

MINUTES OF THE HOUSE COMMITTEE ON TOURISM.

1

The meeting was called to order by Chairperson Carol E. Beggs at 3:36 p.m. on January 24, 2001 in Room 522-S of the Capitol.

All members were present except: Rep. Larry Campbell - excused

Committee staff present: Renae Jefferies, Revisor of Statutes
Hank Avila, Research Department
Russell Mills, Research Department
Carol Doel, Committee Secretary

Conferees appearing before the committee: Senator Chris Steineger
Mary Lou McPhail, Department of Commerce and
Housing

Others attending: See attached list

Introduction of Bills:

Senator Steineger of Wyandotte County introduced a bill dealing with slot machines at parimutuel facilities in Kansas. (Attachment 1) Representative Long made a motion to introduce the bill. Representative Ballou seconded the motion. The motion carried.

Presentation on Tourism in Kansas:

Mary Lou McPhail from the Kansas Department of Commerce & Housing explained that the department has a budget of \$4.6 million to administer four programs. Of that amount a little over one million dollars is generated from magazine sales and advertising revenues. The remaining 78% is funded through EDIF monies (the lottery). The four programs include Kansas! Magazine, Film Services, Travel Information Centers and General Promotion. (Attachment 2)

Realizing the competition the Kansas Department of Commerce & Housing engaged a company to do a long-term strategic plan for the Kansas Tourism Industry. Strategic planning recommendations detailed in this report focus on creating long-term competitive advantage for the Kansas tourism industry. (Attachment 3)

A market research study was done to assess the 1999 advertising campaigns by measuring both gross and net conversion rates as well as the economic impact. The rate of return on investment in this study was found to be \$18.60 for every dollar spent on advertising. (Attachment 4)

The Division of Travel & Tourism Development of the KDOC&H is authorized to provide economic assistance to public and private entities and not-for-profit corporations to develop tourism attractions and tourism-based products in Kansas. (Attachment 5)

Several members of the committee had questions regarding Kansas Tourism, such as working with Wild Life and Parks, increasing advertising budgets, what is being done to promote the niche markets, what did we spend money on for tourism, and what are the most popular areas in Kansas for attracting tourists. These questions were answered by Mrs. McPhail.

Representative Ethel Peterson proposed a field trip to The Rolling Hills.

Chairman Beggs presented a reminder that the Tourism Committee had been assigned a bill that needed interaction of Wild Life and Parks and that they were scheduled for the next meeting.

Representative Osborne made a motion that we approve the minutes and this was seconded by Representative Ethel Peterson. Motion carried. Minutes approved.

MINUTES OF THE HOUSE TOURISM COMMITTEE, Room 522-S of the Capitol at 3:36 p.m. on
January 24, 2001

Chairman Beggs asked for any other discussion that may have been overlooked.

Representative Levinson made a motion to adjourn the meeting. Motion was seconded by Representative McClure. Motion carried.

Meeting was adjourned at 4:34 p.m. The next meeting will be January 29 with a presentation by Mr. Clint Riley, attorney for the Wild Life and Parks Department.

HOUSE TOURISM COMMITTEE GUEST LIST

DATE January 24, 2001

NAME	REPRESENTING
George Wingerd	Ruffin Companies
Roger Travolta	KGC
Jean Barber	TIAR
Mary Lou McNeil	KDOCA - T+T Decision
Dyane Hamm	Catalyst Inc.
Alene Tralced	Catalyst Inc.
J. Preston Lange	Rep. Palmer
Stephanie Buchanan	DOB

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TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
 RANKING MINORITY MEMBER
 PUBLIC HEALTH AND WELFARE
 MEMBER ASSESSMENT AND
 TAXATION
 COMMERCE
 ELECTIONS AND LOCAL
 GOVERNMENT
 HEALTH CARE REFORM
 OVERSIGHT
 LEGISLATIVE POST AUDIT
 RULES AND REGULATIONS
 STATE BOARD OF EMERGENCY
 MEDICAL SERVICES
 SRS TRANSITION OVERSIGHT

Talking points for the slots legislation:

