



**What Happens When You Stop Marketing?**

# **The Rise and Fall of Colorado Tourism**

Dr. Bill Siegel  
Chairman & CEO, Longwoods International

 **Longwoods**  
INTERNATIONAL



## What Happens When You Stop Marketing?

# The Rise and Fall of Colorado Tourism<sup>1</sup>

Dr. Bill Siegel  
Chairman & CEO, Longwoods International

### Abstract

This paper provides through over 20 years of research a quintessential demonstration of the necessity and financial value of marketing. It details the state of Colorado's roller-coaster funding ride, including the complete loss of its tourism marketing budget, and the subsequent successful fight for renewed financial support. Because this is a public sector case, we are not bound by secrecy, and thus are privileged to be able to share it with you.

In 1993, Colorado became the only state to eliminate its tourism marketing function, when it cut its \$12 million promotion budget to zero. As a result, Colorado's domestic market share plunged 30% within two years, representing a loss of over \$1.4 billion in tourism revenue annually. Over time, the revenue loss increased to well over \$2 billion yearly. In the important summer resort segment, Colorado dropped from first place among states to 17th.

It took until 2000 for the industry to convince the legislature to reinstate funding with a modest \$5 million budget. Research tracked the effectiveness of the state's tourism campaigns over the next few years, and demonstrated an ROI of over 12:1. In 2006, Governor Bill Owens signed a bill upping the tourism promotion budget to \$19 million. By 2007, travel to Colorado rebounded to an all-time high, with 28 million visitors spending \$9.8 billion enjoying their trips to the state.

The Colorado saga provides a cautionary tale for financial decision-makers who, in these difficult economic times, are naturally looking at major cutbacks in all areas, including promotion. It clearly illustrates that marketing is an essential net generator of revenue and profits to the organization, not a cost.

<sup>1</sup> This paper was the keynote address at the Nevada Tourism Summit, March 18, 2009, an event sponsored by **Save Nevada Tourism**, a group founded in response to a draft bill proposing to slash the state's tourism marketing budget by 58%. It is based in part on a presentation by Bill Siegel and Eugene Dilbeck at the Advertising Research Foundation's **RETHINK!** Conference, New York, 2006. Excerpts from the Colorado case were also presented at the Travel Industry Association's Educational Seminar for Tourism Organizations (ESTO) by Tom Curtis, Senior Vice President at Longwoods, in Phoenix, August 2007.

## Introduction



“Half the money I spend on advertising is wasted; the trouble is I don’t know which half.”

- John Wanamaker, Philadelphia merchant, c. 1900

More than one hundred years have passed since John Wanamaker uttered his famous lament about the lack of hard evidence for the effectiveness of advertising. Despite the huge growth of the communications industry since that time, the search for solid proof of the financial value of advertising continues to this day.

Recent polling has confirmed that defining and measuring ROI has become a top priority for senior marketers.<sup>2</sup> According to Robert Liodice, CEO of the Association of National Advertisers:

*“The face of marketing is changing and now more than ever measuring marketing success is an investment. Once it becomes an investment, the need for accountability goes up. CEOs are now demanding the same level of accountability from marketing that they are accustomed to receiving from operations and finance.”*<sup>3</sup>

Now it is 2009, and with the world in the midst of a global recession, marketing budgets are threatened with serious cutbacks in both the private and public sectors. It is within that context that I am pleased to share with you a case history involving research for the state of Colorado which clearly and simply answers the question:

**“What happens when you take a successful advertising campaign and cut the budget to zero?”**

It is a stunning demonstration of the power of marketing and the downside of indiscriminate budget slashing. You will see why, within the tourism industry, the Colorado story has become the poster child for justification of marketing funding. It draws on over 20 years of research, including custom ROI studies and Longwoods Travel USA®, the largest ongoing study of American travelers.<sup>4</sup>

<sup>2</sup> Source: MMA/ANA/Forrester Research, 2005.

<sup>3</sup> Source: RBR/TVBR Media Mix, 2005.

<sup>4</sup> The Colorado program was awarded a best-practice case in research, *Guide to Best Practices in Tourism and Destination Management, Volume 2*, by Rich Harrill, Ph.D. American Hotel & Motel Association, 2005.

