



2016 Advertising Effectiveness & ROI

Objectives

- Measure the reach of the advertising among a targeted audience;
- Evaluate the effectiveness of the Division's marketing through SMARInsights' cost-per-aware household benchmarking;
- Understand the overlap and potential impact of multiple media;
- Determine the ability of the creative to communicate desired messages, again using SMARInsights' destination marketing organization (DMO) benchmarking;
- Assess the ability of the advertising to improve the image of the state, motivate interest in visiting, and increase visitation;
- Calculate the number of influenced trips, visitor spending, and return on investment of the media campaigns; and
- Forward insights into future refinement of the marketing.

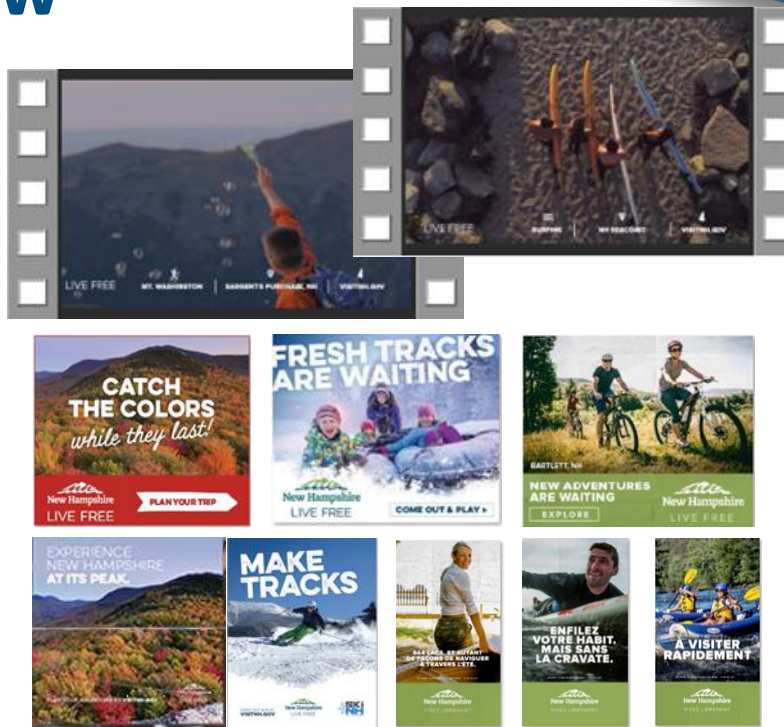
Methodology

- Online survey with respondents from national sample vendors
- Overnight leisure visitors between 18-65
- Interviewed in markets where targeted media placed – Toronto, Montreal, Boston and New York City.
- Some placements had broader reach. Established quota in other Northeastern states, including Connecticut, Maine, Massachusetts, Rhode Island, Vermont, New Jersey, New York, and Pennsylvania.
- More than 2,500 interviews were conducted in November 2016.
- Overall margin of error +/- 2%; at the market level +/- 5%

| Market | Completed Interviews |
|---------------------------|----------------------|
| Toronto | 405 |
| Montreal | 410 |
| Boston | 410 |
| New York City | 693 |
| Other Northeastern States | 632 |
| Total | 2,550 |

Campaign Overview

- Three campaigns:
 - Fall 2015
 - Winter 2016
 - Spring/Summer 2016
- Media:
 - TV
 - Print
 - Outdoor
 - Digital
 - Banners
 - Video
 - Pandora



| Spending by Media | TV | Digital | Print | Outdoor |
|-------------------|--------------------|--------------------|------------------|------------------|
| Toronto | \$11,228 | \$95,454 | \$0 | \$28,503 |
| Montreal | \$74,829 | \$88,472 | \$0 | \$124,647 |
| Boston | \$408,633 | \$291,649 | \$87,267 | \$334,695 |
| New York City | \$530,319 | \$237,375 | \$49,333 | \$180,963 |
| Other Northeast | \$236,619 | \$848,616 | \$55,193 | \$58,457 |
| Total | \$1,261,628 | \$1,561,564 | \$191,793 | \$727,264 |

| Spending by Market | Fall 2015 | Winter 2016 | Spring/Summer 2016 | Total 2015-16 |
|--------------------|------------------|------------------|--------------------|--------------------|
| Toronto | \$36,966 | \$16,990 | \$81,228 | \$135,184 |
| Montreal | \$22,981 | \$40,487 | \$224,479 | \$287,947 |
| Boston | \$84,247 | \$147,458 | \$890,539 | \$1,122,243 |
| New York City | \$25,846 | \$24,492 | \$947,653 | \$997,990 |
| Other Northeast | \$68,548 | \$129,433 | \$1,000,904 | \$1,198,885 |
| Total | \$238,587 | \$358,860 | \$3,144,803 | \$3,742,250 |

