain hotel/motel without amenities	5.6%	2.8%
Bed & Breakfast	3.9%	2.4%
Cottage	3.0%	2.5%
Campground	3.0%	3.0%
Family	1.6%	4.9%
Cabin	1.0%	0.8%
National Park/camping	0.0%	1.1%

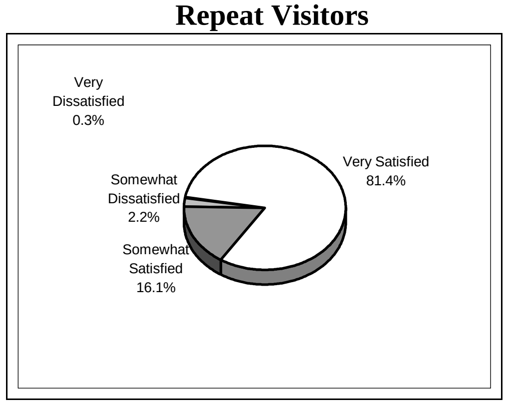
Generally, both First-time and Repeat visitors reported being quite satisfied with their accommodations. First-time visitors were a bit less satisfied and this is probably because Repeat visitors have been able to identify accommodations that they prefer.

Accommodations

First-time Visitors

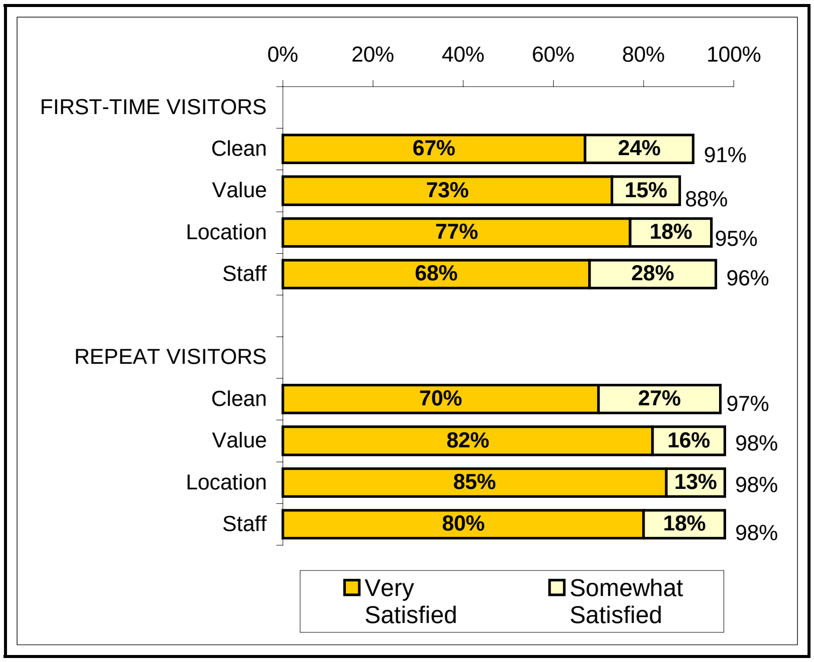


Repeat Visitors



Repeat visitors were satisfied with all aspects of their accommodations and apparently found places that met all their needs and expectations. First-time visitors were a bit more critical especially of cleanliness and value. While these lower ratings are not cause for concern, they do indicate areas in need of attention before slippage occurs.

Satisfaction with Accommodations



The most popular activities among visitors to the Outer Banks included visiting the ocean/beaches, eating at unique restaurants, scenic beauty, shopping, and visiting lighthouses. Some notable differences exist between First-time and Repeat visitors. First-time visitors were more likely to report visiting the ocean/beaches, probably because their trips were mostly taken during the summer months. They were also more likely to visit lighthouses and attend theatrical productions. Repeat visitors were more likely to go on a ferry, fish, and play tennis.

The beaches, lighthouses, scenery, and historic sites were favored by First-time visitors. These remained important to Repeat visitors, although these visitors tended to also participate in a wider range of activities. Focusing on the Outer Banks' core attributes will attract new visitors, while promoting some of the less popular activities will remind Past visitors of the area's special charm.

