



GREATER PHILADELPHIA TOURISM MONITOR: MAKING THE CASE FOR INVESTING IN TOURISM MARKETING

COMPILED BY GPTMC BASED ON RESEARCH CONDUCTED BY:

- ECONSULT CORPORATION
- SMITH TRAVEL RESEARCH
- HORWATH HOSPITALITY ADVISORS
- DK SHIFFLET & ASSOCIATES
- LONGWOODS INTERNATIONAL
- PARTER INTERNATIONAL
- PLACES



CATHEDRAL BASILICA OF SAINTS PETER AND PAUL



THE BARNES FOUNDATION ARBORETUM

MISSION STATEMENT

GPTMC, PHILADELPHIA'S REGIONAL TOURISM MARKETING AGENCY, IS A PRIVATE, NON-PROFIT ORGANIZATION DEDICATED TO BUILDING THE REGION'S ECONOMY AND POSITIVE IMAGE THROUGH TOURISM AND DESTINATION MARKETING.

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I. INTRODUCTION

For at least a decade prior to 1995, there had been almost no marketing by Philadelphia to the leisure tourist.¹ As a result, tourism and the image of the city as a whole suffered. The founding study that motivated the creation of the Greater Philadelphia Tourism Marketing Corporation (GPTMC) concluded:

“Lack of any sustained or focused image marketing over the past decade has lead (sic) to a lack of awareness among the travel agent community and a lack of awareness and demand on the part of travelers...Despite the fact that Philadelphia does have a good product, the perceptions – and therefore the reality – among potential travelers is that the product is weak.”²

GPTMC was founded with the vision that by improving the region’s status as a tourist destination, the economic life of the region and the quality of life for residents would be transformed as well. Again, to quote from the original Pew study: *“The idea is to develop a new organization to accomplish something in tourism marketing that is not currently and has not been done adequately in Philadelphia for more than a decade.”³* In the seven years since GPTMC’s founding, tourism has generated significant impact in the region with results evident in both tangible, economic terms and less tangible ways, raising the profile of the region and quality of life for its residents.

Today, travel’s impact on the region is huge:

- Business, convention, and leisure visitors spend a tremendous amount here: \$14.5 million per day in our region on lodging, dining, attractions, and purchases.⁴
- 3.1 million hotel room nights – or 41% of all hotel room nights in the region – are taken up by leisure travelers in 2002.⁵
- Those 3.1 million room nights created \$331.5 million dollars in revenue for hotels in the five counties (given the average daily rate for a hotel room of \$106.96 in 2002).

¹ The travel market consists of three key travel segments: leisure, convention, and business travelers. Often, these three segments blend into one another – with business travelers adding time to their business trips to sightsee or vacation, for instance. GPTMC’s mandate is to impact the leisure travel market, keeping in mind that such marketing has an effect on those making decisions to attend a convention here or come to the region for a business trip. Within this case statement, the travel segment impacted is always identified. The ROI and economic impact study reported in Section III demonstrates the impact of advertising on the leisure traveler only.

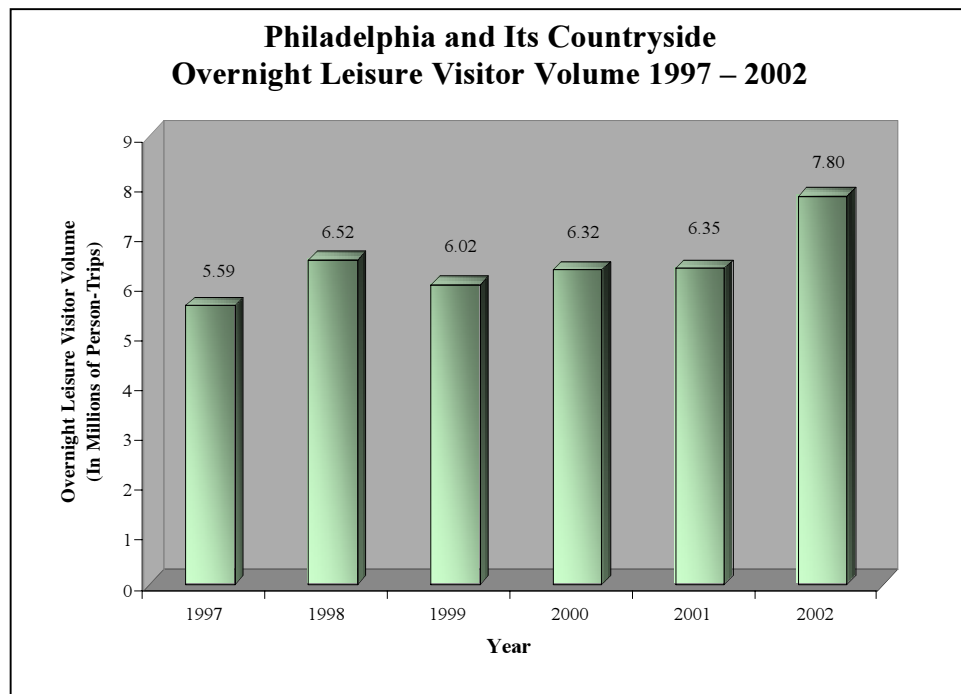
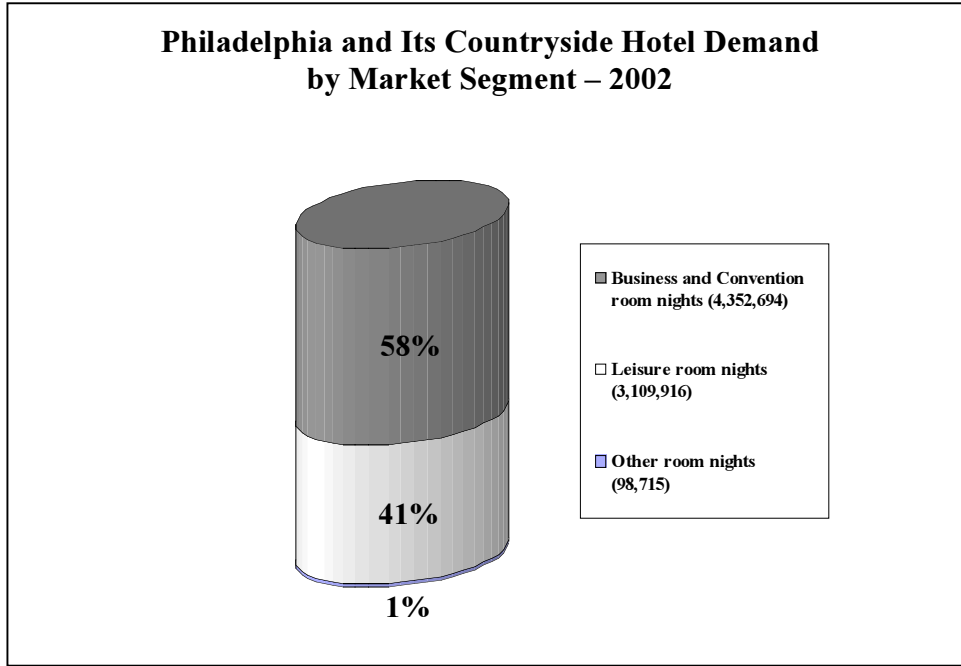
² *Philadelphia Tourism: Assessment, Analysis & Recommendations*. Vol. 1; Parter International, Inc., LDR International, Inc., and Madigan Pratt & Associates. 1995: p. vi

³ *ibid.*, p. 122.

⁴ Economic Impact of Travel in Pennsylvania, 1999-2000, DK Shifflet Associates.

⁵ Calculation by GPTMC based on 2002 Pennsylvania Travel Profile, Pennsylvania State Tourism Office (DK Shifflet Associates) and Five County Philadelphia Lodging Market Analysis, 1990-2003, (Smith Travel Research).

- More leisure travelers are coming to the region: the number of overnight leisure visitors has grown 39.5% between 1997 and 2002, from 5.59 million to 7.8 million.⁶

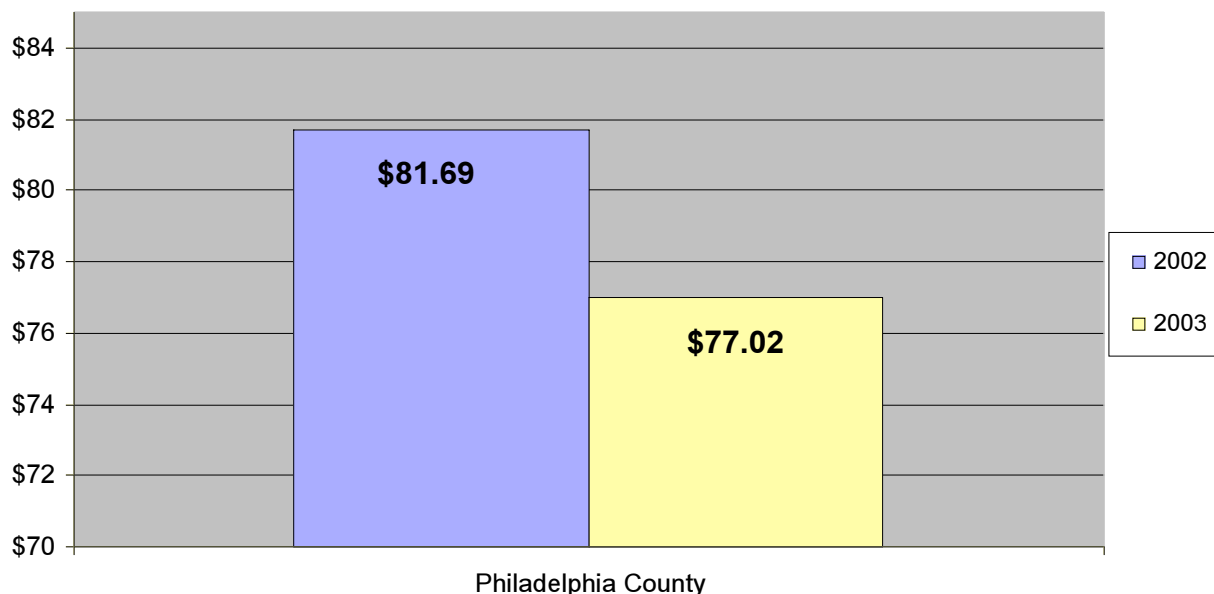


⁶ DK Shifflet Associates, 2002.

It is clear that tourism has become a major industry for Philadelphia and Its Countryside, with growth consistently mirroring the amount of resources devoted to it.

At the same time, the city has had declining success in booking conventions, and business travel has remained flat, resulting in an overall downturn for hotel revenue in 2003.⁷ Hotel revenue in Philadelphia – as measured by RevPAR⁸ – has declined between 2002 and 2003, from \$81.69 to \$77.02.

Hotel RevPAR: 2002 & 2003
(RevPAR measures revenue per available room, not average daily rate)



In this context, tourism travel becomes even more important to pick up the “slack” created by declining convention bookings and flat business travel.

Yet, given GPTMC’s primary funding source – a 1% hotel tax – declining hotel revenue negatively impacts GPTMC’s ability to market and advertise the region in the one area that is experiencing growth – tourism. GPTMC’s core funding from the hotel tax declined in 2003 and is anticipated to decline further in 2004 and 2005.

It is, therefore, essential that marketing resources be marshaled to protect the region’s considerable investment and to ensure that the positive economic benefits, which contribute so greatly to the financial health and image of the region, continue.

⁷ It has been projected that results from 2003 bookings will show that the Pennsylvania Convention Center booked 423,000 room nights, down from 574,900 in 2002, a 26.4% decline in one year. *Center City Snapshot, 2002 Lodging Survey Results*. Horwath Hospitality Advisors.

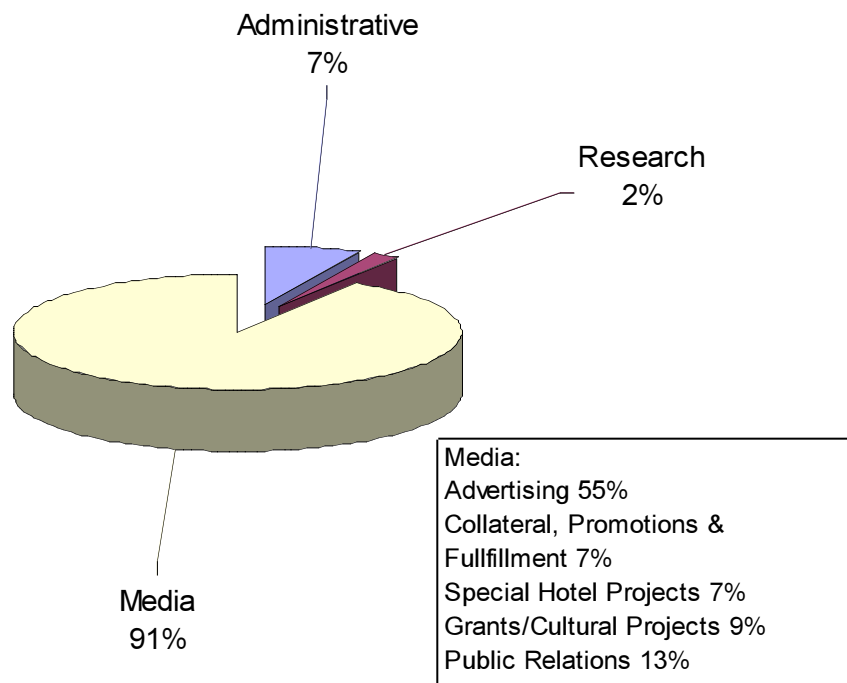
⁸RevPAR is a performance metric in the hotel industry which stands for "revenue per available room." RevPAR is typically calculated by multiplying a hotel's average daily room rate (ADR) by its occupancy rate. It may also be calculated by dividing a hotel's total guestroom revenue by the room count and the number of days in the period being measured.

