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EFFECTS OF DESTINATION ADVERTISING ON FINANCIAL RETURNS —A COMPARATIVE ANALYSIS OF TWO INQUIRING METHODS

Liping A. Cai

ABSTRACT

Using the data collected for a conversion study, this paper examined the effects of inquiring methods on the financial returns of an advertising program in a Southwest U.S. destination. Through the comparative analysis of conversion rates, efficiency, and economic ratios, the results indicate that the reader card inquirer-converted visitors yielded greater financial returns to the destination than the phone inquirers, although the latter were more likely to convert to visitors. The financial returns were expressed both in absolute dollar amount and in the ratio of return on investment. In addition, the study has found that variations of financial returns existed between or among demographic segments within the reader card visitors. Implications of the study's findings were discussed in the context of resource allocation, tourism policy, and destination marketing. The text was complete with the review of conversion studies, description of methodology, and tables and references.

Introduction

Inquiry conversion research is the most common marketing assessment study (Turco & Dry, 1993) and "has been the dominant accountability research tool for evaluating media advertising" in the travel industry (Perdue & Pitegoff, 1994). The main objective of a conversion study is to determine the proportion or percentage of those persons who inquired about a tourism destination that have become actual visitors to that area. The study usually employs a questionnaire survey method. In addition to the question of visitation, researchers include in the questionnaire those variables that allow the computation of efficiency ratios and economic ratios, such as "cost per inquiry," "cost per visitation," "revenue per visitation," and "return on investment." These statistics are valuable to destinations because the effectiveness of a particular advertising program or campaign can be measured both in person-trips and in financial terms.

In most of the published papers on conversion studies, researchers also compare the effectiveness of two or more advertising campaigns or programs in one research design. An example would be the comparison of conversion rates and efficiency and economic ratios for the same advertisement placed in two or more magazines or newspapers. Another utility of conversion research is the comparison between two different media, such as magazine versus newspaper. Researchers at the University of Minnesota conducted such a study to evaluate the effectiveness of a six-hundred-line advertisement placed in Sunday editions of six upper-Midwest metropolitan area newspapers and in one edition of *Home and Away* magazine (Ballman, Burke, Blank, & Korte, 1984). Within

the same medium choice of newspapers, the research team reported as many as three times of variations in cost per inquiry between two newspapers. Comparative investigations of this kind have obvious implications for managerial decisions of resource allocation and medium or medium vehicle choice.

Unlike objectives of previous conversion studies, the objective of the current study was to examine if two different inquiring methods of the same advertising program would result in different financial returns. The objective was achieved by comparing conversion rates, efficiency ratios, and economic ratios as the results of executing the two inquiring methods. Specifically, comparison was made between two groups of respondents in a conversion study survey. One group consisted of those who were exposed to the advertisement and provided with a toll-free phone number and eventually inquired about the destination by calling the number. The other group was made up of those who were exposed to the same advertisement and provided with reader cards and eventually made inquiries by sending in the reader cards.

Review of Conversion Studies

The use of conversion studies was pioneered by Woodside and Reid (1974). Since then, it has been widely employed by tourism practitioners as a tool to measure the effectiveness of their advertising and promotional programs or campaigns. Academic researchers have been equally involved in providing guidance for methodological improvements and at the same time have challenged the validity of specifics of individual studies. By 1990, the appraisal of conversion research had been primarily negative. The concerns ranged from nonresponse bias to sampling techniques to inflated rates and ratios due to factors unrelated to the advertisements at issue. These concerns were addressed by a task force from the U.S. Department of Commerce that examined issues of accountability and evaluation in overall travel research. The critics proposed alternative approaches of advertising evaluation to replace the conversion study, but their proposals largely focused on conceptual discussions. The alternatives, such as tracking a hierarchy of effects of advertising (Siegel & Ziff-Levine, 1990), quasi-experiment (Mok, 1990), and cross-sectional measure (Silberman & Klock, 1986), called for more sophisticated data collection procedures and analytical techniques. These complex methods are more expensive to undertake than simple studies (Messmer & Johnson, 1993). They might be conceptually preferable, but practically unfeasible due to the issue of research and information cost that the sponsor of a conversion study is willing to afford.

