

Arkansas Department of Parks & Tourism
Advertising Committee Meeting
June 14, 2006

MINUTES

Commissioners Present

Steve Arrison, Chairman	Jay Bunyard	Mike Mills
Jim Shamburger, ex-officio	Danny Ford	Bob Knight
Montine McNulty	Debbie Haak	

ADPT Staff Present

Joe David Rice, Tourism Director
Nancy Clark, Assistant Tourism Director
Charles McLemore, Director Research & Information Services
Jana Greenbaum, Communications Manager
Tammy Erby, Administrative Assistant

CJRW Staff Present

Shelby Woods	Karen Mullikin	Bill Fitzgerald
Brian Kratkiewicz	Greg Harrison	Debbie Grace
Dave Kramer	Kay Medlin	Wayne Woods
Brandi Hinkle	Nancy Ferrara	

Aristotle Staff Present

Marla Johnson-Norris	Jonathan Eudy
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Joe David Rice distributed organizational charts for the Tourism Division, and a report of the 2% tourism tax dollars accumulated since going into effect (approximately \$121 million). Mr. Rice said while things were looking well for the Tourism Industry the purpose of the meeting today was to work towards keeping the state's program on the cutting edge.

Shelby Woods introduced the CJRW team and gave a brief summary of the objectives for the meeting and the planning process for future campaigns. Karen Mullikin distributed 2% tourism reports for quick reference, copies of cash register research done periodically, copies of the CJRW contract, for reference on money and expectations, summary of all expenditures of dollars going through and out of the state, and a list of all co-op programs.

Steve Arrison expressed his expectations for the meeting: he considers the meeting a chance for more input in the creation of new plans.

Montine McNulty expressed concern over the decision to not increase the Regional Association budgets for fiscal year 2007. Ms. McNulty said with the good report given she could not understand why the decision had been made to not increase funding and suggested the decision to be reconsidered.

Nancy Clark responded to Montine McNulty explaining an additional \$50,000 would be added to the Regional Association budget (divided equally among 12 regions). She also added as long as the 2% tourism tax collections increase the regions would get increases.

Mission

Shelby Woods gave a brief summary of the objectives for the meeting and the planning process for future campaigns.

Research

Karen Mullikin summarized the elements of research CJRW goes through to utilize a broad range of information which guides the decisions regarding advertising and marketing. D.K. Shifflet's Destination Performance Index, provides data and demographic numbers to see how it differs from year to year. The numbers from the Department and Charles McLemore's conversion studies, Welcome Center surveys, focus groups, and cash register research are also other ways of gathering information. Some times the data will differ somewhat and the team will figure what similarities, differences, and where everything lines up to base their recommendations.

D.K. Shifflet, ValuePlus Study was first completed in 2002. This study provided the benchmark for the 2005 study which measured the impact of value and satisfaction ratings on market share, identified weaknesses in the competition, and measured Arkansas's progress in improving customer satisfaction and attracting repeat business. According to the latest survey, Arkansas did improve; however, the competition improved as well. In the past, Economic Research Associates (ERA) conducted a product study. This study was done in three phases; much of the product activity that has been developed is a result of that study. The purpose of the study was to encourage more tourism development in the state.

Beginning July 1, 2006, Web analytics on Arkansas.com will be available through Hitwise. This should help identify the best Web sites for Arkansas to advertise on, and perhaps confirm that some of the current sites are working well. It should help create more efficient online advertising plans that provide a higher return on investment.

Joe David Rice reported the Tourism Division will be changing the way tourism and its economic impact is measured on an annual basis. Charles McLemore explained what the Tourism Satellite Account is and the expectations. The tourism satellite account is part of an input-output model (data inputted into a computer program from censuses of transportation, businesses, consumers, etc.) that forecasts the gross state product for the

state. The purpose of the model is to generate similar statistics for each industry so as to be comparable to each other (this is one of the problems Arkansas has when trying to compare industry statistics). There are different models available; the one the Tourism Division is looking into is an input model run by the University of Arkansas at Fayetteville out of the Graduate School of Business program. The University ran some preliminary data for the Tourism Division this past year, the information looked on target for the three years of data (data lags approximately 2 years) run to try and forecast on the future (which is a problem for the program). The Tourism Division is considering inputting sales tax data and an estimate of visitors for two years so as to get a more up-to-date program. The information would give an estimate of how much each visitor is worth and multiplied by the visitor estimate which would be revised when new data came out. In effect 2005 data would be preliminary, 2004 revised data, and 2003 final data. An advantage of the program would be how industries interact with each other (referred to as multipliers). The model would identify several industries considered to be tourism industry related.