Tourism is one of the key and growing components of our region's economy, contributing more than \$5.3 billion per year in direct spending to the region's gross product and employing, directly and indirectly, more than 125,000 people. Statewide, the numbers are even more dramatic: \$19.5 billion in direct spending and more than 520,000 jobs.⁹

Best of all, tourism is by definition an export industry, drawing dollars from outside, while imposing relatively few costs on the regional economy. Clearly, boosting tourism is good economic development policy for the region. GPTMC's marketing has not only improved the region's competitive position relative to other tourist destinations – increasing the region's share of the tourism pie¹⁰ – but the organization's marketing has expanded the tourism pie itself, creating new and repeat tourists.

GPTMC's current budget – \$11 million annually – aggressively uses advertising, public relations, and Web marketing and sales to raise visitation and the image of the region. This level of investment in regional advertising and marketing has been consistent for three years now and has moved the needle on tourism visitation and spending in the region and has had substantial economic impact.

Marketing Resource Allocation, Fiscal Year 2004



⁹ Economic Impact of Travel in Pennsylvania, 1999-2000, DK Shifflet Associates.

¹⁰ The Philadelphia and Its Countryside region had the largest leisure travel market share among all regions in Pennsylvania in 2001 and 2002 (18.3% market share in 2002). 2002 Pennsylvania Travel Profile, Pennsylvania State Tourism Office, p. 16.

In the face of declining revenues from the hotel tax, the increased cost of advertising, and the fact that GPTMC's efforts have catapulted Philadelphia into a new tier of competition (with New York, Boston, Atlanta and Washington, D.C.), a new level of funding will be necessary to sustain and build on past achievements.

The case statement that follows details:

- The difference an investment in tourism advertising can make to a region and its residents (BEFORE AND AFTER)
- The economic value and impact of tourism advertising investment (ROI AND ECONOMIC IMPACT)
- GPTMC as the most effective vehicle for tourism advertising and marketing (EFFICIENT MARKETING PROGRAMS & GPTMC AS A PARTNER)
- The dangers of standing still (THE REGION'S COMPETITIVE POSITION)
- The need and plan for increased investment (SECURING THE REGION'S POSITION AS A TOURIST DESTINATION)

II. BEFORE AND AFTER

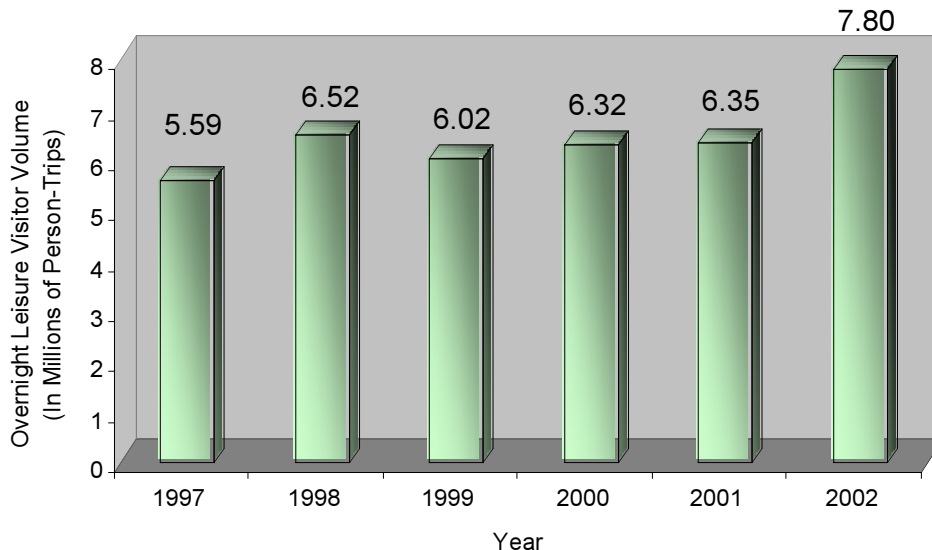
Some key indicators of the success realized by tourism marketing over the past seven years include:

- **A rise in leisure visitorship each year, even following 9/11, when most competitor destinations saw declines in leisure travel.**
- **A transformation in Philadelphia’s image in the media and the eyes of the public.**
- **Improved quality of life for residents, as the region becomes a more popular destination for leisure travelers.**

Raising Leisure Visitorship

Overnight leisure visitorship in Philadelphia and Its Countryside has risen 39.5% between 1997, when GPTMC began its first ad campaign, and 2002, increasing from 5.59 million overnight leisure visits in 1997 to 7.8 million overnight leisure visits in 2002.¹¹ Compared to the 8.8% growth in overall U.S. domestic leisure travel between 1997 and 2002, this region’s leisure travel growth rate is extraordinary.¹²

**Philadelphia and Its Countryside
Overnight Leisure Visitor Volume 1997 - 2002**

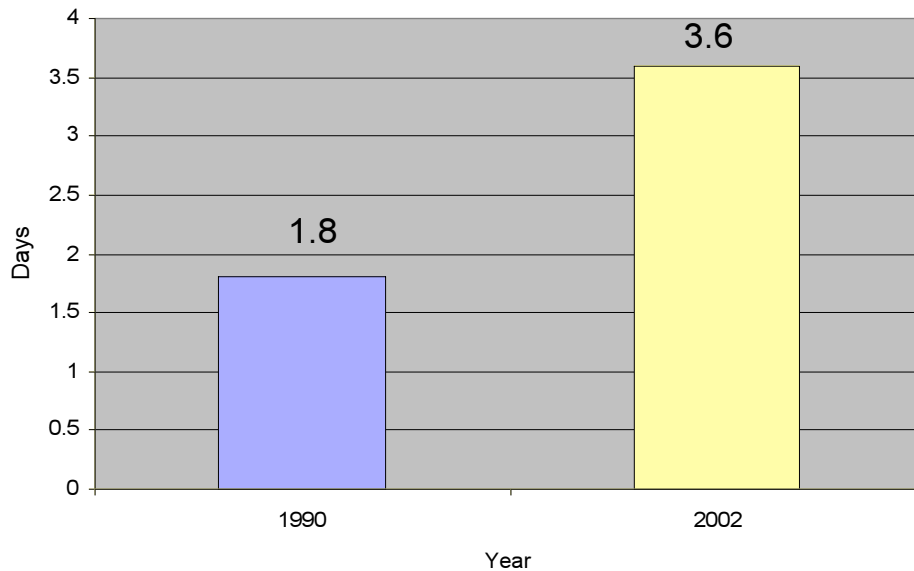


¹¹ DK Shifflet Associates, 2002

¹² TIA— *Domestic Travel Market Report, 2003 Edition*. p. 77

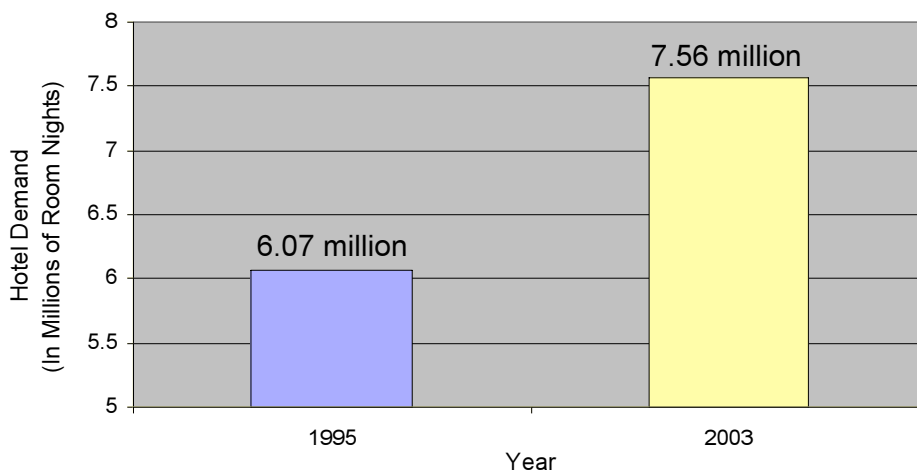
In addition to seeing an increase in the number of visitors, the region has been successful in keeping visitors here for a longer period of time. In 1990, the average length of stay for a visitor to the region was 1.8 days. By 2002, it had increased to 3.6 days.¹³

Average Length of Stay for Visitors to the Region in 1990 & 2002



As visitorship and length of stay have grown, so has demand for hotel rooms. Between 1995 and 2003, the demand for hotel room nights has risen 24.5% from 6,072,497 to 7,560,473.¹⁴

**Philadelphia and Its Countryside
Hotel Demand 1995 & 2003 in Millions of Room Nights**

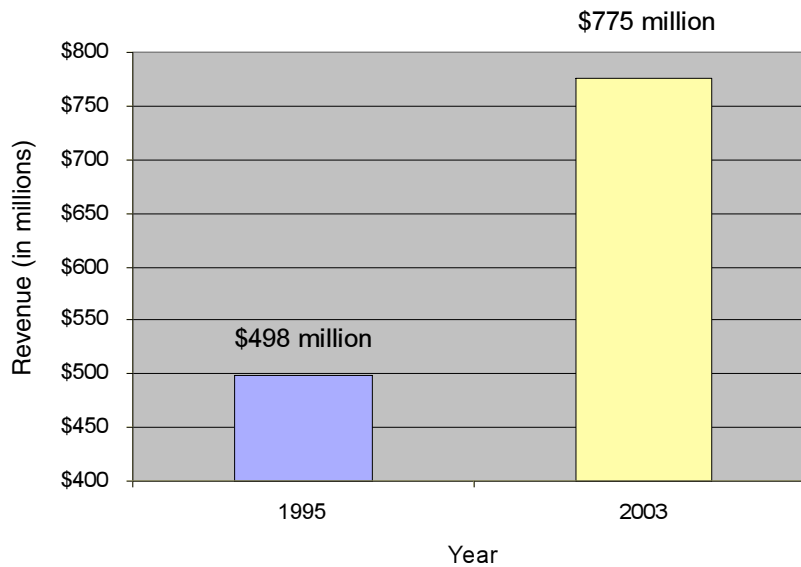


¹³ DK Shifflet Associates, 2002

¹⁴ Smith Travel Research, *Five-County Philadelphia Area Lodging Market*, Historical Performance 1990 Through 2003

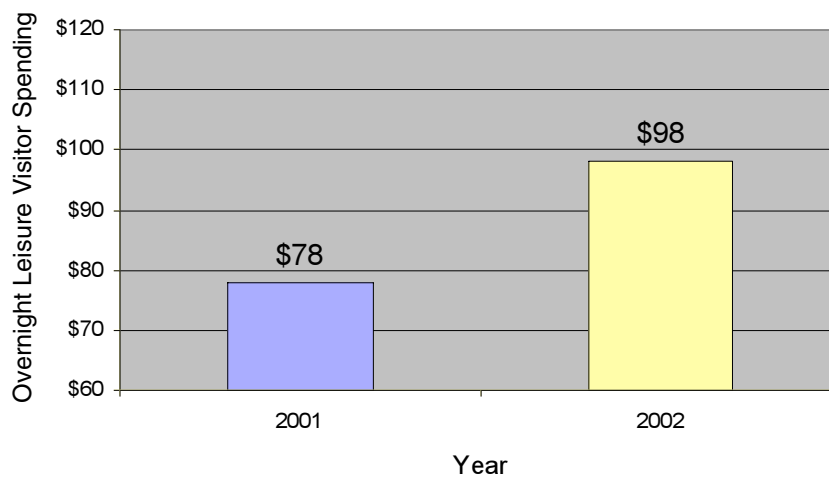
Regional hotel room night revenue rose 55% between 1995 and 2003, from \$498 million to \$775 million. A rise in hotel average daily rate (ADR) and hotel volume, along with steady occupancy rates, contribute to this phenomenal increase in room-night revenue.¹⁵

Regional Hotel Room-Night Revenue in 1995 & 2003



As increased room night revenues indicate, visitors are spending more per day on their trips to the region. In 2001, the average daily trip expenditure for overnight leisure visitors was \$78 and in 2002 that figure rose to \$98, an increase of 26% in visitor spending in one year.¹⁶

Overnight Leisure Spending Per Day

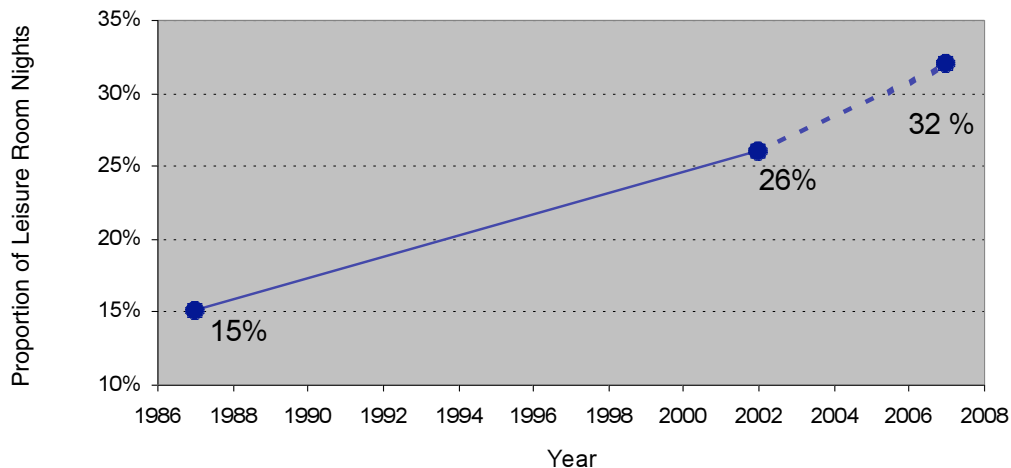


¹⁵ Ibid.