Messmer and Johnson (1993) empirically tested a complex method using data on the promotional efforts of Colonial Williamsburg Foundation, and compared the results with a conversion study conducted by a separate independent research firm and using a separate data source. The complex method is the hierarchy structure modeling that involved a two-stage least square estimation (Johnson & Messmer, 1991). While the conversion study only required the inquirers to report actual visitation to calculate the conversion rate, the input variables of the hierarchy model included advertising expenditures, per capita income for a given origin location of respondents, and driving distance between the origin location and the destination. The conversion rates of the two separate studies

turned out almost identical: The rate derived from the complex model was 69 percent, as compared with 67 percent directly calculated from the simple conversion study; but the complex modeling was far more expensive than the simpler conversion survey.

Despite their concerns, many of the critics recognize the appeal of conversion studies and the considerable acceptance these studies have received at the pragmatic level in the destination industry (e.g., Bono, 1995). The findings of Messmer and Johnson (1993) have provided strong affirmative evidence and justification for continual use of conversion studies. In a more recent investigation, Johnson and Messmer (1997) further questioned the conceptual soundness of alternatives to conversion studies. They argued that many of the suggestions for the enhancement of the validity of conversion studies are both contrary to the scant empirical evidence and inconsistent with what should be measured as conversion. The author of this paper agrees in that instead of abandoning the method in its totality, the researcher should seek to maximize the estimation accuracy of the conversion study through careful sampling, proper interpretation, and the improvements of other methodological procedures, all of which are indeed required of any research endeavor.

Method

This paper was based on a conversion study project commissioned by a marketing consortium of six convention and visitors bureaus in the southwestern region of the United States. The population of the conversion study was 4,008 people who have made inquiries about the Southwest region after being exposed to the advertisements in several magazines. The copies of the advertisements were similar except for the vehicle of response provided to the magazine readers. One provided an 800 (toll-free) phone number for the reader to call for information, and the other inserted a reader card that the reader could send in for information. The reader card advertisement cost the consortium \$5,480; and the phone copy cost \$8,613. The population of 4,008 included 3,292 inquirers generated by the reader card advertisement and 716 inquirers generated by the phone advertisement.

The stratified sampling procedure was employed to draw a sample from the population, with the two types of inquiring methods as two strata. The target sample size was computed to be 600, based on the formula:

$$n = \frac{z^2}{H^2} \pi (1 - \pi)$$

where n is the unknown sample size; z is the standardized normal distribution value corresponding to a certain confidence interval, set at 95% ($z = 1.96$); H is margin of error allowed, set at 0.04; and π is the estimated proportion of the population being investigated, set at 0.35. This particular estimation is based on a pilot study and two similar studies conducted within last 12 months. Applying the formula, the exact n should be 546. Allowing for possible unusable returned questionnaires, the researcher felt more comfortable to increase the desired sample size to 600.

Eighteen hundred inquirers were selected randomly from the population to receive the questionnaire. The number of inquirers on the mailing list was determined assuming an approximate 34% response rate, which was based on the most recent similar conversion studies in which the researcher was involved. The typical response rate for an initial mailing of a conversion study falls between 20% and 40% (Woodside & Ronkainen, 1994). For this project, 553 complete questionnaires were returned after the initial mailing. The second mailing immediately followed for two reasons. First of all, 553 was still short of the desired final sample size of 600. The more important justification for the second mailing was the concern of nonresponse bias. The nonresponse bias occurs when people who actually visit are more likely to respond to the survey due to the feeling that their answers are more valuable to the destination than those who did not visit (Ellerbrock, 1981). Failure to correct for nonresponse bias, should it exist, can lead to an inflated conversion estimate. The correctional procedure begins with detection by a second mailing to those who did not respond to the first mailing. The nonresponse bias is considered present if the conversion rates and major demographic variables are significantly different between the first and second mailings. If the comparison does not show significant differences, the bias is then absent in the survey. Two approaches have been proposed to correct for the nonresponse bias (Woodside & Ronkainen, 1994). One is to achieve a response rate above 70% by sending out third, fourth, or even fifth mailings until the desired rate is reached. The other method is to include incentives to increase the response rate. For the current project, the second mailing included a packet of locally cultivated chili seeds. One hundred forty-six completed questionnaires were returned from the second mailing. The combined responses of 699 in two mailings resulted in a satisfactory response rate of 39%. The conversion rates and major demographic variables between the two mailings were compared to detect any presence of nonresponse bias. There was no significant difference between the two conversion rates. Among demographic variables, only the differences in age distribution of the respondents were found to be statistically significant. In other words, nonresponse bias is absent in the survey. Therefore, the two mailings were combined to form the final sample for analysis.