Activity	**First-time Visitors**	**Repeat Visitors**	**Overall**
Ocean/beaches	93.9%	81.6%	86.6%
Unique Restaurants	82.7%	84.3%	83.6%
Scenic Beauty	81.4%	79.2%	80.1%
Shopping	80.7%	76.3%	78.1%
Lighthouses	79.2%	73.0%	75.5%
Historic sites	71.7%	72.8%	72.3%
Scenic Drive	70.6%	68.5%	69.4%
Wildlife viewing/bird watching	47.1%	47.4%	47.3%
Go on a Ferry Boat	31.8%	40.6%	37.0%
Art or cultural museums & galleries	32.4%	33.4%	33.0%
Lakes & natural features	32.1%	32.9%	32.6%
Fishing	18.9%	39.1%	30.9%
Hiking & Biking	28.4%	29.3%	28.9%
Visit Aquariums	22.0%	25.1%	23.8%
Visit Shipwrecks/Livesaving Stations	18.6%	20.6%	19.8%
Golf	9.9%	12.6%	11.5%
Theater Performances	13.0%	7.1%	9.5%
Craft or Art Fair	8.5%	8.5%	8.5%
Canoeing & Kayaking	7.0%	9.1%	8.3%
Amusement or Theme Park	10.4%	5.5%	7.5%
Camp	7.7%	7.3%	7.5%
Musical performances such as the Lost Colony	8.6%	5.6%	6.8%
Tennis	0.2%	5.8%	3.5%
Attend Sports events	1.0%	2.0%	1.5%
Hunting	0.0%	1.8%	1.0%

Given that visits to the Outer Banks were quite long and travel parties quite large, it is not surprising that visitors' trip expenditures were high. The average travel party spent $60 per-person/per-day while visiting the Outer Banks, for an average of $2,300. Given that Repeat visitors took slightly longer trips, their expenditures were slightly higher. Nonetheless, their per-person/per-day expenditures were, by comparison, a bit lower. The highest expense was for lodging followed by meals. Shopping expenses were also quite high, especially when combined with expenses for novelties/souvenirs.

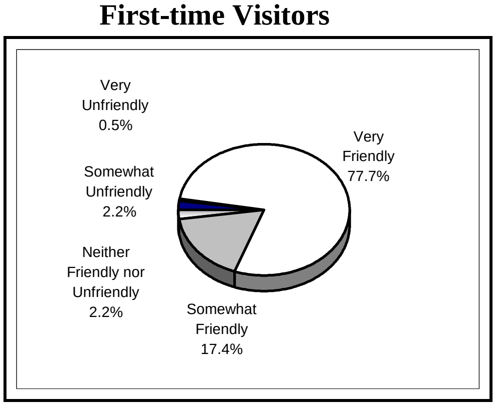
Expenses for…	First Time Visitors	Repeat Visitors	Overall
Lodging	$1,011	$1,107	$1,067
Meals	$432	$509	$477
Attractions	$146	$134	$139
Recreation	$110	$92	$99
Novelties/Souvenirs	$130	$112	$120
Shopping	$135	$171	$156
Entertainment	$53	$18	$33
Transportation	$222	$156	$183
Other	$6	$30	$20
Total	**$2,245**	**$2,329**	**$2,294**
Per person/per day	$64	$58	$60

When conversion was measured in 2000, trip expenditures, on average, were $1983 and per-person/per-day expenditures were $54. First-time visitors seemed to spend more.

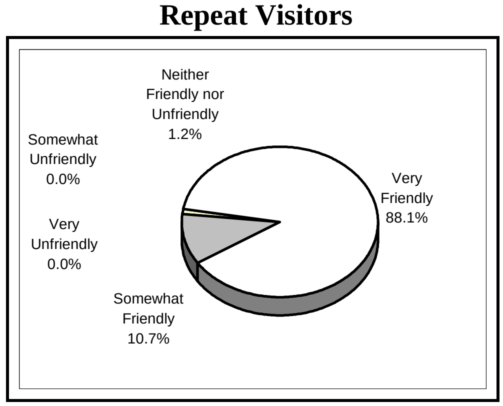
Both First-time and Repeat visitors considered the locals very friendly. While Repeat visitors were a bit more satisfied in this regard, few people had any concerns about the hospitality of the Outer Banks.

Hospitality – Friendliness

First-time Visitors



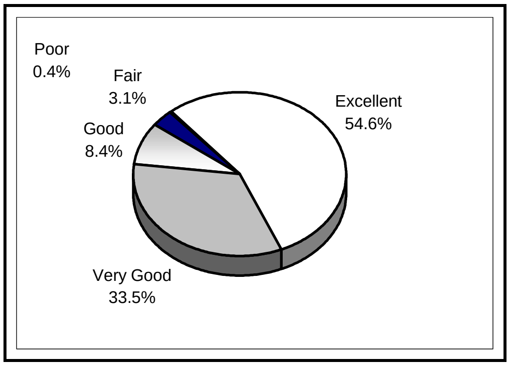
Repeat Visitors



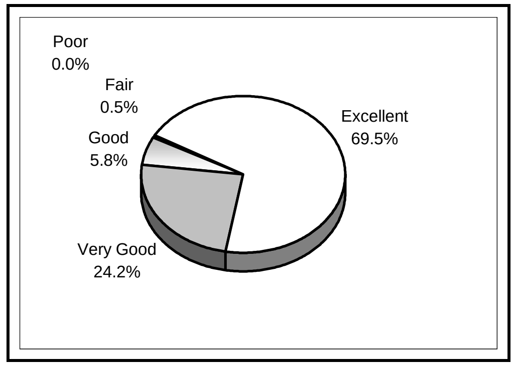
In addition, both First-time and Repeat visitors rated their overall travel experience generally excellent or very good. Again, Repeat visitors were a bit more positive, but very few people in either group lodged any serious complaints about the area.

