



**Evaluating Government's
destination marketing performance**
A mixed methods journey of discovery

**Australasian Evaluation Society Conference
Adelaide – 2012**

Pete McMillen – Ministry of Business, Innovation & Employment

Background & context

Destination marketing is a significant contributor to New Zealand export earnings

- Almost \$10 billion in 2011 – second only to dairy

Market failure and other barriers constrain optimal private sector investment

- So government directly invests \$55 million through Tourism New Zealand

**NEW ZEALAND
100% PURE**

... going strong for 10+ years...

- Now wish to better understand the tangible outcomes of this investment

Why invest in destination marketing?

- Spill over benefits, transport policy, complexity, public sector provision of leisure services, resolving conflicts, ...

Market failure

- Public goods – & the “free rider” problem
- Externalities – peak season congestion, environment
- Market power – opportunity to improve national welfare by extracting a rent

Evaluation programme not designed to unpack the market failure problem

- Rather, take this as given and evaluate the performance of destination marketing’s efforts to mitigate against it

International practice & perspectives

Varying degrees of commitment to destination marketing R&E

- 20% of NTOs do no formal evaluation at all

Diverse mix of methods

- Few have attempted to extend conversion studies beyond explicit “call to action” campaigns, and measure the *net* effect of *aggregate* destination marketing

Even more diverse findings

- ROI = 154 to 1 !?



**15,000%
return
on
tourism
ads !!!**

Achievements to date

Experimental ad influence survey questions

- International Visitor Survey and Visitor Experience Monitor – year ending June 2011
- Point to the promise of further work in this area

Findings

- Of 2.5 million visitors, 10% reported being influenced by Tourism New Zealand advertising
- Spent around \$550 million (10% of total)
- Actual ad-influenced expenditure “best estimate” = \$135 million (25% of total spend by ad-influenced)
- ROI between 40% and 330% ?

Other work

Multivariate modelling

- Time series regression analysis of Australian travel to NZ
- Weak evidence of a relationship between marketing spend and visitor arrivals

JV partnership case studies

- Clear(er?) line of sight with digital partnerships



- Commercial-in-confidence measurement problems and the usual extraneous, confounding noise

Online analytics

In progress...