The conversion study for the Southwest marketing consortium involved a variety of statistical tools to examine the demographic profile, travel behavior, and attitudinal characteristic of the respondent in multidimensional settings. Relevant to the findings reported in this paper are 1) univariate analysis through one-way tabulation; and 2) bivariate analysis through cross-tabulation with the chi-square test and bivariate analysis of ANOVA with the F-test. Explanations of the two tests are readily available in any intermediate statistical reference book.

Results

Conversion Rates

A conversion rate is found by the simple equation:

$$\text{Conversions} = \frac{\text{Visitors}}{\text{Inquirers}}$$

The outcome answers the question of how many inquirers from travel ads convert to visitors after requesting and receiving informational materials from a destination (Woodside & Ronkainen, 1994). Such conversion is usually considered "gross" as compared with "net" in that some of the respondents would have come and visited the destination without the influence of a particular advertisement. The conversion rates reported in this paper are thus gross, but assumed to have minimum impact on the objective, which is the examination of differential financial returns of two inquiring methods in relative terms. In other words, the calculation of all efficiency and economic ratios is based on the conversion rates calculated by the same method.

The overall conversion rate for the Southwest destination was 41 percent, as shown in Table 1. This indicates that more than four out of ten people who had inquired, either through reader card or via phone, eventually visited the region after receiving the information mailed to them by the respective agencies. The percentages of conversions for reader-card and phone inquiries deviated from the overall rate in opposite directions. The conversion of phone inquirers was much higher at 61.8 percent, but that of reader card inquirers was lower at 36.5 percent.

Table 1
Differential Conversion Rates

Visited after inquiry	Yes%	No%	<i>n</i>
Reader card inquirers	36.5	63.5	506
Phone inquirers	61.8	38.2	193
Both inquirer types	41.01	58.99	699

The high conversion rate of phone inquirers was observed in previous studies. For example, the Minnesota Division of Tourism (1981) reported that phone contacts produced higher conversion rates than coupons. However, it is important to point out that the percentage is relative to the base of each inquiring method. The total number of phone inquiries resulting from the advertisement that provided the toll-free phone numbers was 716, as compared with 3,292 resulting from the advertisements that provided reader cards. It implied that the advertisement copy with the 800 number only was not as effective as the reader card copy in generating inquiries. This was consistent with the evidence provided by Ballman, Burke, Blank, and Korte (1984).

A trade-off seems to be apparent. On one hand, the 800-number advertisement generated fewer inquirers than the reader card advertisement; on the other hand, once the phone inquirers made contacts with the region, they were more likely to become visitors to the region than the reader card inquirers (61.8 percent vs. 36.5 percent). A better benchmark, however, is the total number of visitors attributable to each inquiring method. Translating the percentages into definite figures, it is determined that only 442 (61.8 percent of 716) phone inquirers actually became visitors; while 1,202 (36.5 percent of 3,292) reader card inquirers eventually visited the region.

Efficiency Ratios of Cost Per Inquiry and Cost Per Visitation

The number of visitors provided one type of advertising evaluation. Another criterion is the efficiency ratios associated with each inquiring method. In addition to the number of inquirers and that of visitors, the calculation of such ratios requires cost data delineated by inquiring methods. The two cost figures were \$5,480 for the reader card advertisement, and \$8,613 for the phone advertisement. Table 2 lists the results of the ratio calculation for cost per inquiry (*CPI*) and cost per visitation (*CPV*). The *CPI* is calculated through dividing the total advertising cost associated with respective inquiry method by the number of inquiries the advertisement generated. The *CPV* was calculated by dividing the relevant cost by the number of visitations (converted inquirers), which in turn was estimated by multiplying the total number of inquiries by the respective conversion rate. The *CPV* ratio is considered to be superior to the *CPI* as an indicator of advertising effectiveness, since it is based on an estimate of actual visitations.