Overall Experience

First-time Visitors



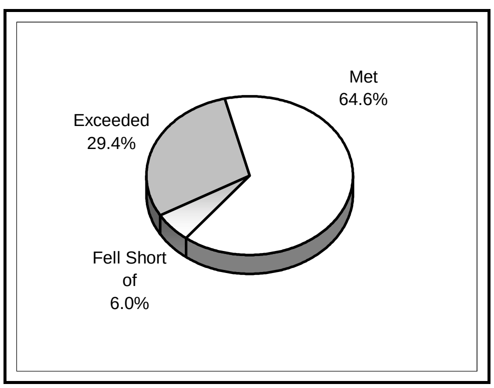
Repeat Visitors



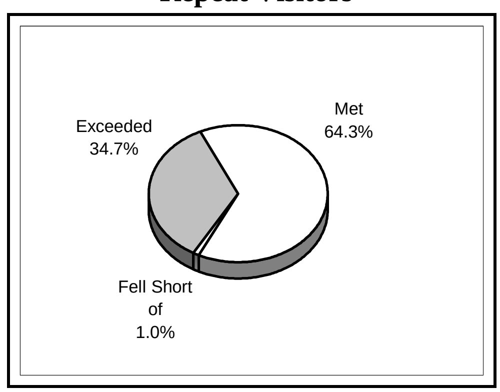
As a result, the Outer Banks seldom fails to at least meet visitors' expectations. People who visit the area are seldom disappointed. However, only about one-third of those who visited the Outer Banks indicated that the experience exceeded their expectations. While simply meeting visitors' expectations is anticipated, today's competitive travel environment makes it less than sufficient for generating customer loyalty. This is explored in more detail relative to consumers' interest in future visitation. The Outer Banks Visitors Bureau should encourage all local businesses to strive to exceed visitors' expectations.

Visitors' Expectations

First-time Visitors



Repeat Visitors

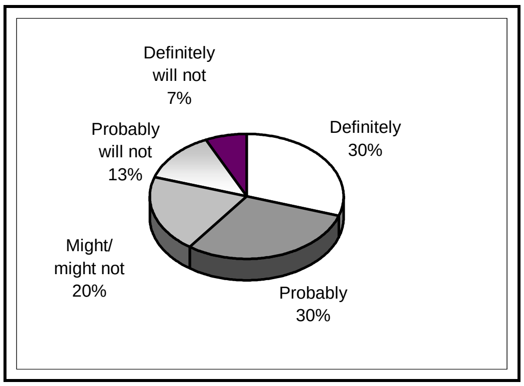


FUTURE TRAVEL INTENTIONS

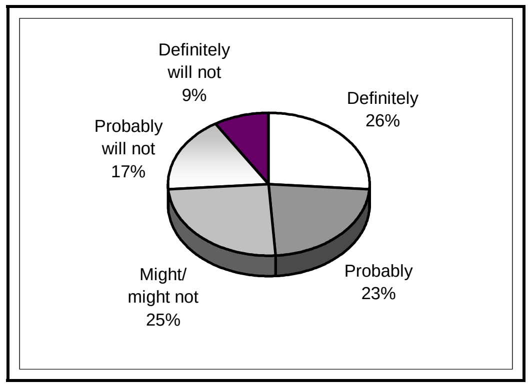
The respondents were asked to indicate their likelihood to visit the Outer Banks for a vacation or leisure trip in the next year. While satisfaction with the Outer Banks travel experience is relatively high, only about one-quarter of the respondents indicated that they would *definitely* visit the Outer Banks in the next year. Another one-quarter indicated that a visit was *likely*. Perhaps most concerning is that future intent to travel has declined since 2000. This finding may be a reaction to the uncertainty people are feeling about things in general, rather than any negativity toward the Outer Banks. Nonetheless, this finding should be noted and tracked to establish whether a trend is developing.

