

**Third Quarter 2012
Marketing Report
To The City of Branson
Board of Aldermen**

Branson/Lakes Area Chamber & CVB

November 26, 2012

Presentation Overview



- **2012 Economic Overview**
- **2012 Travel Industry Overview**
- **2012 Q3 Branson Update**

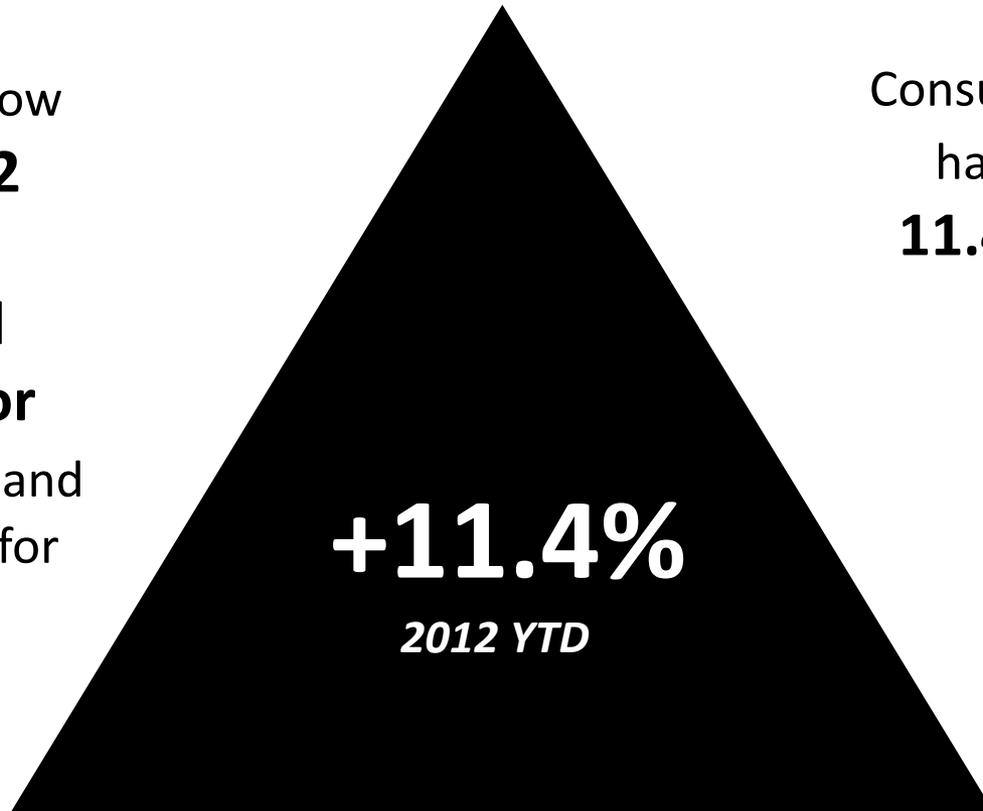


Economic Outlook



Consumer Confidence

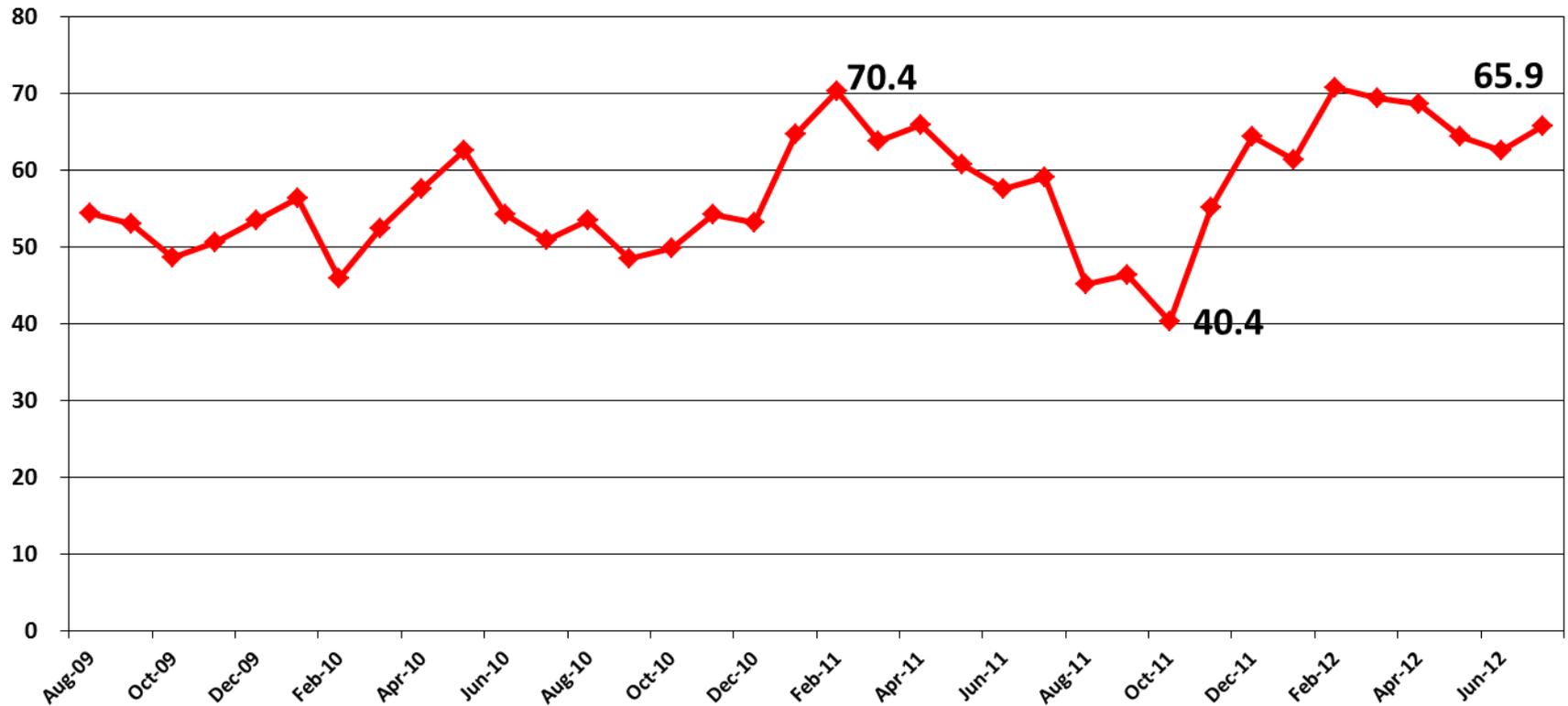
Consumer Confidence now stands at **72.2** where **90 is considered necessary for sustainability** and 100 is required for growth.



Consumer confidence has **increased 11.4% this year.**

Consumer Confidence

Consumer confidence has been up and down all year.



Source: The Conference Board

U.S. Unemployment Rate

Unemployment

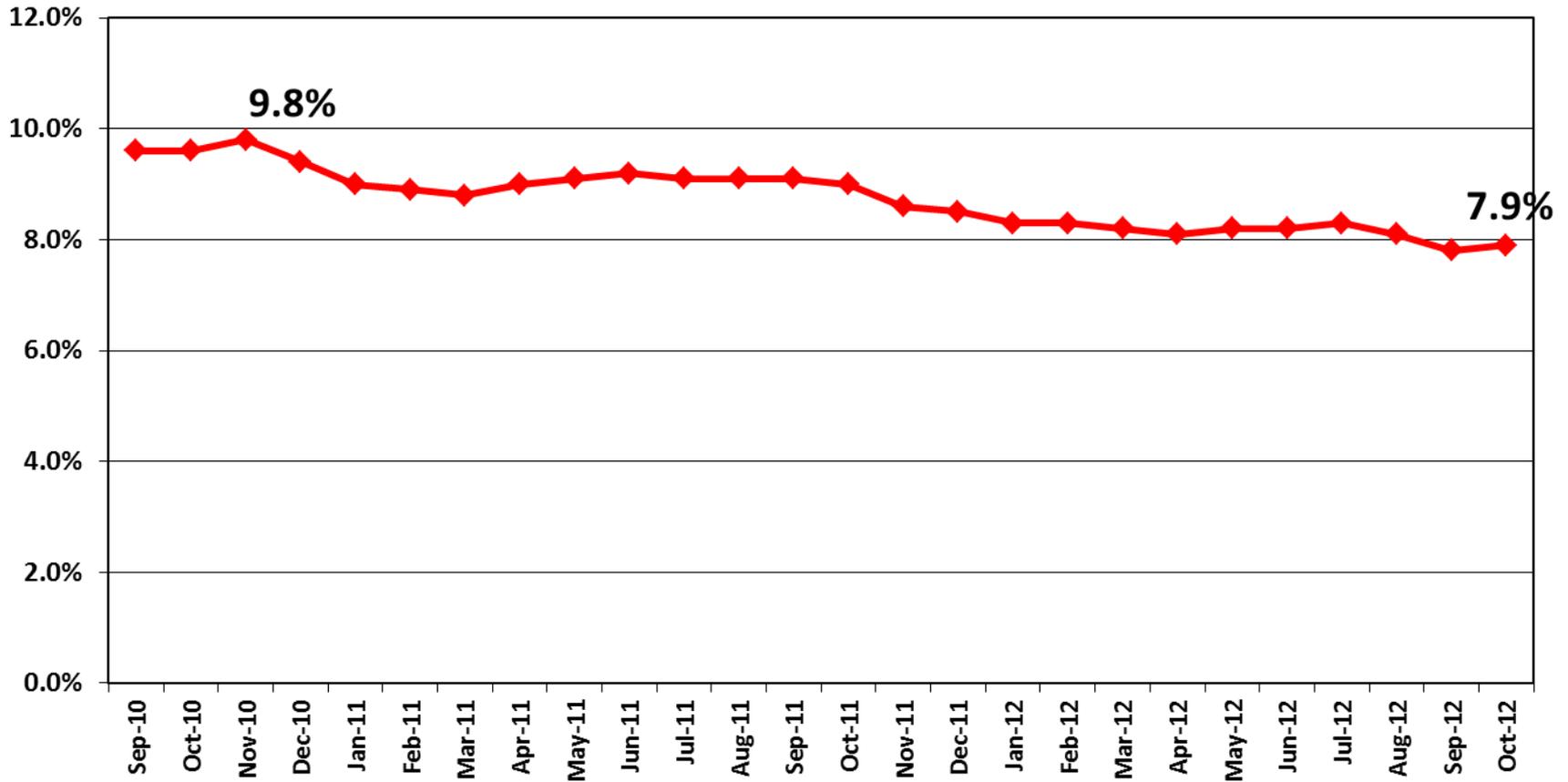
has hovered between 8.1% and 8.3% in 2012. In September, the unemployment rate improved to 7.9%.



7.9%

U.S. Unemployment Rate

U.S. unemployment is slowly headed downward.



Source: Bureau of Labor Statistics

Index of Weekly Leading Indicators



+5.5%

2012 YTD

The Economic Cycle
Research Institute's
Weekly Leading Index®
(WLI) for the U.S. stands
at 126.8, up 5.5% this
year.

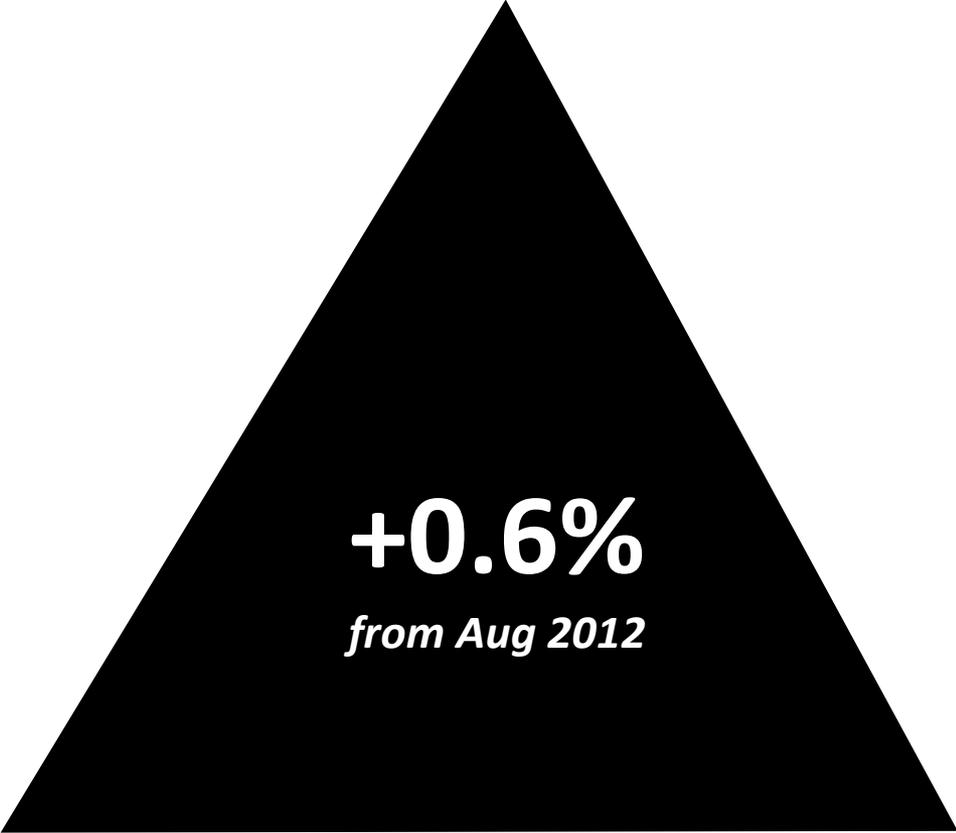
Weekly Leading Index (WLI)