Montine McNulty asked if the information would not be available for the year before. Mr. McLemore replied it would be available, however it would be 2008 before the final numbers for 2006 were available. When making the change there will be some differences in the numbers you would see, for example: taxes would include sales tax but not income tax.

Steve Arrison asked how the numbers would impact counties when switching the models, and is the new program closer to accurate. Charles McLemore replied the numbers he saw from models (2001-2003) were very similar to the Tourism Division's numbers with a 1 – 2% difference at the state level. There were some problems with counties (Bentonville, Fayetteville, Little Rock, etc.) where the tourism numbers dropped due to attributing part of tourism hotel stays to retail business because it was business travel. The Tourism Division differentiated the difference between business travel and tourism travel whereas the model does not.

Joe David Rice explained while information gathered suggests this system is more reliable, an aspect of the program the Commission should brace for causes the tourism level to drop from number 3 to number 7 as far as state industry by definition. Charles McLemore replied this is due to the new system going from one type of coding to another (the coding is a difference in classification).

Media/Marketing Message

Shelby Woods distributed handouts regarding media mix, how dollars have been applied for last three years, percentages, co-op projects and partners, etc.

Brian Kratkiewicz summarized how the Agency developed the media mix in general. CJRW looks at the history, marketing goals, the target audience, budget level, the marketing area, and the creative needs of the client. Mr. Kratkiewicz used two client media mixes with approximately the same size budget as examples.

Stamp Out Smoking (SOS) has a target audience of adults 25-54 with a secondary audience of kids and teens. The goal of the campaign is smoking cessation and to drive smokers to the 1-800 quit line. The marketing area for the SOS campaign is the entire state of Arkansas. The budget is approximately \$900,000. The media mix for the SOS campaign consists of local TV broadcasts News (24%), Cable TV (27%), local radio (28%), weekly and bi-weekly local newspaper (18%), and magazine coverage (7%).

In comparison, Trane Heating and Air Conditioning MidSouth has a target audience of women ages 25-54 with a secondary audience of adults 25-54. The goal of the campaign is to drive consumers to specific Trane dealers for their heating and air conditioning needs. The marketing area is specific cities within Arkansas, northern Louisiana and eastern Texas. The budget is approximately \$800,000. The media mix for the Trane campaign consists of daily and weekly local newspaper (96%), outdoor (4%).

Greg Harrison summarized Arkansas Parks and Tourism's consumer media spending from fiscal year 2004 through fiscal year 2006. Markets where monies have been spent include: television (in-state broadcasts, out-of-state broadcasts, out-of state cable, TBA, PPI, and Branson Vacation Channel); newspaper (in-state and out-of-state); radio (in-state and out-of-state); magazine (regional/national, in-state, newcomers guide); outdoor (Texarkana/Van Buren, and Branson); and online. The co-op programs are not included in these items.

Steve Arrison asked how the Committee felt about the newspaper discussions. Charles McLemore distributed a copy of survey on newspapers. Mike Mills stated he believed the newspaper insert was still a valuable tool, however the Commission should consider going back to the regional associations to figure out a way to make the insert more affordable option for the co-op partners. Shelby Woods explained the cost of paper, ink and printing materials has caused the cost of advertising in newspapers and magazines to skyrocket. Mr. Arrison said he was sure the spring/summer insert was worth the cost however, he was not sure the fall/winter insert was. Mr. Mills agreed but questioned if the state received media coverage in the form of editorials that might not have happened without the insert. Joe David Rice said this was not an anti-newspaper issue. He thought there should still be a newspaper insert; however consideration should be given to mixing up the media mix to include a more integrated approach, combining newspaper inserts with an aggressive online campaign. Mr. Arrison asked if the decision was made to head in that direction how the approach could be made more affordable to increase the amount of participation. Mr. Mills felt the Commission should find a way to reduce the cost of advertising for more participation from the smaller businesses. Mr. Arrison replied not all advertising is for everyone. Mr. Mills replied there was a time when the newspaper insert was a co-operative program that was 75% private businesses. Now the insert consists of 80 – 90% public business, there are few private businesses who advertise in the newspaper insert. He felt the private businesses represented the attractions and locations of the state better. While he does not think drastically changing the newspaper for private businesses is the answer, he felt that something should be done to make advertising in the insert more affordable for the private businesses. Shelby

Woods agreed the state consists mostly of smaller operators; however, it would be hard to make distribution and coverage to 4.5 million people affordable. The co-op programs were designed to be 50/50. Montine McNulty stated she would like for the Department and Agency to be open to the idea of changing the mix, ex. smaller ads in print can be tied to an internet component. It's time to mix up the media mix and do something different to revitalize the impact.