¹⁶ DK Shifflet Associates, 2002.

Leisure travelers are taking up an increasing portion of Center City's growing number of hotel rooms, where business and convention travelers typically dominate. In the 1980's only 15% – 17% of all hotel room nights were taken up by leisure travelers. As of 2002, a full quarter (26%) of all Center City hotel room nights were taken up by leisure travelers and the projections are that this will continue to grow, so that **by 2007 – assuming continued investment in tourism marketing – a third (32%) of Center City hotel rooms will be occupied by tourists**. This proportion of hotel rooms translates into 782,649 room nights occupied by tourists in Center City in 2007.¹⁷

**Percentage of Center City Room Nights Occupied
by Leisure Travelers: 1987 - 2007**



In the fall of 2001, GPTMC shifted gears from image advertising to the sale of hotel packages. This shift was driven by the need to respond to 9/11 and ensure that the inevitable travel and tourism reductions that followed did not hit Philadelphia hard. In fact, the resulting Philly Overnight® Hotel Package was the number one post-9/11 recovery initiative in the nation¹⁸ and has continued to generate financial rewards for the region's hotels and for tourism in general.

- Hotel packages were introduced in 2001 at a starting price of \$89 for two nights. In 2003, the starting price of the hotel package was \$149 for two nights, with no significant diminution in hotel packages sold.
- Average daily rate (ADR) of the two-night packages went up 8% between fall 2002 and fall 2003, from \$86 in 2002 to \$93 in 2003. General hotel ADR went down 4.2% between 2002 and 2003.¹⁹

¹⁷ Horwath Hospitality Advisors, Center City Snapshot, 2002.

¹⁸ According to Smith Travel Research and reported in *The Philadelphia Inquirer*, December 19, 2001 and *Hotel Business* January 21, 2002.

¹⁹ Smith Travel Research, *Five-County Philadelphia Area Lodging Market*, Historical Performance 1990 through 2003.

Transforming Philadelphia's Image

Positive press coverage and sophisticated, yet humorous, advertising campaigns for Philadelphia and Its Countryside have been the major engines for changing perceptions of the region as a tourist destination. Once again, in 1995 the original Pew study observed: *“There is little awareness of the fact that Philadelphia possesses modern, interesting and exciting urban vacation experiences such as world class dining.”*²⁰ By 2003, however, GPTMC’s advertising and public relations (PR) departments had substantially changed that picture:

- In 2002, GPTMC spent more than \$7 million on advertising, and visitorship jumped 23% from the previous year.
- In 2003, GPTMC tracked the number of placements of the region in major news media at 3,290 stories, with 949 million impressions and an ad value from these stories of \$50.6 million.

GPTMC’s advertising and PR efforts have transformed the image of the region in the brief time they have been active. Before GPTMC’s creation, virtually no money was spent on tourism marketing for the region:

*“Although Philadelphia is the fifth largest city in the country, it has been virtually invisible in the advertising marketplace. In 1994, its measured media spending ranked 21st out of 28 major cities monitored. When compared against the advertising spending of 16 smaller cities, Philadelphia would have ranked last in 1993.”*²¹

In its first year, GPTMC changed that, spending \$1.8 million on advertising and media development, with ad awareness in the New York designated market area (DMA) at 33% as a result. Ad awareness rose to 41% in 1999, in direct correlation to the increased amount spent on advertising.

²⁰ *Philadelphia Tourism*, 1995, p. vi.

²¹ *Ibid.*, p. vii.

GPTMC has been able to increase not only ad awareness, but also consumer choice for the region as a destination. Contracting with Longwoods International, a premier tourism research firm, GPTMC has measured the direct tourism spending that results from its advertising campaigns. Longwoods' findings, utilizing a consistent methodology, demonstrate that visitor spending per GPTMC advertising dollar has increased each year. This, in turn, lends statistical support to the hypothesis that not only are new marketing programs achieving success, but also that there is a significant *cumulative aggregate* effect of the ongoing advertising efforts. The following are estimates of visitor direct spending per marketing dollar spent.²²

- 1997 - \$55
- 1998 - \$62
- 1999 - \$80
- 2001 - \$92²³

PR has had similar success. In 2003, for instance, GPTMC's public relations department hosted 154 journalists from the nation's largest media outlets. The focus of the articles, generated as a result of the PR department's efforts, tells the story of the region's rebirth as a tourist destination:

"Once a city at odds between its glorious past and an uncertain future, Philadelphia over the last five years has struck the right balance, welcoming commerce, industry and new development while still embracing its role as the true cradle of liberty." – Simply the Best, September/October, 2003.

"Philadelphia's tourism industry, like Boston's, depends on history's lure to woo visitors and the dollars they spend. The two cities are home to some of the nation's best known historic attractions such as Independence Hall and the USS Constitution. But Philadelphia now has something Boston does not: millions of dollars worth of new museums and attractions that just might be giving it the edge in marketing itself as a historic destination." – The Boston Globe, October 21, 2003

"I went for the cheesesteaks...by the end of my recent weekend there, however, I was thinking that I'd either forgotten a lot, or Philadelphia had come into its own during my long absence. It must be a bit of both." – The Washington Post, December 2003.

"With an exciting exhibit season and impressive museums, Philadelphia emerges as a city of culture." — New York Sun, December 2003.

²² The 2001 estimate, along with its components, are key figures, discussed in more detail later in our analysis. 2001 represents the most recent year GPTMC conducted this advertising research.

²³ *GPTMC Advertising: Image & Accountability Research*, Longwoods International, 2002: p. 63.

Improving the Quality of Life for Residents

The infrastructure and amenities that develop around increased tourism activity in the region are enjoyed by residents as well. Below are some key tourism indicators of success in the region, followed by some corresponding trends of flourishing for residents.

Examples of Local Tourism Value Indicators

- Philadelphia becomes the home of national attractions in history, the arts, culture, and sports with the opening of the National Constitution Center, the Kimmel Center for the Performing Arts, and three new sports stadiums.
- In 2004, Southwest Airlines and Frontier Airlines choose to enter the Philadelphia market, with Southwest offering nonstop flights to seven destinations, and Frontier offering nonstop flights to two destinations. Both introduce competitive pricing for travelers to and from the region.
- GPTMC's gay tourism marketing campaign gains national attention, with mentions on Saturday Night Live, the Conan O'Brien Show, Hollywood Squares, and major national news, including, *USA Today*, *The Washington Post*, *The Los Angeles Times*, and more.

Examples of Local Resident Value Indicators²⁴

- Retail outlets in key segments – boys and men's clothing, books, shoes, and women's and girls' clothing – have experienced at least a 39% growth between 1995 and 2000.
- Regional growth in private sector jobs rose 6% between 1997 and 2000, and professional wages in the region are up 15% during the same time period.
- There has been a 206% increase in the number of restaurants in Center City between 1992 and 2003 (from 65 to 199). The number of outdoor cafes has increased in virtually every neighborhood in the downtown area between 2001 and 2003, to reach a total of 109.

²⁴ *State of Center City, 2003* and *State of Center City, 2004*, Center City District.

III. RETURN ON INVESTMENT (ROI) AND ECONOMIC IMPACT

Summary of Economic Impact Findings

In 2002, GPTMC commissioned Longwoods International, a nationally known tourism research and consulting firm, to conduct return on investment (ROI) research based on three individual advertising campaigns conducted over 18 months in 2001 and 2002. In 2004, Econsult Corporation then analyzed the findings from the ROI study to develop conclusions regarding the economic implications of GPTMC's advertising, including the impact on tourism advertising on indirect and induced spending, regional tax generation, and employment.

Econsult's analysis answers the question: Can it reasonably be expected that increased investment in tourism marketing will generate positive net returns in economic impacts, including employment generation and fiscal revenues? Utilizing plausible assumptions (detailed below), Econsult shows a significant positive ROI in leisure travel advertising to the region. In addition, Econsult compares the generation of employment per dollar of tourism advertising spent to ratios for traditional economic development programs, finding that investment in tourism advertising is a particularly effective way to stimulate job growth.

In summary, the analysis results in the following key conclusions:

- Investments in marketing will increase tourism and boost our region's income, employment, and tax revenues. Our analysis indicates that it is very reasonable to expect marketing initiatives to generate sufficient economic (income and employment) and fiscal (tax revenue) impacts to justify increased investment. Using plausible assumptions, we estimate that every \$1 million invested in tourism marketing generates \$185 million in overall regional spending, of which \$41 million represents increased wages, 1,500 person years of employment and \$13 million in state and local tax revenue.
- Investments to increase tourism can be more effective than traditional economic development programs. Pennsylvania job creation and retention programs vary in per employee subsidy amounts, typically ranging from \$10,000 to more than \$50,000. We find that spending on tourism advertising and marketing can lead to greater employment impacts per dollar than those of traditional economic development subsidy programs. Our findings suggest that GPTMC has the potential to generate 15 jobs for every \$10,000 spent on tourism advertising and marketing, or one job for every \$670 of continuous (annual) investment, or, equivalently, one permanent job, over 10 years, for every \$6,700 of public investment (assuming an annual salary of \$30,000 per year).

Detailed Economic Impact Findings Based on ROI Analysis

The basis for any estimate of the potential return on investment for increased GPTMC marketing dollars is previous experience. As noted in the previous section, a review of tourism statistics for the region clearly indicates that GPTMC has had impressive successes and has both used and leveraged its funding with great skill, generating significant economic and fiscal impacts benefiting the region. Studies by Longwoods International, D.K. Shifflet and Associates, Arthur Andersen (now Accenture), Smith Travel Research, and other organizations agree that, largely as a result of GPTMC's efforts, more leisure visitors are coming to the region, they are staying longer and they are spending more. Each of these factors generates economic and fiscal benefits for the region.

Research estimates of visitor direct spending²⁵ per marketing dollar spent:

- 1997 - \$55
- 1998 - \$62
- 1999 - \$80
- 2001 - \$92²⁶

Tourism marketing efforts can have a positive economic effect on the region's economy if they are successful in any of the following four basic areas:

- Increase number of visitor trips by inducing someone to visit Philadelphia who otherwise would not have, or by increasing their number of return/repeat visits
- Increase the number of people in the average visiting party by inducing someone to bring friends or family
- Increase the number of days visitors stay in the region, or induce a day-tripper to become an overnight visitor
- Induce the visitor to spend more dollars per day

²⁵ Direct spending represents what visitors spend on hotels, dining, attractions and purchases. An example of indirect spending are the things the hotel buys to run the hotel, and an example of induced spending are the things the hotel employees buy with their salaries.

²⁶Longwoods, International, 2003: p. 21. This represents a weighted average of different estimates for three distinct marketing programs.

We can estimate the overall economic impact *directly*, and illustrate it by showing the impact of \$1 of marketing spending on the following series of effects:



We combine the information culled from GPTMC’s previous (and continuing) marketing programs with analyses conducted by Longwoods International, D.K. Shifflet, Parter International, and Econsult to estimate the potential economic impact of continued tourism marketing. In our analysis, we use Longwoods’ research²⁷ on the effectiveness of recent GPTMC advertising and marketing in inducing additional visitor trips and additional visitor spending.

The key steps in our analysis are outlined below:

Visitor Trips

Marketing efforts influence both day trips and overnight trips. To calculate the estimates noted above, Longwoods studied three GPTMC tourism marketing and advertising programs conducted over the 2001-2002 period. They estimated that those programs generated between 0.4 and 1.2 incremental (additional) trips to the Philadelphia region for each \$1 of program spending, with a weighted average of 0.76 incremental trips²⁸, which we incorporate into our analysis.²⁹

²⁷ Longwoods, 2003: GPTMC Advertising of 2001 Image and Accountability Research, Report prepared for GPTMC, February 17, 2003. The analyses in this report are used extensively in this section.

²⁸ Longwoods examined the effectiveness of three separate marketing/advertising campaigns undertaken during the period from January 2001 to August 2002. At the low end, they estimated that the “Pursuit of Happiness” campaign generated 0.40 incremental trips per advertising dollar, while at the high end, Philly Overnight® generated nearly 1.2 incremental trips per dollar. “Miscellaneous Advertising” generated 0.85 incremental trips per dollar of advertising.

²⁹ We also assume that every dollar of funding is spent on actual marketing efforts, with no additional spending on administration.