Despite talk of recession, the WLI has posted increases 14 of the last 18 weeks



Source: Economic Cycle Research Institute

Index of Leading Economic Indicators

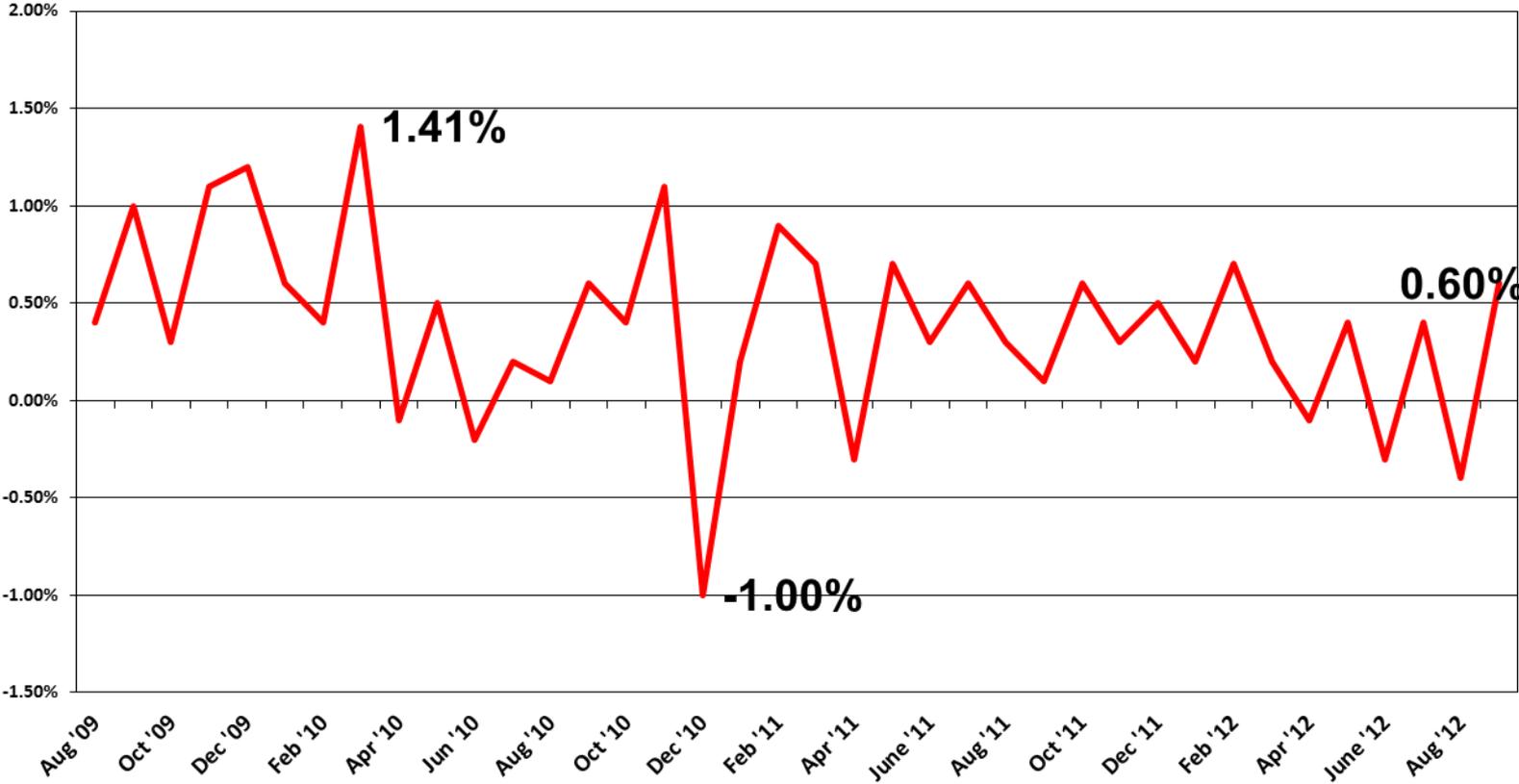


+0.6%
from Aug 2012

The Conference Board projections for Leading Economic Indicators has increased 0.6% last month, and has posted increases in 6 of the year's first 9 months.

Index of Leading Economic Indicators

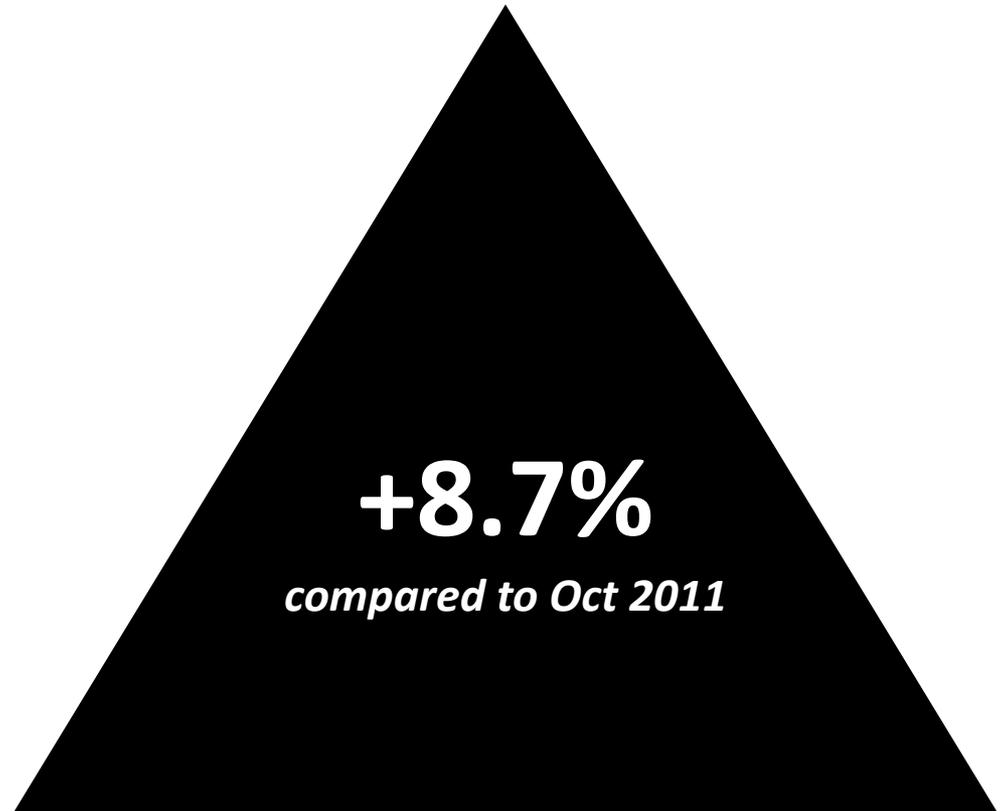
Despite a few fluctuations, the Conference Board's LEI has increased in 6 of the past 9 months.



Source: Conference Board

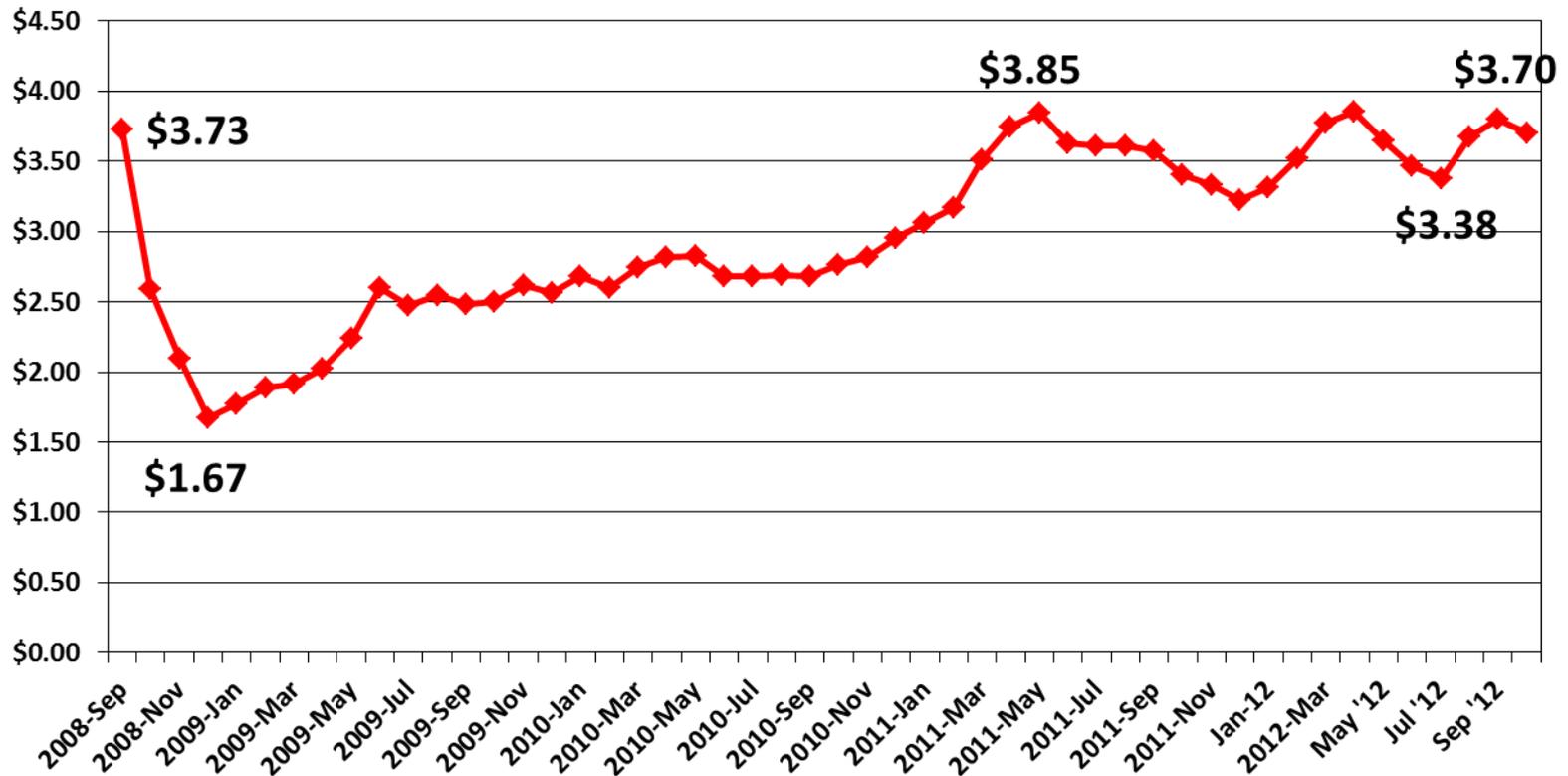
U.S. Average Gasoline Prices

The average U.S. Regular
Convention Retail
Gasoline Price averaged
**\$3.58 per gallon the
last week of October
2012**, down 2.7%
from last month but
up 4.9% from this
same time last year
when it averaged
only \$3.41.



Average U.S. Gasoline Prices

Gasoline prices are up 5% over last year at the same time.



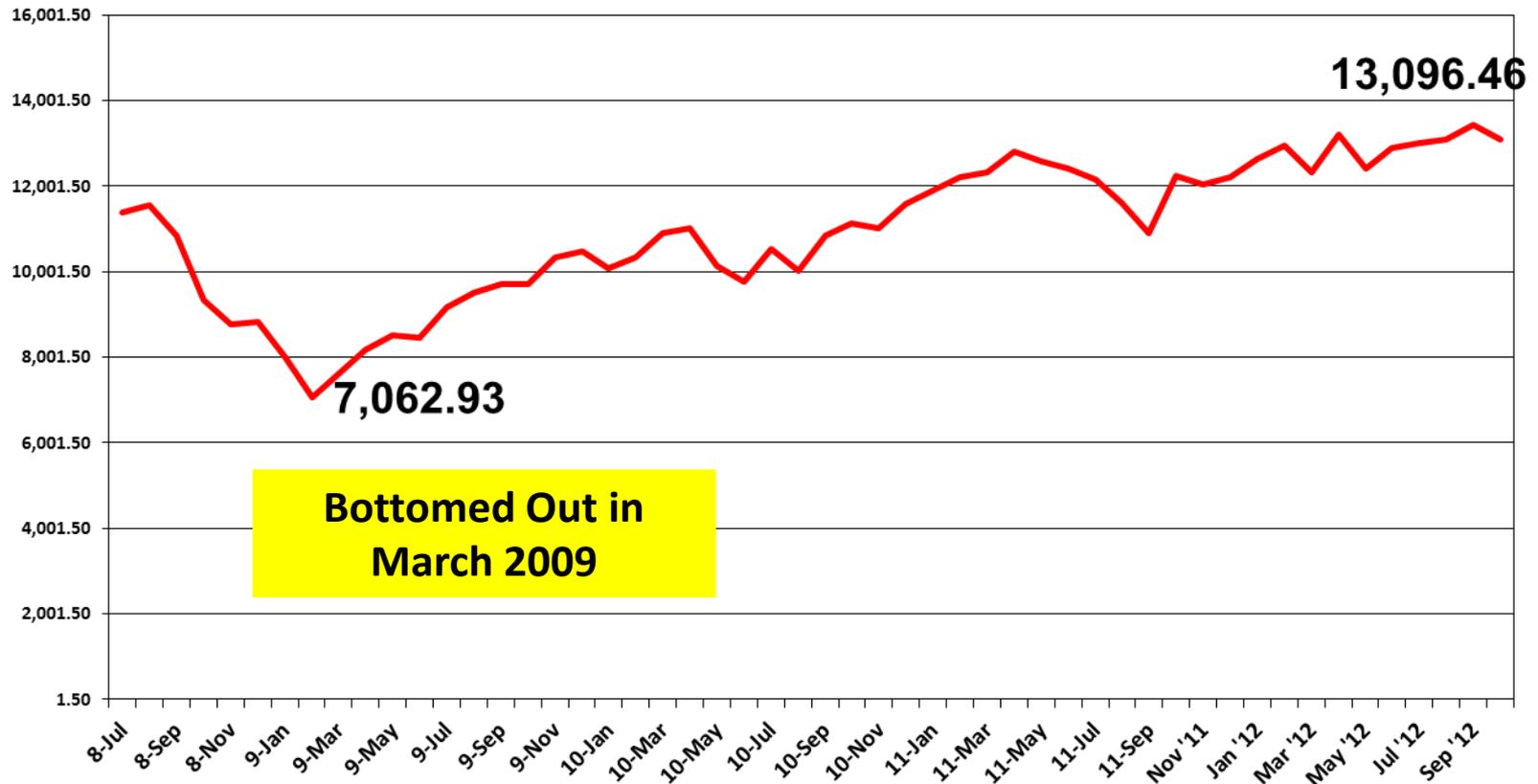
Dow Jones Industrial Average

Despite recent dips since the election, the Dow Jones Industrial average has fared well in 2012 and remains 7.2% higher than it was at the end of last year.