MARKETING AWARENESS

Cost per Aware Household

$$\frac{\text{Campaign spending}}{\text{Number of aware households}} = \text{Cost per aware household}$$

| Cost per aware household calculation | |
|--|-------------|
| Total Neilson Households in Target Markets | 26,500,523 |
| Leisure travel incidence | 82.7% |
| Traveling households | 16,594,849 |
| Awareness | 51% |
| Aware households | 8,452,050 |
| Campaign spending | \$3,742,250 |
| Cost per aware household | \$0.44 |

Households that take at least one overnight leisure trip each year

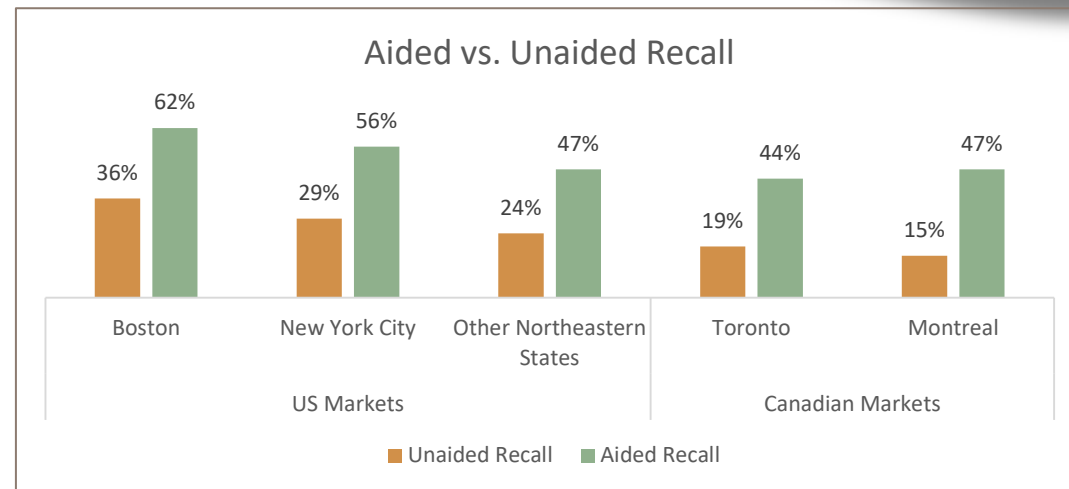
of traveling households in the markets measured

SMARInsights' spot market benchmark: \$0.67 per aware household

Nearly 8.5 million traveling households are aware of the campaign.

Overall Awareness

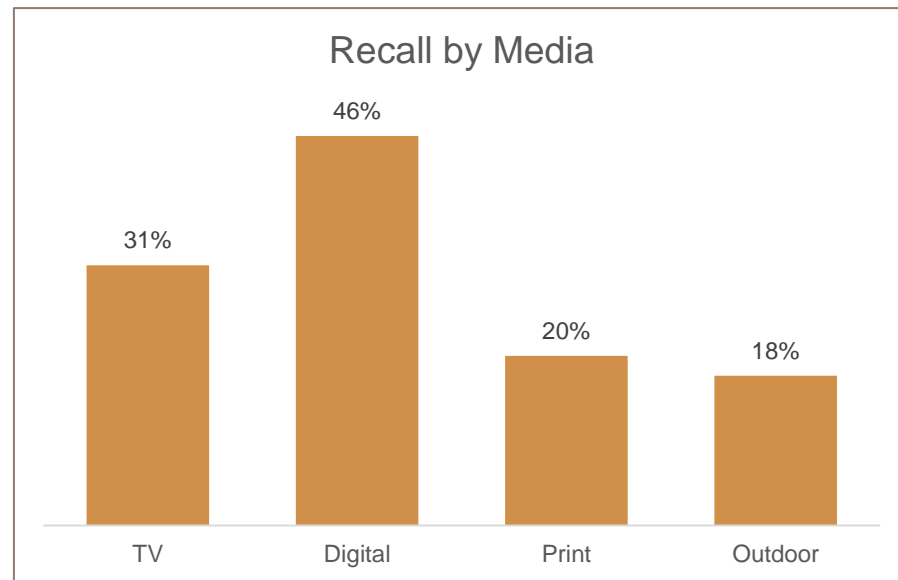
- Overall, the marketing for the fiscal year is besting this target at a cost per aware household of \$0.44. However the Boston market is considerably higher than the benchmark, an indication that spending here could be pulled back. Toronto appears to be the most efficient market with the lowest cost per aware household, but this is a function of so little being spent in the market.