Longitudinal International Travel Motivations & Influence Survey

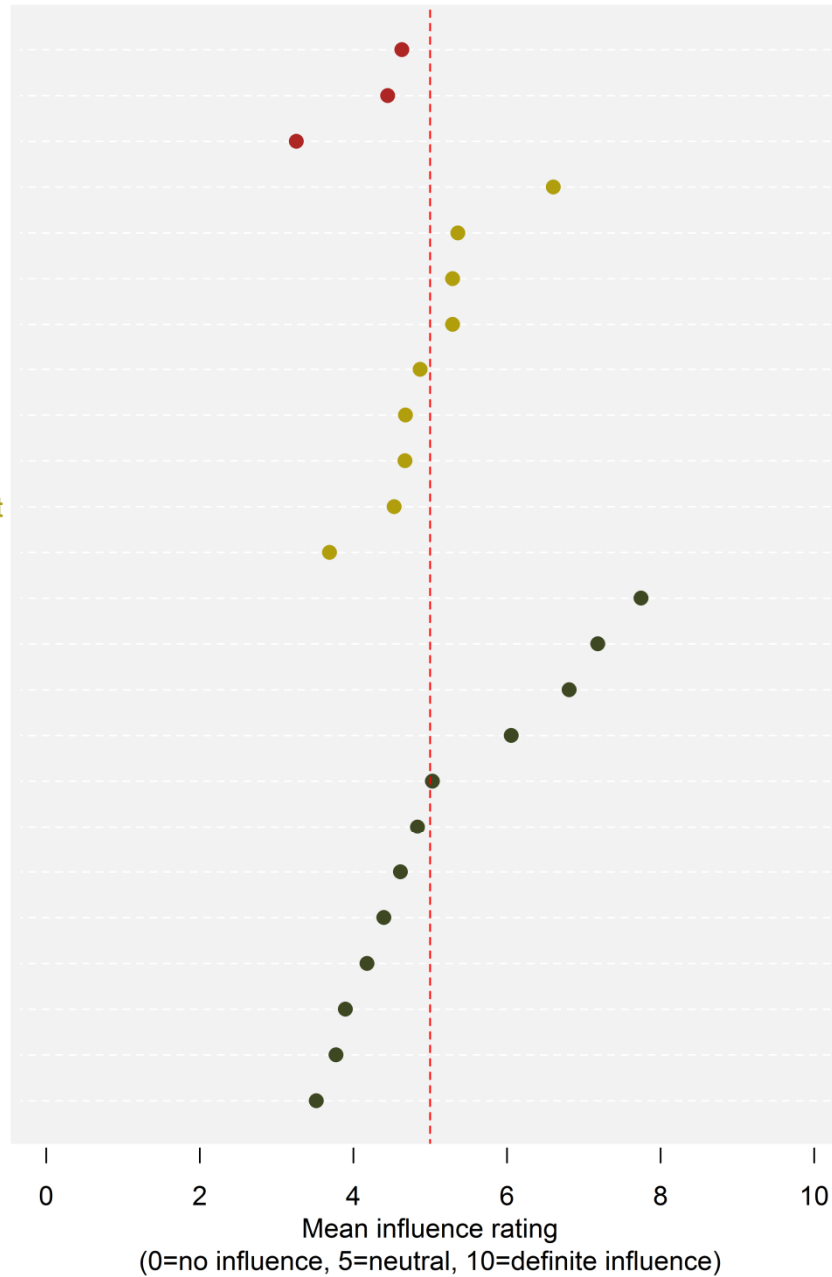
- Online, Australia (n=2,500) & Singapore (n=1,200)
- Targets “Active Considerers”
 - 4.9 million in Australia
 - 700,000 in Singapore

- Preliminary, unauthenticated first wave findings



Most recent New Zealand visit influences

- 100% Pure advertising (not online)
- 100% Pure online advertising
- Giant Rugby Ball
- Good deal on flights
- Travel guides, brochures, etc.
- Good package tour deal
- Air New Zealand advertising
- Other advertising (not 100% Pure)
- Jetstar advertising
- Qantas advertising
- Info about New Zealand industry event
- Singapore Airlines advertising
- Other
- Landscapes, scenery, attractions
- Friend or family recommendation
- To visit friends or family
- Other airline/travel agent advertising
- TV programme
- Newspaper/magazine article
- A movie set, filmed or produced in NZ
- Something online (not advertising)
- Event other than Rugby World Cup
- Rugby World Cup
- Travel agent recommendation



“Input” data for ad-influenced spend & ROI estimation looks OK

- Telescoping ?
- Inadvertently counting VFR as “holiday” ?

Measure	LITMIS Australia	International Visitor Survey
(holiday) Visitors	515,000	390,000
Visitor nights	7,600,000	4,100,000
Mean length of stay	14 nights	11 nights
Total expenditure	\$1,300 million	\$850 million
Mean expenditure	\$2,500	\$2,200
Mean daily expenditure	\$180	\$200
Return-on-investment	<i>coming soon...</i>	-

Next steps

Analysis of wave 1 LITMIS – an open book

- Confirmatory factor analysis ?
- Exploratory factor analysis, discriminant analysis ?
- Cluster analysis, multidimensional scaling ?

After that...

- Improved online analytics, online intercept surveys
- Further investigation of JV partnerships
- Qualitative research – tourists and industry
- Revisit multivariate modelling
- A “wrap around” cost-benefit analysis ?

& even if Tourism New Zealand's efforts prove fiscally weak... or worse, not certain their work will be disbanded ?



Thank you

Questions?

Comments?

Critique?

pete.mcmillen@med.govt.nz