Dow Jones Industrial Average

The DJIA average has steadily increased throughout 2012.

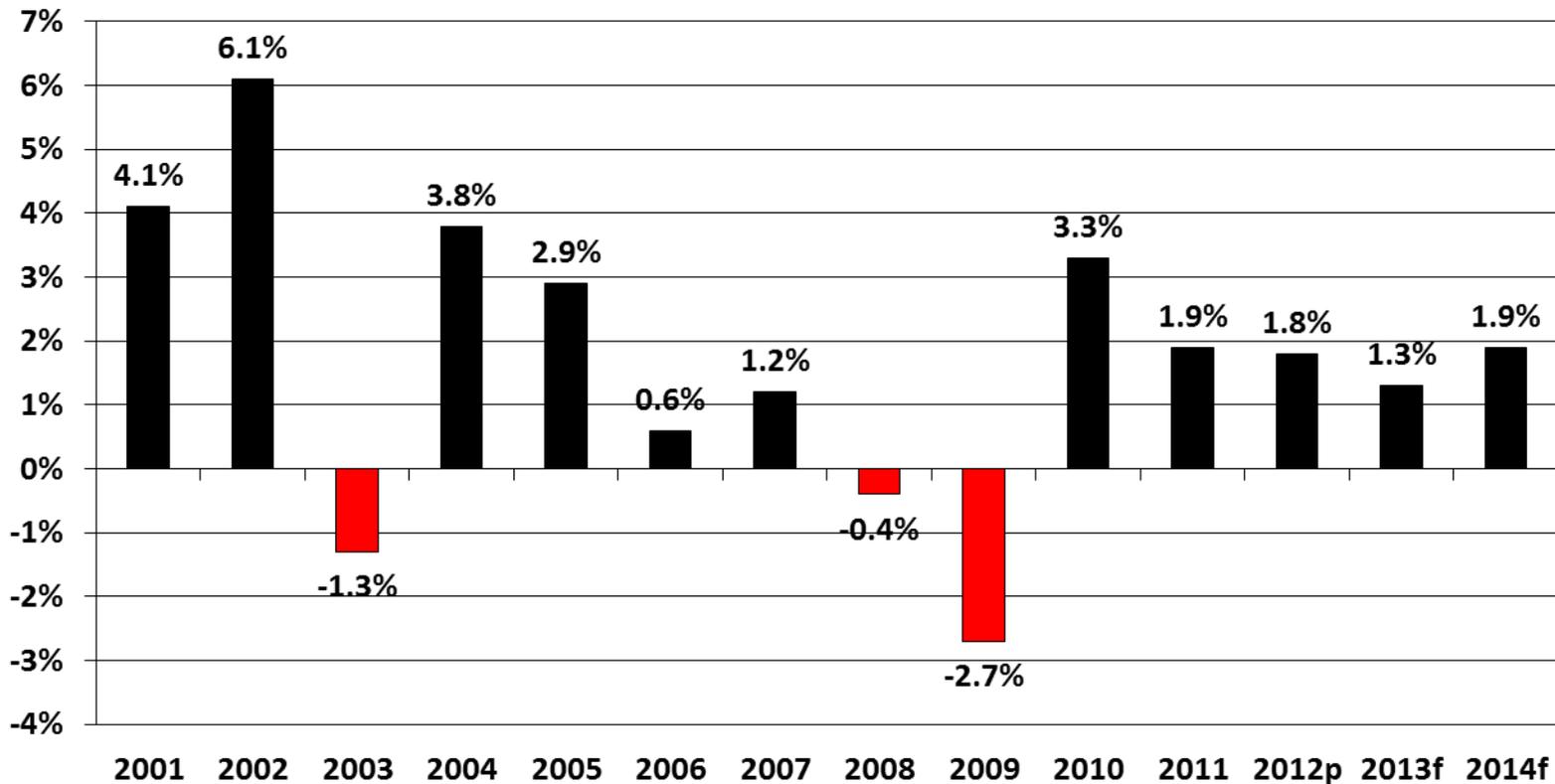


U.S. Travel Performance



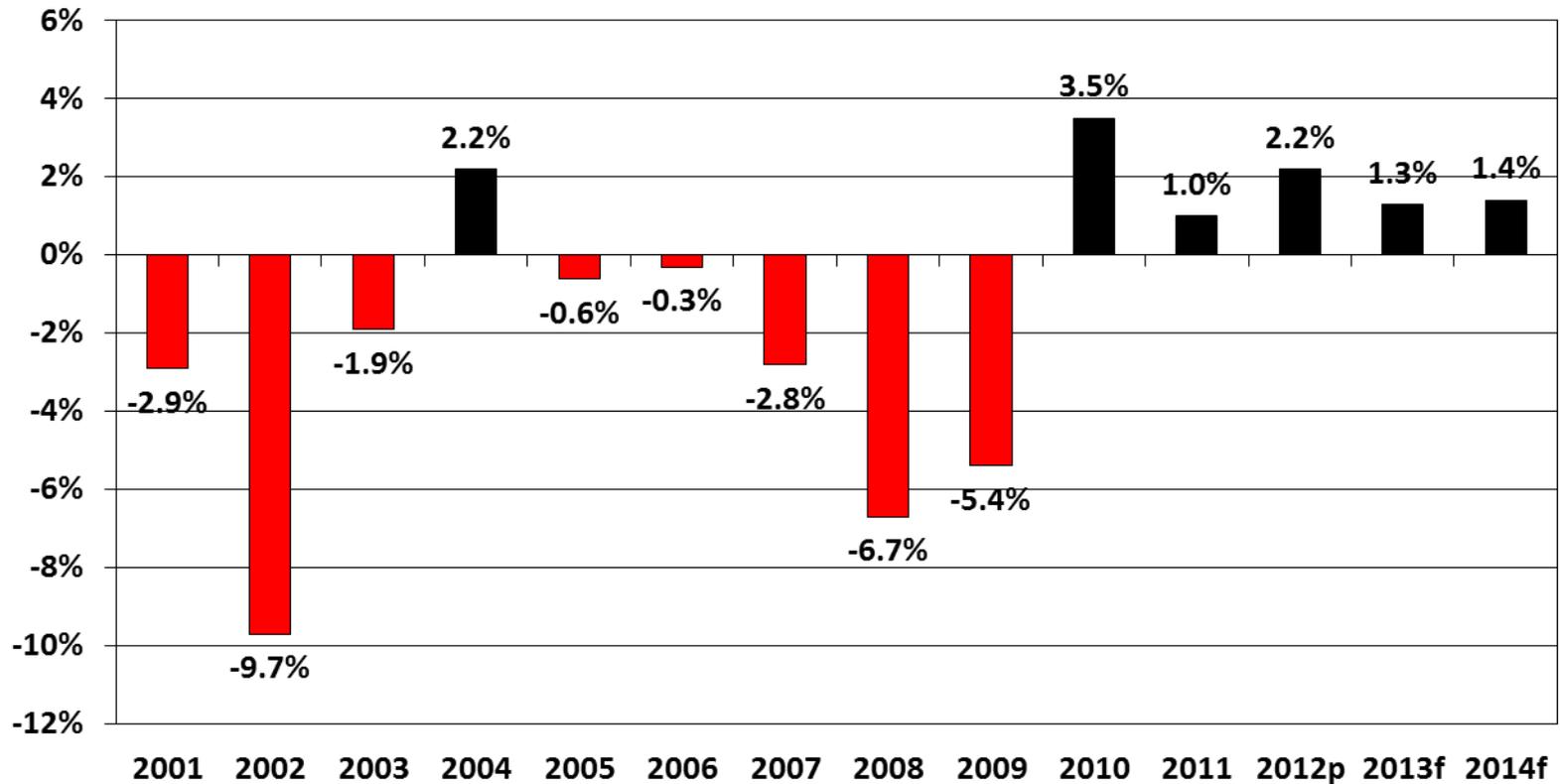
Leisure Trip Forecast

The USTA expects leisure travel growth to slow in 2013.



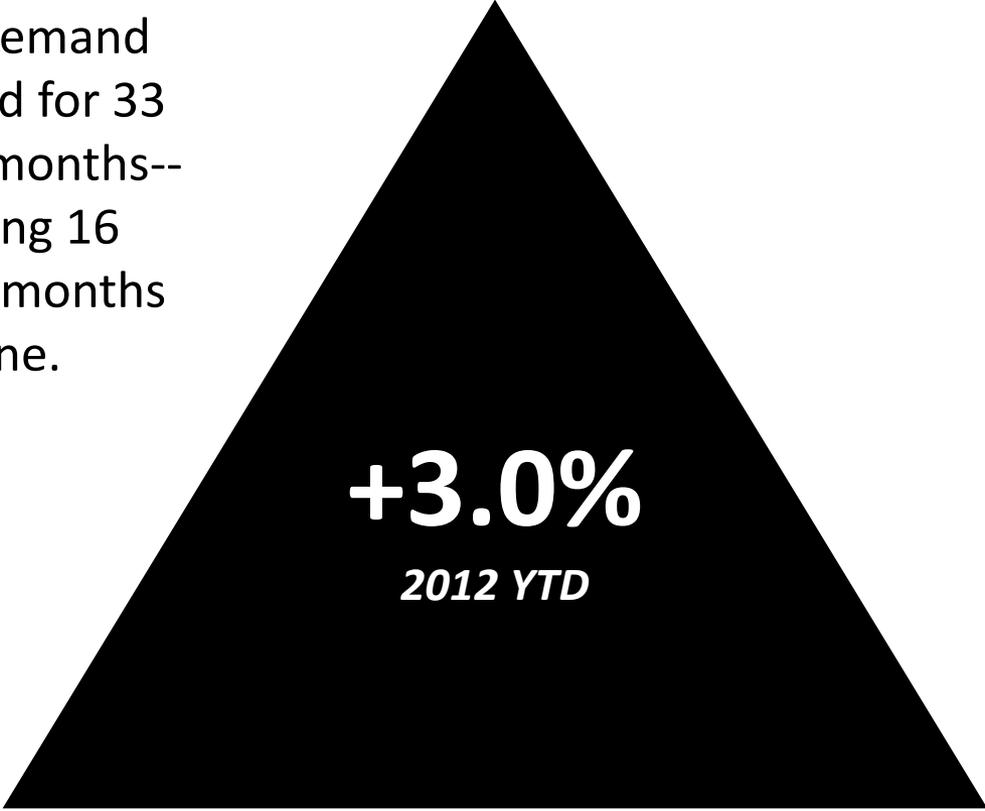
Business Trip Forecast

Similarly, business travel growth is also expected to slow in 2013.



Smith Travel Room Demand

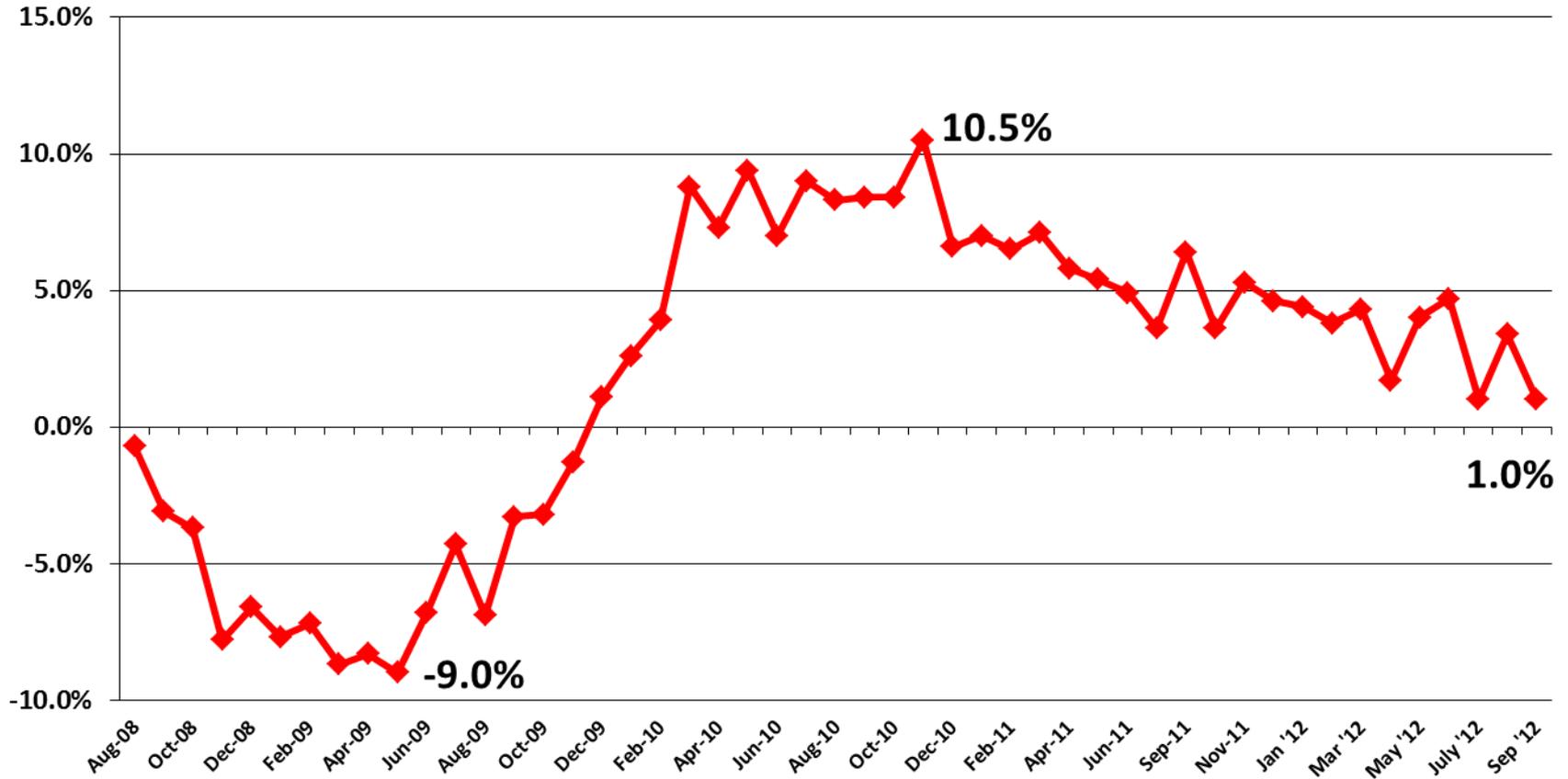
U.S. room demand
has increased for 33
consecutive months--
after posting 16
consecutive months
of decline.



