



Testimony
House Appropriations Subcommittee on
General Government
March 16, 2016

Good Morning Madam Chair, members of the committee. My name is Steve Yencich, and I'm President/CEO of the Michigan Lodging and Tourism Association. MLTA represents the interests of owners and operators of hundreds of lodging properties, CVBs, attractions, and industry suppliers throughout the state.

I'm here to testify in support of enhanced funding for the award-winning Pure Michigan campaign, but let me first express our industry's gratitude for this committee's longstanding support of that award-winning campaign.

Based on the most recent ROI figures supplied by Longwoods International, the \$33 million currently invested in the campaign is projected to net almost \$227 million in tax revenues to the State. So on behalf of our industry and the over 214,000 people, it employs, we sincerely thank you.

In 2012, Michigan tourism stakeholders came together to develop a five-year, industry-wide strategic plan. One of the key objectives of that plan was to seek legislative support to increase Pure Michigan funding to \$50

million by 2017. As such, I'm here to request your support for additional funding for Pure Michigan in fiscal year 2016/17.

Recent studies by Longwoods International have found that promoting tourism does much more than increase leisure travel. It also increases the state's image as a good place to live, start a career, start a business, a good place to attend college, purchase a vacation home, and retire. I've included an article from Forbes magazine that goes into greater detail on the additional side benefits of state tourism promotion.

News media coverage of recent events has done damage to our state's image. Given the positive impact that Pure Michigan has had on tourism business outcomes, and the halo effect it has on perceptions of Michigan as a good place to live, work, or start a business, we request your support for a significant increase in funding for Pure Michigan.

Thank you for your consideration of our request. I'd be happy to answer any questions you might have.

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Andrew Levine Contributor

I write about marketing places.

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Why Tourism Advertising Is More Powerful Than You Think

I've known Bill Siegel for a long time. He and his firm Longwoods International have been tracking the performance of the advertising campaigns of countries, states and cities for over 25 years. So when he called me up and said, "Can we get together? I've got some really interesting numbers to share with you," I readily agreed.

Bill had a simple question he wanted to answer:
Is there a halo effect generated by tourism advertising?

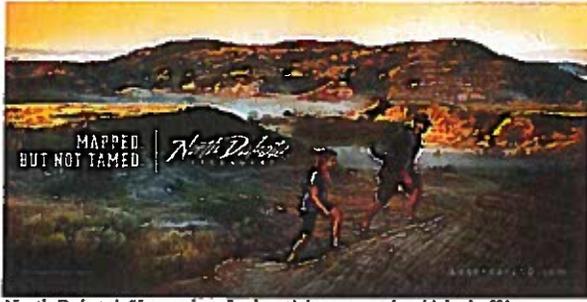
Yes, we can survey consumers and directly see how a state or city's advertising campaign works in influencing perceptions of a destination's tourism product and ultimately in motivating travel. But are there other benefits in boosting the community's overall image with the same audience?

North Dakota is a case in point. For the past decade, the state's "Legendary" campaign has been a successful branding statement connecting the state to potential travelers in an emotional and authentic manner. The most recent ROI research shows that North Dakota's U.S. campaign generated over \$100 in visitor spending for every dollar spent on advertising.

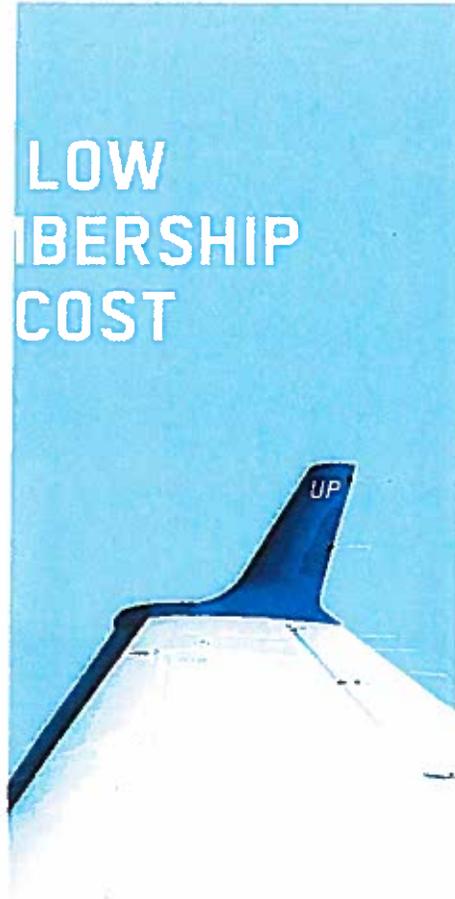
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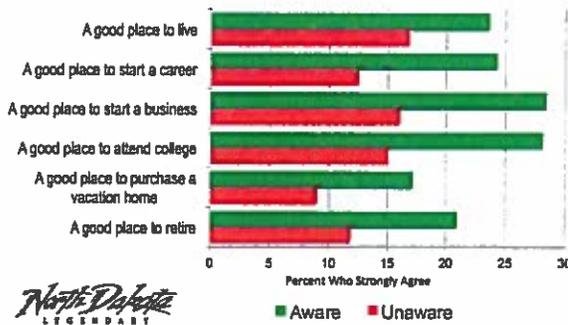
North Dakota's "Legendary" advertising campaign kicked-off in 2005.



But here's where it gets even more interesting. Are the same viewers more positive to North Dakota as:

- A place to live? **Yes**, up 41%.
- A place to start a career? **Yes**, up 100%.
- A place to start a business? **Yes**, up 75%.
- A place to attend college? **Yes**, up 87%.
- A place to purchase a second home? **Yes**, up 113%
- A place to retire? **Yes**, up 75%.

Impact of North Dakota 2014 Tourism Campaign on State's Economic Development Image



Tourism advertising helped boost the state's image in unexpected ways.

Longwoods asked the same six questions in assessing the impact of advertising campaigns for a number of other states, including North Carolina, Michigan, Minnesota, Ohio, and Wisconsin. The findings couldn't have been more consistent. In each and every case, effective tourism advertising had the same impact, improving consumer perceptions of each state in accidental yet positive ways. And while tourism marketing has been shown to generate significant economic impact by driving visitation, these results demonstrate the potential long-term benefits for broader economic development.

Edward Thorndike, an early educational psychologist, first coined the term “the halo effect” in a 1920 article titled “A Constant Error in Psychological Ratings.” Thorndike asked two commanding officers to evaluate their soldiers in terms of physical qualities (neatness, voice, physique, bearing, and energy) and personal qualities (including dependability, loyalty, responsibility, selflessness, and cooperation). He found that if an officer liked one aspect of the soldier, he tended to have a positive predisposition toward everything about him.

Nearly one hundred years later, the same can now be said of tourism advertising. We’ve known for a long time that effective tourism advertising campaigns build positive feelings toward a travel experience and inspire travel. But thanks to Bill Siegel and the Longwoods team, we now know that the same campaigns have other benefits that elevate impressions of a destination in an unintended yet positive manner.

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