Direct Spending Per Trip

Longwoods further estimated that each of these incremental (additional) trips generated between \$37 and \$116 in direct spending by visitors. (As with the incremental trips, the different marketing and advertising campaigns generated a wide range of per trip spending levels. This result is to be expected since different campaigns target different audiences and experiences.) These calculations were based on average trip spending estimated from their earlier studies.³⁰ The weighted average per trip-spending increase was calculated to be \$92.

Economic Impact of \$1 Tourism Marketing Expenditure

Using these estimates and Econsult's estimated regional tourism multiplier of 2.65³¹, we can develop an economic impact scenario associated with a \$1 increase in tourism marketing expenditures³²:

| | |
|--|-------|
| a. Incremental visitor trips | 0.76 |
| b. Direct spending per trip | \$92 |
| c. Incremental direct spending (a x b) | \$70 |
| d. Regional tourism multiplier | 2.65 |
| e. Indirect and induced spending {c x (d-1)} | \$115 |
| f. Total regional economic impact (c + e) | \$185 |
| g. Of which increased wages represent | \$41 |
| h. Investment per job created | \$670 |
| i. State and local taxes generated | \$13 |

Thus, we estimate the \$70 direct spending generated by \$1 of tourism marketing expenditures would then generate an additional \$115 of indirect and induced economic activity in the region, for a total economic impact of \$185 per dollar of tourism marketing expenditures. It is important to note that this economic impact is a one-time impact, in that it is generated by the initial expenditures. The direct expenditures must be repeated to continue the direct and indirect impacts beyond the year period.³³

³⁰ They calculated a blended day and overnight average trip spending number based on data (inflated to 2001) from their 1997 Philadelphia Visitor Study and used data from their Philadelphia 2001 Overnight Visitor Study.

³¹ Econsult, op. cit., (2001). Income, employment, and tax estimates are also based on the findings of this study.

³² Note that unless further precision is justified, we round all of our estimates in this analysis.

³³ However, as we have discussed, the data examined above strongly suggests that there is a cumulative, or lasting impact of marketing expenditures beyond the year in which they are spent.

Employment Impact

Of these total economic impact estimates, we estimate \$41 represents increased income and wages in the region. Assuming an average industry annual wage of \$30,000, we estimate that each dollar of tourism marketing expenditures generates 0.0015 full-time equivalent (FTE), or standard, jobs.³⁴

How do these estimates compare with other economic development programs and their job subsidies? Standard economic development programs typically link public subsidy amounts with employment creation (or retention).³⁵ In order to compare the employment impacts of tourism marketing efforts with standard economic development programs, we can transform these into their “\$ per FTE job” equivalents:

- Public subsidy of \$670 per FTE job generated for the year

However, since standard economic development programs seek to generate *permanent* jobs from the initial subsidy, we have to compare the employment impact of traditional programs with the present value of a continuous stream of marketing and advertising investments into the future.³⁶ Using a conservative 10% discount rate, and assuming there is no cumulative effect of tourism marketing programs beyond the year in which they are delivered, this would imply a public subsidy of \$6,700 per *permanent* FTE job generated from tourism marketing expenditures.³⁷

Fiscal Impact

The economic activity attributable to tourism also generates a significant amount of tax revenue for both the region and the State of Pennsylvania as a whole. While different types of tourist visits generate different amounts of taxes (just as they do different economic impacts), Econsult previously estimated the average tax generation per dollar of direct visitor spending to be \$0.19.³⁸ Given our incremental direct spending estimate of \$70, we estimate the incremental regional and state taxes generated from \$1 of tourism marketing spending to be \$13.

³⁴ The input-output model estimates the employment required for a given level of activity, usually referred to as *person-years* of employment. As such, these estimates can never be interpreted as specifying *permanent jobs*. The estimate of person-years of employment will also include a mix of full-time and part-time employees that will reflect the average mix in each of the industries affected by the impacts. We use the shorthand “FTE” or “Full Time Equivalent” to approximate this impact.

³⁵ These programs typically favor higher paying jobs over lower paying jobs, and job creation over retention.

³⁶ Although the traditional economic development subsidy per job measure is supposed to reflect permanent jobs, they do not always materialize, or if they do, they do not always remain forever. This is one of the main reasons why monitoring employment and introducing “clawback” clauses in the initial subsidies (they have to return the subsidy if they don’t create/retain the jobs) is becoming so popular.

³⁷ This amount assumes spending the \$670 every year into the future, and, therefore, reflects the most conservative estimate of investment to generate a permanent job. If we looked out over a five- or seven- or 10-year time horizon, the investment amount necessary to generate a job over that time horizon would be less.

³⁸ Econsult, op cit. (2001), pp. 24-5.

In addition to the significant fiscal and economic impacts, it is critical to maintain tourism marketing because:

- As Philadelphia and Its Countryside has improved its tourism positioning, it is now competing with more sophisticated and better-funded destinations.
- Capital investment needs to be supported with marketing dollars. It is essential that the destination as a whole and the recent product improvements are effectively and aggressively marketed to obtain an adequate ROI on the region's recent tourism-related investments in hotels, attractions, events, and infrastructure.

Conclusions Based on Economic Impact Analysis

Tourism is a key export industry with tremendous growth potential for certain cities and regions, Philadelphia included. With significant quantitative and qualitative benefits, tourism has been and will continue to be a key component of the region's resurgence, but only if the region continues to make strategic investments, of sufficient scale, in strengthening and promoting the industry.

Tourism promotion is among the most important and productive economic development tools available to government and should be treated as such when making funding and budget decisions. GPTMC has a strong track record of successful tourism marketing and promotion efforts, and these efforts have been efficient in terms of their return on investment for the region because they have been strategically and carefully developed and implemented, getting effective messages to the right audiences. The impact of this track record has been felt on the region's tourism industry, especially after 9/11:

“Tourism rebound is far stronger than either the convention/sales rebound or the business travel rebound. — Mickey Rowley, Deputy Secretary of Tourism, Pennsylvania Department of Community and Economic Development (DCED)

We conclude from our analysis that the region can expect a positive return on investment for GPTMC's proposed programs through increases in tourism activity that lead to increased economic impact, the generation of new taxes, and ancillary benefits, and that the return on investment dollars can be significantly greater, in terms of employment generation, than traditional economic development programs.

A number of key factors suggest that the region, if it provides the funding necessary to support the proposed marketing initiative, will see a significant economic and fiscal return on its investment, and will promote the economic growth of the entire region. These factors include: the importance of tourism on the regional economy; GPTMC's record of successes; the appropriateness of the niche markets it is targeting; the significant economic impact potential; and, the important ancillary reasons for undertaking a powerful tourism marketing campaign.

But, is this return large enough to justify spending on these initiatives rather than (or in addition to) other economic development programs? As noted above, traditional economic development programs use standards of one job per \$10,000 or more of subsidy. The evidence suggests that tourism marketing can be at least as effective in generating employment per dollar of public subsidy as the traditional economic development program subsidies.

In fact, support for tourism in the form of marketing investments is noticed in very concrete and personal ways by those in the tourism business:

“Since 9/11, tourism has been the lifeline for our hotel. We’ve seen a big increase in hotel bookings from the region. Folks are coming into the city for the nightlife, restaurants and shopping and they are willing to change their plans to take advantage of our 2-for-1 hotel packages with GPTMC. One thing that has been really effective is our ability to sell up from our original 2-for-1 rate of \$116 in (2001/2002), to a three-tiered rate \$159/169/179 for the most recent (2003/2004) promotion. The promotion has been terrific and proves that when you participate, you reap the rewards. We have been involved in GPTMC’s hotel packages from the beginning, and the success of the packages has caused us to ramp up our front desk staff on weekends. We’ve recognized that leisure tourism has become a more important market segment for our hotel than the transient business travel market.”

- Paul Farnell, General Manager, Latham Hotel

“Overall, tourism has been good in the city and the work of GPTMC is definitely helping to build the business. Friday and Saturday stays are 100% tourism. And for us, Saturdays are extremely strong, so we have given more attention to Saturdays by restructuring our staffing two years ago”

— Bernard Guet, General Manager, Park Hyatt Philadelphia at the Bellevue

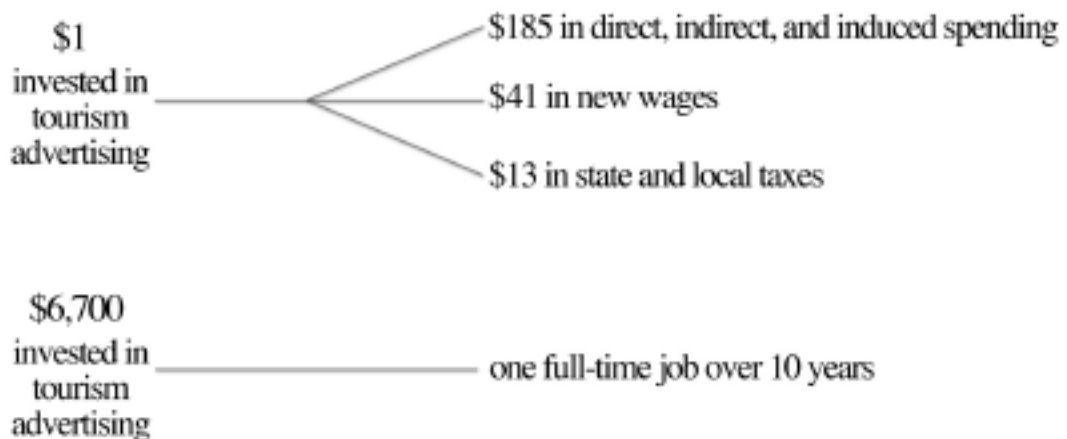
The following summarizes the empirical results of our analysis once again:

Based on the estimates of tourism spending impacts developed for GPTMC by Longwoods International, and assuming current marketing levels are maintained, we estimate that every \$1 million in increased tourism marketing will generate 760,000 incremental trips, and \$70 million in incremental direct spending. This will in turn generate an additional indirect and induced spending of \$115 million, for a total economic impact of \$185 million; of which we estimate \$41 million represents increased regional wages and salaries.

This impact translates into nearly 1,500 jobs, or person-years of employment, for each \$1 million in marketing expenditures. Equivalently, this represents an average public subsidy per job created of approximately \$670 per job per year. Using this annual amount of subsidy per job per year (\$670), we can estimate the subsidy for a permanent job to be approximately \$6,700, under conservative assumptions. Thus, for every \$10,000 of public subsidy to tourism marketing, we can generate 1.5 permanent jobs, compared to one or fewer jobs in traditional programs.

In addition, we estimate the fiscal impact, (state and local taxes, including wages and income, retail sales and hotel taxes) of this spending generated by incremental tourism activity to be approximately \$13 per \$1 dollar of tourism marketing expenditure, or \$13 million per \$1 million of expenditures.

**GRAPHIC REPRESENTATION OF ECONOMIC IMPACT OF GPTMC'S
TOURISM MARKETING:**



IV. EFFICIENT MARKETING PROGRAMS

The economic impact of tourism advertising detailed in the previous section is built on the foundation of GPTMC's fully integrated marketing, advertising, public relations, and Web programs. In a vacuum, the three advertising campaigns analyzed above would never have produced the kind of economic impact described. The impact of these three ad campaigns emerges only in the context of GPTMC's total integrated marketing approach, which includes advertising, Web site, and public relations efforts.

As the single regional tourism marketing agency, GPTMC has opportunities to create efficiencies in marketing, public relations, and advertising that no other organization in the region possesses.

- GPTMC's advertising department created more than 373 million impressions in 2003, using print, television, radio, and billboards. The advertising department is able to *leverage bonus media buys and advertising slots, provide regional partners opportunities to advertise that they would otherwise not have, and obtain bonused promotions from advertising partners.* The advertising department creates added value through extended media buys, obtaining \$1.40 in ad value for every \$1 it spends and through the co-op advertising program,³⁹ which generates more than \$2 for every \$1 spent on co-op ads.
- GPTMC's public relations department reaches national markets and media with a frequency that the company could not afford with advertising. The PR department sells the Philadelphia region's story to 3,500 media outlets nationally and, in 2003, generated more than 949 million media impressions, worth \$50.6 million in advertising equivalency. In addition, the PR department partners with the region's hotels, restaurants, and cultural attractions to develop stories to tell prospective visitors.
- GPTMC's Web site, *www.gophila.com*, has been the source of high-value returns through *national and international marketing; hotel package sales; the cultivation of affinity groups through newsletters; and marketing for Philadelphia's and the region's cultural attractions.* The site received more than 3.6 million visits in 2003, 5% of whom were from foreign countries. Sixty percent (60%) of hotel packages are now booked online (as compared to 20% when packages were introduced in 2001), and the site has become the official visitors site for the City of Philadelphia, the Greater Philadelphia Chamber of Commerce, and the Philadelphia Cruise Terminal at Pier 1.

³⁹ GPTMC purchases large blocks of ad space in high-distribution publications (like *AAA World*) for reduced fees and sells smaller spaces within these ads to regional destinations, attractions, and hotels, passing on significant savings and maximizing ad value.