To allow local voters to decide this issue

To address the qualified labor shortage by funding workforce development initiatives

To fund technology programs at our education institutions

To offer a Kansas-based entertainment venue to compete with Missouri

To capture additional revenue from fans attending the Kansas Speedway

- 1) *Approval* of slots machines subject to county wide vote of the people and would be **limited** to counties with pari-mutual facilities
- 2) Slot machines at "The Woodlands" have *estimated state revenues of \$25 million/year*
Tax revenue could double if slot machines are approved in Wichita and Pittsburg
- 3) States portion of **revenues dedicated to technologically literate workforce development** programs including:
 - * **fully fund** Kan-Ed internet backbone program
 - * **funding** the existing K-12 *technology* fund at Department of Education
 - * enhanced **funding** for instructional and *technology equipment* for community colleges and vocational-technical schools
 - * funding the Board of Regents "\$2 for \$1" match *technology* program
 - * Revenue over \$25 million goes to the Economic Development Initiatives Fund
- 4) **Sharing of revenue** similar to Missouri:
 - * **18 %** of adjusted gross receipts to state
 - * **2 %** of adjusted gross receipts for host county (Unified Government)
 - * **3 ½ %** to Greyhound breeding association
 - * **3 ½ %** Thoroughbred & Quarterhorse breeding association
- 5) Helps sustain the horse and dog breeding industry

House Committee on Tourism
Testimony of the
Kansas Department of Commerce & Housing
Division of Travel and Tourism
Mary Lou McPhail

January 24, 2001

Good afternoon, Mr. Chairman, and members of the House Committee on Tourism. My name is Mary Lou McPhail, and I am the Director of the Kansas Department of Commerce and Housing, Travel and Tourism Division. I have been with the tourism division for over twelve years and would like to share with you some of our programs and activities.

The division has a budget of \$4.6 million to administer four programs. Of that amount a little over one million dollars is generated from fee funds, i.e. magazine sales and advertising revenues. The other 78% is funded through EDIF monies (the lottery). Our four programs include Kansas! Magazine, Film Services, Travel Information Centers and General Promotion.

Kansas! Magazine is a beautiful four-color quarterly publication with stories of interesting things to see and do in Kansas. The magazine has approximately 47,000 subscribers with 73% of those being Kansas residents. Our 1999 Readership Study indicated 88% of our subscribers were "very satisfied" with the magazine and often gave it as gifts to others. The division also publishes a beautiful annual calendar as part of the subscription fee of \$15.00. Monies generated from subscription fees pay for all operations of the magazine including some marketing efforts.

A second program is Film Services whereby staff promotes the state of Kansas to film producers as a possible site location for movies, documentaries, commercials, etc. Combined out-of-state and in-state production dollars for FY 00 totaled over \$13 million. The most recent production in

our state is an independent feature *The Painting*, scheduled for theatrical release in spring or summer 2001. A second feature is scheduled to begin production March 2001.

The state owns and operates four Travel Information Centers (TICs) located on I-35 near Olathe and Belle Plaine and I-70 near Kansas City and Goodland. These centers are open 361 days a year and greet over 450,000 people annually providing free travel information, highway maps and coffee. We are currently working on a construction project to replace the existing TIC near Goodland with a beautiful state-of-the-art 7500 square foot facility that is scheduled for completion early 2002. We are also working with the Kansas Speedway Corporation (KSC) to have a new travel information center on the grounds of the new NASCAR racetrack in Wyandotte County.

The division is charged with promoting the state of Kansas to domestic and international travelers. A number of marketing strategies are used to accomplish this. We print an annual publication, the *Kansas Getaway Guide*, to send to those interested in receiving travel information. (A copy of this publication is in your packet.) Last year, we responded to 119,000 requests for information with approximately one-third of those interested parties actually traveling to Kansas. Our 1999 Advertising Effectiveness Study (also in your packet) reveals the division's advertising efforts resulted in a ***return on investment of \$18.60 for every dollar spent on advertising.***

The division's international marketing effort includes membership into a group called America's Heartland consisting of Kansas, Iowa, Oklahoma, Nebraska and Missouri. Collectively, the group markets to Canada and the United Kingdom. A limited portion of our division's marketing dollars is directed to the German market because of their interest in western history. Research shows that the United Kingdom and Germany are two important markets due to the number of visitors traveling to the United States. Two Kansas tour packages are currently being sold with great success by German tour companies.