| Cost per Aware HH | Boston | New York | Other NE | Toronto | Montreal |
|-------------------|-------------|-----------|-------------|-----------|-----------|
| Targeted HHs | 1,640,567 | 5,230,428 | 6,651,042 | 1,863,029 | 1,209,783 |
| Recall | 62% | 56% | 47% | 44% | 47% |
| HHs with Recall | 1,023,518 | 2,905,793 | 3,136,093 | 814,212 | 572,434 |
| Media Spend | \$1,122,243 | \$997,990 | \$1,198,885 | \$135,184 | \$287,947 |
| Cost per Aware HH | \$1.10 | \$0.34 | \$0.38 | \$0.17 | \$0.50 |

Awareness by Media

- In the past year, SMARInsights has seen DMOs shift resources out of TV and into digital platforms. However, TV often retains a higher portion of the overall budget than digital given the cost of the medium. So for the Division to be investing more in digital than TV is unusual.
- Through the evaluation of hundreds of destination marketing campaigns, SMARInsights has found that different media serve different purposes. TV tends to be the best option for building the brand while digital is suited to delivering tactical messaging. Given New Hampshire’s competitive position, building the brand and bringing the state into the competitive set should be a primary goal. More of the marketing should likely be allocated to TV.



| | TV | Digital | Print | Outdoor |
|-------------------|-------------|-------------|------------|------------|
| Targeted HHs | 16,594,849 | 16,594,849 | 13,522,037 | 16,594,849 |
| Recall | 31% | 46% | 20% | 18% |
| HHs with Recall | 5,127,192 | 7,669,785 | 2,721,302 | 2,952,830 |
| Media Spend | \$1,244,543 | \$1,561,564 | \$191,793 | \$727,264 |
| Cost per Aware HH | \$0.24 | \$0.20 | \$0.07 | \$0.25 |

IMPACT OF THE ADVERTISING

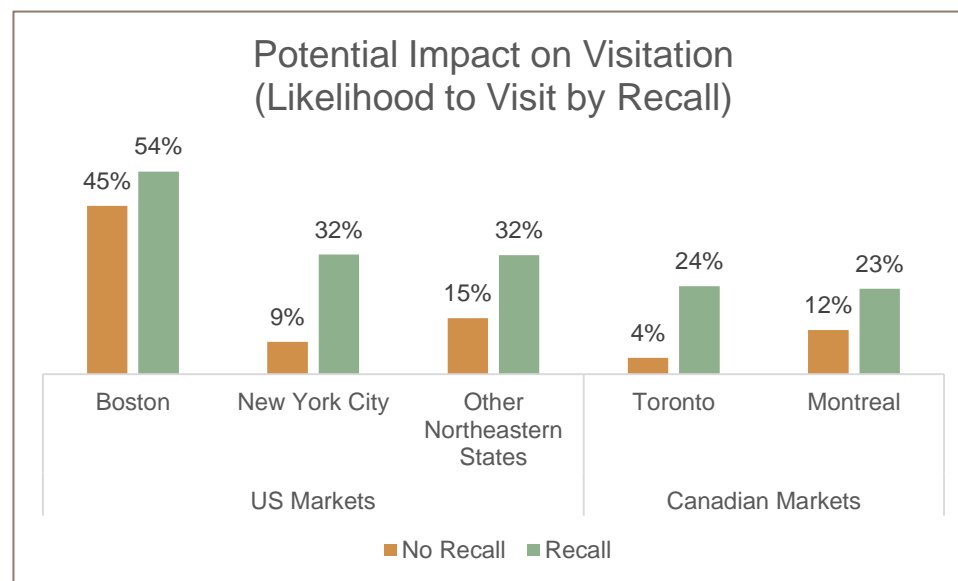
Impact on Image

- While the goal of destination marketing is to generate additional visitation, there are other ways in which the advertising can have influence. This includes improving the image of the place.
- For destinations with a strong brand and associated product, the marketing has little influence on image. But for destinations like New Hampshire with a less defined image, the impacts of marketing recall can be strong. This is the case for the 2015-16 marketing as those aware of the advertising were significantly more positive about the state than those who were unaware.
- Nearly all attributes have significantly higher ratings by those exposed to the marketing. In the Image Perception research, SMARInsights recommended moving to a quintessential New England position that included higher ratings on being affordable, having a variety of activities and being a good place to live. There were good impacts for these attributes.