- GPTMC's grant program has involved dozens of attractions in tourism marketing, has acted as a catalyst in getting the attractions to work together, has expanded the outreach of Philadelphia's tourism promotion, and has extended the brand.
- Through the *Philly Friends* initiative, GPTMC is training residents to be tourism marketers, equipping them with the information and encouragement they need to motivate their family and friends to visit and to direct their family and friends to the destinations, attractions, and overnight opportunities in the region.

Generating Advertising Value

As the founding Pew study pointed out, before GPTMC's inception, there was no significant advertising for tourism to the Philadelphia region. With GPTMC's creation came image advertising for the region and with that, opportunities to generate more advertising value.

In 2003, GPTMC spent \$6.1 million on advertising. Through bonused advertising, GPTMC extends its media buys 40%, generating \$1.40 in media for every \$1 it spends, with total advertising value in 2003 reaching \$8.54 million. GPTMC's role as the central regional agency for marketing and advertising tourism allows it to leverage such added value in advertising:

"Only because there is a marketing agency like GPTMC can we offer these bonus ads... without a central agency that can buy a critical mass of advertising time, this bonus ad value would not be offered and it would be lost to the region's tourism efforts." - Tom Wise, Director of Sales, Comcast Spotlight

In September 2000, GPTMC began to tell the regional marketing touring story on three pages of cooperative ads, including 12 individual advertisements for destinations, attractions, and accommodations, to 2.3 million AAA households in *AAA World* publications. In every consecutive issue, AAA Mid-Atlantic members from Pennsylvania to Virginia read the seasonal stories of 66 individual advertisers from the region.

In 2003, GPTMC invested \$434,000 in cooperative advertising, an investment that yielded \$963,000 in ad value.

These cooperative advertising opportunities provided destinations with full-page, four-color ads to enhance their own advertising, giving them a louder and more effective voice to reach their audience under GPTMC's *Philadelphia and Its Countryside* banner:

"First, GPTMC's co-op program is not only a value to the bureau itself, but also to our membership as a marketing tool. Secondly, and I think, more importantly, it is the message that gets to the end consumer that says that the region is interesting, vibrant and whole. Without the co-op program, we'd be spending more money resulting in less of a presence." - Nina Kelly, Director of Sales and Marketing, Brandywine Conference and Visitors Bureau

And, for those smaller destinations, GPTMC's cooperative advertising program provides an opportunity to advertise to an audience never before or otherwise reached:

"We would have never been able to advertise outside of the region without the coop program. We're a small shop with a very small budget, and have to make decisions pretty quickly and keep moving. A little while ago we hired a consultant to look at what we were doing with our ad dollars. She looked at all of the stuff we had going on and said all of our money should go into the coop program. She compared it to a 401K because each dollar we spend is being matched." - Sean Kelley, Program Director, Eastern State Penitentiary Historic Site

As part of leveraging its advertising relationships, GPTMC creates added value by extending its advertising purchases in a variety of ways. Just a few examples:

- GPTMC has been able to reach the Hispanic market in the region through *Al Dia* magazine, *Univision* and *Telemundo* television stations, each of which has provided (at no cost) Spanish translations of GPTMC ads.
- Philadelphia TV media partners like 10NBC/WCAU and Channel 6/WPVI have provided promotional spots for GPTMC to advertise the Philly Overnight® Hotel Package combined with tickets to regional events like *Degas and the Dance* at the Philadelphia Museum of Art and the *Philadelphia Flower Show*, thereby creating cross-promotional opportunities that connect regional attractions with regional accommodations.
- Philadelphia TV media partners like WB17 and UPN57 have extended GPTMC's purchase of air time by running Philly's More Fun When You Sleep Over® ads with added frequency.
- Baltimore radio partner WWIN arranged for Tom Joyner to promote the Philly Overnight® Hotel Package for no charge on his show, *The Tom Joyner Show*.
- The national Web site, www.Accuweather.com, partnered with GPTMC for its "Guess the Temperature in Philadelphia on the Fourth of July" contest. The promotion included a Philly - You Just Can't Do It In a Day™ Hotel Package as a give-away, reaching a national audience with GPTMC's message.

GPTMC has devised a strategy of focusing on high-yield markets, so that by "fishing where the fish are," advertising costs are kept down in relation to tourism outcomes:

"The Greater Philadelphia Tourism Marketing Corporation has shown that targeted campaigns can bring in thousands of visitors and millions of dollars." The Philadelphia Inquirer, October 10, 2003

Through secondary and customized marketing research, GPTMC identifies the high-yield markets most likely to take action following exposure to tourism advertising. For example:

- In 2002 and 2003, GPTMC created multicultural television and radio commercials in Baltimore and Washington, designed to invite the African-American traveler to experience Philadelphia.
- And, in 2003, based on custom market research conducted by Community Marketing Inc., GPTMC, in conjunction with the Philadelphia Gay Tourism Caucus and the Philadelphia Convention and Visitors Bureau (PCVB), coordinated a \$300,000 integrated marketing campaign for the gay and lesbian audience.

The success of the initial print, PR, and Web campaign will be supplemented by Comcast's creation of the first television commercial in the country promoting a destination as gay-friendly.

The impact of Philadelphia's gay tourism campaign – using the tagline “*Get your history straight and your nightlife gay*” – has been noticed nationally as an initiative that is drawing gay travelers away from more “traditional” gay-friendly locations like San Francisco:

“Competition for the lucrative international gay travel dollar is fierce from places such as Sydney, Paris, London, and Amsterdam, and since gay marriages became legal in parts of Canada, from Toronto. Even in the United States, cities like Philadelphia and Miami have chipped away at San Francisco's dominance.”
— *The New York Times*, February 29, 2004

Generating Value Through Public Relations

With a public relations budget of \$1.7 million in 2003, GPTMC's in-house public relations agency generated press coverage valued at \$50.6 million in advertising equivalency. This figure represents a 166% increase in efficiency over 2002, when the PR budget was relatively the same.

In 2003, GPTMC's public relations department generated 3,290 news and editorial (i.e., non-paid) placements in national and regional news media outlets, which created 949 million consumer impressions. Included in these press placements were features in some of the leading newspapers in the country.

- 22 placements in *The New York Times*
- 17 placements in *USA Today*
- 8 placements in *The Wall Street Journal*
- 4 placements in *The Washington Post*

In many respects the public relations department also serves as the region's PR firm, leading media efforts to promote regional events and attractions to the national and regional press.

Some examples from the past year include:

- The opening of the Liberty Bell Center, generating 928 stories and reaching 168 million people
- The opening of the National Constitution Center
- The openings of the *Degas and the Dance* and the *Manet and the Sea* exhibits at the Philadelphia Museum of Art
- The first season of CruisePhilly from the Cruise Terminal at Pier 1
- Philadelphia Neighborhood Tourism Network tours
- The Philadelphia Museum of Art Craft Show
- The launch of Philadelphia CultureFiles, an online guide to the region's arts and culture
- Philly's More Fun When You Sleep Over® campaign and *Philly Overnight®* Hotel Package
- The launch of the Philadelphia gay marketing campaign
- AAA marketing effort
- Targeted media outreach to promote the gardens of Philadelphia, Philadelphia's dining scene, new historical attractions, annual events, etc.

A key tactic in promoting the region through PR is developing strong relationships with regional and national journalists. In 2003, the PR department hosted two conferences of the Society of American Travel Writers (SATW), the preeminent professional organization of travel writers. In addition, GPTMC's Visiting Journalist Program brought 154 media representatives to the region during the year, and this first-hand exposure to the five counties resulted in major national coverage in publications such as *The Boston Globe*, *Arthur Frommer's Budget Travel*, *Travel & Leisure*, *National Geographic Traveler*, *Art and Antiques* and *Travelocity.com*, to name just a few.

“I count on GPTMC to steer me towards the best of Philly – both historic and contemporary. There are so many outstanding cultural venues, events and great restaurants in Philly that it’s a great help when local experts plan press trips around special themes, steer me towards the best of what’s new and sophisticated and showcase historic venues in a new light.” - Barbara Sturm, freelance journalist, SATW member

The PR department serves the general marketing needs of the region by developing news content (words and pictures) that position Philadelphia competitively with magazine, newspaper, television, and radio editors and producers.

- In the past year, GPTMC supplemented its substantial photo library and shot new photography of 163 regional locations and supplied photography to national news outlets, including *USA Today*, *Asbury Park Press*, *The Wall Street Journal*, *the Miami Herald*, and yahoo.com. A partial list of b-roll⁴⁰ users included CN8, ABC Sports, BET, WPVI, USA Today Live and the History Channel.
- More than 750 new users made use of GPTMC’s online pressroom on www.gophila.com in 2003, including (primarily) national media outlets, stakeholders and other communications agencies.
- And, in 2003, GPTMC created and distributed more than 150 separate press releases and fact sheets with regional news – on everything from summer trip planning to Valentine’s Day hotel packages, new restaurants and a calendar of events. It also launched Philadelphia CultureFiles, an online guide to 400 arts and cultural experiences in the region.

Finally, in addition to raising positive awareness of Philadelphia as a destination, PR helps the bottom line by directly impacting the ability of travel sales people to sell the destination:

“Having articles in various newspapers and magazines around the country clearly helps out salespeople and our marketing efforts by creating a better perception,” Sam Rogers [of the PCVB] said. ‘Everything feeds into everything else.’” — *The Sunday Tribune*, October 5, 2003

⁴⁰ B-roll is film footage used in the background of television productions.

Creating Efficiencies Through the Web

Early on, GPTMC realized what a valuable tool the Web would be in marketing the region and began investing heavily in its Web site: *www.gophila.com*. The site is now not only the primary call to action for GPTMC advertising, it serves as the official visitor's site for the Greater Philadelphia Chamber of Commerce, and the City of Philadelphia.

The power of the site is clearly linked to the level of investment in it: In 2001, less than \$200,000 was invested in *www.gophila.com* and visitorship to the site was at 1.5 million. Investment in the site rose to \$350,000 in 2002 and visitorship more than doubled to 3.1 million. Since then visitorship has experienced an impressive, but more modest rise – 16% to 3.6 million visitors in 2003 – while the Web site's budget has stayed the same.

To realize the full power of the Web site – as the main call to action in GPTMC's advertising and as a vehicle for marketing, advertising, and sales – further investment is required.

In response to technology and travel trends, the site has been integrated into all of GPTMC's marketing and advertising and has been used to:

- Extend the reach of advertising to include national and international destinations
- Close the tourism sale by advertising and offering hotel packages on line
- Reduce fulfillment and collateral costs by providing trip planners, itineraries, and a full range of visitor information online, in printable form
- Market and advertise the region's cultural products by becoming the city's official Web site, through CultureFiles, and through newsletters with affinity groups.

Extending the Reach of Advertising Through the Web

GPTMC has concentrated its television advertising in those regions that represent the highest return on investment. That market is the drive population from the New York to Washington, D.C. region, representing more than 35 million people. The Web, however, has proven to be an extremely cost effective tool for reaching those niche segments which are interested in the Philadelphia region, but are not accessible through GPTMC's traditional advertising. The message Philly's More Fun When You Sleep Over® is, therefore, heard throughout the country and world.

The visitors to *www.gophila.com* in the last half of 2003 were local, regional, national, and international.

- The top points of origin of *www.gophila.com*'s most recent visitors include:
 - *Philadelphia; New York City; Washington, D.C.; Northern California; Northern Virginia; Atlanta; Southern New Jersey; Wilmington; Harrisburg; Chicago; and, Los Angeles.*
- Close to 5% (184,287) of *www.gophila.com*'s Web visits in 2003 were from foreign countries. Web site visitation mirrors those countries that are the most frequent points of origin for Philadelphia's international visitors: Canada, United Kingdom, France, Germany, and Spain. In other words, for no additional cost, the Web site serves as an advertising and sales vehicle for foreign visitors.

Partnering to Sell Hotel Packages Through the Web

- GPTMC's post-9/11 recovery initiative – selling hotel packages under the banner Philly's More Fun When You Sleep Over® – began just as the Web was becoming a more popular tool for researching and making travel plans. Now, 71% of Internet users rely on the Web to research and make travel plans, and the use of *www.gophila.com* for selling hotel packages reflects this trend: In the fall of 2001, 20% of hotel packages were booked on *www.gophila.com*, and by the fall 2003 campaign, 60% of hotel packages were booked through the site.
- Through Web optimization, GPTMC has been able to reduce the cost of advertising specifically for the sale of hotel packages. Though the site is the call to action for all those interested in visiting the region and provides information on dining, attractions, and itineraries, it is also becoming the primary vehicle for selling the Philly Overnight® Hotel Package. When online advertising for these packages began in 2001, the cost per package for advertising was more than \$200 and is now under \$40.
- Finally, local hoteliers acknowledge the value of advertising and offering the regional hotel packages on the Web:

*“GPTMC has been a tremendous support for us. Economically, the package on *gophila.com* has been essential to improving our business on the weekend. As a whole for Center City it was very important to bring people for shopping, restaurants and cultural attractions over the weekend. GPTMC did it! The GPTMC web site has been a terrific tool to market the package. Their commitment and dedication to help hotel business has been tremendous. I am looking forward to continuing our successful partnership.” - Nicholas Pesty, General Manager, Sofitel Philadelphia*

Reducing Fulfillment and Advertising Costs Through the Web

- GPTMC has saved more than \$500,000 in fulfillment costs, including printing, production, and postage for collateral material since 2000, with consumers downloading this information from *www.gophila.com* instead of requesting that information be sent through the mail.