Table 2
Efficiency Ratios

Inquiring Method	Ad. Cost	# of Inquiries	CPI	# of Visitations	CPV
Calling the 800 number	\$8,613	716	\$12.03	442	\$19.49
Sending the reader card	\$5,480	3,292	\$1.66	1,202	\$4.56
Both methods	\$14,093	4,008	\$3.52	1,644	\$8.57

The weighted totals for *CPI* and *CPV* were found to be \$3.52 and \$8.57, respectively. Although the figures were encouraging and did not deviate far from the recent reports of similar studies (e.g., a 1996 study by Morrison and Cai reported *CPI* at \$2.63 and *CPV* at \$8.86), there were drastic differences between the two inquiring methods. It cost the consortium only \$1.66 to entice a reader to send in an inquiry, as compared with \$12.03 to get one to call in. Further, the cost to attract one to actually visit the region was only \$4.56 if that person was a reader card inquirer. The cost was nearly \$20 for a phone inquirer to become a visitor.

It is noted that the efficiency ratios calculated in this study were based on the best data available. The project sponsor only recorded the actual advertising placement costs. Such costs as inquiry fulfillment expenses, brochure design and printing, telephone operator wages, and other labor expenses were not factored in. The sponsor estimated that the cost to fulfill a phone inquiry was more than the cost to fulfill a reader card inquiry, largely due to the setup, operation, and labor expenses of the 800 number. The availability of such data could only have enhanced the *CPI* and *CPV* differences observed so far.

Economic Ratios of Revenue Per Visitation and Return on Investment

In a conversion study, depending on the quality of the responses to the travel-behavioral questions of trip expenditure and party size, additional ratios may be calculated to

indicate revenue per visitation (*RPV*), the *CPV/RPV* (or cost percent), and return on investment (*ROI*). They are the measures of direct economic impact (or financial returns) to the community as the result of specific advertising programs. Table 3 tabulates these ratios.

Table 3
Economic Ratios

Ratios	Both Inquirer Types	Reader Card Inquirers	Phone Inquirers
CPV	\$ 8.57	\$ 4.56	\$ 19.49
RPV	\$ 562.52	\$ 636.91	\$ 334.66
CPV/RPV	1.53%	0.72%	5.82%
ROI	\$ 65.61	\$ 139.65	\$ 17.17

The input of *RPV* computation includes per-person spending and party size. In essence it is the business receipt to the region from each traveling party that came due to the exposure to the advertisement. As indicated in the second column of Table 3, the overall *RPV* was determined to be \$562.52, which was based on the report of \$174.50 per-person expenditures and an average party size of 3.2 persons. The corresponding *CPV/RPV* ratio was 0.0153, indicating that the average cost of attracting a visitor group is approximately 1.5 percent of the average revenue produced by each party. This implies that around \$1 in advertising cost generated \$69.59 in visitor spending in the area, which equals *ROI*.

The economic ratios varied significantly between the reader-card-inquiring visitors and the phone-inquiring visitors. As revealed in Table 3, *ROI* was \$139.65 for the former, and only \$17.17 for the latter. Accounting for the ratio variations between reader card visitors and phone visitors are the differences of both per-person spending and party size. Table 4 presents the breakdowns of each *RPV* and summarizes the financial returns in both absolute dollar amount and *ROI*.

The financial return (*ROI*) in Table 4 is calculated by dividing the dollar amount of financial return in Table 4 by the corresponding advertising cost figure. For example, \$923,747 total financial return divided by \$14,120 yields \$65.42, which is the overall *ROI*. It deviates slightly from \$65.61 in Table 3 due to rounding. The disparity of the two groups' contributions to the region's economy is consistent with that of efficiency ratios presented in Table 2. The high *CPI* and *CPV* for the phone inquirers were responsible for the low *RPV*, *CPV/RPV* ratio, and ultimately the financial returns; and the opposite is true for the reader card inquirers/visitors. Finally, Table 4 shows that while the dollar amount of financial return from the reader card visitors was over five times that of the phone visitors, the *ROI* differential was more than eightfold.