Approximately four years ago, the legislature appropriated money to do a comprehensive study on tourism in Kansas. A copy of the executive summary is in your packet. The report encouraged the state of Kansas to implement a new marketing strategy in order to attract high-value travelers who will spend more vacation dollars in Kansas. This report recommended the Kansas tourism industry work together and focus its marketing efforts on specific niche audiences. Those niches include western frontier, agri-tourism, aviation, hunting, nature-based activities and we chose to include the arts as well.

To that end, a conference was held in April 1999 where approximately 200 tourism professionals came together and enthusiastically endorsed this new marketing strategy. As a result of that conference, alliances were developed for each of the niches for the sole purpose of *"bringing together industry members to promote the Kansas tourism experience in order to strengthen our ability to encourage marketing partnerships with corporate industry."* These alliances have been meeting on a regular basis to network and to develop marketing opportunities. Those efforts are ongoing and we are experiencing many successes.

The division has an Attraction Development Grant program that provides financial assistance to communities for the purpose of creating new tourist attractions or to enhance existing ones. This is a 60/40 match program and also funds some marketing and technology activities. The division had \$1,052,100 to disburse in this fiscal year and we have recently awarded 18 projects totaling approximately \$475,000. A second round of grants will open February 1st. This program is vital to many small communities as it provides an opportunity to improve their tourism infrastructure and to do some out-of-state marketing.

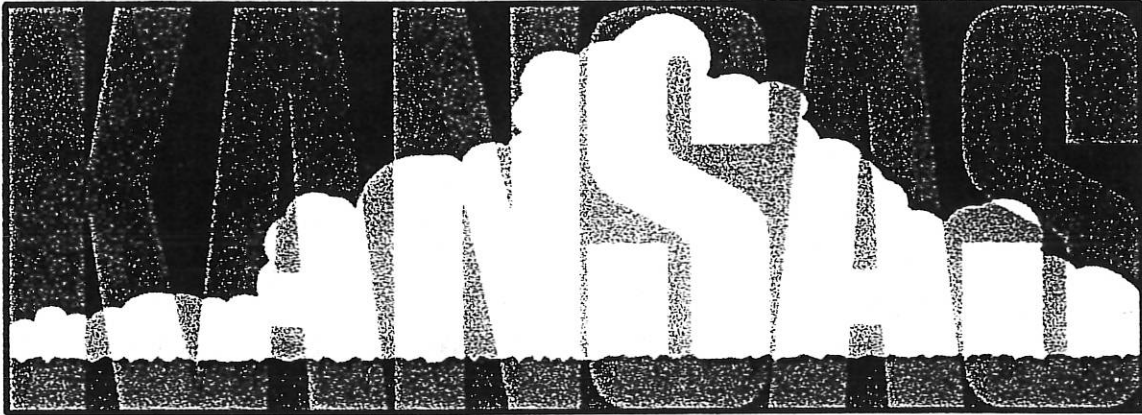
While this testimony offers a brief overview of our programs, we want to share with the Committee some wonderful new attractions that have come forward in the last few years. The

Sternberg Museum in Hays opened nearly two years ago and is a premier attraction on I-70 bringing in thousands of visitors annually. The Rolling Hills Refuge is a 100 acre wildlife conservation center that is home to many rare and endangered species. The new NASCAR track in Wyandotte County scheduled to open this year will have a huge economic impact on our state not only on race weekends, but throughout the year as the track sponsors other events as well. Exploration Place in Wichita is a high-tech science center geared for all ages.

Tourism is a \$3.2 billion industry in Kansas and is responsible for over 48,000 jobs, thereby making it a very viable industry to our state—an industry that impacts every single county in Kansas!

I would be happy to answer your questions at this time.

TOURISM STRATEGY FOR



Final Report

March 1998



YOUNG NICHOLS GILSTRAP, INC.