Public Relations/Communications/Editorial

Steve Arrison asked the committee members their opinions on TV versus radio. The radio advertising has not increased in the past 3 years. Greg Harrison replied most of the advertising done has been driven by the creative. Radio is good for pushing an event, however as a general image TV has a more creative potential. Mr. Harrison explained CJRW doesn't decide whether the remaining funds are allocated to radio. When determining the media mix the decision for TV or radio advertising has more to do with what the client is trying to achieve or solve. CJRW tries to determine the best media mix (TV or radio) possible for the budget the client has and the solution or achievement of the problem the client has. Brian Kratkiewicz added CJRW looks at what has been effective for a client in the past and what it would take to advertise in magazines, Television, radio and newspaper. Shelby Woods added it has not been easy getting into radio in Arkansas. It's easy to buy spots on the radio; it's harder to monitor the results. Many of the radio stations in Arkansas are smaller markets, and media people like to buy off of numbers. Bob Knight added radio listenership has remained constant despite internet and satellite radio. There are approximately 230 radio stations in Arkansas and each competes within the towns for listeners. Radio advertisements have to be clear, concise and express urgency. Joe David Rice said North West Arkansas uses the *Chuck Barrett* show to help drive tourists to their area.

Shelby Woods said magazines contributed over \$2 million in extra value and effort. Greg Harrison explained some publications are still strong so magazines have started to cross-platform where advertisements are being done in the magazine and online. Mr. Harrison added every year proposals are sent out informing the media what is happening, ad sizes. Magazines typically link Arkansas and Oklahoma together as one area for regional purposes. Jay Bunyard suggested when sending proposals out to put more emphasis on getting a link on the web site rather than a free ad.

Danny Ford asked if consideration had been given for personal testimonials on the radio, people seem to listen more to a person as opposed to an impersonal ad.

Steve Arrison reported the CVB's would like to see the Commission do more regional type ads.

Bill Fitzgerald gave a brief summary of how the creative is prepared. Different media do different things. The idea is to use the media that best accomplishes the task set out to do and increase the image of Arkansas and increase tourism. Radio is timely, often the turnaround is immediate. Radio uses word, music, and sound effects to draw listeners

in, the costs are affordable, however usually sold in 30, 60, or 90 second increments.

Consideration should be given to the fact that most people listen to radio while doing something else. The ad needs to be able to get the message to the forefront. Magazines give unlimited space to show the product and explain. TV uses site, sound and motion to get the attention of the consumer to tell stories or give information, although the cost is higher, it is a great way to build a bond. Newspapers have the same creative as magazines; however reproductions are not the same, the cost considerations are similar to magazines. Internet uses words, images, motions, text listings, banner ads, video banner ads and rich text media. There are different degrees of audience participation, costs are affordable and messages are generally limited, however delivery is usually direct. Outdoor advertising uses words, images, which can be used to deliver reminder messages and offers the benefit of reaching tourists on the move.

Jay Bunyard said the response has been tremendous to a co-op program where the state makes an investment of \$75,000 for the payment of 75 - 80% of the total costs of radio spots so the smaller organizations can piggy-back the Department's radio spots. The program consists of a 30 or 60 second spot, the majority of which would be paid for by the state, encouraging consumers to stay in the state with music in the background for the first half of the radio spot. The musical score would continue through the second half promoting a local co-op partner. The radio spots are open to everyone with priority going to tourism co-op partners first.

Karen Mullikin said the Commission hears from CJRW on a monthly basis, the point she wanted to make was the Tourism Division, Agency and Aristotle all work closely together. Work has already begun on the editorial for the 2007 Tour Guide. The Agency supports the Department in their public relations effort.

Montine McNulty reported the hospitality industry was awarded a \$300,000 grant for the hospitality education program.

Joe David Rice stated the Tourism Division spends approximately \$10,000 a year publishing and mailing a hardcopy of the newsletter. Most other states have abandoned mailing hardcopies of the newsletters instead sending consumers an electronic copy. Committee members agreed. Publication and mailing of hardcopy newsletters will be scheduled to end with the fall season, with the upcoming issues being electronic.

Group Travel/Meeting and Conventions

Steve Arrison reported about the meeting with the Arkansas Association of Convention and Business Bureau representatives on June 13. Eight communities were represented (about half of eligible communities) and given a chance to talk with the Department on how to spend their Tourism and Marketing monies for the year. Steve Arrison added the communities are interested in revisiting the meeting and convention marketing campaign, instead of spending money on magazine advertising space they would like the Department to purchase an exhibit booth to be used as a prop for tradeshows. The idea being six or eight communities could be represented at one booth

for the larger shows. Discussions continued regarding possible price of purchasing, shipping, storing, and maintenance costs. The committee decided to revisit this issue.