+3.0%
2012 YTD

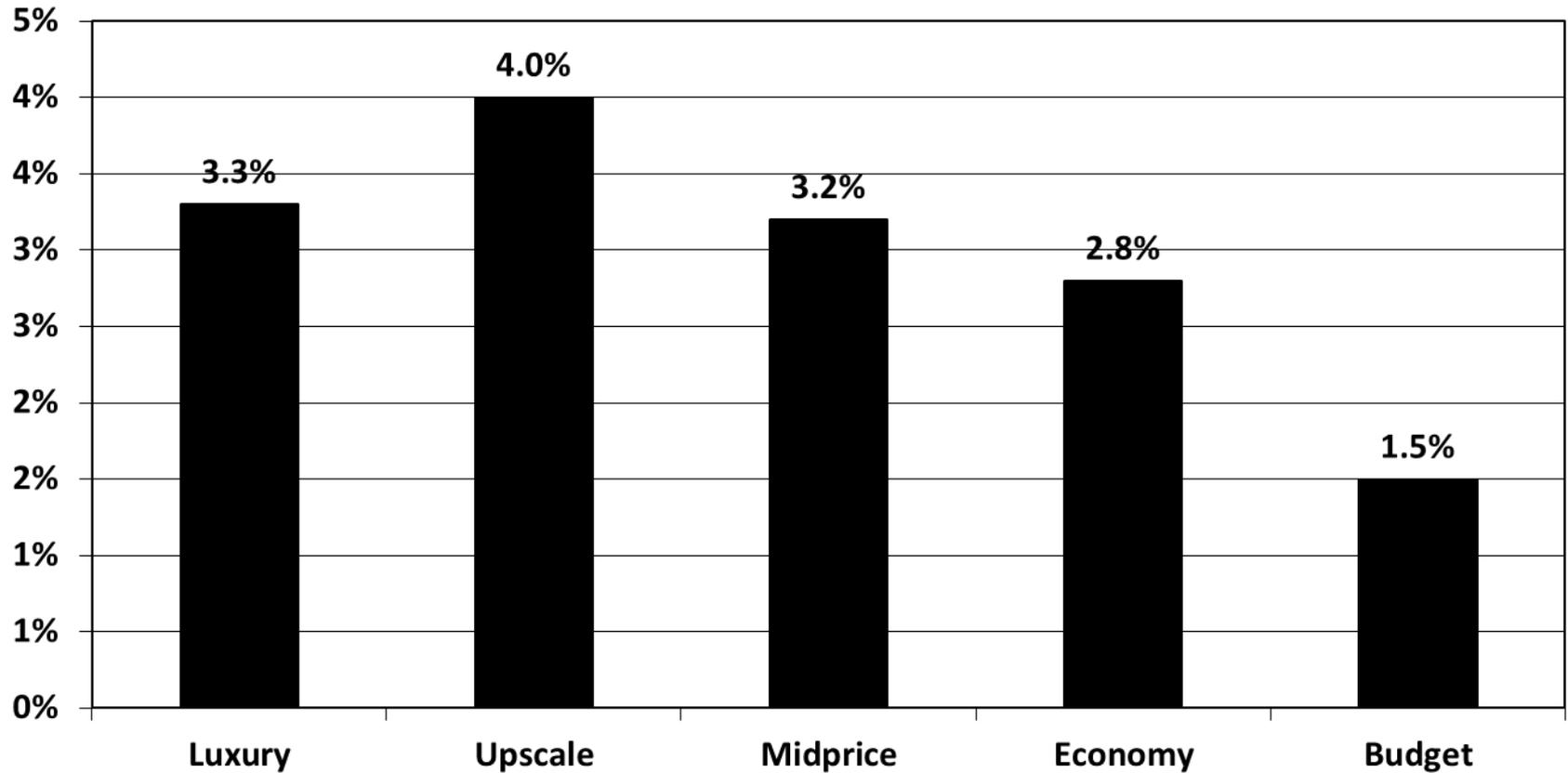
Smith Travel Research

U.S. Room Demand Variance



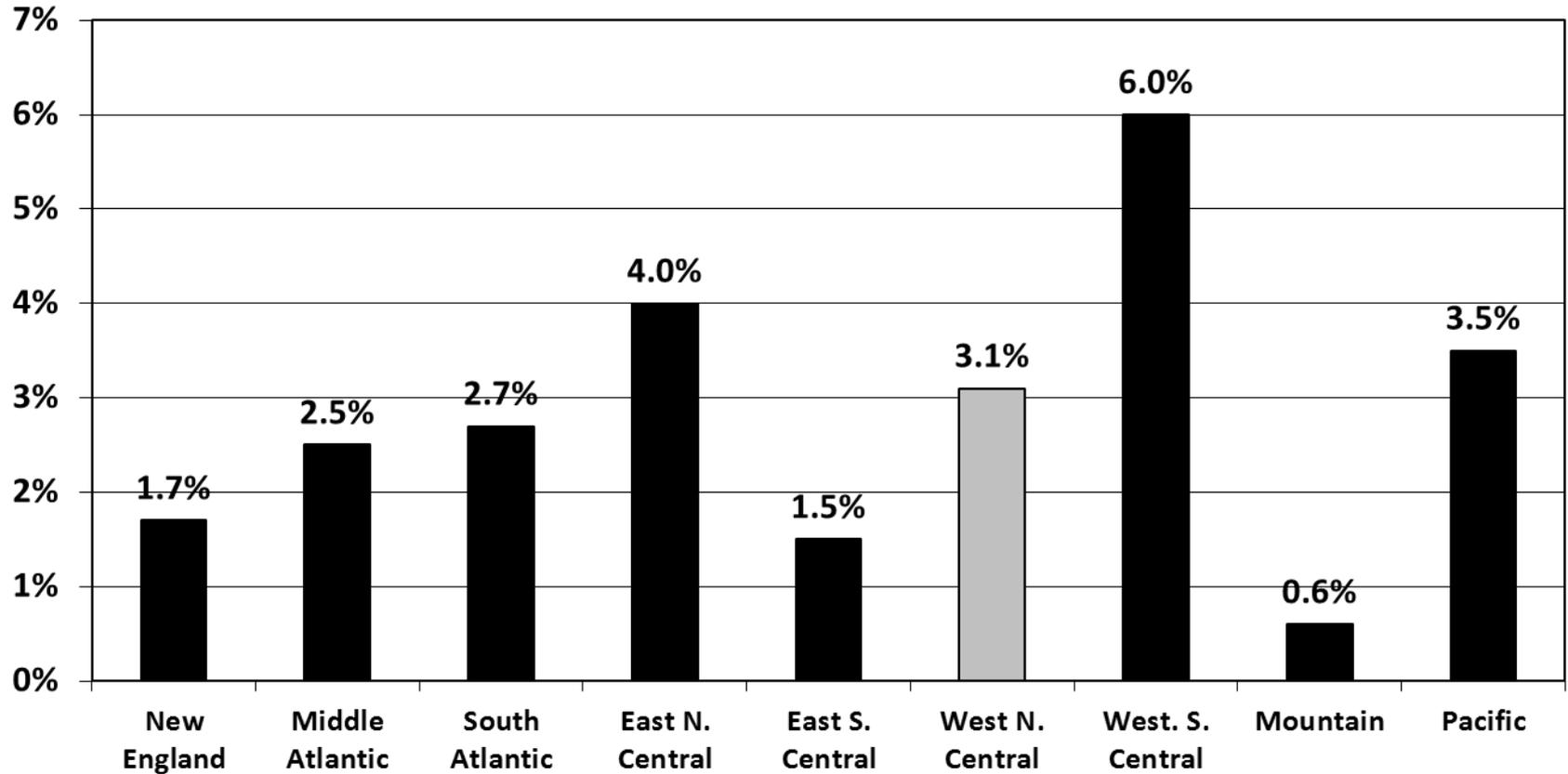
Source: Smith Travel Research

Smith Travel Research Room Demand by Price



Smith Travel Research

Room Demand by Region



Travel Industry 2013 Outlook



Odds of Economic Turmoil in 2013



**10%
Fall Off
the
Fiscal
Cliff**

**30%
Eurozone
Exits**



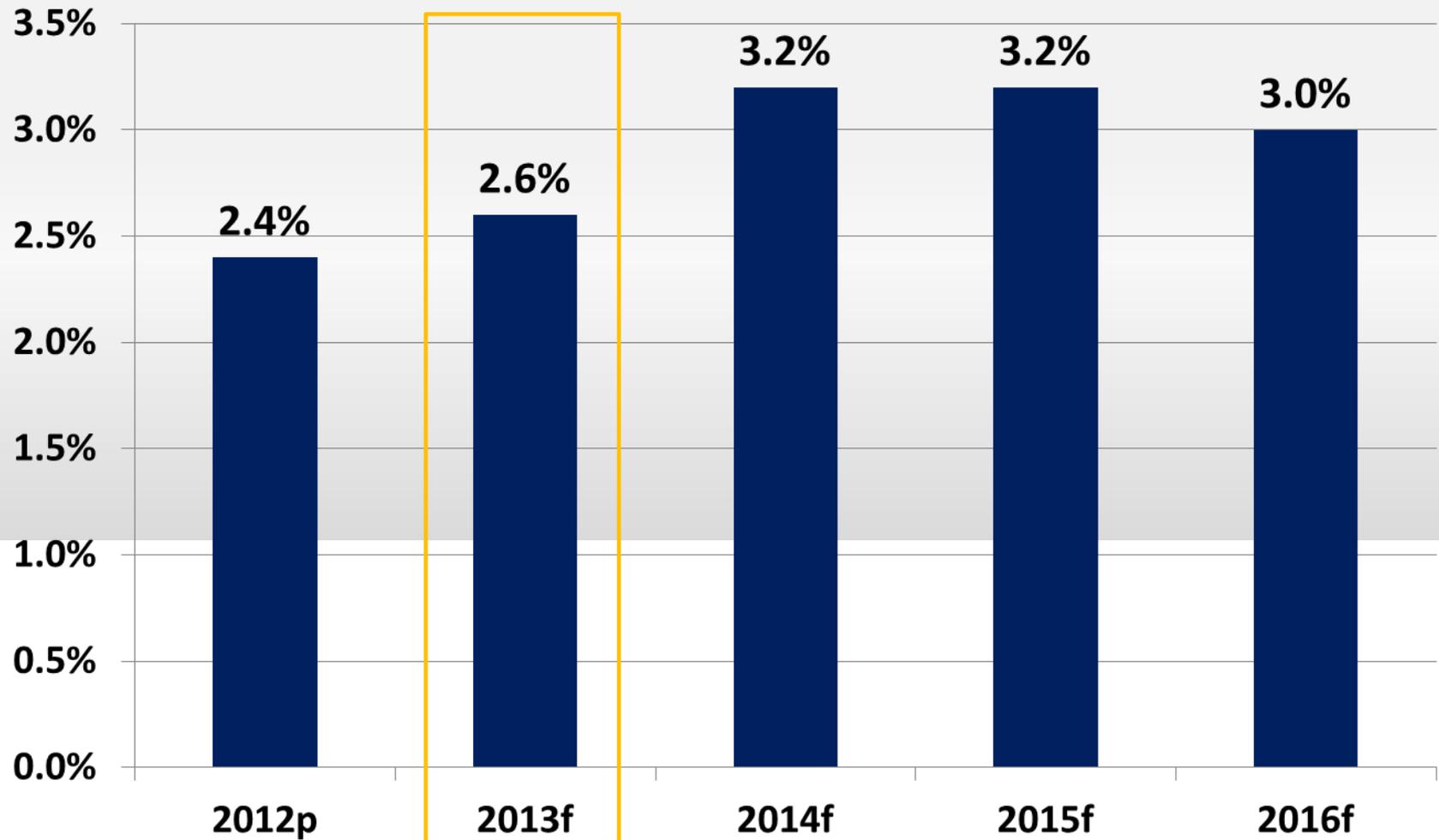
**45%
Official
Forecast**

**10%
China
Has a
Hard
Landing**



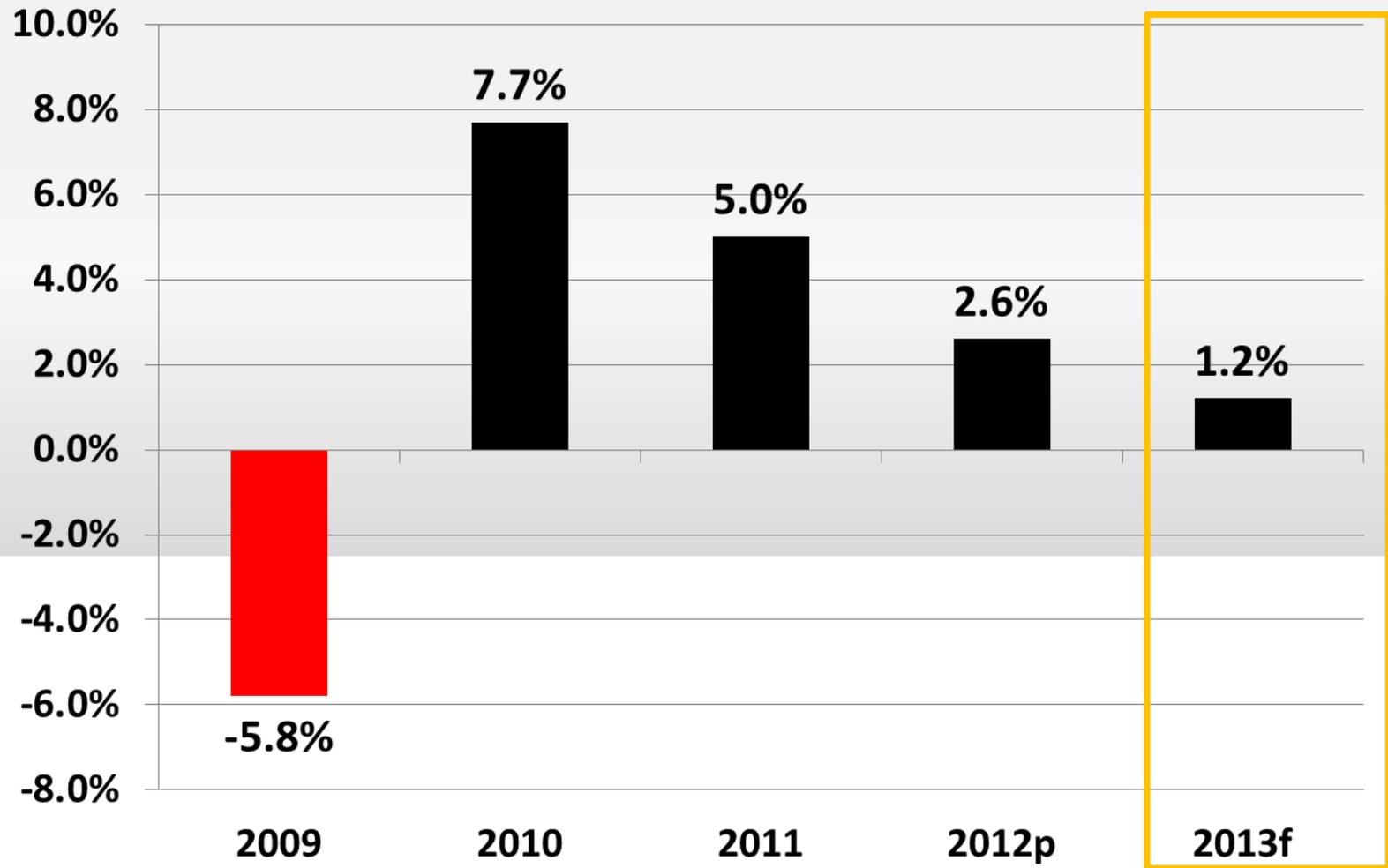
Source: Adam Sacks, *Tourism Economics*

Experts project slow GDP growth in 2013 followed by a return to “normal” growth



Source: Adam Sacks, *Tourism Economics*

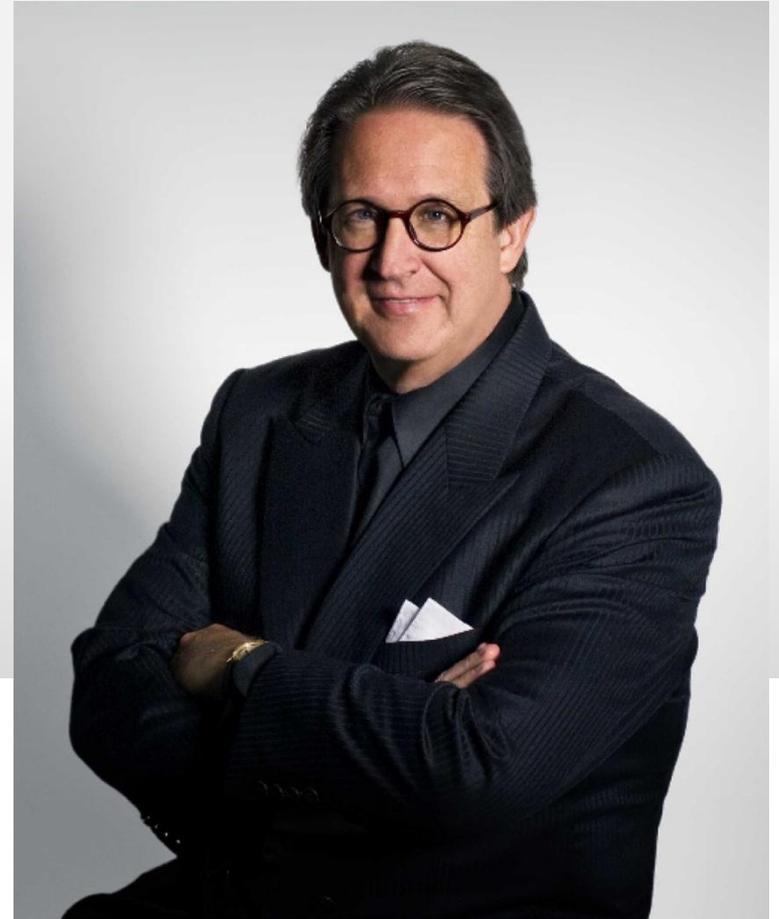
Smith Travel projects U.S. hotel room demand growth will slow in 2013 (+1.2%)



Source: Brittany Baldwin, Smith Travel Research

Peter Yesawich's Portrait of the American Traveler

- **There is a NEW American traveler.** We'll never go back to the way we were in 2005-2006.
- **Acquisition of Experiences.** An adventurous spirit sweeping the country and travelers are increasingly wanting to try new destinations. This makes being “fresh” more important than ever.
- **The New Frugal.** Desire for value is at an all-time high, but people DO NOT want the cheapest.
- **Celebration Vacations are becoming huge.** Nearly 70% of Americans have taken a celebratory vacation in the past year—birthdays, anniversaries & weddings are the biggest.