# The Rise of Colorado Tourism

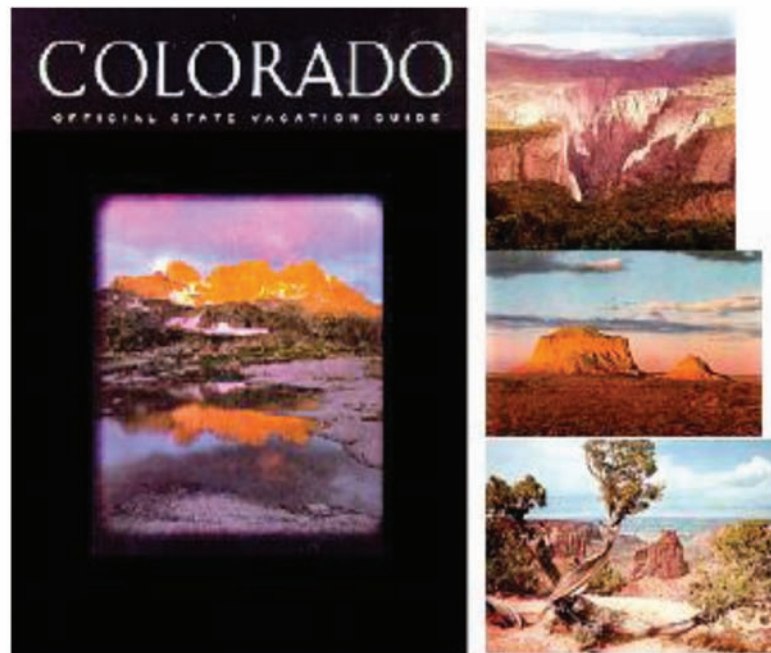


Figure 1. “Mountains, Mountains, and More Mountains”

Our case study begins in 1983, when the Colorado Tourism Board was created to promote the state. To generate dedicated promotional funding for the new tourism board, a small but broad tax of 0.1% on travel-related products and services was enacted. The original tourism tax had a five year sunset provision, but in 1988, because of the program’s success, the legislature increased the tax to 0.2% and extended it for five more years.

Longwoods International was first hired by the Colorado Tourism Board in 1986 to conduct image and visitor research for the state. We found that, with the exception of skiers, Colorado was largely a regional destination drawing people from neighboring states like Texas, Nebraska and Kansas who wanted to escape from prairies and flat farmland. Given the new marketing budget, and since Colorado was blessed with a unique travel generator – the Rocky Mountains – there was a significant opportunity to draw visitors from across the country and transform the state into a national “fly-in” destination.

The results of our first benchmark study showed, however, that Colorado’s image was weak. While it was seen as having beautiful mountain scenery and wilderness areas (good for skiing and outdoor recreation), Colorado was perceived as lacking amenities for a summer vacation, such as good hotels and restaurants, and – after you’ve stared at the mountains – not having a lot of things to see and do.

We summarized the perception of Colorado at that time as “*Mountains, Mountains, and More Mountains.*” Remarkably, the state was reinforcing this negative stereotype by showing empty mountain landscapes in its promotional material (See Figure 1).

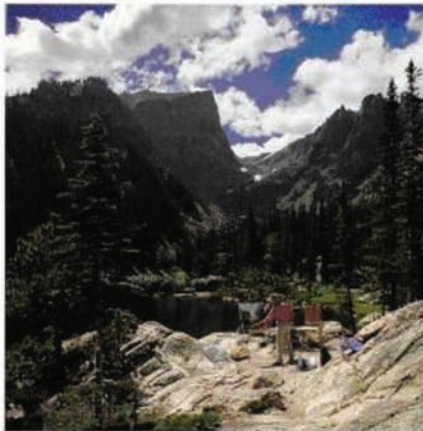
Our recommended strategy was to reposition Colorado as “*Mountains and Much More,*” with the “*Much More*” to be determined by the research. The goal was to hit the top hot buttons in terms of what people wanted from a Colorado vacation. We suggested building on Colorado’s natural strength as the iconic Rocky Mountain experience, but moving the mountains to the background, with people, fun, excitement, and attractions in the foreground.

Our visitor research uncovered an additional problem: While Colorado ranked number one among U.S. states in the ski resort category, it ranked only 14th in the summer resort segment. Upscale resort communities like Aspen and Vail were world-renowned among skiers, but suffered for business after the snow melted. We were puzzled by this because, in general, summer is the high season for Colorado vacations. The reason given was that the industry had not traditionally promoted the resorts for summer.