Likelihood to Visit in the Next Year

2000

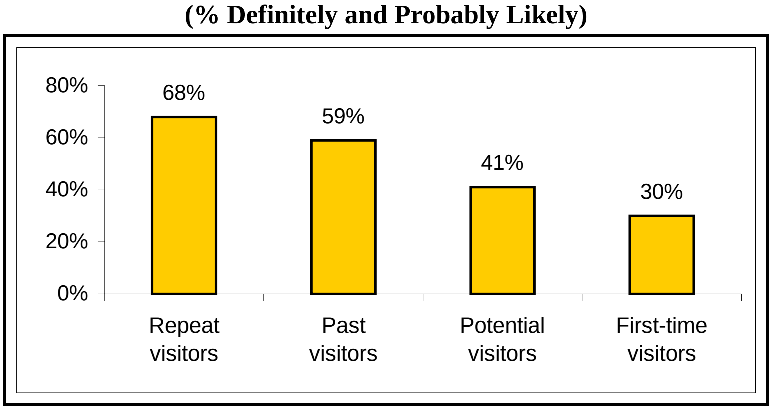


2002



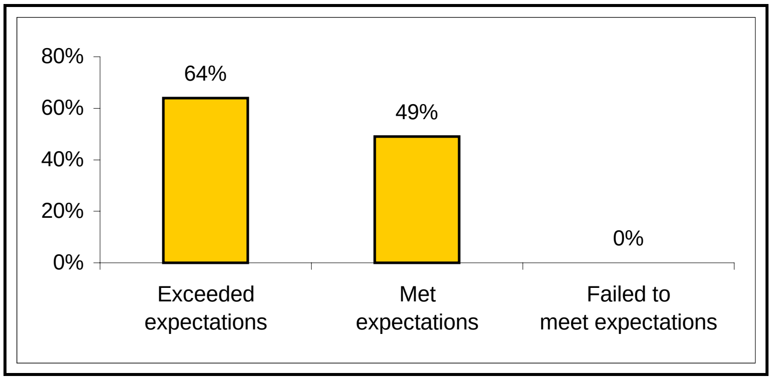
While those who had visited the Outer Banks before reported greater interest in visiting again, this was not true of First-time visitors. Those who experienced the Outer Banks for the first time, in 2002, were the least likely to project a return trip within the next year. Given their satisfaction ratings, this finding is somewhat surprising.

Likelihood to Visit by Traveler Segment
(% Definitely and Probably Likely)



In determining the elements that influence intent to visit in the next year, the importance of exceeding expectations becomes especially clear. When visitors' expectations are merely met, slightly less than one-half claim that they will definitely or probably return to the Outer Banks. This number shoots to 64% when their expectations are exceeded.

Impact of Expectations on Future Visitation
(% Definitely and Probably)



Exceeding visitors' expectations seems especially powerful among Repeat visitors, as 80% indicated a strong possibility to return in the next year. Among First-time visitors, however, only 38% of those whose expectations were exceeded claimed to be likely to return in the next year. First-time visitors may have conflicting travel habits or family obligations that preclude their return. At the same time, the Bureau needs to understand that as it loses Repeat and Past visitors over time, it will take more First-time visitors to maintain current levels of travel and spending.

For the Outer Banks Visitors Bureau, the key to an effective marketing campaign is prudent use of marketing capital. The right media mix is critical to success and the performance of each medium used in any campaign should be assessed.

It is important to note that for purposes of this study, performance is directly related to lead generation. While some ads are oriented toward establishing or promoting a destination's image, performance in this context is not measured here. If image-oriented ads were used, the assessment of their impact and performance would be underrated or inaccurate.

At the same time, this effort allows a direct comparison of performance that moves past lead generation and accounts for how many trips were made as well as the economic impact and measurable ROI for each component of the campaign. The ROI is a good measure because it directly relates performance to the cost of the campaign. A major investment in well-placed media should produce an advantageous ROI.

The first component in the determination of ROI is the number of leads produced by each medium and what it cost to generate each lead (CPL). A significant number of leads were not linked to major media efforts and, in fact, the "All Others" category generated the highest number of leads. However, both Women's and Travel magazines were strong lead generators as was the Internet. The best performers in terms of a low cost per lead are the two Websites. This is oftentimes the case, since the other media promote the website and push people toward that option. Senior, Women and Travel magazines all have relatively good CPLs, with PITV having the highest CPL.

Cost Per Lead each Medium

Description	Leads	Costs	CPL
Outside Web site	20,278	$1,200	$0.06
Internet	27,671	$26,667	$0.96
All others	45,078	$126,253	$2.80
Travel brochure	13,744	$40,280	$2.93
Senior magazines	6,395	$22,356	$3.50
Women's magazines	41,159	$224,817	$5.46
Travel magazines	32,061	$205,592	$6.41
Nature	6,501	$82,309	$12.66
Men's magazines	1,082	$16,763	$15.49
General	11,527	$284,421	$24.67
Pay per inquiry	10,158	$275,428	$27.11
Total	**215,654**	$1,306,086	$6.06

At the same time, the ultimate goal is to convince people to travel. Research indicates that some media options generate a good number of leads, while producing low conversion rates. On the other hand, some options are quite targeted and while a smaller number of consumers respond, many convert. The conversion rates for this effort ranged from a high of 45.5%, for the outside Internet leads, to a low of 12% for the Men's magazines. Senior magazines, which have a low cost per lead, also have a low conversion rate, while Women's magazines are one of the biggest generators of trips.