| Impact on Image | No Recall | Recall | Difference |
|---|------------|------------|------------|
| Is rich in culture and the arts | 3.2 | 3.9 | 0.6 |
| Is a fun and exciting place | 3.5 | 4.0 | 0.5 |
| Is a good place to go to the beach | 3.1 | 3.6 | 0.5 |
| Is a good place for shopping | 3.4 | 4.0 | 0.5 |
| Has interesting historical sites and museums | 3.5 | 4.0 | 0.5 |
| Is a place I would be excited to visit for a leisure trip | 3.6 | 4.1 | 0.5 |
| Is a good place for culinary activities | 3.4 | 3.9 | 0.5 |
| Is a kid-friendly vacation destination | 3.7 | 4.2 | 0.5 |
| Always has something new to discover | 3.5 | 4.0 | 0.5 |
| Is a great place to vacation when traveling with children | 3.6 | 4.1 | 0.5 |
| Is a good place for water activities | 3.5 | 3.9 | 0.5 |
| Is a good place for fairs and festivals | 3.5 | 4.0 | 0.5 |
| Offers an attractive lifestyle | 3.6 | 4.0 | 0.5 |
| Offers great vacations for people like me | 3.7 | 4.1 | 0.4 |
| Has a variety of destinations and activities | 3.6 | 4.0 | 0.4 |
| Is affordable | 3.7 | 4.1 | 0.4 |
| Is a good place to live and work | 3.5 | 3.9 | 0.4 |
| Has great parks | 3.8 | 4.2 | 0.4 |
| Is easy to get to | 3.9 | 4.2 | 0.3 |
| Is a great place for winter sports | 3.9 | 4.2 | 0.3 |
| Is beautiful | 4.2 | 4.4 | 0.2 |
| Offers lots of outdoor recreation | 4.1 | 4.3 | 0.2 |
| Is safe | 4.1 | 4.3 | 0.2 |

Impact on Likelihood to Visit

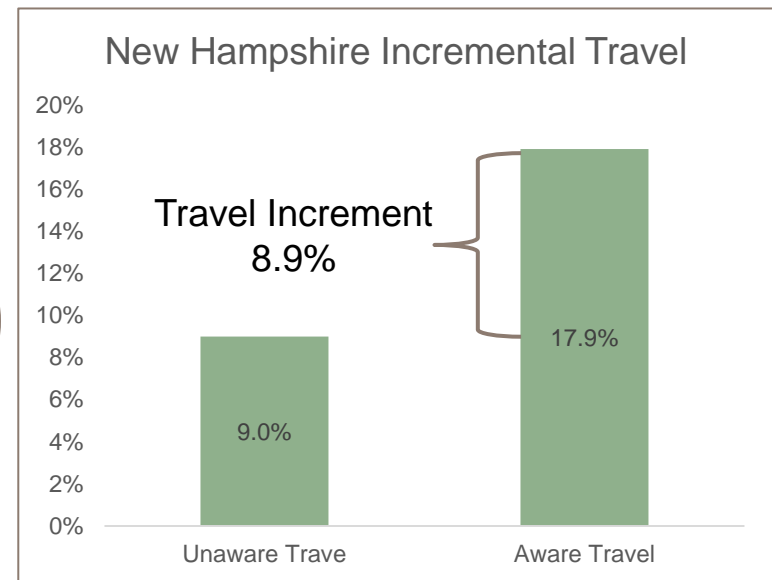
- The advertising had the ability to generate travel for FY 2015-16, but it can also plant the seed for future travel. In doing so, it can impact the likelihood to visit sometime in the future.
- As a market with high rates of travel from unaware households, impacting the Boston market can be difficult. Although they already have a high propensity to visit, those aware of the marketing intend to do so at a higher rate.
- As consumers solidify travel, intentions to visit a destination fall off. So though nearly half of all Boston households currently intend to visit in the next year, actual visitation will end up much lower.
- However, it is encouraging that the 2015-16 media placements could have residual impacts in the target markets. Continued investment can build on the recall generated, leading to increased consideration of New Hampshire.