The logical solution was to transform the state's ski towns into all-season resorts. The infrastructure was already in place, including hotels, restaurants, bars, shops, and attractions. Ideally the costs could be amortized year-round, and local businesses could hire permanent rather than seasonal staff.

We recommended featuring the resort experience in the summer campaign to demonstrate that there were amenities like golf, spas, excellent hotels and fine dining up in the mountains, not just empty wilderness.

Besides All The Historical Sites,  
Western Museums And Indian Ruins, We  
Have A Few Other Points Of Interest.



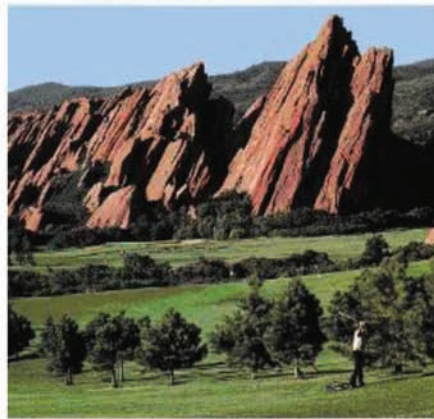
Colorado Western Ski, Box 38700  
Dept. 106, Denver, Colorado 80238

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_  
STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**COLORADO**

1-800-433-2456

This Is Where The Deer  
And The Antelope Play. But Why  
Let Them Have All The Fun?



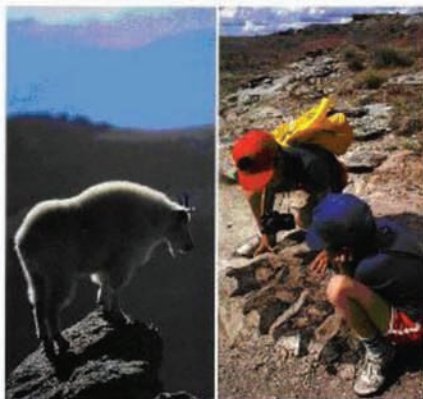
Colorado Nature Board, Box 38700  
Dept. 132, Denver, Colorado 80238

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_  
STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**COLORADO**

1-800-433-2456

Visit A Place Where The  
Zoos Don't Have Fences And The  
Museums Don't Have Walls.



Colorado Tourism Board, Box 38700  
Dept. 203, Denver, Colorado 80238

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_  
STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**COLORADO**

1-800-433-2456

After A Day In The Mountains,  
Most People Could Eat A Horse.  
Luckily, They Don't Have To.



Colorado Western Board, Box 38700  
Dept. 106, Denver, Colorado 80238

NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_  
STATE \_\_\_\_\_ ZIP \_\_\_\_\_

**COLORADO**

1-800-433-2456

Figure 2. "Mountains and Much More"

A series of clever magazine ads was developed based on the new strategy, and they ran in national and regional publications (See Figure 2).<sup>5</sup> Over the next few years, the campaign built impressive equity in the marketplace:

- When we tracked the state's image a few years after the campaign was inaugurated, it had shifted from somewhat dull and limited to an exciting, must-see destination.
- The number of people calling or writing in response to the ads increased dramatically, and the cost per inquiry plummeted.
- The state was evolving from a regional to a national destination.
- By 1992, Colorado had moved to 1st among U.S. states in the summer resort category, up from 14th just a few years earlier.
- Colorado's overall market share of U.S. travelers grew by 50%, representing over \$1 billion in additional spending annually.

By every indication, Colorado was now perceived as the “*Mountains and Much More*” destination that visitors wanted. The advertising campaign was a proven success, bringing visitor expenditures, tax dollars and jobs into the state.

## The Fall of Colorado Tourism

Then disaster struck. An anti-tax activist from Colorado Springs, Douglas Bruce, successfully spearheaded an amendment to the State's Constitution called the Taxpayers Bill of Rights (TABOR), which required any new taxes or tax increases to be approved by state voters in a referendum. This effectively removed the traditional responsibility of taxation from politicians and placed it directly in the hands of the populace. By the early 1990's, the Colorado Tourism Board had a dedicated budget of approximately \$12 million for tourism promotion, paid for by a tax of 20 cents on every hundred dollars of tourism expenditures, including hotels, rental cars, outdoor recreation, restaurants, and attractions. It was a very small tax, largely paid by people from out of state, but it was a tax nonetheless. Over the years, we have conducted many public opinion polls for governments on fiscal issues, and have almost never seen a tax people liked. Unfortunately for the state's travel industry, Colorado's tourism tax was no exception.