Marketing the Region's Tourism Product Through the Web

- In 2002, *www.gophila.com* became Philadelphia's official tourism Web site, with the City of Philadelphia recognizing the value that had been invested into the site and the equity the site had built up in the short time since its creation. In so doing, the Mayor's Office of Information Services estimates that GPTMC has saved the city at least \$75,000⁴¹ annually in the cost of creating and maintaining tourism Web content:

"The City of Philadelphia recognized the need to increase user activity on the Visitors section of its website. We considered dedicating resources to the development of a site that would focus on the needs of the tourists to the area. Then the light bulb went off: we could partner with gophila.com, who already provides the best content for a visitors section. Gophila.com is a model for providing the best of Philadelphia and the surrounding area. Since the partnership began, we have experienced favorable comments on the information provided in our Visitors section. The partnership has been a great benefit to the users of phila.gov." - James A. Cartwright, Mayor's Office of Information Services, eGovernment Program Manager

- GPTMC was awarded a three-year grant from the William Penn Foundation to create CultureFiles, an insider's online guide to the region's arts and culture, and in March 2003 CultureFiles went live on *www.gophila.com*. CultureFiles organizes, catalogues, and presents to the public and the media the region's range of cultural activities, represented in 13 categories and with more than 400 cultural experiences described. It now serves as the primary source for what to do in the region, with more than 400,000 visitors online since going live.

"Though we know our Eight Days section offers plenty to do, even we'll admit there's a resource that's got us beat: The Greater Philadelphia Tourism Marketing Corporation's CultureFiles. The online guide to the region, culled over two years, is phenomenal. It allows you to explore the city by category, by neighborhood or by special interest... Hands down, the CultureFiles is the best place to find information about what to do and what to see in the area."— Philadelphia Weekly, March 2003

⁴¹ Figure provided by James Cartwright, Mayor's Office of Information Services, March 3, 2004.

In addition, CultureFiles has provided a platform for the region's large and small cultural destinations to have a voice to the public. As with the cooperative advertising program run by GPTMC, CultureFiles is another example of how a centralized tourism marketing and advertising function serves to bring a larger audience to both large and small destinations.

- Through *www.gophila.com*, GPTMC communicates with 10 consumer affinity groups through e-mail newsletters sent to more than 100,000 subscribers. Through the newsletters GPTMC is able to conduct targeted marketing and sales based on consumers' specific interests and demographic profile. Newsletters on the following topics are sent monthly, bi-monthly or quarterly to subscribers: *General Philadelphia and Its Countryside travel; Dining/Nightlife; Family-friendly Travel; Festivals, Events, and Parades; Accommodations and Hotel Packages; CultureFiles: Philadelphia Arts and Culture; Philly Friends; CruisePhilly; and Gay-friendly Travel.*

Grant-making to Extend Marketing and Advertising Value

GPTMC's grant program provides funds to regional cultural organizations and destinations to market and advertise their offerings. The grant program supports GPTMC's general advertising campaigns by promoting specific events as reasons for travelers to book their trip now. The grant program also supports the cultural community by encouraging collaboration; helping them to extend the reach of their advertising to out-of-region markets; and increasing their capacity in the area of tourism marketing.

Since 1997, GPTMC has awarded 173 grants that total \$3.5 million to the region's arts, culture, and heritage organizations to supplement their advertising and marketing efforts. Grantees are required to match the grant \$1:\$1 in additional out-of-region marketing. In many cases the grantees exceed the minimum requirement, thus the total spent to market GPTMC-funded cultural tourism projects is \$9.7 million. GPTMC grant money stimulates marketing and encourages attractions to reach beyond their usual markets.

- In 2002, GPTMC granted \$457,900 to 35 attractions. Of those 35, 17 included a hotel package component in their grant project generating a total of 5,541 hotel room nights. The grantee organizations reported a total of 12,365 leads generated from grant-related advertising.
- With diminishing funding from the hotel tax, fewer grants were provided in 2003. Twenty-one (21) attractions were given a total of \$265,000. Of those 21, 10 projects included a hotel package component, with 1,322 hotel room nights generated as a result. The grantee organizations reported a total of 38,279 leads generated from grant-related advertising, a marked increase in lead generation from 2002, due primarily to improved lead tracking on the part of grantees.

Residents as Marketers Through Philly Friends

A 2002 analysis of GPTMC's advertising and marketing efforts pointed out that residents within the region have the potential to promote the region to their friends and family and that these residents represent a marketing opportunity: *"With civic pride having improved over the last five years, word-of-mouth by locals can be more easily encouraged. There is no stronger marketing message than to have Philadelphians telling people they know what a great place it is to visit. An objective should be to determine how to marshal the resources for a word-of-mouth campaign."*⁴²

In response, GPTMC created *Philly Friends* in June 2003, with the goal of motivating residents to build on their civic pride and become knowledgeable and enthusiastic "tour guides" for their visiting friends, relatives, and business associates. The program provides residents with the necessary tools to be effective salespeople for the region.

Close to seven million (6.8 million) of the region's 16.2 million leisure visitors are visiting friends and family. In other words, residents within our region drive much of the visitation to the region. Leveraging this fact to create an impact on tourism means equipping residents to become part of the region's tourism sales force and this goal is accomplished through the *Philly Friends* program.

The results of the *Philly Friends* program have been impressive in the short time it has been in existence:

- 1,600 residents have registered to be *Philly Friends*. These residents receive the equivalent of marketing training from GPTMC through a variety of methods, including an orientation on how best to tour the region; regular newsletters and updates on tourism opportunities; and training on the best messages and "bragging points" to convey to their friends and family to entice them to visit.
- In a recent poll of the *Philly Friends* cohort, participants report that they have told an average of eight people about an event, hotel package, destination or tourism opportunity in the region as a result of their *Philly Friends* affiliation. This eight-fold extension of the reach of *Philly Friends* yields 12,800 people who have been influenced by word-of-mouth to enjoy and explore a tourism-related activity in the region.
- The same poll demonstrates the power of word-of-mouth as a marketing tool: 86% of *Philly Friends* report that a friend or family member has taken action, attended an event, booked a hotel, or visited a destination as a result of the information they received from a *Philly Friends* representative. (Typical tourism advertising yields an action response rate in the area of 10%-12%).

⁴² Philadelphia: Tourism Promotion Analysis, Parter International, Inc., April 15, 2002, p. 47.

V. GPTMC AS A PARTNER

The value GPTMC has been able to generate in raising the image of and generating visitorship to the region can be measured in concrete terms as the previous sections have shown.

In addition, there is measurable value in having a partnering agency like GPTMC for civic, cultural, and hospitality organizations to work with to promote their products and the region. GPTMC's practice of partnering has been widely noted and taken as a model for tourist organizations in other cities as well: *"Philadelphia, a city often compared to Boston, is a model in cultural collaboration, thanks partly to a dynamic nonprofit agency, The Greater Philadelphia Tourism Marketing Corporation."*— *The Boston Globe*, January 1, 2003

For instance, after 9/11, Philadelphia's Mayor Street, concerned about protecting the city's hospitality industry, turned to GPTMC to structure, advertise, and offer two-for-one hotel packages. As a result, the Philly Overnight® initiative became the number one post-9/11 recovery program in the nation and is an increasingly profitable tourism product each year.⁴³ Only with a well-established and well-equipped marketing organization already in place was such quick-response programming and advertising possible:

"Through GPTMC's leverage and buying power after 9/11, we had tremendous response with the leisure market – within the City and relative to our competitive set and maybe even nationally. The "power of the package" and what it did for this City was overwhelming, and it has increased not only room nights but the perception of this City and the exposure of this City. Our occupancies are up and I think it's evident when looking at the leisure market. Every year the leisure market has increased." - Chris Hosmer, General Manager, Courtyard by Marriott Philadelphia Downtown

Further evidence of the value and impact of having an agency to partner with is GPTMC's current funding source through a 1% hotel tax. In the spring of 1998, GPTMC worked with the Greater Philadelphia Hotel Association (GPHA) to lobby for a 1% increase in the city's hotel tax to fund tourism marketing and GPTMC. In July 1999, with the support of the GPHA, the State legislature, Governor Ridge, and Mayor Rendell, City Council approved and signed the bill authorizing the 1% hotel tax to fund GPTMC.

"I would like to think that back then – in 1998 – we at the Hotel Association were prescient and saw how important tourism would become to the city. The hotel economy depends on business travel, conventions – where, prior to 1998, we had all our eggs in one basket – and now, increasingly, leisure travel." — Mickey Rowley, Former Executive Director of the Greater Philadelphia Hotel Association and currently Deputy Secretary of Tourism, DCED

⁴³ According to Smith Travel Research and reported in *The Philadelphia Inquirer*, December 19, 2001 and *Hotel Business* January 21, 2002.

Hotels, however, are not the only ones to benefit in concrete ways from the partnering opportunities that GPTMC, as the single regional marketing agency for tourism, affords. Other examples of how the partnering model generates impact for the destinations and businesses in the region include:

Regional Conference and Visitors Bureaus (CVB)

Visitor tracking evidence shows that tourism to Philadelphia is regional. Four out of ten visitors whose main destination is the city spend time in the four surrounding counties, and four out of ten visitors whose main destination is one of the surrounding counties spend time in the city.⁴⁴

With this evidence in mind, GPTMC has promoted *Philadelphia and Its Countryside* and has partnered with the regional CVBs to promote tourism. This branding and promotion feeds into the objectives and goals of both the city and the suburbs by motivating urban visitors to make the trip out to the suburban counties and vice versa.

“Chester County, and all of the Philadelphia region, are well served by the consumer advertising campaign that GPTMC continues to operate. For many years the missing link in the area’s tourism marketing effort was a lack of such consumer advertising, and now these efforts are consistent, on message, and truly regional in their approach. We look forward to continuing to work with GPTMC to reach individual consumer travelers, including specialty markets such as multi-cultural and gay/lesbian.” - Jesse Walters, Executive Director, Chester County Conference and Visitors Bureau

In addition, this regional cooperation is consistent with and supports models of regional economic development, which identify the interdependence of city and suburb. The regional suburbs are desirable for residents and employers because of the resources – like an international airport, fine dining, and culture – that the city provides. And, the city is more attractive because of suburban options for living and enjoying the outdoors that surround it.

“There are not many organizations that recognize that acting like a region is absolutely critical to Greater Philadelphia's economic future. It's really not even a choice – if we can't compete for jobs, people, and investment as a region we are dooming ourselves to a future as an also-ran. But thinking and acting like a region is easier said than done. GPTMC is one organization that talks the regional talk and walks the regional walk. Through its efforts, GPTMC has been able to support regional economic development by recognizing and promoting all of the Greater Philadelphia region's outstanding visitor experiences, wherever they're located in the region.”
— David Thornburgh, Executive Director, Pennsylvania Economy League

⁴⁴ Longwoods International, 1999

Neighborhood Tourism Network (NTN)

GPTMC established the Neighborhood Tourism Network in 2001 to introduce the city's diverse neighborhoods as core assets of the region's tourism industry. Developed in cooperation with more than 20 community-based organizations, the program seeks to bring tourism's economic benefits to the neighborhoods by enhancing the image of participating communities, introducing new audiences to cultural institutions located there, and generating new customers for participating retailers and restaurants.

The program's centerpiece is the Philadelphia Neighborhood Tours, a series of tours that highlight select neighborhoods' ethnic heritage and cultural diversity. The tours, which incorporate historic interpretations and culturally authentic presentations of music, dance, and food, have proven to appeal to three growing markets – urban adventurers, multicultural visitors, and residents and their visiting friends and relatives.

Since the program's inception in 2001, the Neighborhood Tourism Network has had a measurable economic impact:

- 88 small businesses participate in the tour program
- 84 published articles have appeared in national news outlets (e.g., *Wall Street Journal*, the *Cleveland Plain Dealer*, etc.) for a total advertising value of \$1.9 million
- Participating cultural institutions have reported a 5% increase in sales when the tours visit their gift shop

These figures do not, however, fully reflect the economic value of bringing tourism to Philadelphia's neighborhoods. With 83% of tour consumers indicating that they intend to return to the neighborhood they visited, the tours introduce a new market to neighborhood retailers.

"The Neighborhood Tours have brought new customers to Chinatown businesses. For example, the proprietor of the Chinatown pharmacy featured in our tour has not only benefited from sales made during the tour, but has also made additional sales when tour participants return. This is a new and welcome market for him and other Chinatown businesses." - John Chin, Executive Director, Philadelphia Chinatown Development Corporation

Smaller institutions with limited marketing budgets have also seen an increase in the number of visitors. According to the institutions, the tours have also diversified their audience.

"Participation in the Neighborhood Tourism Network has provided an immeasurable boost to the Johnson House as we are now able to attract visitors from Center City and beyond. The tours have broadened and diversified our audience. In addition, the program has provided marketing support far beyond what we could have done alone. The Johnson House has been featured in newspapers and magazines across the country as a direct result of our participation in the Neighborhood Tourism Network."

— Evelyn Felder, Executive Director, Johnson House Historic Site

Knowledge Industry Partnership (KIP) and One Big Campus

Pennsylvania's number two export is college-educated young people. KIP and the One Big Campus initiative were created in response to this phenomenon – with a coalition of Greater Philadelphia's civic, business, government, and higher education leaders.