*Likelihood defined as 100% of households “already planning a trip” + 80% “very likely” to visit + 20% “somewhat likely” to visit

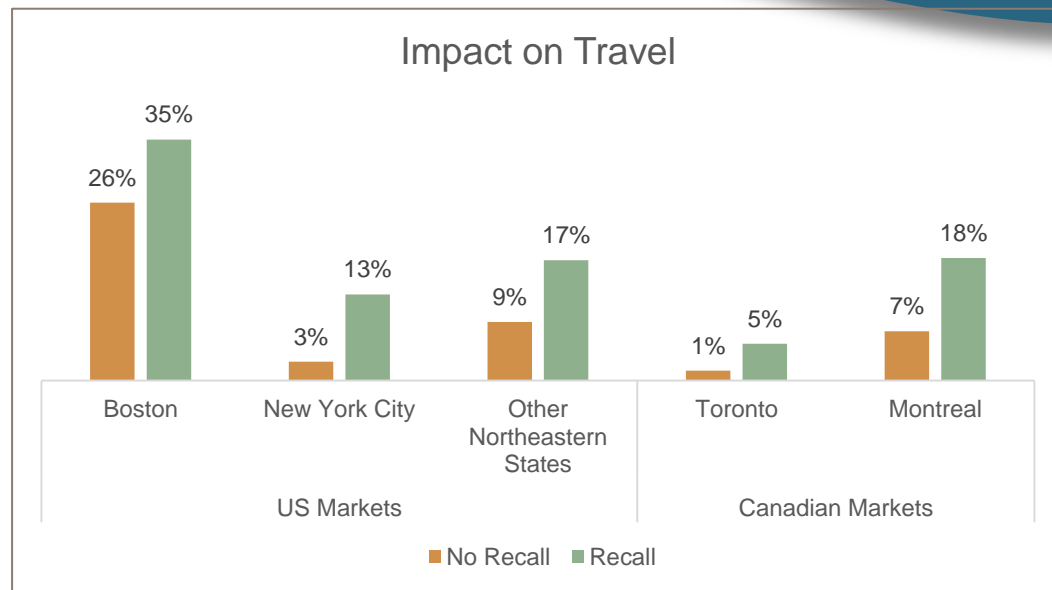
Incremental Travel

- SMARInsights' methodology for measuring the impact of destination advertising relies on establishing a base rate of travel. Certainly, there would be travel to New Hampshire even without any paid advertising. Thus not all visitation, or even visitation by aware households, is attributable to the ads. In this evaluation, the level of travel among *unaware* households is considered the base and what the state would see without the marketing campaign. Accordingly, any travel above that base by *aware* households is what is considered influenced. As such, this is a very conservative measure of influence.



Impact of the Advertising on Travel

- Given the differences between aware and unaware travel, the 2015-16 New Hampshire paid marketing generated more than 750,000 additional trips to the state.
- Given the number of households and the level of recall, a significant number of these trips were from the New York City market and other areas in the Northeast with targeted investment.
- Incremental travel is the difference in travel between households who recall DMO marketing and those who do not. It is not unusual for SMARInsights to see little to no impact from some markets. So for the Division to have an overall increment of nearly 9% is quite good.
- As a more distant and international market, Toronto likely will continue to be a difficult market to influence.

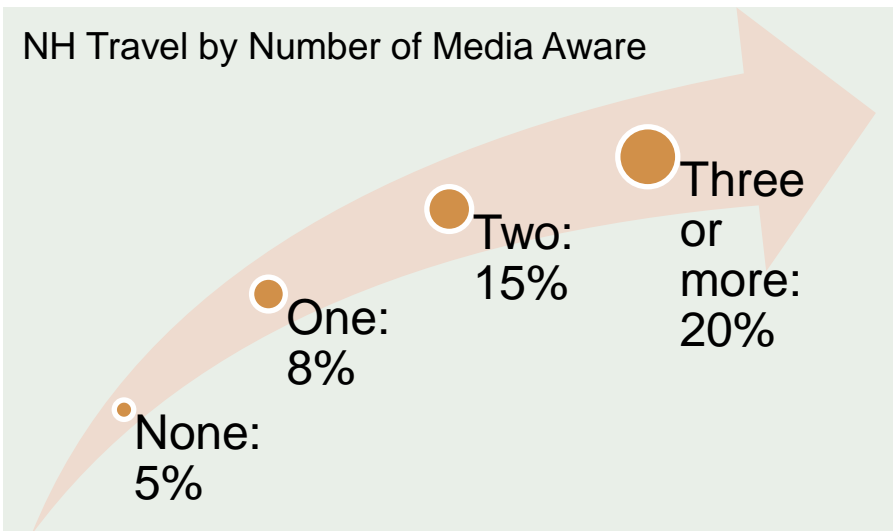


| Influenced Trips | Boston | New York City | Other NE | Toronto | Montreal | Total |
|--------------------|-----------|---------------|-----------|---------|----------|-----------|
| HHs with Recall | 1,023,518 | 2,905,793 | 3,136,093 | 814,212 | 572,434 | 8,452,050 |
| Incremental Travel | 9.2% | 9.7% | 9.0% | 3.9% | 10.7% | 8.9% |
| Incremental Trips | 93,822 | 282,880 | 280,978 | 32,084 | 61,052 | 750,817 |