The Colorado Tourism Board had a five-year mandate with a sunset clause coming in 1993, just one year after the Taxpayers Bill of Rights passed in 1992. Prior to that, tourism funding decisions were largely invisible to the public. Were it not for the new bill, the Board's mandate would likely have been quietly renewed by the legislature without controversy. Tourism was, after all, a key industry for the state, and the campaign was working well.

But now the question had to be decided by a referendum of voters, with their new-found power to veto taxes like this one. Perhaps most damaging was the wording of the referendum question, which framed the tourism tax as a new one, not a continuation of a successful mechanism for bringing visitors' dollars into the state coffers. Technically speaking, it was indeed a new tax because the sunset clause ended funding for the Colorado Tourism Board until it was officially renewed.

<sup>5</sup> A Denver agency, Karsh & Hagan, created the campaign.

The local tourism industry mounted a defense by running television commercials that proclaimed how important the industry was to the state, and how many people it employed. All of this was true, but the industry had picked the wrong issue to make their case. *Our polling research at the time showed that Colorado voters already understood the importance of tourism. They simply didn't want a tourism tax.* What voters did not understand was that the existing tax was only 0.2% of tourism expenditures and that it was primarily paid for by out-of-state visitors, not by them.

When we explained these facts to survey respondents, they flipped their opinion and supported the tax. Incredibly, they actually believed the tax was too small! Unfortunately, the industry did not address the tax issue, and continued to talk about how important tourism was for the state.

Just before the vote, Douglas Bruce and his supporters came out strongly against the tourism tax. *It's not that we are against tourism,* they reasoned. *But the Rocky Mountains were there long before the Colorado Tourism Board, and they'd be there long afterwards. Surely the tourists will keep on coming.*

Bruce's coup de grace was to argue that, if the rich ski resorts could afford over a million dollars to run a propaganda advertising campaign on behalf of the tourism tax, then surely they should not be lining up at the trough for public funds. Let those fat-cat corporate welfare bums pay for promoting tourism themselves. Bruce's message received extensive media coverage on the eve of the referendum, but the industry had no spokesperson in place to challenge his point of view.

Bruce missed the point that the Tourism Board was primarily responsible for promoting summer tourism, and that the ski operators separately promoted winter with private sector funds. The main beneficiaries of summer tourism spending were a myriad of small businesses across the state, the kind of businesses that don't have the money, time, or mandate to organize a state tourism campaign. Nonetheless, his simple message resonated with voters and carried the day.

**In the 1993 referendum, the tourism tax was defeated by a margin of 55% against. Shortly afterwards, Colorado became the only state in the U.S. without an official tourism function. The phones kept on ringing, but there was nobody left to answer them.**

The results were devastating and surprisingly immediate:

- Within two years, according to our Longwoods Travel USA® syndicated tracking program, Colorado lost 30% of its market share of U.S. tourism (See Figure 3).
- This translated into the equivalent of over \$1.4 billion annually in lost revenue to the state.
- By the late 1990's, the damage had escalated to \$2.4 billion each year.
- An independent economic impact study conducted by Dean Runyan Associates confirmed the decline of the tourism industry in terms of its contribution to the state economy from 1996 to 2000.<sup>6</sup>
- After moving from 14th to 1st place nationally in the summer resort category, Colorado slipped to 17th place in 1994, just one year after the loss of funding (See Figure 4).
- We observed a dramatic increase in the number of Colorado residents and travelers staying with friends and relatives, as opposed to high-yield customers.
- Colorado was starting to shift back toward a regional drive destination, as opposed to the national fly-in venue it had become as a result of marketing.<sup>7</sup>

<sup>6</sup> Dean Runyan Associates, 2001. *The Economic Impact of Travel on Colorado.*

<sup>7</sup> Longwoods International, *Colorado Travel Year 2004.*

The Colorado case study answers the question that we as marketers would all like the answer to, but would never have the desire or nerve to test: *What happens if you take a successful marketing program and cut it to zero?* It took just two years for Colorado's business to bottom out.

It was a bit like owning a Ferrari, but not having the money for gasoline.