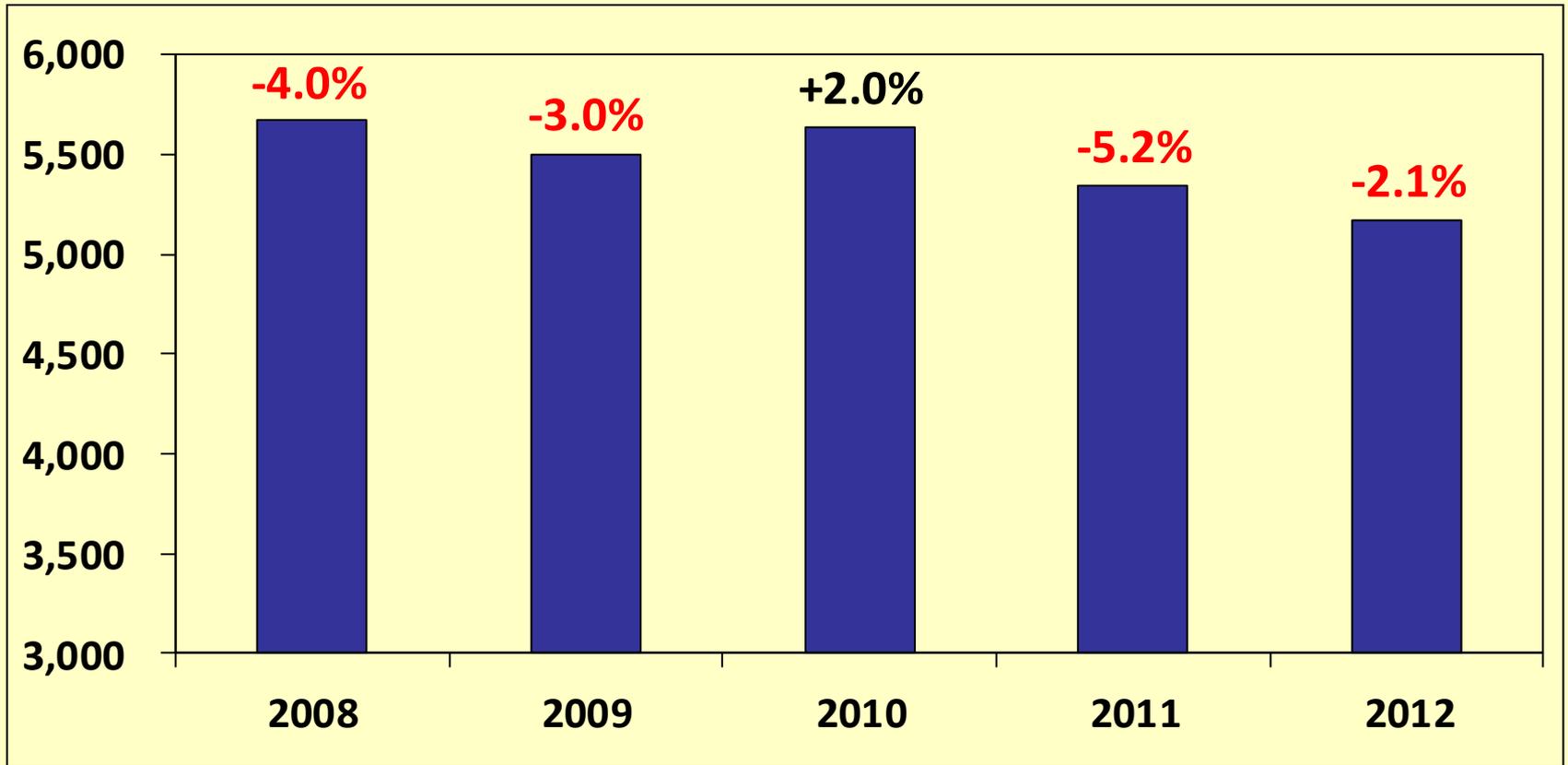
Peter Yesawich
Vice Chairman
MMGY

Branson 2012

3rd Quarter YTD Performance

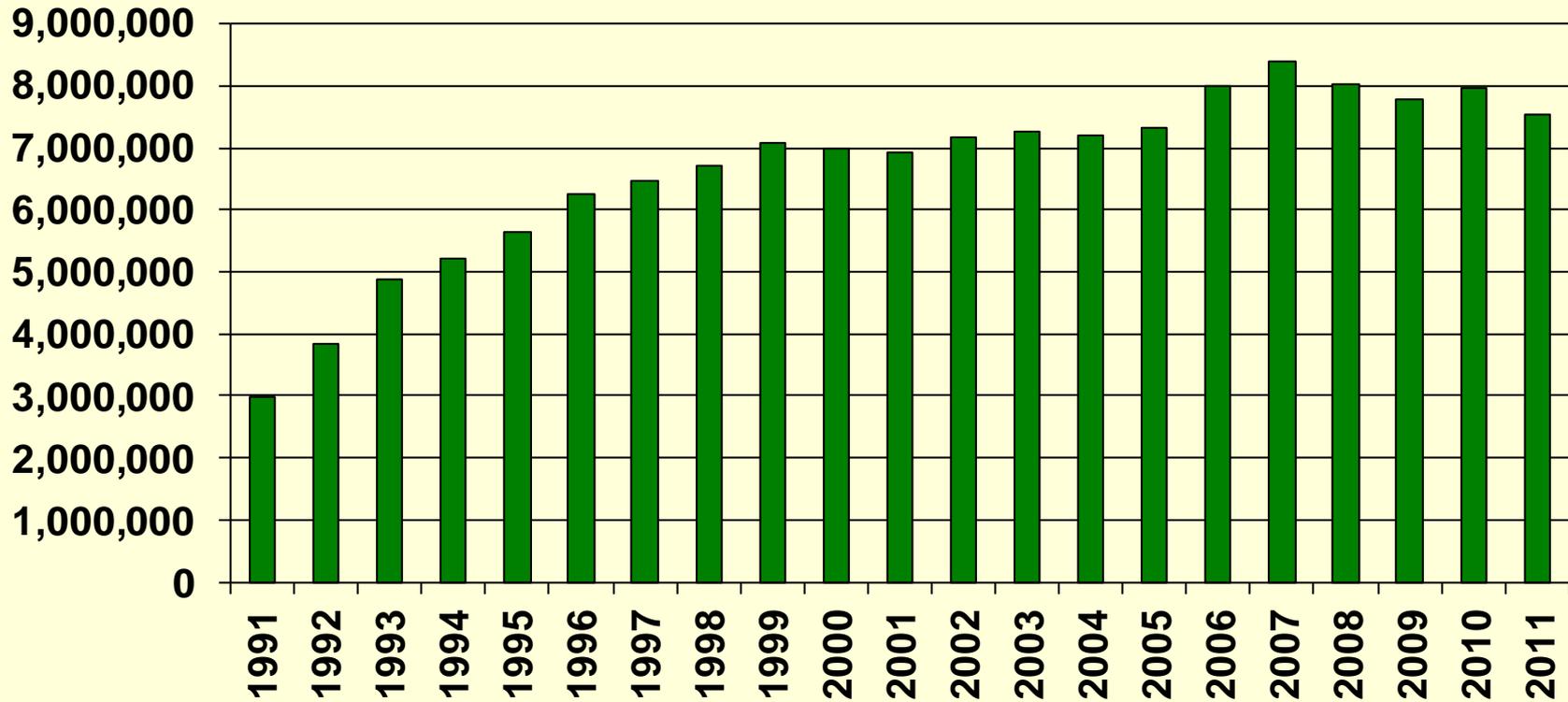


Branson Visitation YTD thru Third Quarter 2012

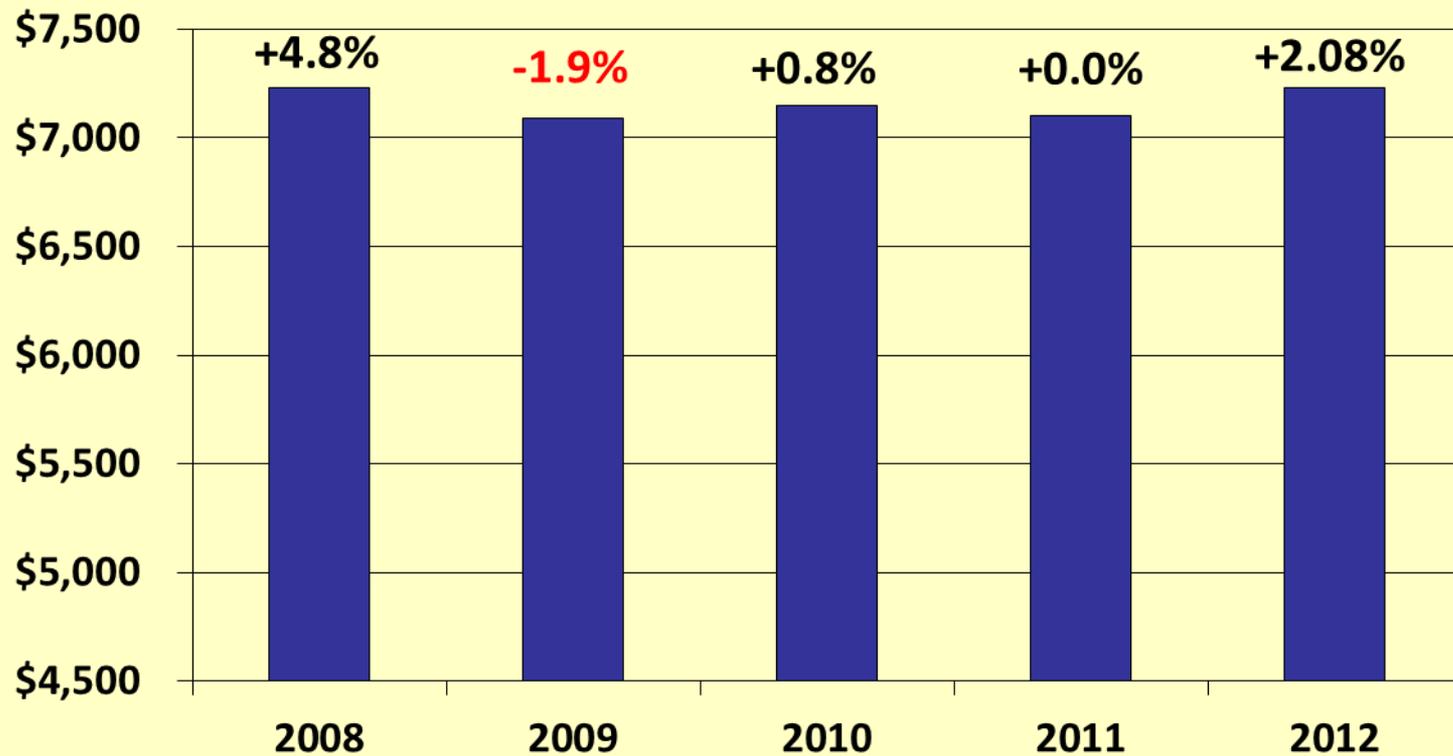


Source: H2R MarketResearch

History of Branson Visitation 1991 - 2011

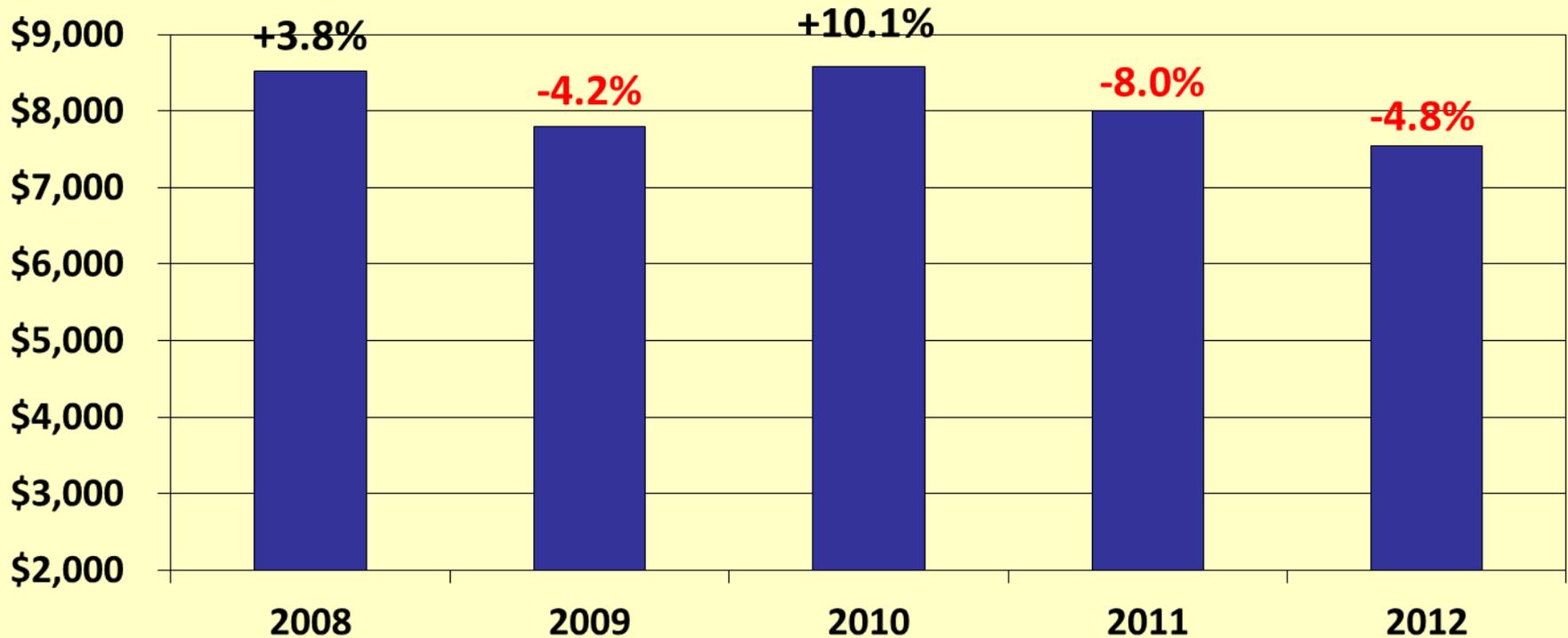


City of Branson Sales Tax YTD thru Third Quarter 2012



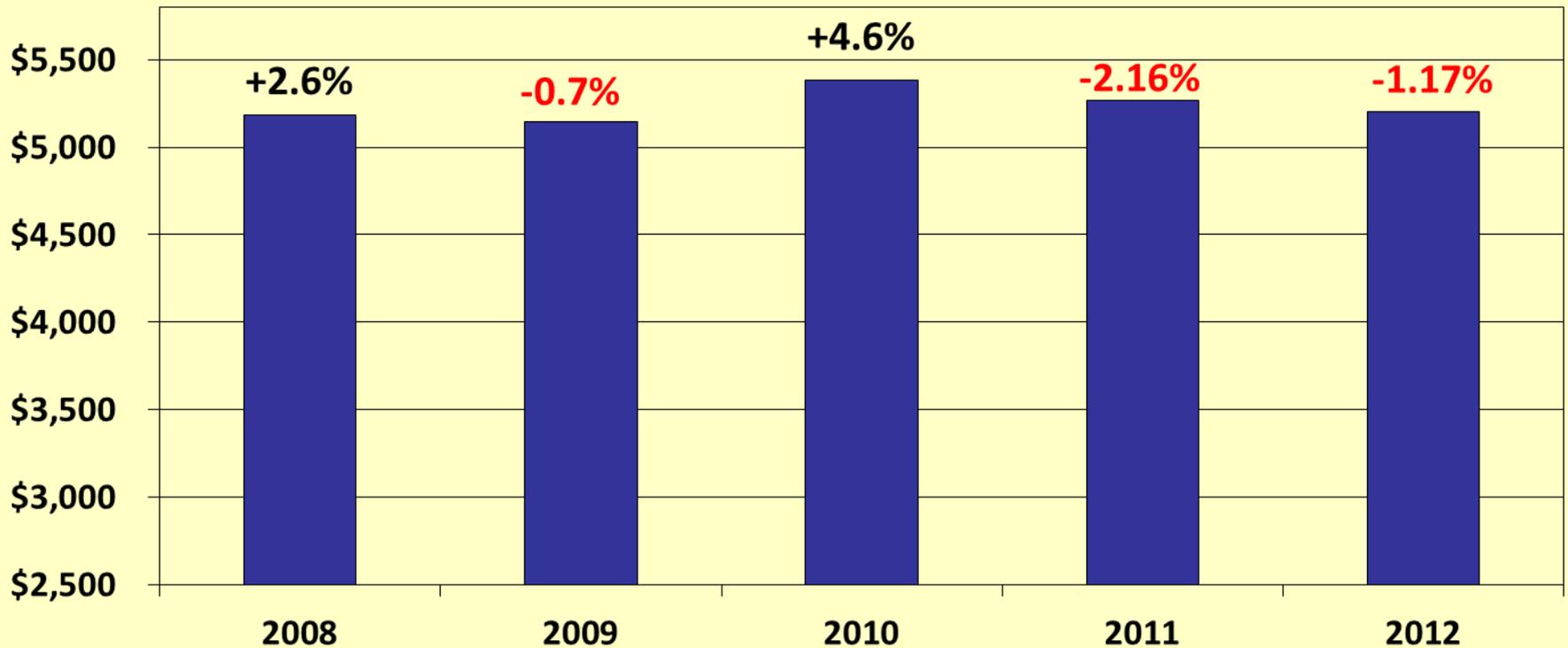
Source: City of Branson

City of Branson Tourism Tax YTD thru Third Quarter 2012



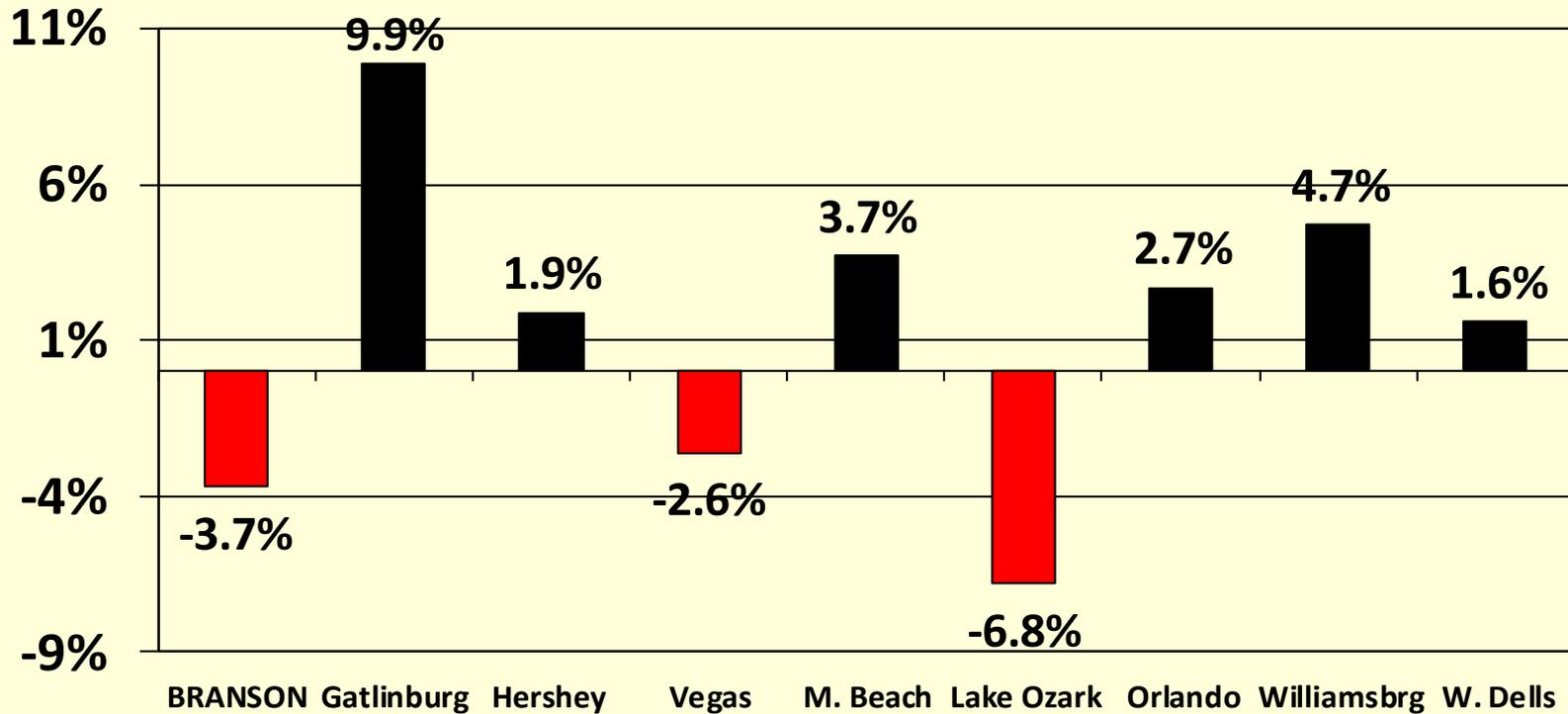
Source: City of Branson

TCED Tourism Tax YTD thru Third Quarter 2012



Source: TCED

Direct Competitors 3rd Quarter YTD Room Demand



Source: Smith Travel Research

Branson 2nd Quarter 2012



What else do we

know about

3rd Quarter 2012?

2012 So far...



This year's February 29 tornado, triple digit temperatures (both here and in our feeder markets), high gas prices, crop-withering drought, and stubborn unemployment have contributed to a marked decrease in our core market; outer markets are strong; estimated overall visitation is <2.1%> YTD through September... awaiting October data.