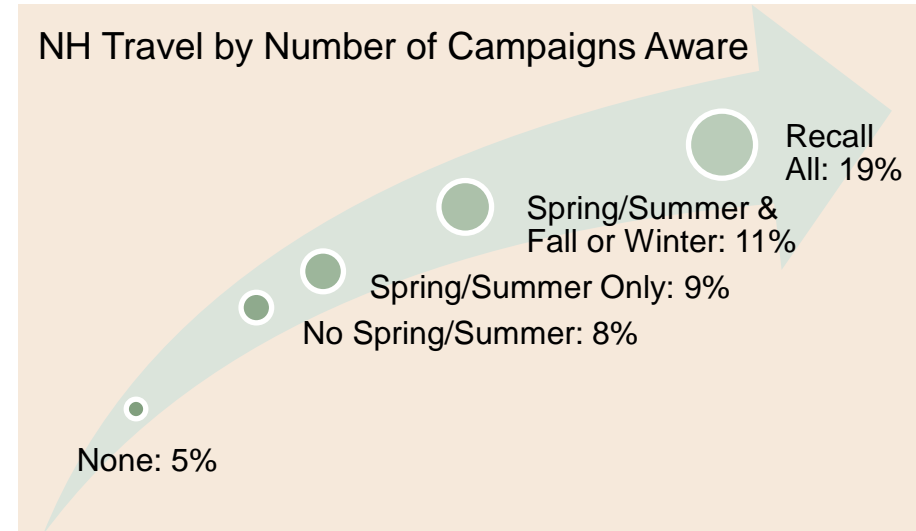
Impact of Media Overlap

- Generating media and campaign overlap is important as the more messages to which consumers are exposed, the more they travel to New Hampshire. Given the level of familiarity with the state, exposure to varying messaging educates consumers about the product. For destinations with a strong brand, unique product and high familiarity, multiple exposures are not as influential. But for New Hampshire, the more media and campaigns consumers were exposed to, the more they visited.