### Colorado's Share of U.S. Overnight Pleasure Trips

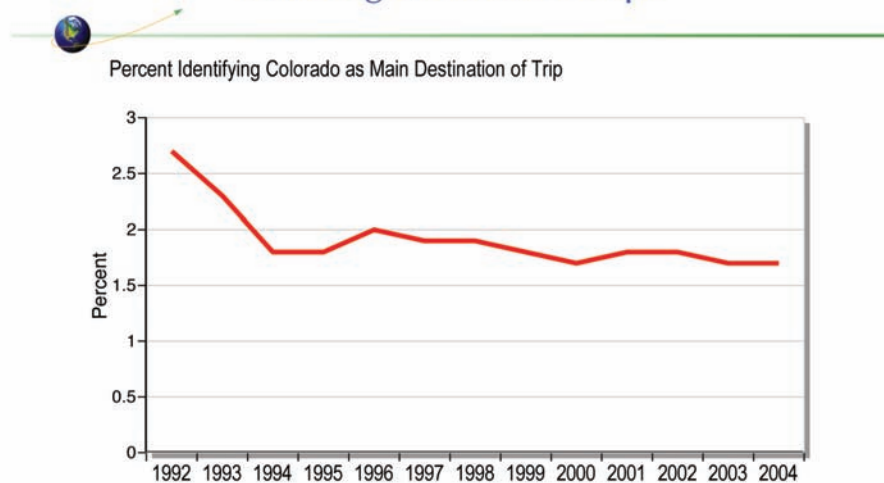


Figure 3. Colorado Loses Market Share after Funding Cut to Zero

### Colorado's Rank Among 50 States as a Summer Resort Destination

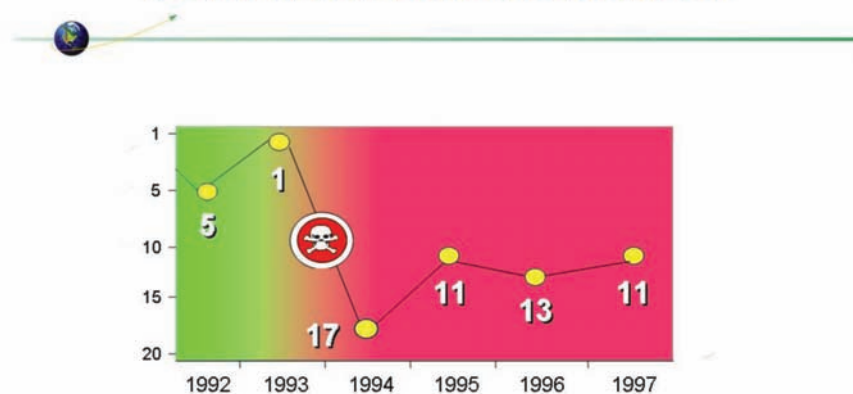


Figure 4. Colorado's Position in the Summer Resort Segment Plummets

## Private Sector Funding Model Fails

After the loss of funding, a new agency, the Colorado Travel & Tourism Authority was established by the legislature to attempt to market the state with private funds. The idea was for the industry to be self-assessing, and to use the money for tourism promotion. The Colorado Travel & Tourism Authority had staff but no marketing dollars. They shared responsibility with the original agency, the Colorado Tourism Board, which had responsibility for welcome center operation, but had no staff. The two agencies fought regularly over funding and areas of responsibility.

Despite representing a state with one of the strongest private tourism sectors in the U.S., the new Colorado Travel & Tourism Authority was unable to raise sustainable funding or to coordinate its private sector partners under a marketing umbrella. It was like trying to herd cats. Industry contributions to the cause were not mandatory, so the people who paid their share were rightly resentful of those who passed the buck. Not surprisingly, free ridership prevailed over altruism and dedication to the common good.

It was becoming increasingly clear that the private sector funding model was a failure. Each player in Colorado's widespread tourism industry had its own marketing job to do, whether it's a ski resort like Aspen, Vail, Breckenridge, or Steamboat Springs; a city like Denver or Colorado Springs; an attraction, airline, hotel, rental car firm, etc. Each was naturally motivated to get its own message out. But tourists can stay at a Sheraton or rent a car from Hertz virtually anywhere. For them, the hook is *Colorado*.

In 1997, I was invited by the University of Denver to present our research quantifying the state's tourism decline at a meeting of frustrated industry leaders. The facilitator, Robert Mill, a faculty member in the business school, concluded the session by asking the assembled audience to shout out, on the count of three, the name of the Colorado organization they represented.