Description	Leads	Conversion	# Of trips
Outside Web site	20,278	45.5%	9,236
Internet	27,671	44.0%	12,175
All others	45,078	38.1%	17,173
Travel magazines	32,061	30.0%	9,618
Travel brochure	13,744	29.3%	4,032
Women's magazines	41,159	26.7%	10,976
Pay per inquiry	10,158	25.0%	2,540
General	11,527	21.7%	2,501
Nature	6,501	20.0%	1,300
Senior magazines	6,395	18.2%	1,163
Men's magazines	1,082	12.0%	130

In addition to the number of trips taken by respondents via the various media, notable differences appear in average trip expenditures. Travelers from both the Nature publications and the Outside Web site spent more than $3,000 per trips (on average), while General visitors spent just $998. The medium that produced the best economic impact was the outside Web site, followed by Women's magazines. Senior magazines and Men's magazines both generated weak economic benefit.

Average Trip Expenditures by Medium

Description	Leads	Conversion	# Of trips	Average Trip Expenditures	Economic Impact
Outside Web site	20,278	45.5%	9,236	$3,147	$29,065,000
Internet	27,671	44.0%	12,175	$1,930	$23,495,231
All others	45,078	38.1%	17,173	$2,084	$35,791,801
Travel magazines	32,061	30.0%	9,618	$2,471	$23,768,238
Travel brochure	13,744	29.3%	4,032	$1,672	$6,740,791
Women's magazines	41,159	26.7%	10,976	$2,511	$27,561,738
Pay per inquiry	10,158	25.0%	2,540	$2,155	$5,472,369
General	11,527	21.7%	2,501	$998	$2,496,334
Nature publications	6,501	20.0%	1,300	$3,423	$4,450,697
Senior magazines	6,395	18.2%	1,163	$1,185	$1,378,199
Men's magazines	1,082	12.0%	130	$2,007	$260,567

The differences in overall trip expenditures are directly related to the average length of trip, and number of people on the trip. Therefore, a good way to compare expenditures is to look at the average per person/per day expenditures (PPPD). The most valuable visitors are those who have the highest PPPD expenditures. Interestingly, the media option that generated the lowest overall spending – General – also was responsible for the highest PPPD. These visitors don't spend much on their trips, because the don't stay very long. Additionally, while it takes more expenditures to generate a visit from the Men's magazines, the visitors that result are quite valuable.

Description	Average Trip Expenditures	Number of Nights	Number of People	Per person/per day
General	$998	2.2	4.4	$104
Senior magazines	$1,185	3.7	3.2	$99
Men's magazines	$2,007	5.7	4.8	$73
Nature publications	$3,423	8.1	7.6	$56
Women's magazines	$2,511	6.3	7.6	$53
Outside Web site	$3,147	5.9	10.4	$51
Pay per inquiry	$2,155	5.5	7.9	$49
Internet	$1,930	6.3	6.8	$45
Travel magazines	$2,471	6.7	8.5	$43
All others	$2,084	5.6	9.3	$40
Travel brochure	$1,672	8.2	5.3	$38

It is not surprising that the web options have the highest ROI. These options generate lots of leads, and cost fairly little. Magazines generally performed well, except for the Men's magazines. The ROI for the pay per inquiry television is fairly low, but this may be slightly misleading. In some cases television supports the other media, and increases their leads and impact. The Bureau should do an analysis of where and when the television ads ran, and see if there is a correlation with higher lead production. If there is, this suggests that the ROI for this medium is being understated.

Economic Impact & ROI of Various Media

Description	Economic Impact	ROI
Outside Web site	$29,065,000	$24,221
Internet	$23,495,231	$881
All others	$35,791,801	$283
Travel brochure	$6,740,791	$167
Women's magazines	$27,561,738	$123
Travel magazines	$23,768,238	$116
Senior magazines	$1,378,199	$62
Nature publications	$4,450,697	$54
General	$2,496,334	$30
Pay per inquiry	$5,472,369	$20
Men's magazines	$260,567	$16

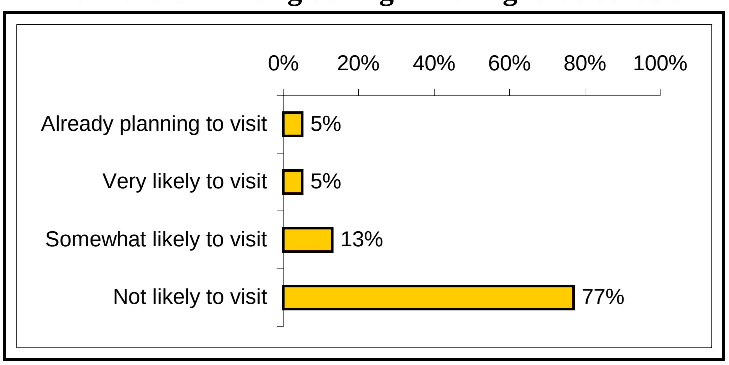
POTENTIAL IMPACT OF FIRST FLIGHT

The First Flight celebration is scheduled for December and, therefore the impact of the event, in terms of visitation, will not be realized prior to that time. At the same time, the advertising and promotions that have occurred so far should have created awareness of the event, and the Outer Banks. This research queried the respondents specifically about the First Flight event and their interest in visiting.