It is noted again that the economic ratios and financial returns were calculated based on the cost figures that did not include inquiry fulfillment expenses, brochure design and

Table 4
Breakdowns of RPVs and Financial Returns

	Both Visitor Types		Reader Card Visitors		Phone Visitors	
Average expenditure per person		\$ 174.5		\$ 224.5		\$ 74.5
Number of persons in a party	×	3.22	×	2.83	×	4.49
Number of total visiting parties	×	<u>1644</u>	×	<u>1202</u>	×	<u>442</u>
Financial Returns		<u>\$ 923,747</u>		<u>\$ 764,752</u>		<u>\$ 147,851</u>
Advertising cost	÷	<u>\$ 14,120.0</u>	÷	<u>\$ 5,480.0</u>	÷	<u>\$ 8,640.0</u>
Financial Returns—ROI		<u>\$ 65.4</u>		<u>\$ 139.6</u>		<u>\$ 17.1</u>

Note: Multiplication of rows 1 & 2 produces a slightly different RPV due to rounding.

printing, and so on. These economic ratios could be adjusted if other cost figures were available.

Evaluation of the Reader Card Group by Demographic Segments

In addition to data about visitation patterns in the conversion study, respondents were asked to provide some demographic information, such as age, education level, household income, and gender. These data allow the researcher to answer such questions as who were the visitors, how many of the visitors had a college degree, and what was the relationship between the respondent's household income and his or her likelihood to become a visitor to the region. Moreover, these data are essential to conduct more detailed and comparative analysis between or among demographic segments. For example, the average conversion rate of the reader card group was 36.5 percent, but was it realistic to assume that the likelihood of conversion of the older inquirers within the group was the same as that of the younger one? Would the visitors earning \$65,000 spend the same amount as those whose household income was below \$20,000? The answers to these and similar questions would provide input to calculate efficiency ratios, economic ratios, and financial returns for each demographic segment. In this study, these answers were furnished through bivariate analyses of chi-square and ANOVA. Specifically, each demographic variable was crosstabulated with the visitation question to examine if different groups had different visitation patterns. The chi-square test was applied to the cross-tabulation cells to determine whether observed differences were statistically significant. The ANOVA technique was employed to calculate and compare the means of the party size and amount of trip spending per person between or among different segments (levels) of each demographic variable. The F-test was applied to determine the statistical significance of any mean differences. Both bivariate analyses were conducted for the reader card inquirers/visitors, but not for the phone-inquiring group because of the smaller size of the phone inquirer sample. The chi-square test requires that every crosstabulated matrix cell should contain at least 5 percent of a sample.

Table 5
Analysis by Demographic Segments within the Reader Card Group

Conversion Rate			Cost					Financial Return	
Did you visit...?	Yes	No	# of Inquirers	Share of Ad. Cost	# of Visitations	CPV	Cost %	Financial Return \$	ROI
By Age-Group									
Senior (65+)	46.48%	53.52%	462	\$769	215	\$3.58	0.56%	\$136,596	\$177.6
Non-Senior	34.94%	65.06%	2830	\$4,711	989	\$4.76	0.75%	\$629,172	\$133.6
Chi-square = 3.502, <i>p</i> -value = 0.061									
By Education Level									
High school diploma or less	29.63%	70.37%	703	\$1,170	208	\$5.62	0.88%	\$132,457	\$113.2
Some college	38.46%	61.54%	1184	\$1,971	455	\$4.33	0.68%	\$289,750	\$147.0
College degree	34.58%	65.42%	696	\$1,159	241	\$4.81	0.76%	\$153,154	\$132.2
Graduate degree	42.20%	57.80%	709	\$1,180	299	\$3.94	0.62%	\$190,407	\$161.3
Chi-square = 4.197, <i>p</i> -value = 0.241									
By Income Class									
Less than 20,000	22.69%	77.31%	774	\$1,289	176	\$7.34	1.15%	\$111,761	\$86.7
20,000-39,999	37.21%	62.79%	839	\$1,397	312	\$4.47	0.70%	\$198,686	\$142.2
40,000-64,999	41.30%	58.70%	898	\$1,495	371	\$4.03	0.63%	\$235,939	\$157.9
65,000 and above	44.17%	55.83%	781	\$1,300	345	\$3.77	0.59%	\$219,382	\$168.8
Chi-square = 14.228, <i>p</i> -value = 0.003									
By Gender									
Female	35.46%	53.52%	1633	\$2,718	579	\$4.69	0.74%	\$368,397	\$135.5
Male	37.25%	65.06%	1659	\$2,762	618	\$4.47	0.70%	\$393,232	\$142.4
Chi-square = 0.261, <i>p</i> -value = 0.609									