All at once, each person in the audience called out the name of their respective city, resort, hotel, service or attraction: "*Denver — Vail — Marriott — Colorado Springs — Boulder — Avis — Grand Junction — Garden of the Gods*" ... and a myriad of other names.

The resulting cacophony was incomprehensible.

"Louder!!" said Professor Mill. "I can't hear a thing except noise."

The audience tried again, louder this time, but the result was even less intelligible.

"Now on the count of three, tell me what state you live in," the good professor intoned. "One, Two, Three:"

Their answer came through as clear as a bell:

"*COLORADO!!!*" "Now you see why we need to speak with one voice," he said.

It was a great illustration of Benjamin Franklin's famous quotation at the signing of the Declaration of Independence in 1776: "*We must all hang together, or assuredly we shall all hang separately.*"

The professor's message was clear: It is the people of Colorado who own Colorado, not Vail, Sheraton, or Hertz. Without the glue of public funds for tourism promotion, the industry would not be able to coordinate and deliver a clear message to the traveling public.

## Rising from the Ashes

Gradually, momentum for a return to state funding began to build. We were asked to make a presentation to Senator Elsie Lacey, head of the joint budget committee, illustrating the loss of revenue to the state since the tourism tax was defeated in 1993. She was sympathetic because her constituents included many small businesses who were suffering from the loss of visitors.

Then in 1998, Longwoods International was commissioned by the Colorado Tourism Board and the Colorado Travel & Tourism Authority to prepare a White Paper reviewing the situation and recommending a solution based on three different funding scenarios. The White Paper was approved by the industry in 1999 and distributed to legislators and the media. It was well received, and as a result, the two feuding state tourism agencies voted to disband.

They were replaced on July 1, 2000, by the new Colorado Tourism Office, which received \$5 million in funding from the state. After a seven year hiatus, Colorado was back in the tourism business again, but with that limited amount of funding, it was an uphill battle. Despite the fact that Colorado is a long-haul destination and has to work harder to attract visitors, its marketing budget was still less than half the average of other states.



Figure 5. A New Take on “Mountains and Much More”

In 2003, Governor Bill Owens championed a one-time \$9 million capital infusion for tourism promotion, but the tourism industry continued to fight for sustained dollars.

Working hard to make the most of its meager resources, the Colorado Tourism Office hired PRACO, a Colorado Springs agency, to develop a new campaign promoting the state. The priority was to demonstrate to the legislature that the limited investment of public funds generated a positive return on taxpayers' investment in tourism promotion.

Longwoods was hired to evaluate the impact of three years of advertising using our highly conservative methodology for measuring ROI<sup>8</sup>. The results indicated that the campaign generated major impacts in the target markets:

- 72.1 million American adults were aware of the 2004 campaign.
- Top-of-mind awareness of Colorado as a “dream destination” was significantly lifted by the campaign in all three years.
- The image of Colorado was enhanced by the campaign in each year as well.
- People aware of the campaign were about twice as likely to be planning a trip to Colorado versus those unaware.
- From October 2003 to December 2004, the campaign resulted in an incremental 5.3 million trips, representing 17% of Colorado’s total tourism visitation.
- In 2004, this generated \$1.4 billion of additional spending and \$89.5 million in state and local taxes.
- The campaign appeared to be building equity over time.

### The bottom line:

	2002	2003	2004
Advertising Expenditures	\$2,546,000	\$5,182,000	\$4,947,000
Visitor Spending per Ad Dollar	\$205	\$203	\$292
<b>Tax Dollars Returned per Ad Dollar Invested</b>	<b>\$12.74</b>	<b>\$12.63</b>	<b>\$18.10</b>

The research also revealed a major untapped opportunity for the state: Despite now ranking **5th among states as a dream destination** (after Hawaii, Florida, Alaska and California), Colorado ranked only **23rd in actual visitation**. At the same time, Colorado ranked **35th in funding for tourism promotion**.

<sup>8</sup> Longwoods International, Colorado Travel Year 2004.