Overall, 56% were aware that the Outer Banks is celebrating the Anniversary of the First Powered Flight of Orville Wright during 2003. Fewer respondents -- 31% -- were aware of the upcoming, week-long celebration. Given the small number of leads generated by this element of the campaign, 31% is a respectable number.

When intent to visit is considered, few respondents claimed to be planning to visit during the event. However, 5% indicated having planned a trip. Nonetheless, it is probable that some additional visitation will occur from leads that cannot be directly linked to the First Flight ads.

Likelihood of Visiting during First Flight Celebration



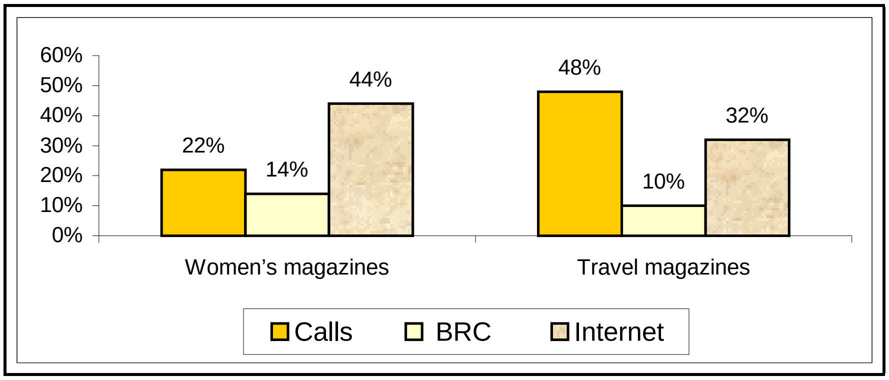
Perhaps the most interesting finding is that while few of the respondents claimed to be planning a trip during this time, the event has had significant positive impact on the destination. ***Slightly over one-third (36%) of the respondents indicated that awareness of the event increased their interest in visiting the area during 2003***. This event will seemingly bring people to the area in December and perhaps encourage additional visitation throughout the year.

MEDIA RESPONSE TYPES

This research also explored the relative performance of different response techniques including calling for info, responding by BRC, and accessing the Internet. The responses from both Women's and Travel magazines were split into these three categories to facilitate comparison of the conversion rates. As suspected, the conversion rate for BRC's was quite low, as these leads are definitely not as qualified or interested in visiting the area. Interestingly, for Women's magazines, Internet leads performed much better than the other two options, while for Travel magazines the most likely converters were those who called the 800 number.

These findings suggest that while BRC leads have some value, if a publication is generating mostly this type of lead, it is likely that conversion and overall performance will be low. For the Bureau, a better option would be publications that generate 800 calls and Internet requests for information. Given the performance of the Internet, in general, for this campaign and its high overall conversion rate, this is probably going to become the preferred response vehicle.

Performance of Response Techniques



ECONOMIC IMPACT

This research attempts to determine the economic impact generated by the advertising and then the return on the Bureau's advertising investment. This involves determining the number of trips generated to the area, average expenditure during these trips, and then the investment that generated the leads. The calculation below shows that this marketing effort generated over 70,000 trips to the area, for economic impact of more than $162 million in visitor spending. Hence, for every $1 spent on marketing $99 was returned to the Outer Banks via visitor spending.

While these results are quite good, the ROI is less positive than the $138 recorded in 2000. As noted, this year's conversion rate was quite a bit lower than that recorded in 2000. The 2002 campaign reached a broader audience and appealed to people from a larger geographic area. While these factors are likely to produce positive results for the area, many of these consumers remain "Potential visitors." At the same time, this campaign attracted a significant number of First-time visitors and created interest among many who are likely to visit in the future. In addition, in 2000 the printing costs (included in this calculation) were much less than this year, and amounted to only about $30,000. In addition, during 2002 the Bureau implemented a major public relations effort, that was mainly focused on promoting the First Flight Event. Therefore, in considering the return on investment it is also helpful to look at the ROI as it relates to the media costs alone.