YTD September 2012 Visitation by Market



<u>% of Visitors</u>	<u>Market</u>	<u>vs. 2011</u>
15.7%	Core Markets (0-100 mi.)	-12.0%
30.6%	Primary Markets (101-300 mi.)	-4.0%
26.4%	Outer Markets (301-650 mi.)	+3.0%
27.3%	National Markets (650+ mi.)	+4.0%
<i>TOTAL VISITATION</i>		<i>-2.1%</i>



YTD Sept. 2012 vs. YTD Sept. 2011



	<u>2012</u>	<u>2011</u>
• Spending per Party	\$1,027	\$902
• First-Time Visitors	25.6%	23.9%
• Families	42.5%	44.9%
• Average Adult Age	56.1 years	55.3 years
• Length of Stay	3.88 nights	3.94 nights
• Saw Shows	76.7%	78.6%
• Number of Shows Seen	3.09	2.97



BCVB 2012 ADVERTISING EFFECTIVENESS STUDY

Prepared by H²R Market Research/October 2012

Summary for District Marketing Council/November 2012

Key Messages



Competition for travel dollars is fierce today. It is more important than ever for destinations to know how well their marketing efforts are performing so adjustments can be made if necessary.



The BCVB Ad Effectiveness Study provides a rigorous assessment of Branson's advertising effectiveness as well as measuring the incremental impact of their efforts by market.



Overall performance slipped slightly after last year's record-breaking performance. But, this year's \$79 ROI indicates that BCVB's efforts remain strong, and well ahead of the five-year average.

METHODOLOGY

WHO

Leisure travelers nationwide in three advertised tiers 0-300 miles, 301-600 miles and 601+ miles

WHEN

September/October 2012

WHAT

Rigorous measurement of the incremental number of trips and associated spending generated from Branson's 2012 ad investment

HOW

Professionally managed email panel of 1,712 respondents with a margin of error of +/-2.4% at a 95% confidence interval

BCVB's Travel Ad Investment

Branson's ad investment increased in 2012 from \$3,303,800 in 2011 to \$3,479,600 marking, a 5% increase.

Branson's national cable investment increased by \$300k (+15%) in 2012 to bring it back to 2010's cable investment levels. Spot market investments were decreased by about 9% this year.



Ad Campaign Reach

Overall, **more than 26% of travelers nationwide recalled seeing at least one of Branson's television advertisements**, down slightly from last year's record 30% awareness but in line with previous years.

Extrapolated across the total number of travelers in these markets, it is estimated that **Branson's ad campaign reached 21.6 million traveler households** this year, down about 9% from the 23.8 million recorded last year.

Cost per aware household only rose by \$.02, coming in at \$.16 this year, similar to 2010's costs. Branson's cost per aware household (\$.16) is considered excellent relative to the industry norm. Anything below \$1.00 is considered acceptable and below \$0.50 is very good.



Cost per aware household reached an all-time low in 2011 and remained in that same range this year, an indication that the media buy continues to provide very efficient results.

Overall Cost per Aware Household by Year



Level of Visitation

Overall, Branson attracted more than 2% of travelers nationwide to visit Southwest Missouri this past year, including an 8.6% penetration rate among Tier 1 households, 1.8% in Tier 2 and nearly a 1.5% share of those in Tier 3 – all similar to 2011 levels.

Altogether, this equates to more than 1.71 million visitor households who visited this year, down 3.6% from the 1.77 million households recorded last year.



Advertising Satisfaction

The majority (85%) of respondents indicated that Branson's television advertisements had a positive impact on their perception of the area, and all of the key message points resonated well.

However, Branson recorded decreases in every message point tested this year. The largest setbacks came in the areas of "good place for an adult couple to visit" and "showed activities that would appeal to the interests of everyone in my travel party."



Branson's key message points continue to resonate, but not quite as well as they did last year.

These ads...	2011	2012	Variance
Made Branson seem appealing	77.7%	66.8%	-10.9%
Made me want to find out more	48.4%	46.9%	-1.5%
Made me want to visit website/call	48.4%	41.6%	-6.8%
Showed activities for everyone	70.4%	57.4%	-13.0%
Showed new things happening	66.6%	57.4%	-9.2%
Made Branson seem like a good place for families	79.0%	69.6%	-9.4%
Made Branson seem like a good place for adult couples	77.8%	64.3%	-13.5%

*% Top 2 Box: Agree/Strongly Agree

Ads Generate Incremental Spending

To be effective an ad campaign must also drive travelers to Branson who would not have otherwise visited; Branson's 2012 television advertisements delivered well in this area.

This year's campaign generated 301.6k *incremental* trips to the area and produced \$276 million in incremental travel spending, down \$14 million from last year, but still higher than 2010 or 2009 levels.

Hence, while the area may be down overall, things could have been much worse had it not been for the overall effectiveness of the ad campaign.

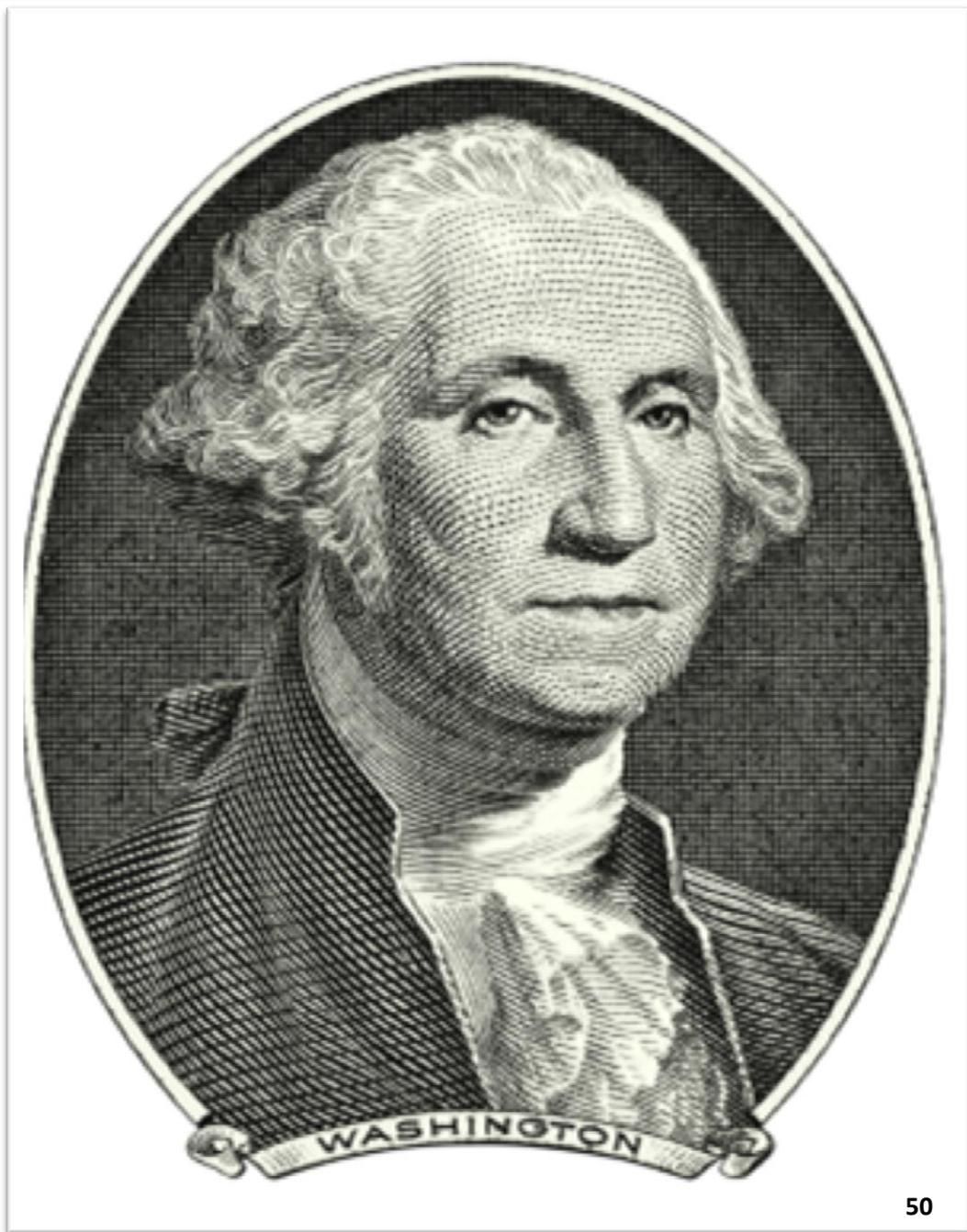


The overall ad campaign performed extremely well – driving more than \$276 million dollars in incremental spending to the area.

	Incremental HH Trips (000s)	Travel Spending/ Party	Incremental Travel Spending
Tier 1	69.8	\$736	\$51.4 M
Tier 2	91.7	\$820	\$75.2 M
Tier 3	140.1	\$1070	\$149.9 M
Overall	301.6	\$917	\$276.5 M

Advertising ROI was \$79

Despite generating a slightly higher level of incremental visitation this year (+0.1%), Branson's \$3.5 million ad investment generated more than \$276 million in incremental visitor spending, equating to a **return on investment of \$79**, down from last year's record \$88 ROI.

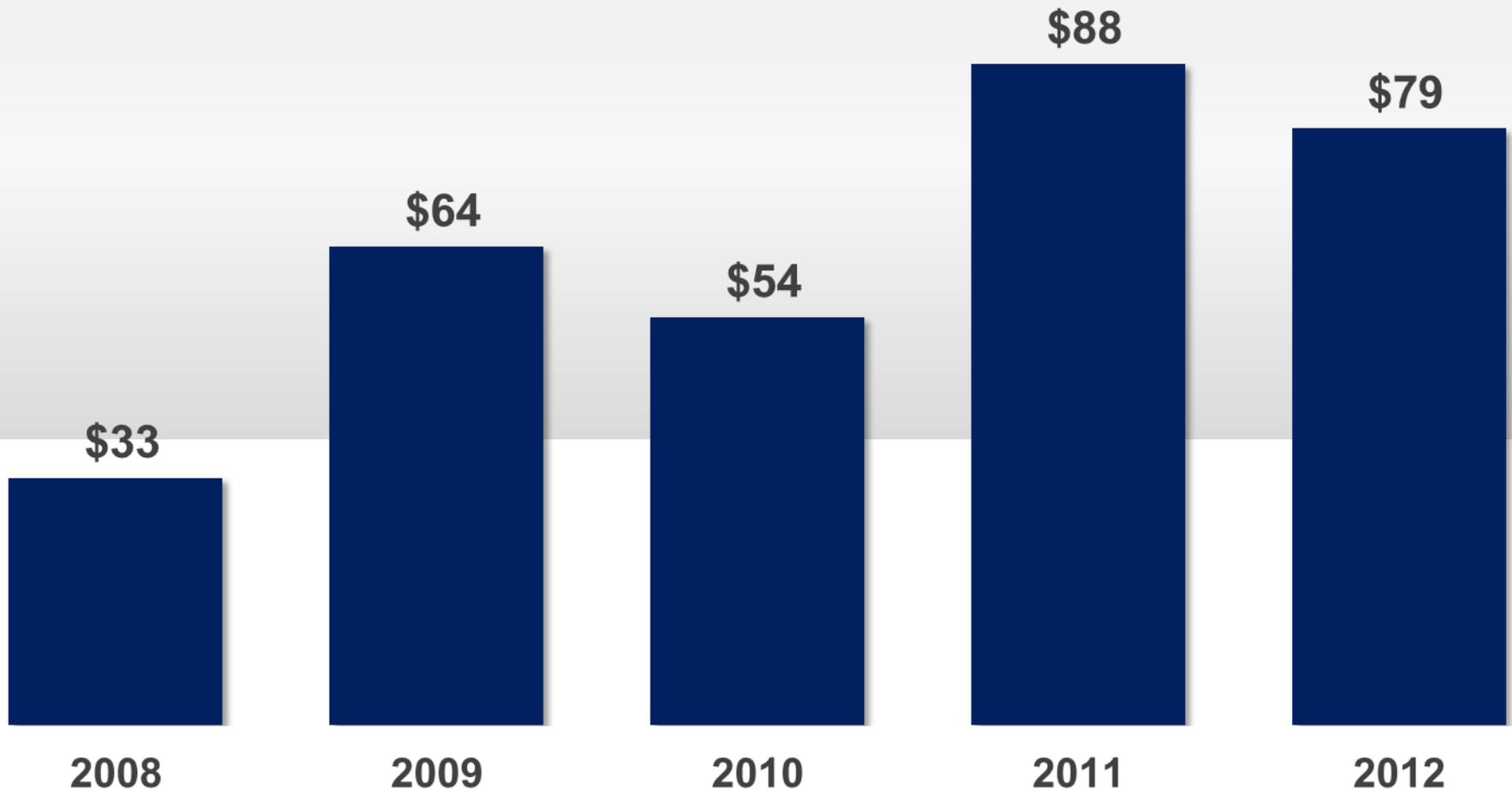


Branson's 301.6k incremental trips produced \$276.5 million in incremental visitor spending from the advertised markets. That is, Branson's ads generated \$79 in visitor revenue for every \$1 invested in media, considered very good compared to the industry norm for destinations (\$65), but slightly lower than last year (\$88).

Incremental Impact of Ad Campaign	2012 Projection
Incremental HH Trips	301.6k
Aware Spending/Party	\$1,077
Incremental Economic Impact (w/o trans.)	\$276.5M
Branson Media Investment	\$3.5M
ROI	\$79

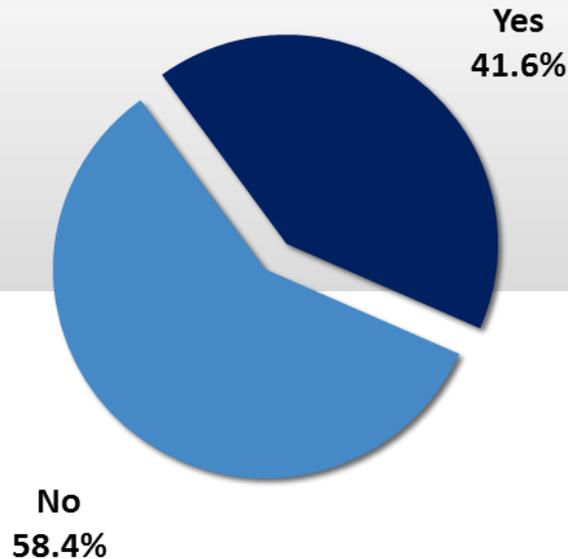
Return on investment reached a 5-year high in 2011. Even though ROI dropped slightly in 2012 it still remains one of the area's best historical performances.

