

SPREAD THE WORD

Tourism Generates Strong Return on Investment

By Charlee Beasor

Show of hands: Who has seen or heard an advertisement for another state as a tourism destination?

Those soothing Tim Allen “Pure Michigan” commercials come to mind. Perhaps you’ve seen advertisements boasting waves and tans in California; or claims that Illinois is the “Land of Lincoln.”

Do residents of those states get similar messages about Indiana and the many tourist destinations in the Hoosier state? It depends – but the reach is growing.

When the Indiana Office of Tourism Development (IOTD) launched the “Honest-to-Goodness” campaign in 2014, it began marketing Indiana destinations into St. Louis and Indianapolis, which was “all our marketing resources would allow us to do,” explains IOTD Executive Director Mark Newman.

For the first year of those marketing activities, the state generated about \$5 for every dollar spent.

“It’s a pretty compelling figure,” Newman asserts. “It underscores the value of tourism as a revenue generator for our particular geography.”

Some other compelling numbers: visitors to Indiana spent \$10.3 billion in 2013; tourism

is the sixth largest industry in the state and directly supports 140,500 employees; if people stopped visiting, each household would pay an additional \$478 in state and local taxes to make up the revenue difference.

The “Honest-to-Goodness” campaign stretched further in 2015, into Grand Rapids, Michigan, and Dayton, Ohio. While the 2015 data was not complete as of this writing, Newman says the early indications showed it would generate more than the returns from 2014.

Tight squeeze

Indiana has one of the lowest state tourism and travel budgets. When Newman joined the organization three years ago, the budget was \$2.4 million. The national average for 2012-13 was \$14.9 million, according to a survey of state tourism budgets from the U.S. Travel Association.

“We’re at \$7.5 million (budgeted) now. We are no longer the state with the lowest budget in the region (Ohio’s was lower in the most recent data available). We’re in a competitive situation now and far more resourceful in the dollars we generate,” he asserts.

According to Newman, Indiana’s primary tourism competitors are the adjacent states, along with Wisconsin, Missouri and Tennessee.

“Today, we’re a regional brand,” he notes. “The audience that we are messaging to and drawing to the state is primarily a drive market and those adjacent states, for the most

part. That will change as our messaging changes, as the reach that we engage in becomes greater, and we start moving to other parts of the country.”

The 2015-16 budget, however, also includes funding for the one-time Indiana Bicentennial torch relay. And the 2016-17 fiscal year budget is lower at \$5.9 million.

‘Honest-to-Goodness’ is ‘working’

When the “Honest-to-Goodness” campaign debuted initially, it was met with a mostly lukewarm response.

But Newman says he has “great confidence” the brand is working.

“We never created it to be the thing that would be placed front and center. . . . It was designed to be subordinate in any marketing, and we’ve used it in a responsible way. It puts the ribbon on the gift, so to speak. One of the most important characteristics that it represents is authenticity and genuineness,” he urges.

“Indiana is a state of under-told stories that stretches from the rolling hills of southern Indiana and the Ohio River, and the northern Indiana Dunes and waters of Lake Michigan. That’s Indiana’s allure,” Newman notes.

Capitalizing on leisure travel is the key. Of the 72 million visitors to Indiana in 2013, 85% were leisure travelers. Connecting Interstate 69 in southern Indiana to Indianapolis will be a major boon to leisure traveling. Newman calls the impending connection “transformative.”

“We want to motivate leisure travelers to places they’ve never considered visiting before,” he says. “It will have a huge positive impact on our tourism.”

New kid on the block

Encouraging leisure travelers to stop at new destinations ties into one of the IOTD’s pillar areas – culinary tourism, which has grown exponentially in recent years. (The

BizVoice® writers and photographers took to the road to provide some first-hand looks at tourism opportunities throughout the state. Turn the pages to experience the following:

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- Page 64 – Transportation’s golden age
- Page 70 – Literary giants
- Page 74 – Historic structures
- Page 78 – Family fun



The Brewers Guild of Indiana is beginning to look at the economic impact of breweries on Indiana’s tourism industry.

Indiana Dunes National Lakeshore



Canal Walk in downtown Indianapolis



Turkey Run State Park



INDIANA WELCOMES OVER
72 MILLION
TOTAL VISITORS

Indiana Visitors

- 1** contributed **\$7.9 BILLION** to Indiana's Gross Domestic Product
- 2** supported over **187,000 JOBS**
- 3** generated over **\$2.2 BILLION** in tax receipts
- 4** paid **\$572 MILLION** in Indiana sales tax, 8.5% of the total sales tax receipts

Source: Indiana Office of Tourism Development, 2013

others are outdoor recreation, sports, heritage and agritourism).

"Indiana has become very well known for its microbreweries, and the (liquor) distilleries are adding a unique allure to that whole space. There are 80 wineries across the state; Indiana produces a million and a half gallons of wine on an annual basis," Newman explains.

Rob Caputo, executive director of the Brewers Guild of Indiana, points to the need for more data collection on the industry's impact.

He said the guild's challenge is to engage all of the smaller breweries that have come into existence and leverage those as tourism "mini-destinations," or stops on the way to other larger destinations.

The guild is also working on a statewide beer app, which would allow users to map a route through the state. A beer magazine is also planned.

"I think, as those programs progress, if we talked in a year or two, there would be more data and a better idea of where these are going and who is picking them up," Caputo acknowledges. "We have a long way to go to promote the industry and grow."

Hamilton County takes a risk

Counties typically have tourism agencies as well. Newman notes that about two-thirds of Indiana counties boast local efforts. The IOTD's job is to promote the state, and "to operate both in a supportive position, but also in a leadership position," he asserts.

Karen Radcliff, vice president and chief strategy officer for Hamilton County Tourism, knows how important the state's outreach is.

"The awareness of a state is so much higher than the awareness I can generate as a county. I need my state to be out there beating that

drum that says Indiana is a place that you need to travel to," she describes.

At the local level, Hamilton County Tourism underwent a major marketing strategy shift over the past year, due in part to the popularity of the Grand Park sports complex in Westfield.

What used to be the "meat and potatoes" of advertising for Hamilton County – marketing the county as a spring and summer weekend getaway destination – changed dramatically once the weekend hotel rooms were being booked by out-of-town families for sporting events.

Radcliff recalls the "angst" over the decision to pull spring and summer advertising and focus on the day-trip market.

The agency chose to go very bold, putting all of the fall season's advertising and marketing budget into one area – Chicago.

"There are some risks with that. One is that fall is a very short season and you don't get that build at the beginning to try and plant the idea in people's heads," she explains. "We know from years past, Chicago really drives half of our overnight business."

At the time of this writing, Radcliff had just received the resulting research on the campaign and was "blown away": return on investment was \$156 for every dollar spent by the agency; advertising influenced 55,000 fall trips to Hamilton County, which resulted in about \$35 million in travel revenue.

Radcliff also points to another major development: Swedish furniture maker Ikea has selected Fishers for one of its popular stores.

"People know where Ikeas are in the United States, and you can't buy that kind of awareness for Fishers," she concludes.

RESOURCES: Mark Newman, Indiana Office of Tourism Development, at www.visitindianatourism.com | Karen Radcliff, Hamilton County Tourism, at www.visithamiltoncounty.com | Rob Caputo, Brewers Guild of Indiana, at www.drinkin.beer