When the ROI is calculated using only the media costs, the findings indicate that for every $1 spent on media, $125 was returned to the area in visitor spending. This suggests that the success of this year's campaign was comparable to that in 2000. In addition, since this campaign was able to reach a wider audience, it is likely to have a stronger long-term impact.

Elements of Calculation	**Economic Impact** ***2000***	**Economic Impact** ***2002/2003***	**Economic Impact** ***2002/2003***
Number of Leads Generated	147,562	215,654	215,654
X Conversion Rate	0.448	0.329	0.329
Total # of trips to Outer Banks	66,108	70,950	70,950
X Average Party expenditures	$1,983	$2,295	$2,295
Total visitor expenditures	$131,091,720	$162,851,837	$162,851,837
Total Campaign expenditures	$952,379	$1,651,187	$1,306,086
ROI	$138	$99	$125

CONCLUSIONS & RECOMMENDATIONS

The goal of this research was to assess the effectiveness of the Outer Banks marketing effort and provide intelligence to guide future campaigns. The findings indicate that the campaign has succeeded on several levels, although the full impact of the campaign has yet to be realized:

- Expenditures for the campaign increased 73%, while the leads generated by the campaign increased 48%.
- The conversion rate for this effort dropped from 44%, in 2000, to 33% in 2002.
- The economic impact generated by the campaign increased significantly from $131 million to $162 million.
- The ROI for this campaign was $99 when all costs are considered and $125 when just the media costs are considered. This compares to an ROI of $138 in 2000. But, this campaign reached a large number new visitors, and potential visitors. As such, the impact of this campaign will continue to grow over the next few years.

In reviewing these findings, several conclusions can be drawn and recommendations made regarding the marketing efforts.

First, it helps to consider four segments of responders. Two groups, representing 77% of the total, were Non-visitors. Within this category, some were Past visitors to the Outer Banks but 43% are Potential visitors. In addition, because of this campaign, 19% of the respondents were Repeat visitors and 14% First-time visitors. The Outer Banks Visitors Bureau invested more money in advertising to generate a higher number of leads. The campaign reached a wider audience and generated significant response from several emerging markets. While the rate of conversion was lower than that recorded in the past, more First-time visitors came to the area, which will lead to a healthier tourism trade over time.

At the same time, the majority of those who did not visit the Outer Banks this year indicated intent to visit. While many will not visit the area, these claims highlight the level of interest among responders and overall interest in the destination. International events and economic conditions depressed travel to the area in 2002, which negatively impacted the conversion rate. The Bureau is challenged to identify ways to "convert" these Non-visitors.

It is also important to realize that competition is fierce. Almost one-half of the Non-visitors traveled to other destinations, with over 20% of the respondents traveling to Florida. Past visitors to the Outer Banks preferred beach destinations, but Potential visitors traveled to a wide variety of destinations including beaches and places like Asheville, North Carolina, Texas, Branson, Missouri, and Las Vegas).

To date advertising for the First Flight Anniversary has generated few leads but interest and conversion will improve throughout 2003 and the final effect of this effort should be measured again in early 2004. The campaign did generate additional interest in visiting the Outer Banks, so even without visitation, the marketing of this event seems to be positive.

For future efforts, a key focus should be generating repeat visitation. While visitors did not indicate being dissatisfied with the Outer Banks experience, the competition is keeping many from returning to the area every year. To enhance the level of repeat visitation among First-time visitors, find ways to make contact with them to ensure that they have the information they need and that their visits are as enjoyable as possible. Contact would be necessary only during the summer months, since this is when most First-timers tend to visit the area.

All visitors consider the beaches, lighthouses, scenery, and historic sites key attractions. As visitors return to the area, they enjoy a wider variety of attractions. Consequently, educating both First-time and Repeat visitors about new and unique things will enhance their interest in visiting the Outer Banks.

The research also explored the effectiveness of different response vehicles, including the 800 number, BRC's, and the Internet. In both cases tested, (Women's and Travel magazines) the conversion rate among BRC responders was much lower. This group represents a less qualified response and generating these leads is less productive for the Bureau. Both 800 calls and the Internet generated higher conversion rates, with the Internet being most productive for Women's magazines and the 800 number most productive for Travel publications.

The Internet has become especially important to destination marketing. The Internet allows destinations to reach a much broader audience and to provide more and better information. The highest conversion rate for the Outer Banks is noted among those who made contact over the Web. It will be critical for the Bureau to continue improving its Web site and to ensure that Potential and Past visitors have access to all the information they need.

APPENDIX

Outer Banks Visitors Bureau
Conversion Research
Final – April 16, 2003

Hello, I'm _____________ from Strategic Marketing & Research and I'm calling on behalf of the Outer Banks of North Carolina. May I speak with **(INSERT NAME FROM SAMPLE)**? We are conducting a short study today/tonight regarding travel and tourism. This study is for research purposes only, and no sales call will result. We'd like to include your opinions.

