

EXECUTIVE SUMMARY

2005 GREATER PHILADELPHIA TOURISM MONITOR: THE CHANGING LANDSCAPE OF TOURISM MARKETING

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MISSION STATEMENT

**THE GREATER PHILADELPHIA TOURISM
MARKETING CORPORATION (GPTMC)**

BUILDS THE REGION'S ECONOMY AND IMAGE
THROUGH DESTINATION MARKETING TO
INCREASE THE NUMBER OF VISITORS, THE
NUMBER OF NIGHTS THEY STAY AND THE
NUMBER OF THINGS THEY DO IN THE
FIVE-COUNTY AREA.

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EXECUTIVE SUMMARY

The cover of *Business Week* on July 12, 2004 displayed a television set—a huge box, with legs, rabbit ears and a dial. While the image is a recognizable icon to many of us, for the coming generations, this version of a television set might be as strange as a rotary telephone. Not only has the *outside* of the “box” changed. *Business Week's* cover story, “The Vanishing Mass Market,” detailed how the “*almost-universal audience assembled long ago by network television*” is fragmenting because of new communication and technology vehicles, leaving marketers without a reliable way to communicate with consumers.

The theme of this year’s *Tourism Monitor—The Changing Landscape of Tourism Marketing*—describes how recent trends in the world of marketing, the world of tourism, and our own region require a new tourism marketing approach. The 2005 *Tourism Monitor* presents a full picture of the facts, figures and phenomena that ground our revamped strategy, a description of our recent positioning and marketing shift, and the emerging evidence that this shift is already effective.

The Premise

In the 1960s, an advertiser could reach 80% of U.S. women with a spot aired simultaneously on CBS, NBC and ABC. Today, an ad would have to run on 100 TV channels to have a prayer of duplicating this feat. “Monolithic blocks of eyeballs are gone,” declares Eric Schmitt of Forrester Research, Inc. “In their place is a perpetually shifting mosaic of audience microsegments that forces marketers to play an endless game of audience hide-and-seek.”

—“The Vanishing Mass Market” (*Business Week*, July 2004).

The Greater Philadelphia Tourism Marketing Corporation (GPTMC) has always focused on these “microsegments,” realizing that an invitation to visit Philadelphia and Its Countryside™ has to feel personal in order to be effective.

Targeted marketing, however, can only do so much when the marketing vehicles are changing so quickly and when consumer expectations—regardless of demographic segment or areas of interest—are changing as well. GPTMC faces a number of distinct challenges in continuing its successful marketing of the five-county region to tourists.

- 1. Niche segments with the highest potential have to be identified and marketed to correctly.*
- 2. Media vehicles have to match consumers’ changing media habits.*
- 3. Messages to consumers have to tap into what consumers want out of their vacations and what they’re prepared to hear about the region, including what Philadelphia and Its Countryside means as a brand for our visitors and potential visitors.*

The Research

We analyzed data from three categories: traveler data (volume, profiles and economic impact), regional hotel statistics, and niche market attitudes and behaviors. Some examples of the important and startling facts the report contains about our region include:

- Leisure visitor volume to the region increased 16% between 2002 and 2003, significantly more than our other metropolitan competitors (Chicago, up 11%; New York City, up 9%; Boston, up 7%; and Washington, D.C., up 3.8%).
- The economic impact of our business and leisure visitors is also up significantly, from \$5.3 billion in 2001 to \$6.34 billion in 2003, an increase of 19.6%.
- Hotels have experienced one of the best years ever, with regional occupancy up to 68.5% in 2004 (from 64.8% in 2003) and regional average daily rate (ADR) up to \$103.36 (from \$100.79 in 2003).
- Leisure hotel visitors make up 32% (or 2.5 million room-nights) of regional hotel occupancy and 25% (or 687,000 room-nights) of Center City hotel occupancy.
- Though we are known as a family destination with great history, most of our visitors are in households without children, and they love our culture, dining, nightlife and shopping scene.
- What we learn about and from our niche segments helps us to market effectively. Some selected facts from the report regarding our niche segments include:
 - Close to two-thirds (64%) of African-Americans believe that advertising should speak specifically to them, and they are more likely to respond to such advertising. (Source: Market Segment Group)
 - The largest concentration of Hispanic travelers is from New York City, and 73% of them took a trip in the past year. Yet Philadelphia is currently 16th on the list of places where Hispanics from New York travel and only 6.2% of the New York Hispanic population has been to Philadelphia.
 - Our “culture vulture” visitors have a real impact on the region: A recent GPTMC survey of hotel visitors revealed that 20% of visitor spending is on attractions and performances.
 - Our gay visitors are spending more and love the region. Gay visitor spending is up 30% over 2003, from \$179/day to \$233/day, and the return on investment from GPTMC’s recent gay-friendly advertising campaign is \$153 in direct gay visitor spending for every dollar GPTMC spent in advertising. (This compares favorably to our return on investment (ROI) figure for our general advertising of \$92 in direct visitor spending for each marketing dollar.)

The New Positioning

GPTMC took a complete look at all the research and forged a new positioning for the region. The positioning statement is a touchstone for Public Relations (PR), Web and advertising to use in creating a unified image of Philadelphia and Its Countryside as a desirable tourist destination that speaks to consumer interests and the region's assets. It is being used to shift Philadelphia from a strictly historical destination in tourists' minds to more accurately reflect the reality of a visit to the region: as a "so much to do" destination where visitors can shop, eat, walk and be entertained all the time.