Table 5 shows the results of the two bivariate analyses. The first column presents the differential conversion rates of two age-groups, three educational levels, four income classes, and two gender groups, respectively. The chi-square tests reveal that, when the reader card inquirers were divided into the two age-groups of seniors and nonseniors and they were compared in terms of likelihood of becoming visitors, the senior segment outperformed the nonseniors in conversion rate. Forty-six percent of the senior inquirers visited the region versus 34 percent of the nonsenior inquirers, and this difference is significant at the 0.06 level. Significant differences of conversion rates for various income classes were also observed. At a significance level of 0.003, the higher the inquirer's household income, the more likely he or she would become a visitor. In fact, the conversion rate for those inquirers earning \$65,000 or more was twice that of the inquirers making less than \$20,000.

Although some differences were also observed for educational and gender segments, they were statistically insignificant, as indicated by the low value of chi-square statistics and corresponding high *p*-values. The differences were merely by chance and/or due to sampling errors.

Table 6
ANOVA Analysis on Party Size and Per-Person Spending by Segment

Demographic Segment	Party Size			Per-Person Spending		
	Mean	F-statistic	p-value	Mean	F-statistic	p-value
By Age-Group						
Senior (65+)	2.84	0.000	0.952	\$237.75	1.312	0.254
Non-senior	2.82			\$211.25		
By Education Level						
High school or less	2.91	0.220	0.880	\$230.50	1.130	0.373
Some college	2.75			\$228.50		
College degree	3.03			\$213.75		
Graduate degree	2.64			\$226.00		
By Income Class						
Less than 20,000	3.00	0.020	0.995	\$225.01	2.020	0.113
20,000-39,999	2.87			\$214.50		
40,000-64,999	2.80			\$229.45		
65,000 and above	2.65			\$230.25		
By Gender						
Female	2.91	2.280	0.133	\$224.70	0.000	0.992
Male	2.73			\$224.46		

The second column of Table 5 tabulates cost-related results due to the differential conversion rates. The "share of advertising cost" is the product of reader card *CPI* (see Table 2) and the number of inquirers for each demographic segment, which in turn is based on the proportion of that segment in the reader card sample. The number of visitations is the product of the corresponding conversion rate and number of inquirers; and *CPV* is arrived at by dividing the number of visitation into the "share of advertising cost."

"Cost %" is the same as the *CPV/RPV* ratio in Table 3. It indicates, for example, that the consortium needed to spend only 56 cents in advertising cost to bring in every one hundred dollars of direct business receipt to the region from the senior visitors. The average *RPV* of \$636.91 for the entire reader card group (see Table 3) was applied to all the cost percent computation, because ANOVA analysis revealed that per-person spending was not significantly different from one segment to another. This is true for the age-group, education level, income class, and gender. ANOVA results also showed no significant mean differences of party sizes between or among the demographic segments. Therefore, the average party size of 2.83 (see Table 4) was applied to calculate the dollar amounts of financial returns, and consequently the *ROIs*. The outcome of ANOVA analysis is presented in Table 6.