There was a clear opportunity to close the gap between Americans' desire to visit Colorado and their actual behavior with a properly funded promotional campaign. The Denver Post summed it up nicely:<sup>9</sup>

*"The moral of the story is that in the modern tourism economy, it's not enough to have spectacular scenery. You also have to advertise your product. While Colorado was hiding our state's virtues under a bushel, other states were promoting vigorously and stealing our business — Politicians are always pledging to run state government like a business. But in business, you often need to invest money to make money. With a return of more than \$15 in tax revenue for every buck we spend on promotion, it's high time Colorado got back into the tourism business."*

## A Happy Ending

After a dry spell lasting more than a decade, Colorado's tourism industry was able to put forward a credible case to the Governor and State Legislature to support tourism with sustainable dollars. **In June 2006, Governor Bill Owens signed into law House Bill 1201, which almost quadrupled the tourism marketing budget to \$19 million.** No longer the poor cousin to its state peers, Colorado moved from 35th in tourism spending to about 7th. *"In every case, we will make more money than we spend for these incentives,"* the Governor told the press.<sup>10</sup>

With a serious budget now in place, the Colorado Tourist Office hired MMG Worldwide to develop a fresh approach to marketing the state, integrating the web, traditional media, and public relations into a \$6.9 million spring/summer multichannel campaign with the theme: *"Let's Talk Colorado."*

The extra dollars allowed the state to get its message out to more key markets, such as Boston, Minneapolis, New York, Phoenix, San Diego, San Francisco, and Washington DC. The media buy included television, radio, magazine, newspaper, direct marketing, and search engine marketing. Additional flights of advertising were run in fall and winter.

Longwoods conducted online surveys to measure the impact of the *"Let's Talk Colorado"* campaign, with data collection in October, 2007 and May, 2008.<sup>11</sup> The results came back as very positive:

- The campaign lifted the image of Colorado overall and generated a positive halo effect on specific attributes that motivate people to visit the state.
- Future intentions to visit Colorado were significantly higher as a function of campaign exposure.

### The bottom line:

Advertising Expenditures	\$10,742,000
Total Visitors Generated	5,973,000
Total Spending Generated	\$2,078 Million
Tax Dollars Generated	\$139.3 Million
Visitor Spending per Ad Dollar	\$193
<b>Tax Dollars Returned per Ad Dollar Invested</b>	<b>\$12.96</b>

<sup>9</sup> Bob Ewgen, *Denver Post*, 2005.

<sup>10</sup> JoAnne Kelley, *Rocky Mountain News*, June 6, 2006.

<sup>11</sup> Longwoods International, *Colorado 2007 Ad Campaign Evaluation*.

We continued to track visitors to Colorado through our quarterly Longwoods Travel USA® syndicated research program, which is subscribed to by a number of countries, states, cities, and regional destinations. With a significant marketing program in place, Colorado tourism has undergone a major recovery over the past few years and is now back up to record levels.

As reported by the Denver Post:<sup>12</sup>

*“Travel to Colorado and Denver increased 4 percent in 2007, and travel spending jumped 10 percent from the previous year to \$9.8 billion. According to data released Tuesday, 2007 marked the fourth consecutive year the state’s tourism industry saw an increase in domestic visitors and dollars spent.*

*“The most significant growth occurred in marketable leisure trips, which are not tied to business, family or friends’ said Kim McNulty, executive director of the Colorado Tourism Office. — Marketable leisure trips were up 8 percent over 2006, marking the biggest hike in these types of trips since 1992, when funding for tourism marketing was slashed by the state. That year, marketable leisure trips topped out at 12.5 million before dropping to an all-time low of 9.6 million in 2000, the year the state began funding tourism advertising again.*

*“This is exciting for Colorado, and it validates the way we market the state. - - - It’s great news — especially with all the economic downturns — to have gains in ‘07 over the great gains we saw in ‘06,’ said Richard Scharf, president and chief executive of the Denver Metro Convention & Visitors Bureau.”*



**Figure 6. “Let’s Talk Colorado”**

<sup>12</sup> Elizabeth Aguilera, Denver Post, June 18, 2008.

## In Conclusion

I have now personally specialized in the design and implementation of ROI research for over thirty years. My company, Longwoods International, has measured many campaigns in such categories as packaged goods, financial services, automotive, technology, consumer durables, gaming, and retail, as well as tourism.<sup>13</sup> We have seen numerous examples of excellent returns generated by a combination of the right messaging strategy, compelling creative that engages the consumer at an emotional level, and an effective media buy.

We've also observed an occasional failure, including an award-winning campaign noted for its stunning creative that generated zero ROI. Research identified that the messaging was off strategy and the ads, while beautiful to look at were not motivating. With the appropriate adjustment to the creative, the next year's campaign generated an excellent return.