The goal of the programs is to create positive first-hand experiences throughout the student life cycle — prospect>student>graduate — which lead to a stronger emotional attachment to the area, and ultimately a stronger personal desire to remain after graduation. Marketing successfully to prospective, current, and graduating students has ripple effects throughout the economy of the region, including the retention of corporations that need well-educated employees, housing growth, etc.

GPTMC is the marketing arm for KIP, and has generated tremendous growth in KIP's partnering Web site – *www.onebigcampus.com* – and in PR attention for the Knowledge Industry Partnership. KIP's site recorded 309,000 unique visitors in 2003, an increase of 32% over 2002. Through the site, visitors requested 5,248 view books from individual colleges, up 50% from 2002. KIP's \$90,000 public relations budget produced \$1.2 million in national and regional media value.

GPTMC's marketing and PR achievements for "One Big Campus" have not gone unnoticed by marketing and PR professionals. On December 3, 2003, the Knowledge Industry Partnership's "One Big Campus" campaign won the "Best of Show" award for its public relations efforts at the Philadelphia Chapter of the Public Relations Society of America's 35th Annual Pepperpot Achievement Awards. Competing with nearly 150 entries from the Philadelphia area's top public relations firms, the "One Big Campus" entry received perfect scores from the judges, winning both the individual category of "Issues Management" and the overall award of "Best of Show."

Partnering with Leading Civic, Political, and Business Organizations

Just as GPTMC serves the general marketing needs of the hospitality industry and attractions in the region, so too it functions as a key marketing partner for the region's civic and business leadership, providing value to their organizations and furthering the goal of promoting the region.

- GPTMC is recognized by business leaders as a “go-to” organization when something new needs to be accomplished:

“As an owner of one of the largest tour operators in the Northeast and also as chairman of the National Tour Association, I credit GPTMC for having an immediate impact on tourism in Philadelphia. An example of the organization's strength is making Philadelphia a key player in the cruise business by partnering with the Port of Philadelphia and Camden (PPC) to open up the Philadelphia port to incoming and outgoing cruise business. I am sure the new partnership with Southwest Airlines will accomplish similar great results, further making Philadelphia a great city to visit.”

— Mitch Sussman, CEO, Starr Tours

- GPTMC's success in raising leisure visitorship and the profile of the region has bolstered the ability of civic leaders to achieve their goals, whether that means raising funds from foundations, attracting more media attention, or generating political support for their proposals.
- GPTMC's presence as the tourism marketing vehicle for the City of Philadelphia, specifically, has allowed Philadelphia to both generate tourism opportunities and to save financially. Again, the two-for-one hotel packages that began as the city's 9/11 response could only be created and executed because GPTMC was already established and well-equipped. These hotel partnerships worked because GPTMC had the marketing reach to get the packages off the ground and make them successful. And, by serving as the City of Philadelphia's official tourism Web site, www.gophila.com saves the city \$75,000 annually in Web maintenance and content creation.

Finally, it is important to note that GPTMC's founding structure – as an independent non-profit organization and not a membership-based organization – has allowed its partnering activities to be tourism and value driven, not determined by the needs and interests of a group of member organizations. As a result, a wide range of businesses and industries have benefited, and GPTMC can direct its marketing strategies solely with the customer and with tourism outcomes in mind.

VI. THE REGION'S COMPETITIVE POSITION

The Consequences of Cutting Back

There is evidence that decreasing spending on tourism marketing can have serious negative consequences to a region's economy. That is, it can prove "penny-wise and pound foolish." The recent experience of four states – Colorado, New York, California, and Illinois – illustrates this point. Each case provides a compelling illustration of how decreasing tourism-marketing budgets directly impact a destination's economic well-being.

- When Colorado cut back in promoting itself as a travel destination from 1993-97, its share of domestic travel dropped 30%. It also dropped from first place in the "summer resort" category to 17th and still has not broken back into the top ten. It has been estimated that the state had a \$2.4 billion reduction in tourism spending and a \$134 million reduction in direct taxes.⁴⁵
- New York State's "I Love NY" program began in 1977. Regular tracking has shown that advertising awareness and the resulting share of the tourism market have been directly proportional to the state's commitment to advertising.⁴⁶ In an interview, Mario Cuomo listed as one of the two most important regrets of his term as governor his reduction of funding for the "I Love NY" tourism promotion campaign.⁴⁷
- In the mid 1990's, California's tourism marketing was severely reduced. As a result, its market share dropped from 10.1% to 9.7%, resulting in a loss of \$1.72 billion in tourism spending, \$106.8 million less in direct tax revenue, and 24,000 fewer jobs.⁴⁸
- Chicago is currently facing cutbacks in its tourism marketing dollars, with many pointing out the counter-productive nature of such cuts. At the Chicago Convention and Tourism Bureau, state grants make up \$4.7 million of its \$14.1 million budget. Under a new proposal, the grants would fall to \$2.1 million in the next fiscal year.

"The last thing you want to cut in tough times is something that brings in more dollars than you spend – that's basic economics." – Marc Gordon, President, Illinois Hotel and Lodging Association⁴⁹

These cases also demonstrate that the cost of re-starting a tourism marketing campaign is staggering, and results are not immediate. In contrast, by continuing to invest in a marketing strategy that has proven successful, the region has an opportunity to realize continued and increased economic returns.

⁴⁵ Longwoods International. "Colorado Restores Tourism Funding," from <www.longwoods-intl.com/case-study-Colorado.htm>.

⁴⁶ Parter International et al., 1995.

⁴⁷ Ibid: p. 76.

⁴⁸ "California Tourism's Contributions to the California Economy 1998-2002," from <www.clia.org/tourism.cfm>

⁴⁹ *Plan to Halve Tourism Spending Jolts Illinois Sector*, Kathy Bergen, *Chicago Tribune*, February 20, 2004.

The Danger of Standing Still

As a result of GPTMC's success, it is now in a new tier of competition when it comes to leisure travel. The Philly's More Fun When You Sleep Over® billboard in Times Square and on a scrolling marquee and banner at Madison Square Garden signaled the new status the region has attained. And these ads generated 17 million impressions.

A danger, however, of reaching this point is standing still. Tourism studies have shown that successful marketing campaigns require continuity and stability from year to year. To be certain to maintain the requisite level for this continuity, long-term and sufficient funding resources need to be in place.

The 1% city hotel tax has provided multi-year dedicated revenue for marketing and advertising, but revenue from this source is declining (due to declining convention bookings and flat business travel which make up the bulk of hotel room nights in an urban destination like Philadelphia), and advertising costs are increasing. At the same time, alternative sources of continuous funding – the Delaware River Port Authority (DRPA), the region's foundations, etc. – are declining.

Without dedicated revenue to make up for hotel tax declines and meet increased advertising costs, GPTMC's accomplishments could be eroded.

- The region's competitors continue to advertise and market aggressively and in so doing have already made a dent in Philadelphia's convention business. With the completion of the new convention centers in Washington, D.C. and Boston, competitors to Philadelphia's convention and meetings business will become more attractive and will be in a position to attract the larger conventions.

Philadelphia needs to market aggressively and differentiate its total product over the Washington and Boston experience to the convention audience (to stem the losses to the other cities) and the tourist audience (to try to make up the difference in visitation that lost convention business is likely to mean).

- Philadelphia's new tier of competition creates new pressure to maintain and add to its existing marketing and advertising campaigns. New York, Boston, Atlanta, and Washington, D.C. are now Philadelphia's competition, and those regions have a longer track record – and, with that, more money – invested in tourism marketing.

Philadelphia's post-9/11 recovery was swifter and better than other national destinations, but leisure travel is now on the upswing nationally and many destinations are increasing their advertising and marketing budgets to take advantage of this growth.

- Tourism marketing is increasingly expensive, both because advertising costs are rising and because new media and advertising vehicles create more places and opportunities to advertise. Consumers, now confronted with advertisements virtually all the time and in all places, become harder to “interrupt” and more expensive to reach.
- Tourism infrastructure does not leave; if it is not supported by tourists it will deteriorate. The attractions and destinations within the region – including natural resources, the built environment, and our historical treasures – are not going anywhere. Either these tourism products are supported – in part, by generating more tourists – or they will deteriorate and will begin to work against the region by discouraging visitors from spending time here.

With the advent of The Kimmel Center, the Independence Visitor Center, and the National Constitution Center, GPTMC needs to increase its selling and packaging of history and culture. The region’s capital improvements now require GPTMC to market them to ensure adequate return on capital investments.

VII. SECURING THE REGION'S POSITION AS A TOURIST DESTINATION

A Marketing Plan for Moving Forward

GPTMC's current marketing plan is based on 18 strategies that build on past programs that have yielded success and responded to trends that can yield larger tourism pay-offs. The marketing plan for 2004-05, includes advertising, public relations, and online tactics that will be used to implement the following marketing strategies:

- *Use print, radio, and television advertising to position Philadelphia and Its Countryside as a fun, exciting, urban/country destination and leverage our unique competitive advantages, such as history and heritage, dining and cultural pursuits.*
- *Brand Philadelphia as an affordable weekend getaway destination.*
- *Promote Philadelphia through advertising in the highest yield consumer markets.*
- *Close the sale through continued advertising of and links to accommodations through www.gophila.com.*
- *Capitalize on growing consumer segments, such as the African American, Hispanic, Asian American, gay and lesbian, and student segments.*
- *Extend reach of advertising in local, regional, and national media through use of strong in-house PR agency.*
- *Make it easy for editors and writers to produce news and editorial coverage of Philadelphia and Its Countryside.*
- *Mount aggressive in-region PR campaign to promote the economic role of tourism marketing and to involve regional residents in tourism.*
- *Promote the region's established and emerging "destination definer" attractions and events through integrated marketing activities.*
- *Based on growth of online commerce, continue to make www.gophila.com the call to action for all GPTMC marketing efforts.*
- *Grow the Web, www.gophila.com, as the region's preeminent tourism Web information source.*
- *Expand and improve the visitor experience in Philadelphia to extend the economic impact of tourism.*
- *Talk directly with the region's residents to motivate in-region exploration and hotel overnights from visiting friends and relatives.*
- *Accelerate stakeholder relations activities to promote investment in tourism.*
- *Evaluate economic impact and image/visitation results from GPTMC's marketing efforts.*

- *Provide a platform for increased collaboration on a regional partnership level.*
- *Increase synergy between the Commonwealth of Pennsylvania's and GPTMC's tourism marketing efforts.*
- *Continue to promote the Independence Visitor Center (IVC) as the consumer service center for all tourism initiatives.*

The Investment Needed to Move Forward

Employing these strategies will bolster the growth in tourism that the region has experienced and will generate the economic value and impact that will pay many times over.

However, continued investment is required both to sustain current levels of market presence for the region and to build on that presence to reach a larger audience.

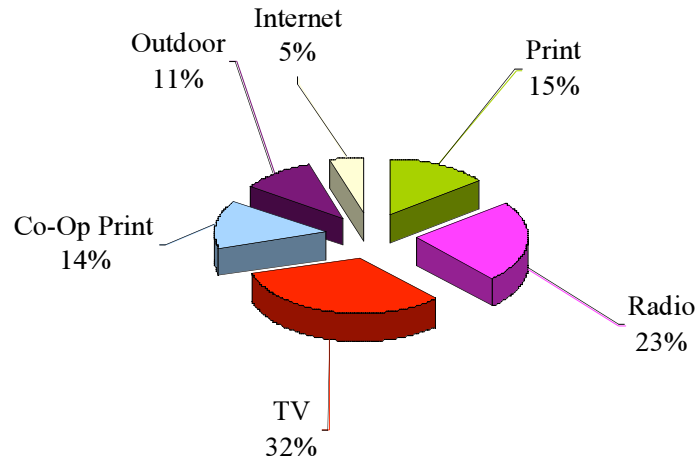
- The region's competitors are increasing their investments, advertising costs are rising, advertising opportunities are widening, and GPTMC's primary revenue stream is declining. All of these conditions make sustaining the region's current market position more challenging and warrant increased investment.
- There is, however, no such thing as sustaining the region's presence in the arena of tourism marketing. If a region is not moving forward, it is slipping backward. Competitors are quick to copy models of success (like GPTMC's) and see the advantage of increased tourism marketing. As a result, simply matching past marketing efforts will not suffice to propel the region to new levels of success in drawing in tourists and tourism dollars.

To make forward movement possible, advertising needs to accomplish three distinct goals:

- Ensure that those who have visited once come again. Achieving this goal requires new messages to advertise and market all that is new to do in the region (on a continuous basis).
- Reach those who have not heard the Philadelphia and Its Countryside message. The reach of GPTMC's message that the region is accessible, affordable, and desirable needs to extend to new geographic and demographic markets.
- Maintain and build on current levels of awareness and positive perceptions of the region as a destination. As soon as the region's tourism message to consumers diminishes, their attention turns to travel alternatives. GPTMC's advertising, public relations, and Web departments have as their goal to present constant reminders to consumers that Philadelphia and Its Countryside is worth visiting again and again.