NH Travel by Number of Media Aware

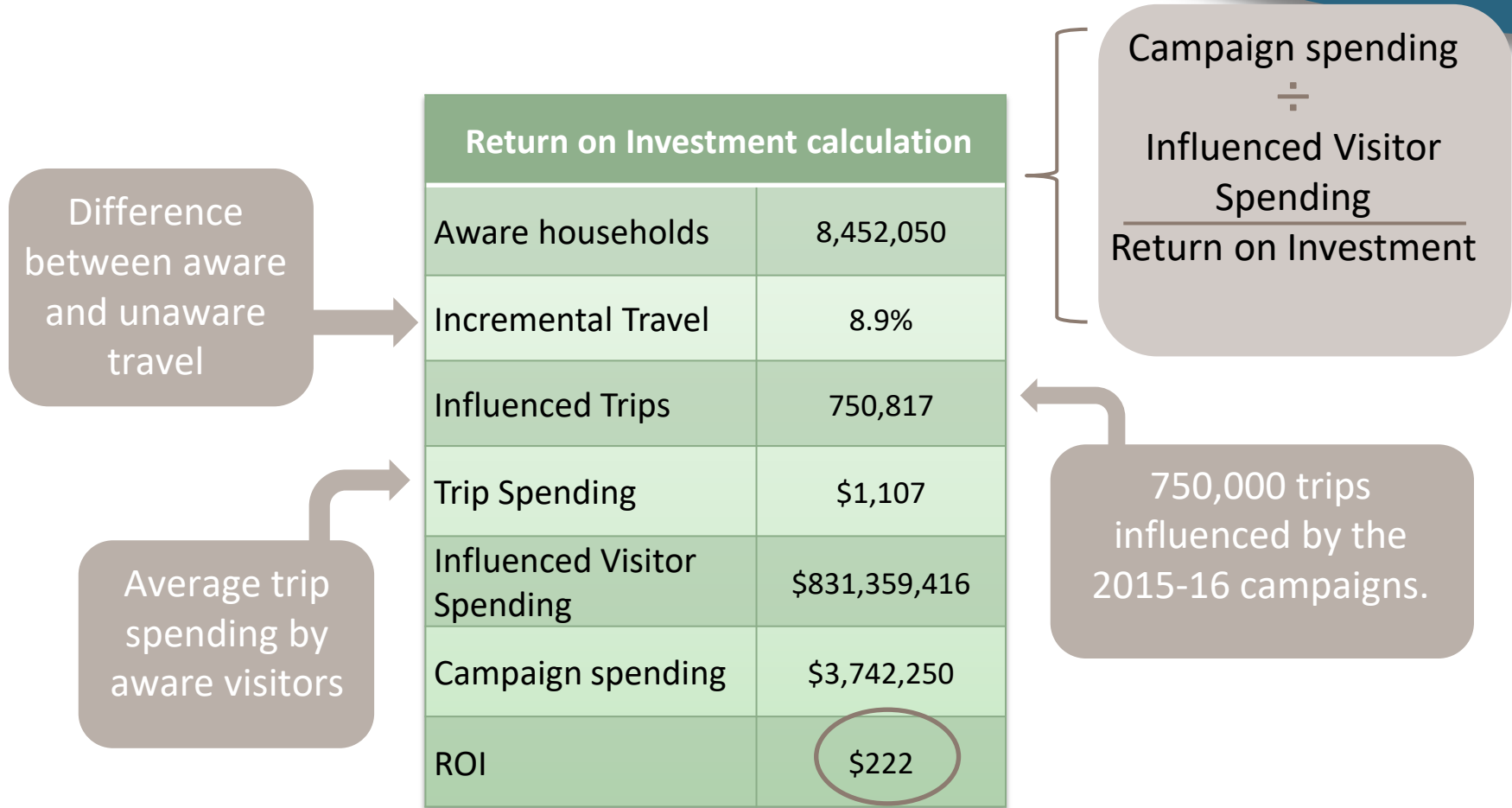


NH Travel by Number of Campaigns Aware



RETURN ON INVESTMENT

Return on Investment



Return on Investment

- The influenced visitor spending out of Boston is strong, but so much was invested, the return is the lowest of all the target markets.
- Given the population of New York and other markets in the Northeast, these were able to generate a significant number of trips by consumers who spend more. The return in these markets is an indication that additional investment here could increase recall and visitation, which would be difficult to do in Boston.
- With minimal investment, Toronto had the fewest number of influenced trips, but these visitors also spend more than nearby markets. It is likely a market worthy of increased investment.

| | Boston | New York City | Other NE | Toronto | Montreal |
|-----------------------------|--------------|---------------|---------------|--------------|--------------|
| Incremental Trips | 93,822 | 282,880 | 280,978 | 32,084 | 61,052 |
| Total Trip Spending | \$763 | \$1,339 | \$1,078 | \$1,031 | \$739 |
| Influenced Visitor Spending | \$71,552,832 | \$378,659,631 | \$302,930,437 | \$33,070,947 | \$45,145,570 |
| Media Expenditures | \$1,122,243 | \$997,990 | \$1,198,885 | \$135,184 | \$287,947 |
| Return on Investment | \$64 | \$379 | \$253 | \$245 | \$157 |

Tax Return on Investment

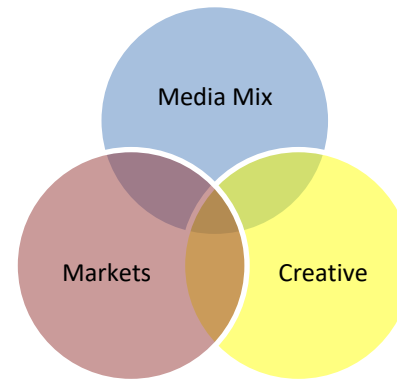
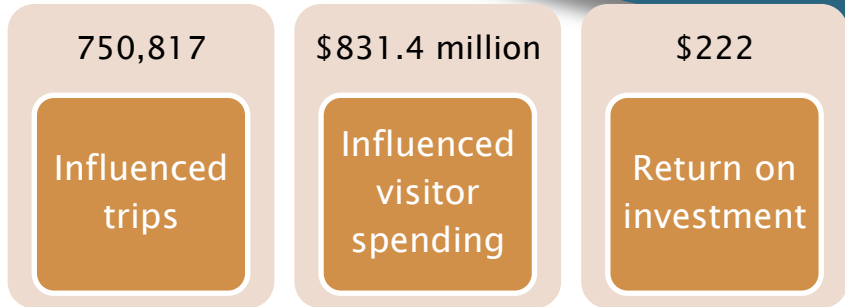
- New Hampshire identifies as a fiercely independent state. Part of this includes tax policy, with no sales tax on all goods and services. So not all visitor expenditures are subject to tax. Only those related to lodging, meals, and transportation are taxed
- Given the level of expenditures in these categories, approximately half of all visitor expenditures are subject to a 9% tax. With this, the state sees a return in its coffers of \$422 million as a result of the Division’s campaigns, or \$10 in tax returned to New Hampshire for every \$1 invested in paid media.
- While this tax ROI is lower than the Division has previously seen, the SMARInsights’ methodology for evaluating the impact of destination marketing is quite conservative. It only considers impacted overnight trips from the target markets receiving paid media.