As neither the per-person spending nor the party size varied significantly from one segment to another, the observed differences of financial returns in dollar amount and in

ROI were solely attributable to the differential conversion rates. It follows that, as the conversion rates for the educational segments were not significantly different, any variations of financial returns among the four segments should not be considered as statistically significant. The same reasoning applies to the gender segments. However, the opposite is true for the financial returns of the two remaining types of demographic segments (age-group and income class). Indeed, as the last column of Table 5 shows, for every one dollar investment in advertising there was \$44 more return from the senior group than from the younger group; and the return from the visitors of the \$65,000+ income class was over \$80 more than those of the \$20,000 – income class.

Conclusion

Using data collected in a conversion study, this paper was set to evaluate the effects of two different inquiring methods on the financial returns of the same advertising program to a Southwest tourist destination. The objective was achieved by comparatively examining the conversion rates, efficiency ratios, and economic ratios of reader card inquirers and phone inquirers. The findings suggest that financial returns from the reader-card-inquiring group, both in absolute dollar amount and in ROI, were far more favorable than the financial returns from the phone-inquiring group. Despite the higher conversion rate of the phone-inquiring group, its absolute visitation was outnumbered by that of the reader-card-inquiring group.

Further, significant variations of financial returns were observed within the reader-card-inquiring group, particularly when the group was segmented by age-group or income class. The findings confirm the consortium's understanding that its primary market is older and has higher income. The region has been successful in promoting itself as an ideal destination for senior Americans due to its comfortable climate all year around; and it draws its highest percentage of visitors from California, as well as many from several other Mid-Atlantic states. These states all have per capita disposable income above the national average (Legislative Analyst's Office, 1995). The visitor profile in the region was also traditionally characterized by a higher education level. Although the current study indicated that the more education a person had received, the more likely the person was to be converted to a visitor (e.g., the conversion rate for the inquirers with graduate degrees was 42 percent, as compared with 29 percent of high school graduates), the differences were not statistically significant (see Table 5).

The implications of the findings presented above are multifaceted. First and foremost, they provide concrete bottom-line figures to evaluate the effectiveness of not only one particular advertising program but also the different methods used to receive responses from those exposed to the same advertising message. There have been no reports from previous studies on differential conversion rates and consequent financial returns between two types of inquiring methods. The comparative results are valuable input in making such decisions as choice of media, method of communicating with potential visitors, and resource allocation.

Second, the focus of financial returns, both in dollar amount and in ROI, as the ultimate criterion of advertising effectiveness, has obvious advantages over the traditional

emphasis on the conversion rate. The likelihood for the phone inquirers to become visitors might be higher than that for the reader card inquirers, but they contributed far less to the destination's economy. The information is critical to tourism proponents as a destination tourism budget is faced with challenge from other economic sectors within the same community or region and competition from other destinations that are fighting for a larger share of shrinking state budgets for the tourism marketing overall. Determining the number of inquirers and even that of visitors may no longer be sufficient. The tangible financial bottom-lines offer a more convincing justification.

Third, relating conversion rates and consequent financial returns to specific demographic segments allows a destination to refine its decisions of market segmentation and targeting. It also affects positioning strategies. The ramification is significant at the time when the sustainability of tourism development in a locality is challenged due to rising concerns of residents over environment and their quality of life. It could be an opportunity for such communities to maximize the economic impact of tourism while containing tourist traffic, for example, by attracting the "high-rollers" to the region.

Finally, the findings concur with the recent positive assessment of conversion studies by Messmer and Johnson (1993) and Johnson and Messmer (1997)—namely, that conversion studies remain a viable and useful research tool. Complex and more sophisticated methods, such as econometric models, may be valuable and appropriate for other objectives of tourism research, but are not and have not proved to be plausible alternatives to the conversion study. Attention should be directed more toward robust design and careful execution of the survey to achieve optimal accuracy. The utility of a conversion study can be expanded, though. Snepenger, Johnson, and Rasker (1995) suggested that it could be used to capture information over a period of several years to track not only leisure tourists, but also the number of new businesses that have located in an area as a result of the pleasure or business experience. Others have also made good uses of the conversion study survey to collect comprehensive visitor profile data, including travel behaviors and attitudes. These expanded features, however, should not diverge the study from the very objective of a conversion research: to measure conversion.

Notes

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