I would love to be able to share these case studies with you, but for most this is impossible because the private sector is — *private* — and secrecy generally prevails. In addition, I have not yet encountered a single private sector client who would dare to totally stop advertising.

The Colorado case study offers us a unique glimpse into a 20-year program of research that documents the stunning impact of the state's virtually complete and unprecedented elimination of its tourism marketing budget. In what may well be the classic demonstration of the financial value of marketing, the case clearly documents the lost opportunity when funding was cut:

- Over \$2 billion in lost sales annually by cutting \$12 million in promotional dollars.
- Over 30% decline in market share.

It shows as what was gained once state funding for marketing was reinstated:

- More than \$190 in sales for every dollar spent.
- Over 12:1 bottom-line ROI to the Colorado state treasury.

Within tourism, the Colorado story has become a legend, with many of the state's competitors citing these numbers to their legislators as evidence for why their programs should be funded, not cut. In these challenging economic times, when marketing budgets are an easy target in the private sector and public sector alike, the lesson from this case is quite simple:

**THINK TWICE BEFORE SLASHING YOUR MARKETING BUDGET.  
DON'T BE THE NEXT COLORADO!**

<sup>13</sup> Peer awards have been received from the Marketing Research & Intelligence Association (RBC Royal Bank), Travel & Tourism Research Association (Hawaii; Maine); Guide to Best Practices in Tourism & Destination Management (Colorado; Tennessee; Hawaii; Maine; Finger Lakes Wine Country)

## Acknowledgements

Many individuals and entities have been central to the Colorado story. I would like to give credit to just a few of these, whose leadership and vision have made this case and its documentation possible. First I'd like to thank Don Merrion and the Colorado Tourism Board members for hiring us in 1986, making Colorado the first state client of Longwoods International. Michael Erdman, Senior Vice President at Longwoods, has done a magnificent job of conducting the research that has documented the Colorado story so well. To Kim McNulty, Executive Director of the Colorado Tourism Office and Richard Scharf, President and Chief Executive of the Denver Metro Convention & Visitors Bureau, it's been a privilege to work with you and to be able to document your success. Finally, I would like to thank Eugene Dilbeck, formerly state travel director for Texas, Oklahoma, and New Jersey, President of the Denver Metro Convention & Visitors Bureau, Chair of the Research Committee of the Colorado Tourism Office, Executive Director of the Center for Travel and Tourism at the University of Denver, and now Senior Vice President at Longwoods. Eugene came up with the classic line in 1990 when his budget was under pressure in New Jersey. "Bill," he said, "you don't get to play the marketing game unless you justify yourself." Since then, I've never heard as simple and clear a rationale for marketing accountability.

Cover photo: Matt Inden/Weaver Multimedia Group & courtesy of Colorado Tourism Office.

## About the Author



### **Dr. Bill Siegel, Chairman & CEO, Longwoods International**

Bill received his PhD from the University of Michigan in 1970, and taught psychology, research methods and statistics at the University of Western Ontario and the University of Western Australia, where he was Distinguished Visiting Lecturer. He switched to market research in 1976, when he was invited to design and manage a multimillion dollar advertising ROI study for the CEOs of the telephone companies across Canada.

Since founding the Longwoods Group of Companies in 1978, Bill has consulted to leading Fortune 500 companies and governments around the world.

His work has been cited in broadcast and print media, including **USA Today**, **Newsweek**, the **New York Times**, and **The Times of London**. He is a regular speaker at governors' conferences and meetings, such as the Advertising Research Foundation, the American Marketing Association, the Brookings Institution, the Bureau of Broadcast Measurement, the Economic Development Administration, the European Society of Marketing Research, and the Public Relations Society of America.

Bill has served on boards for a number of organizations, including Georgia Tech, Waterloo University, Ryerson University, and the Travel and Tourism Research Association. He was commissioned as Honorary Citizen of New Jersey by Governor Florio for his work helping market that state.

**Notes**



# Longwoods

INTERNATIONAL

49 Front Street East, 2nd Floor, Toronto, ON M5E 1B3 • Toll-free: 1.800.509.8933 • Tel: 416.861.9880 • Fax: 416.861.9530  
E-mail: [info@longwoods-intl.com](mailto:info@longwoods-intl.com) • [www.longwoods-intl.com](http://www.longwoods-intl.com)