House Tourism Committee
January 24, 2001
Attachment 3

KANSAS TOURISM STRATEGY

I. EXECUTIVE SUMMARY

In an era of rapidly escalating competition for tourism spending, Kansas faces both strong regional competitors and growing customer sophistication. As a result, tourism leaders have concluded that the State could not compete effectively by simply improving short-term operating tactics.

In order to address this situation, Young Nichols Gilstrap, Inc. ("YNG") was engaged by the Kansas Department of Commerce & Housing ("KDOC&H") in September of 1997 to develop a long-term strategic plan for the Kansas tourism industry. YNG was directed to provide an objective assessment of the current tourism environment and to follow a detailed scope of work outlined by the Tourism Division.

YNG's strategic planning recommendations detailed in this report focus on creating long-term competitive advantage for the Kansas tourism industry. An effective tourism strategy will ideally create additional positive impact for many of the State's other economic development efforts.

YNG's methodology (see Appendix I) began with an evaluation of the state's strengths, weaknesses, opportunities and threats ("SWOT"). After extensive interviews, SWOT surveys, site visits and a review of past studies and market research, YNG concluded that:

1. The tourism industry is ready to support an effective strategy. Our interviews showed that one of the Kansas tourism industry's greatest strengths is its dedicated and knowledgeable tourism marketers and managers. However, many of these professionals believe Kansas has failed to achieve its tourism-related economic development potential and are ready to support an effective, market-driven strategy.
2. The industry is making positive progress in developing increasingly competitive tourism attractions or products. Examples of new or expanded attractions that are being developed or proposed include:

- ❖ A new NASCAR facility in Kansas City
- ❖ The proposed Wonderful World of Oz development

- ❖ The Salina-area Rolling Hills Refuge
- ❖ The National Park Service's Z-Bar Ranch
- ❖ Expansions of the Kansas Cosmosphere, Sternberg Museum and Old Cowtown
- ❖ Wichita's Exploration Place

3. Kansas is in a strategy trap. Despite the progress described above, Kansas tourism is in a vicious circle or strategy trap. As we describe below, lower value visitors tend to generate lower value amenities and attractions which, in turn, make it more difficult to attract higher value visitors.

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Contrary to common public perception, Kansas attracts a pro rata national market share (1%) of the quantity of visitors. However, it only attracts 0.6% of total spending. This suggests the state is not attracting its share of **quality** visitors. Additional analysis shows that leisure visitors coming to Kansas are primarily pass-through visitors on their way to Colorado, Missouri or other destinations.

The pass-through visitor is not looking for luxury resorts, lengthy museum visits or fine-dining experiences. The pass-through visitor typically wants good highways, fast food and when necessary, a clean motel room near the highway. By meeting the needs of this customer, Kansas has achieved visitor quantity but its visitor spending per person and its length of stay are below the U.S. averages and below most of its regional competitors. With a small tourism "pie" that is experiencing minimal growth, Kansas tourism participants tend to compete for "shares of the pie" rather than cooperating to increase the "size of the pie." Through industry interviews, YNG learned that the resulting fragmentation of resources creates frustration and further increases the dependence on the pass-through visitor--the strategy trap.

As the Key Tourism Issues chart explains, these individual issues have been raised in previous studies. Unfortunately, these issues will continue to surface in all future studies unless the underlying problem is solved. Trying to fix one issue piecemeal without also solving the other issues amounts to trying to solve symptoms rather than problems. For instance, a pass-through destination seeking an upscale hotel will be told it lacks the upscale customer base. The same