Travel Materials

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 calling, had you visited the Outer Banks of North Carolina?
   1…YES
   2…NO **→SKIP TO Q3**

2. About how often would you say you have visited the Outer Banks of North Carolina? Would you say…?
   1…Once
   2…2 – 3 times
   3…Every few years
   4…or, Once a year or more

3. Did you receive the 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

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 Q9**

7. Did you use the Internet to gather travel information about the Outer Banks of North Carolina?
   1…YES
   2…NO **→SKIP TO Q9**

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

Visitation

9. Since calling for 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 Q33**
    2…Leisure
    3…Combination of the two

SKIP TO Q17

Non-Visitor Specifics

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
    2…I decided not to take any trip
    3…I still intend to travel to the Outer Banks of North Carolina
    4…Other #1 (SPECIFY) _______________
    5…Other #2 (SPECIFY) _______________
    6…Other #3 (SPECIFY) _______________

12. Since calling for 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 Q35**

13. Which other destinations or places did you visit for an overnight leisure trip? **(DO NOT READ LIST) (ACCEPT MULTIPLES)**
    1…NEW JERSEY COAST
    2…HILTON HEAD ISLAND
    3…MYRTLE BEACH
    4…FLORIDA
    5…WILMINGTON/CAPE FEAR
    6…MOORHEAD/CRYSTAL COAST
    7…OTHER #1 (SPECIFY) _______________
    8…OTHER #2 (SPECIFY)_______________
    9…OTHER #3 (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
    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 #1 (SPECIFY) ________________
    10..Other #2 (SPECIFY) ________________
    11..Other #3 (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) ____________________

SKIP TO Q35

Visitor Specifics

Now we would like to ask you some specifics regarding your travel to the Outer Banks of North Carolina.

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

Now I'd like to ask you 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 specific attraction (SPECIFY) _____________
    3…Participate in 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) _________________
    10…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…?
    5…Excellent **→SKIP TO Q21**
    4…Very Good **→SKIP TO Q21**
    3…Good **→SKIP TO Q21**
    2…Fair
    1…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) ________________
    6…OTHER #2 (SPECIFY) ________________
    7…OTHER #3 (SPECIFY) ________________

22. What were your primary Outer Banks destinations during your trip? **(ACCEPT MULTIPLE ANSWERS)**

    ____

23. How 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"OVERNIGHT VISITOR", 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 or 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…Somwhat 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 better, worse, or about the same as you expected?
    1…Better
    2…Worse
    3…About the same

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) ____________________

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 18?
    RECORD NUMBER _____________

32. 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...? (**READ LIST / RECORD AMOUNT FOR EACH / IF UNCERTAIN, ASK FOR THEIR BEST GUESS/ENTER 9999 FOR DON'T KNOW/ REFUSED)**
    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 ________

33. Overall, how would rate the hospitality or friendliness of the people in the Outer Banks? Would you say they were…?
    5…Very Friendly
    4…Somewhat Friendly
    3…Neither Friendly nor Unfriendly
    2…Somewhat Unfriendly
    1…Very Unfriendly

34. 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 A. 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…?
    5…Definitely will visit **→SKIP TO Q36**
    4…Probably will visit **→SKIP TO Q36**
    3…Might or might not visit **→SKIP TO Q36**
    2…Probably will not visit
    1…Definitely will not visit

35A. Why not? ____

36. Are you aware that the Outer Banks is celebrating the 100th Anniversary of the First Powered Flight of Wilbur and Orville Wright during 2003?
    1………..Yes
    2………..No →SKIP TO Q39

37. Are you aware that the Outer Banks has a week long celebration and a ceremony to celebrate the actual day of the flight, December 17th 2003?
    1………..Yes
    2………..No

38. How likely are you to visit the Outer Banks for the 100th Anniversary of Flight in December, 2003?
    1…………Already have a trip planned
    2…………Very likely to visit
    3…………Somewhat likely to visit
    4………….Not likely to visit

39. Does the fact that this anniversary is occurring in this area, increase your interest in visiting during 2003?

    1………..Yes → SKIP TO Q40
    2………..No

39A. Why not?____

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

40. Are you single or not?

    1…Single
    2…Not single
    3…REFUSED

41. How many adults live in your household?

    RECORD NUMBER _____________

42. How many children under the age of 18 are currently living in your household?

    RECORD NUMBER _____________

43. 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

44. 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

45. 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

46. What is your age? **RECORD NUMBER** _____________

VERIFY THE FOLLOWING:
ZIP CODE: _______________

THANK RESPONDENT !
RECORD GENDER:
1…Male
2…Female

RECORD:
AREA CODE: __________
PHONE NUMBER: ____________________________
CUSID: ___________
DATE OF INTERVIEW: ______________
INTERVIEWER NUMBER _____________