| Taxable Spending | Lodging | Meals | Transportation in NH | Total Taxable Trip Expenditures |
|------------------|---------|-------|----------------------|---------------------------------|
| Boston | \$255 | \$184 | \$24 | \$462 |
| New York | \$276 | \$207 | \$118 | \$601 |
| Other NE | \$303 | \$219 | \$61 | \$582 |
| Toronto | \$233 | \$192 | \$136 | \$562 |
| Montreal | \$268 | \$143 | \$31 | \$443 |

| | Boston | New York City | Other NE | Toronto | Montreal | Total |
|-----------------------------|--------------|---------------|---------------|--------------|--------------|---------------|
| Influenced Trips | 93,822 | 282,880 | 280,978 | 32,084 | 61,052 | 750,817 |
| Taxable Trip Spending | \$462 | \$601 | \$582 | \$562 | \$443 | \$562 |
| Total Taxable Trip Spending | \$43,303,361 | \$170,124,817 | \$163,598,155 | \$18,023,984 | \$27,016,685 | \$422,067,002 |
| Taxes Generated | \$3,897,302 | \$15,311,234 | \$14,723,834 | \$1,622,159 | \$2,431,502 | \$37,986,030 |
| Tax ROI | \$3 | \$15 | \$12 | \$12 | \$8 | \$10 |

Insights

- The New Hampshire Division of Travel & Tourism influenced more than 750,000 trips to the state between November 2015 and October 2016 with the 2015-16 fiscal year media buy. This resulted in more than \$831 million in influenced visitor spending, or \$222 for every \$1 spent on marketing.
- Because of New Hampshire’s conservative tax policy, only a portion of the visitor spending is taxed, returning \$10 in state revenue for every \$1 invested in paid media.
- SMARInsights evaluates hundreds of destination marketing campaigns. The key to success is finding the right mix of markets, media, and creative.



Market Insights

- The Division is targeting the right mix of markets, but the allocation to each could be shifted. The cost per aware household in the Boston market is considerably higher than in other markets and nearly twice that of the SMARInsights national benchmark for average cost per aware household. This market is very familiar with New Hampshire and needs less prompting to spur visitation.
- The markets with the highest return on investment – New York and other areas in the Northeast – likely are good markets for the Division to focus on building familiarity and bringing New Hampshire into the consideration set. The Division would likely see immediate gains by continuing to invest or even increasing the allocation there.

Market Insights, cont.

- Of the Canadian markets, Montreal is similarly positioned to Boston in both proximity and familiarity. The level of investment here is about right. Although Toronto had a lower return than some other markets, there is likely opportunity for long-term gain by building the brand with the right media.

Media Insights

- Different media do different things well. TV and print are best at building the brand, with TV the best medium for generating the most positive reaction. Digital and outdoor are best for tactical messaging and keeping the destination top-of-mind.
- Because of this, the Division should consider shifting TV resources out of the Boston market where New Hampshire already has a strong position and instead focus on digital and outdoor there. Available dollars should be invested in TV in New York, Toronto, and other areas in the Northeast. While digital retargeting is a good investment, outdoor likely does not do much to build awareness or the brand there.
- There is significantly more influenced travel when consumers are exposed to multiple campaigns. Given this, shifting resources into fall and winter could generate additional overlap, exposing consumers to multiple messages and helping build the New Hampshire brand.

Creative Insights

- Overall, the creative receives very strong ratings. But there are concerns the messaging does not match the target audience. The featured product is geared to a younger audience and the media placements are reaching this audience. While this matches the winter visitor, most of the state's visitation comes in spring and summer.
- The Division needs to consider the product with the most appeal and motivation when developing creative. This includes activities that will build the brand as quintessential New England as recommended previously in the Image Perception research.