ADVERTISING. The advertising department responded to the new positioning and media shifts by developing a new advertising strategy and new creative. With a \$5.9 million advertising budget, we created new, more flexible 15-second television spots (instead of 30-second ads) to run only on cable, and a stronger presence in print, radio and on the Internet. For the first time, our advertising has a presence in the Boston market, one that is already yielding results.

The ad department created 844,990,384 impressions via broadcast and cable TV, radio, print, Internet and outdoor advertising in 2004. Cooperative advertising—a program where nearly 75 attractions and destinations throughout the five-county region have the opportunity to participate in full-page, four-color print ads under a Philadelphia and Its Countryside banner—created an additional 120,314,231 advertising impressions.

PUBLIC RELATIONS. In 2004, GPTMC's public relations department placed 1,945 travel and related lifestyle/entertainment stories with an advertising value of \$35 million and more than 508 million impressions. Our coverage was found in every media category, including major market daily newspapers, such as *The New York Times*; glossy magazines, such as *Travel + Leisure*; special interest magazines, like *Passport*; national newspapers, like *The Wall Street Journal*; and broadcast and cable television shows, such as ABC's *Good Morning America*, the *Tonight Show* and *The Daily Show with Jon Stewart*.

Of these 1,945 media placements, the most popular topics were *gay-friendly Philadelphia* (465 stories); *general destination* (244 stories); *Fourth of July weekend* (191 stories) and *tourism marketing* (167 stories). A number of stories also focused on specific interests that tourists might have, such as *neighborhood tours* (44 stories) and *dining* (27 stories).

As this list reflects, GPTMC's PR department places general destination stories, but also ensures that our niche segments read about themselves in relation to a Philadelphia and Its Countryside visit and that general audiences read about more than just our history. In this way, PR extends the strategy of positioning the region as a "so much to do" destination and strengthens our advertising invitation to particular audiences.

GOPHILA.COM. As our most effective "tourist conversion" tool—there were nearly three million visits to the site in 2004 from 181 different countries—the look, feel and functionality of the Web site will match our marketing message. This summer, www.gophila.com will change in a big way, with a completely redesigned site. Beautiful images, functional design, global navigation, information architecture and multimedia enhancements will accompany the Web site.

Intuitive navigation, engaging content and vivid regional images will make the homepage more effective. In addition, a new database management tool will allow Web visitors to easily and efficiently sort information based on desired experiences, specific interests and/or geography.

The redesigned site will serve as an online visitor center, filled with the following features:

- Newly designed interactive maps (one of our most requested site features).
- More restaurant, dining and nightlife hotspots (another visitor favorite).
- An itinerary builder, which packs selected sites and activities into a “virtual suitcase” for saving, printing and/or sending to friends.

The Impact

GPTMC has shifted its marketing message from package-based to destination-based (focusing on the reasons why *Philly's More Fun™*). Our concentration on niche markets has intensified and expanded. We are using cable instead of network television, radio sponsorships instead of radio advertising, and targeted marketing for gay audiences, “culture vultures,” outdoor enthusiasts, Hispanic visitors, African-American visitors and others.

The outstanding question for these strategic shifts is: Will they be successful in generating more overnight leisure visitation to the region and a greater economic impact on the region from tourism spending?

Although GPTMC’s marketing shift is less than a year old, there is already evidence of impact.

- Monthly Hospitality Snapshots produced by Peter Tyson of PKF Consulting for GPTMC, the Greater Philadelphia Hotel Association (GPHA) and the Philadelphia Convention and Visitors Bureau (PCVB) demonstrate that recently the leisure segment has had some of the best months ever, with attendance up at regional attractions, Saturday night occupancy and rates both increasing, and individual room-night sales through gophila.com up by triple digits.
- GPTMC conducts seasonal surveys of our hotel visitors, and the changes between Summer 2004 and Winter 2005 in our visitor spending and activities indicate that the new positioning and message is getting through.
 - Visitors are spending more on their two-night trips (\$710 in Winter 2005 versus \$651 in Summer 2004).
 - They are coming more for specific attractions and exhibitions than for general getaways (21% in Winter 2005 versus 16% in Summer 2004).

- The fine dining featured in much of our public relations and in our television commercial is something visitors are choosing in increasing numbers (51% in Winter 2005 versus 40% in Summer 2004).
- Internally, GPTMC has instituted an outcomes tracking program, which enables us to look at relationships between marketing impressions (PR and advertising) and marketing outcomes (Web visits, bookings on gophila.com, leisure and general hotel occupancy). This program will allow GPTMC to become even more agile in responding to market trends and identifying what marketing tactics are effective in producing strong outcomes for tourism.

The Conclusion

Last year's *Tourism Monitor* made the case that tourism marketing is an investment, not an expense. Tourism marketing yields a strong ROI—for each dollar GPTMC spent over three campaigns in 2000-2001, \$185 in direct, indirect and induced spending was generated. And tourism products—attractions, hotels, arts and cultural venues—cannot survive, let alone thrive, if no one is telling people they are here and worth the visit.

Successful tourism marketing has increased the number of tourists and the amount they spend in the region, and this, in turn, has attracted more venues, exhibits, retail establishments and hotels to set up shop or expand. GPTMC now has more to market than ever and more opportunity to build on tourism's impact so far.

The final stage in this self-sustaining system is tourism marketing funding. Given tourism's impact on our regional economy, on our residents' quality of life, and on the decisions businesses, students and employees make to settle here, a commitment to fund tourism marketing is one of the most productive commitments the region can make.

The full 2005 *Tourism Monitor* covers the following topics and can be accessed through www.gophila.com/research.

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