History of ROI



Branson's ads rank 3rd in unaided recall behind Disney and Florida—and higher than Las Vegas, California, Missouri and Hawaii.

Did you see any travel ads, promotions or news stories about destinations this year?



TRAVEL ADS/STORIES RECALLED		
1.	Disney	7.5%
2.	Florida	7.0%
3.	Branson	6.4%
4.	Alaska	5.5%
5.	Las Vegas	4.3%
6.	California	3.6%
7.	Michigan	3.4%
8.	Mexico	2.5%
9.	Missouri	2.0%
10.	Chicago	2.0%
11.	Hawaii	1.9%
12.	Texas	1.9%

Summary Metrics

	2009	2010	2011	2012
Advertising Recall	23.8%	25.2%	29.4%	26.4%
Aware Households	20.2 M	19.6 M	23.8 M	21.6 M
Increment	+1.8%	+1.4%	+1.3%	+1.4%
Incremental Trips	+363,987	+272,343	+301,322	+301,632
Incremental Spending	\$269.1 M	\$166.0 M	\$290.9 M	\$276.5 M
Media Investment	\$4.22 M	\$3.05 M	\$3.30 M	\$3.48 M
ROI	\$64	\$54	\$88	\$79

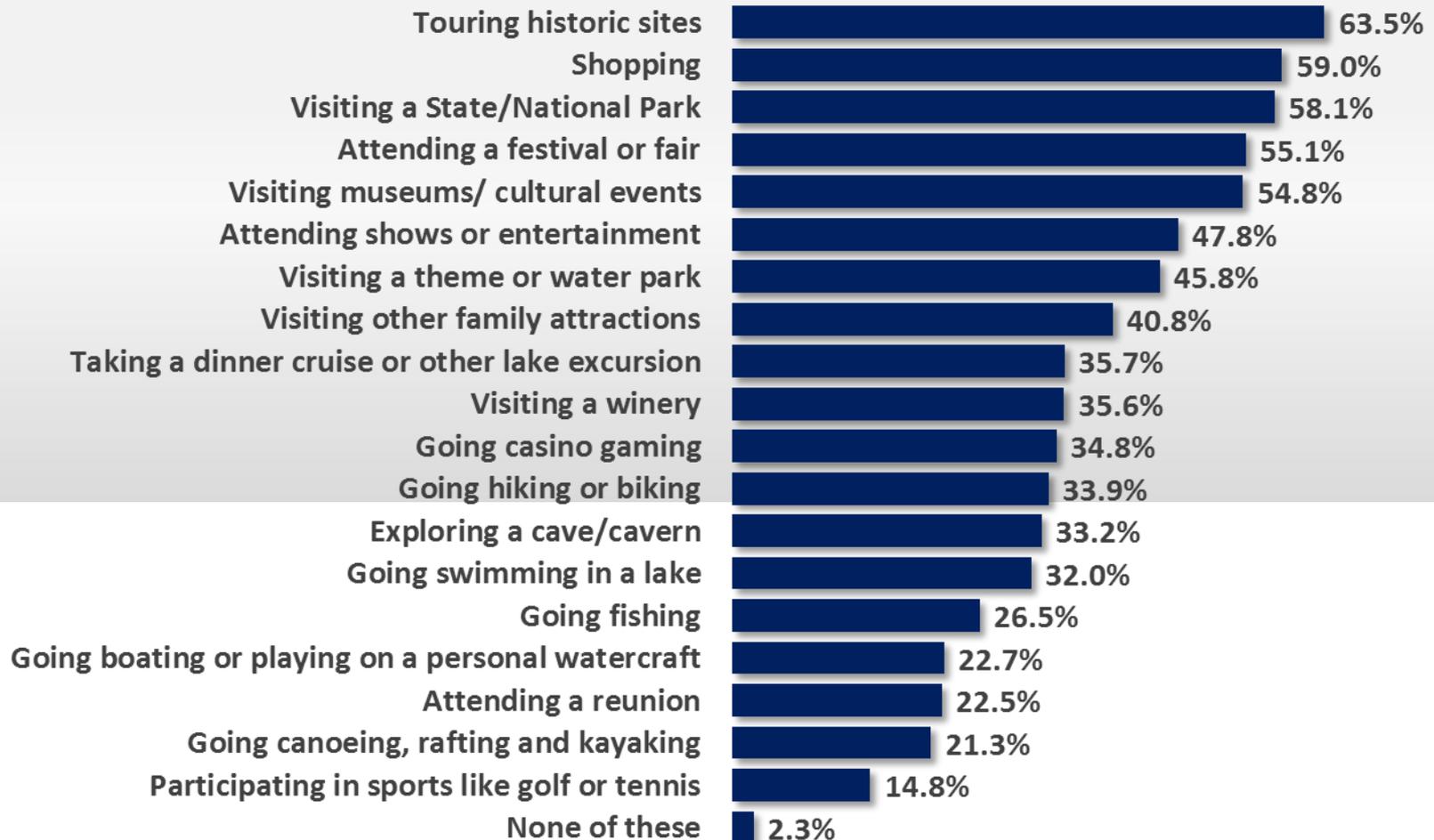
Travelers are looking for places with excellent value for the dollar, a good place to relax, and safe/worry-free destinations.

Important Attributes of a Leisure Destination Overall - % Top 2 Box*

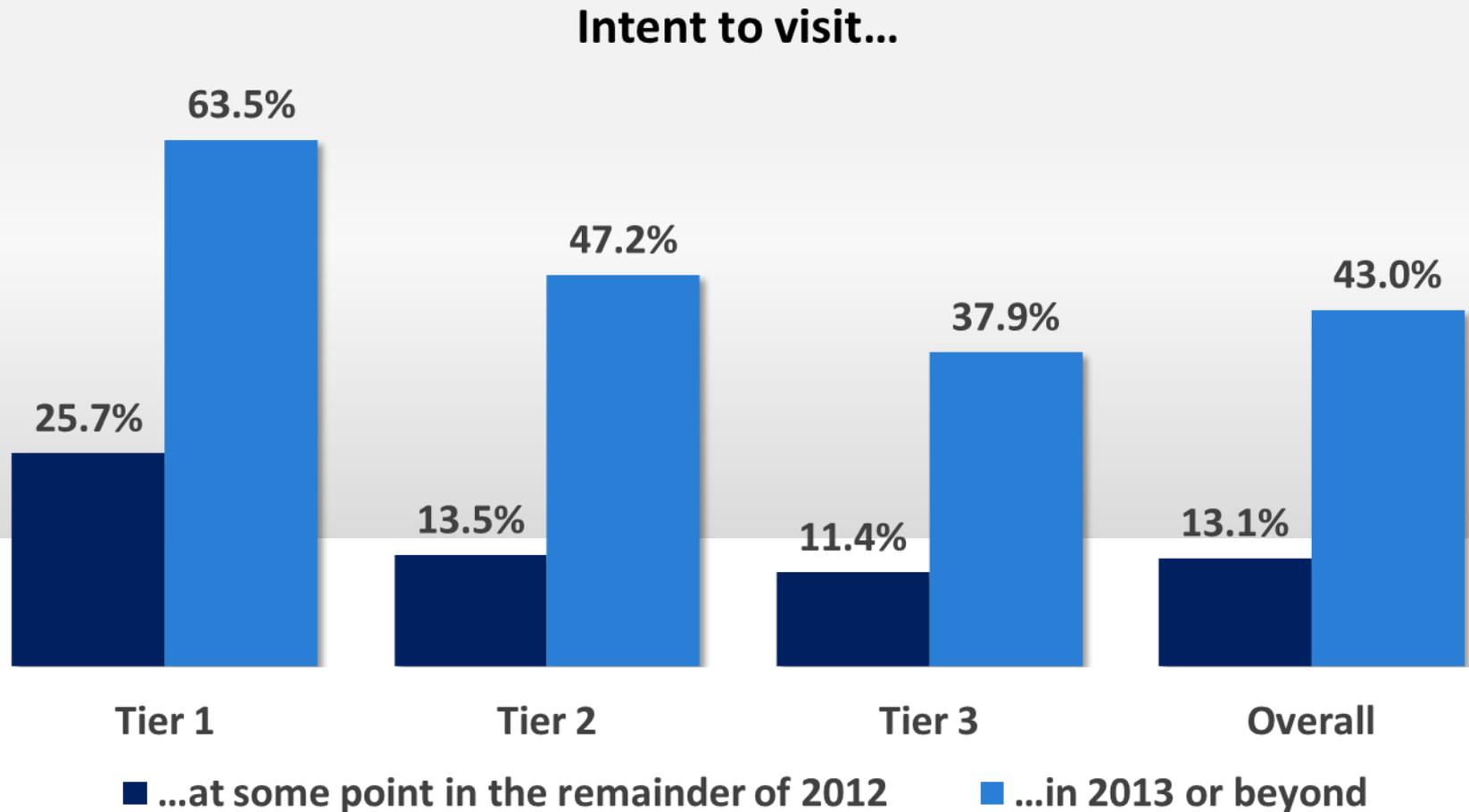


Travelers in this study enjoyed Touring historic sites, Shopping and Visiting a State/National park most while visiting a destination.

Preferred Activities at a Destination



Overall nearly 43% of travelers indicated they intend to visit Branson in 2013 or beyond after seeing the travel ads.



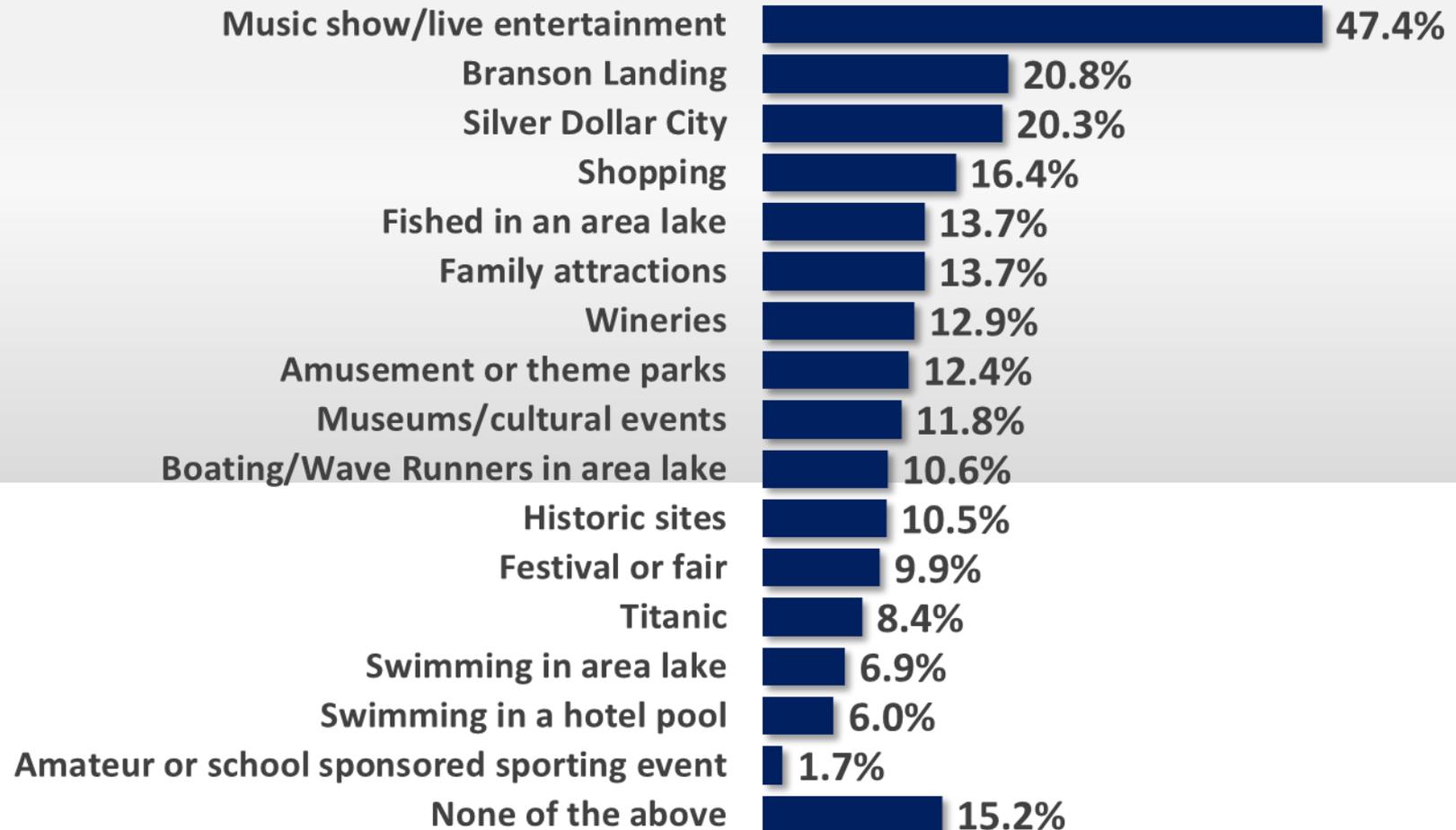
Shopping, Live Entertainment and the Branson Landing were the most popular activities enjoyed by travelers to the Branson area this year.

Area Activity Participation



Also, Live Shows were a primary driver for visitation to the area. This was followed in a distant second by the Branson Landing and Silver Dollar City.

Area Activities that Influenced Visitation



Thank you.