Currently GPTMC's ad budget stands at a flat \$6.04 million and is allocated as follows:

GPTMC Advertising Fiscal Year 2004



GPTMC competes for consumers' attention amid an extremely busy and crowded advertising marketplace. As a result, the region's advertising competes, not only with other destinations' advertising, but also with a wide array of products and services that are trying to arrest consumer attention. To put GPTMC's advertising budget in some perspective, here are some other annual advertising budgets:

- McDonalds \$500 million
- Walt Disney World \$85.2 million
- Royal Caribbean \$43.2 million
- Holiday Inn \$30.5 million
- NYC & Company⁵⁰ \$15.5 million
- GPTMC \$6.04 million

In order to sustain GPTMC's gains in tourism generation for the region – given the more competitive and expensive arena in which GPTMC is operating – investment beyond the current \$6.04 million for advertising is necessary.

⁵⁰ NYC & Company is the tourism marketing organization for New York City.

GPTMC is developing a five-year, \$50 million tourism marketing plan that will supplement current advertising spending to reach new audiences (including national audiences); build on current successes (like the Web); and respond to growing trends (like commuter and multicultural travel). The advertising plan is based on additional spending of \$10 million per year over five years and includes the following:

- National Ad Campaigns. Advertising placed by GPTMC has been centralized in the five-hour drive market with concentration on New York, New Jersey, Philadelphia, and Baltimore DMAs. *AAA World* cooperative ads have reached 2.3 million households for the past three years in Pennsylvania, Delaware, Maryland, and West Virginia. The ground work has been laid to expand our advertising reach and take advantage of the increase in air travel and new airlines entering the Philadelphia market. GPTMC's proposed expanded reach – based on research evaluating national markets and partnership opportunities with DCED and others – would extend to *Florida, Illinois, California, Texas, and Canada*, for an annual marketing investment of \$3,900,000.
- Increasing Multicultural Marketing. African American, Hispanic, and Asian American travel is growing at a rate much faster than the national average.⁵¹ GPTMC has begun to respond to this trend by developing multicultural marketing, but needs to build on its current investment in order to realize results from these segments. Multicultural marketing would include *unique TV and radio commercials; customized media promotions; four-color inserts in multicultural print media*, for an annual marketing investment of \$800,000.
- Regional and National Advertising through AAA. This plan includes an expansion of current AAA advertising, addressing the gay segment through AAA publications in California, advancing new AAA packages in the state (with PA Dutch), and launching a northeast AAA/Amtrak Cultural/heritage tour with Washington, D.C., Baltimore, and Philadelphia, for an annual marketing investment of \$1,300,000.

⁵¹According to TIA's *Minority Traveler Report*, December 2003, minority travel is up more than travel overall between 2000 and 2002: African-American travel is up 4% (to 75.2 million person-trips); Asian-American travel is up 10% (to 33.1 million person-trips); Hispanic travel is up 20% (to 77.1 million person-trips).

- Bolstering the Internet and New Media Marketing. The success of the web in selling hotel packages, functioning as the new fulfillment mechanism for those planning trips, and generating national and international interest in Philadelphia and Its Countryside as a region to visit, all point to a need for increased investment in the site. An annual marketing investment of \$700,000 will allow *www.gophila.com* to achieve the following goals:
 - *continue web optimization with search engines and advertising*
 - *develop content that search engines indicate consumers look for*
 - *increase online advertising to coordinate with off-line advertising and to include new markets, like gay, multicultural, seniors, commuters, and outdoor enthusiasts*
 - *provide *www.gophila.com* with more sophisticated capabilities in conducting research, presenting video and audio streaming, and communicating with affinity groups through newsletters and e-mail*

- Marketing to the Regional Consumer through Amtrak and Outdoor Advertising. Northeast Commuter rail coverage reaches a high concentration of educated, professional decision-makers and people with above average household incomes for discretionary spending. In addition, the passenger rail system has experienced a 25% increase in ridership over the past two years. In conjunction with Amtrak station kiosks, dioramas, seat-back placements, and on-rail publications, this program will reach the commuter, day tripper, and leisure traveler in all GPTMC's key markets (local, regional, and international), for an annual marketing investment of \$900,000 for regional rail consumers and \$1,150,000 to blanket the 300-mile drive market with outdoor advertisements.

- Messages for Visiting Friends and Family. Given the success of *Philly Friends* in generating action through word-of-mouth, GPTMC seeks to build on using residents as marketers by focusing on *regional corporations, civic groups, and neighborhood groups* to expand the reach and power of word-of-mouth marketing. Themes for marketing will include: *holding corporate meetings in the region, supporting the tourism industry, continuing to brag about and "sell" the region to visiting family and friends, encouraging the use of regional hotels as "spare bedrooms,"* for an annual marketing investment of \$750,000.

- Expand the use of public relations (PR) to Supplement Advertising. PR has functioned to support each one of GPTMC's marketing initiatives with third-party endorsements of editorial media. It also extends the reach of advertising across all media, providing in-depth coverage of regional themes. With a better funded advertising program, PR can expand its activities to focus on national, international, and multicultural campaigns, raising the region's profile and bringing in more tourists. In addition, the PR department can supplement its b-roll and photo library to meet the anticipated increased demand from media outlets for pictures and video, all for an annual marketing investment of \$400,000.
- Continue to use Research to Measure the Impact of Tourism Marketing. GPTMC knows that tourism marketing works to increase tourism and provide economic value and impact for the region because it engages in ongoing research to evaluate its advertising and marketing campaigns and track leisure visitorship. But, the better the research, the more efficiently marketing dollars can be targeted to the right audiences with the right messages. Research to ensure that GPTMC meets its strategic goals for increasing tourism further would include: *pre- and post- ad testing, awareness and perception studies, visitor tracking research to understand who is coming and why, and economic impact research to measure the dollar value of tourism,* for an annual investment of \$200,000.

APPENDIX

Consultant Credentials

Econsult Corporation

Founded in 1979, in Philadelphia, Pennsylvania for the purpose of providing high quality economic research and statistical analysis in support of litigation, Econsult has grown to offer a wide range of management consulting services and products. Econsult combines economic and financial analysis with expertise in litigation and regulatory support, business planning and strategy, state and local public policy analysis, and market and demand forecasting. The firm is a recognized leader in the application of economic tools and concepts to complex litigation, public policy and business strategy issues. Over the years, Econsult has distinguished itself in numerous engagements by its dedication to providing clients with leading edge insights and responsive, top-quality economic and analytic consulting support.

Smith Travel Research

Smith Travel Research is the preeminent source of performance information for the lodging industry. Over the past 20 years, STR has evolved to the point where it collects data from over 23,000 hotels on a weekly basis while maintaining the total confidentiality of each hotel's information. STR data is universally used and relied upon by hotel owners, operators, lenders, appraisers, and publications.

Horwath Hospitality Advisors/Peter R. Tyson

Peter R. Tyson, now Chief Operating Officer of Smith Analytics (an affiliate of Smith Travel Research) and formerly of Horwath Hospitality Advisors, was a hotel consultant based in the Philadelphia area for some 30 years. In that role, he worked on most of the major hotel projects in the area over that period, consulted for the Greater Philadelphia Hotel Association and the Philadelphia Convention & Visitors Bureau and continues to assist the GPTMC. Smith Analytics, based in Wayne, is replicating the successful Smith Travel Research business model with other industries, starting with restaurants and corporate housing.

D.K. Shifflet & Associates Ltd.

D.K. Shifflet & Associates Ltd. (DKS&A) is a privately held corporation specializing in conducting marketing research and providing consulting services to the travel and tourism industry. Established in 1982, the company is located in Falls Church, Virginia, a suburb of Washington, D.C. DKS&A has more than 30 full-time employees and a professional ratio approaching 1:2. During the past two decades, DKS&A has accumulated extensive travel and tourism research and consulting experience. DKS&A has a large client base, is recognized as the leading travel and tourism research company, and has extensive destinations related research and consulting experience.

Longwoods International

Longwoods was founded in 1978, and began specializing in travel and tourism research in 1985, when they conducted their first large-scale study of the U.S. pleasure travel market. Longwoods interviewed 9,000 Americans at the time in a major strategic branding study, the purpose of which was to help change Canada's image in the U.S. Headquartered in Toronto, their research and client base has spanned North America, Europe, the Caribbean, and the Pacific Rim.

Parter International

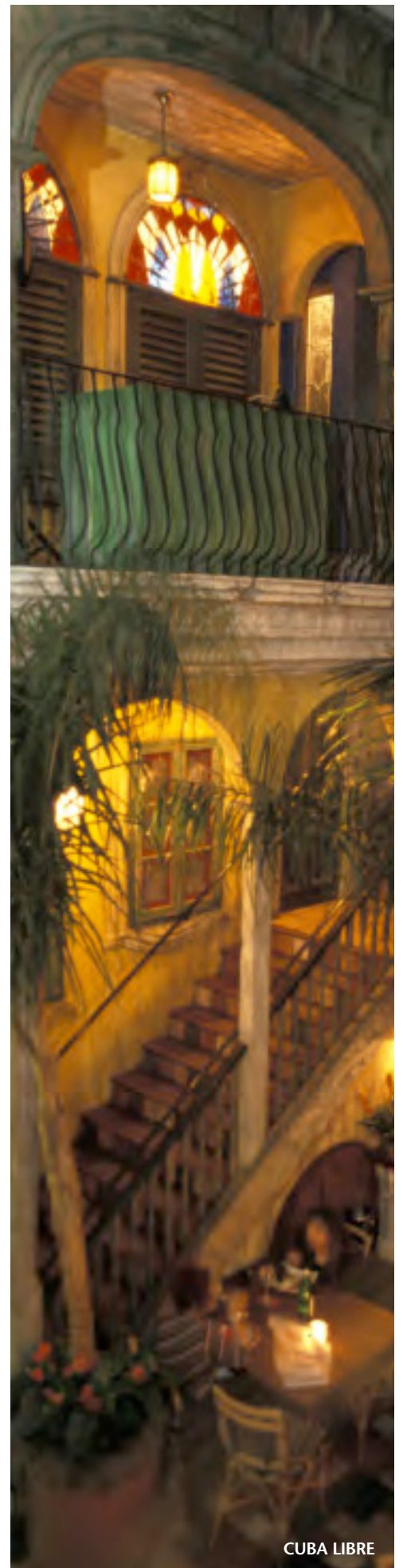
Alan Parter is the president of Parter International, Inc., a firm that specializes in tourism strategic planning and economic development consulting. He works with governments and public/private organizations encouraging tourism, trade, and investment and with international companies investing in the U.S. and abroad. His strategic tourism planning clients, as head of Parter International, have included Philadelphia, Lancaster County, Baltimore, Alexandria, Mexico City, Heritage Trails New York, and the Pennsylvania Horticultural Society. He has headed the implementation, fundraising, and marketing of strategic tourism plans for Philadelphia, Turkey, Brooklyn, Kent County Delaware, and Ravenna Italy. Parter was a consultant to the state of Oklahoma on tourism-related matters and conducted a study on Civic Pride in Philadelphia. He has conducted tourism, image, investment, trade, and strategic planning campaigns for the United Kingdom, Hong Kong, Japan, Greece, Turkey, Israel, California, Pennsylvania, and the World Trade Centers of Buenos Aires and Beijing.

PLACES, Gary Esolen

Gary Esolen is a principal of PLACES, a division of TravelPlace.com Inc. in New Orleans, consulting in the design, development, and marketing of places, including tourism destinations. Esolen has been an academic (Assistant Dean at Cornell University's College of Arts and Sciences, where he ran the college's interdisciplinary programs), a journalist (founder and publisher of an award-winning weekly newspaper in New Orleans and a stringer for *Newsweek* and *The New York Times* wire services), and a tourism marketer (founder, and for more than a decade, the executive director of the New Orleans Tourism Marketing Corporation). With his business partner, Valeri LeBlanc, he has consulted for GPTMC since its inception.

- Manuel N. Stamatakis, chairman of GPTMC board and founder and CEO, Capital Management Enterprises
- Robert Asher, co-chairman of the board, Asher's Chocolates
- Robert W. Bogle, president and CEO, *The Philadelphia Tribune*
- Donald R. Caldwell, president and CEO, Cross Atlantic Technology Fund
- Robert Cima, regional vice president and general manager, Four Seasons Hotel
- Bernard Guet, general manager, Park Hyatt Philadelphia
- Janet Haas, M.D., chair, The William Penn Foundation
- David L. Hyman, Esquire, partner, Kleinbard, Bell & Brecker, LLP
- Honorable James R. Matthews, vice chairman, Montgomery Board of Commissioners
- Jonathan Newman, chairman, Pennsylvania Liquor Control Board
- Pedro Ramos, Esquire, vice president and chief of staff, University of Pennsylvania
- John F. Street, Mayor of Philadelphia

■ Meryl Levitz
President and CEO





SWANN FOUNTAIN

GREATER PHILADELPHIA TOURISM MONITOR: MAKING THE CASE FOR INVESTING IN TOURISM MARKETING

Tourism is one of Philadelphia's **most productive export industries**. Our study demonstrates that investment in tourism marketing and promotion works: more visitors mean significant dividends to the region in the form of increased economic activity, personal income, employment, and tax revenues.

■ STEPHEN P. MULLIN

SENIOR VICE PRESIDENT AND PRINCIPAL, ECONSULT CORPORATION