Community Assistance

Steve Arrison suggested the Community Tourism Marketing Partnership Program has outlived its usefulness, based upon the quality of applications being submitted. The money was of a small amount and didn't seem to be enough to do anyone much good, not to mention the headaches and hassle for the staff. The Committee agreed to recommend stopping the distribution of funds for the Community Partnership Marketing Program starting with the 2008 budget year.

Partnerships

Shelby Woods distributed a copy of the Saltmarsh Partnership agreement. A decision needs to be made regarding the future of Destination Arkansas as it is the final year of the contract.

Nancy Clark reported Mindy Hawes (Group Travel Manager), Laurie Green (Little Rock Convention and Visitors Bureau), Gina Martin (Little Rock Tours), and she recently returned from a sales mission to the United Kingdom. While in the United Kingdom they visited a number of operators and feel the experience was positive. Ms. Clark stated Arkansas has done a wonderful job of selling the operators; however, the operators have to sell the customers on Arkansas. The one area Ms. Clark felt Arkansas was the strongest category for traveling was in the category of fishing. There are many fishermen in the United Kingdom who want to fish where the world records are held, Arkansas can boast of world class records with regards to fishing. The private sector of Arkansas needs work in understanding how we deal with operators from outside the borders of Arkansas.

Montine McNulty asked if a track record had been established, and has the public relations been successful in selling trips. Nancy Clark replied there have been a few trips sold. Mike Mills commented he felt Arkansas should be commended for seeking out new possibilities and leads for tourism, however, he felt that it would not be in the best interest of Arkansans to continue putting money into advertising in the United Kingdom. Joe David Rice suggested fulfilling the contracts with Saltmarsh for fifteen months, if the numbers are not good then, we can end the program. Mr. Rice asked the Commissioners to keep in mind very valuable customers come from the United Kingdom as they stay for three to four weeks in the country.

Karen Mullikin distributed a list of current co-op programs at this time. Steve Arrison stated he would like to see more co-ops developed. Shelby Woods added the co-op program is an opportunity for smaller businesses to spend their marketing dollars to help bring tourists into the state. Mr. Woods suggested re-packaging and developing a new partner to help sell the Golf trail program; the same can be done with the Education program.

Shelby Woods stated most of the big business being conducted is in-state partnerships doing business with each other. Montine McNulty asked if Destination Arkansas would fade away after the Saltmarsh contract. Mr. Woods replied it didn't have to; it could be used as a vehicle to promote Arkansas at bigger tradeshows. Destination Arkansas allows many cities within Arkansas to sell and attend tradeshows under the same brand name, allowing costs to be reduced for many cities who attend tradeshows. The Tourism Foundation has registered Destination Arkansas as a name not as a group. Joe David Rice suggested Destination Arkansas could be used to help promote Central High, and Crystal Bridges.

Retirement relocation

Joe David Rice told the committee about a meeting with Retirement/Relocation. The organization would like more money to help promote retirement/relocation. Richard W. Davies explained the 2% tourism tax was designed for tourism and not retirement/relocation.

Governor's Conference

Steve Arrison said attendance needs to be built up. Mike Mills said the people who buy smaller ads are the ones that need to attend. If we can get the smaller businesses involved in the co-op program, then maybe it would encourage attendance to the Conference. Wayne Woods suggested combining the Governor's Conference, the September Advertising Presentation, and the Arkansas Hospitality Association show in September to help increase attendance. Nancy Clark reminded the Committee the Governor's Conference is held in March to kick off the start of the Tourism industry. Also, the Governor's Conference has dates and locations set through 2008. Montine McNulty invited CJRW to do their 2007 Advertising Presentation in Little Rock during the AHA tradeshow. Jim Shamburger agreed it was a good idea.

Taking GPS Efforts to the Next Level

Shelby Woods explained GPS coordinated in the vacation kits are becoming more and more popular. He felt there is great potential in this area. Jim Shamburger agreed and suggested using GPS coordinates in and on all areas of marketing.

Multi cultural efforts

Steve Arrison asked the status of the Spanish market. Joe David Rice reported a meeting is scheduled with new Hispanic magazine *Laboz*, the rates are attractive. Karen Mullikin reported a presence is being maintained in Spanish publications and on the web site.

Crisis Communications Plan

Joe David Rice informed the committee of the mandated Crisis Communications Plan, and the steps taken to be enforced should something happen.

The Advertising Committee Meeting adjourned at 3:00 p.m. on Wednesday, June 14, 2006 at the Crater of Diamonds State Park Discovery Center in Murfreesboro.