KANSAS: KEY TOURISM ISSUES

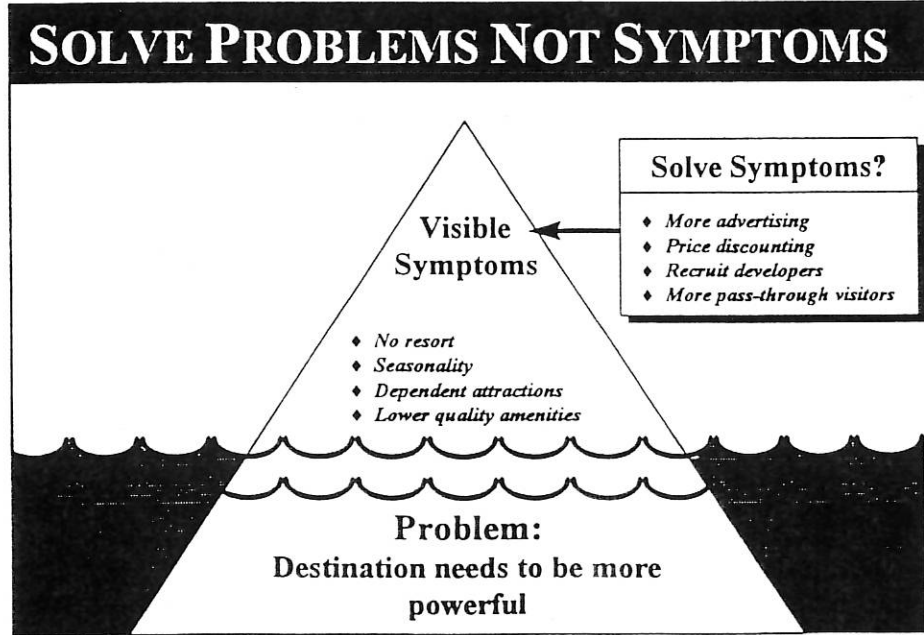
	Past Studies			Future
	1977 (a)	1991 (b)	1997/98 (c)	
No Image	✓	✓	✓	?
Pass-Through Visitor	✓	✓	✓	?
No Resort/ Weak Attractions	✓	✓	✓	?
Fragmented Efforts	✓	✓	✓	?

(a) Welling, Minton & Vanderslice, Inc. study
 (b) ERA study
 (c) Based on YNG research

community seeking an upscale customer base will be told it lacks the upscale amenities. A focus on improving operating tactics--better advertising, lower prices, better highways--only generates more of the same customer and perpetuates the same issues into the future. Doing more "descriptive" research--learning more about existing customers--also perpetuates the problem. The underlying problem--making the destination more compelling for the high value visitor--must be solved in order to break out of the strategy trap.

How can Kansas make itself a more powerful destination? The state lacks strong natural attractions such as weather, mountains and oceans. Kansas isn't likely to surpass Las Vegas, Orlando or Anaheim in gaming or theme parks. In fact, this analysis leads many Kansans to an unfortunate pessimism and skepticism about the industry which, in turn, compounds the strategy trap problem. The skepticism limits the funding and participation of both the private and public sectors.

Prescriptive research focuses on what customer **should be** targeted (not just who is already coming). By researching **niche** markets instead of the broad markets mentioned above, and by matching Kansas' existing, **distinctive** strengths with niche market opportunities, the state can make itself more compelling while also targeting a higher value visitor. Focusing on niche markets where Kansas has the potential to compete effectively will also limit the unnecessary skepticism mentioned in the previous paragraph.



The matching of market opportunities and distinctive Kansas strengths led YNG to recommend that Kansas primarily focus on further developing and promoting the following niche strengths:

- ❖ Frontier history (including old west and Civil War-related)
- ❖ Old west (primarily built on Dodge City's international reputation)
- ❖ Hunting
- ❖ Aviation
- ❖ Eco-tourism (including bird watching and fossil-related)
- ❖ Agri-tourism

By focusing on niche markets in which it has distinctive strengths, Kansas can create long-term, sustainable competitive advantage--becoming a chooser rather than a beggar. The niche strategy will require great focus and customer knowledge because each niche may have several target customer segments, each requiring its own attraction packaging, communication channels and message. For example, frontier history can be marketed to military customers, history lovers, international visitors, families, etc. The international visitor may require a multi-state, regional itinerary whereas the army veteran may want access to existing bases or lectures on military strategy.

STRATEGY GOAL: BECOME CHOOSER

	Destination is Chooser	Destination is Beggar
Product:	Unique	Commodity
Customer:	Knowledgeable; Strong interest	Price-conscious
Competitors:	Few	Many
Value Captured By:	Destination	Customer

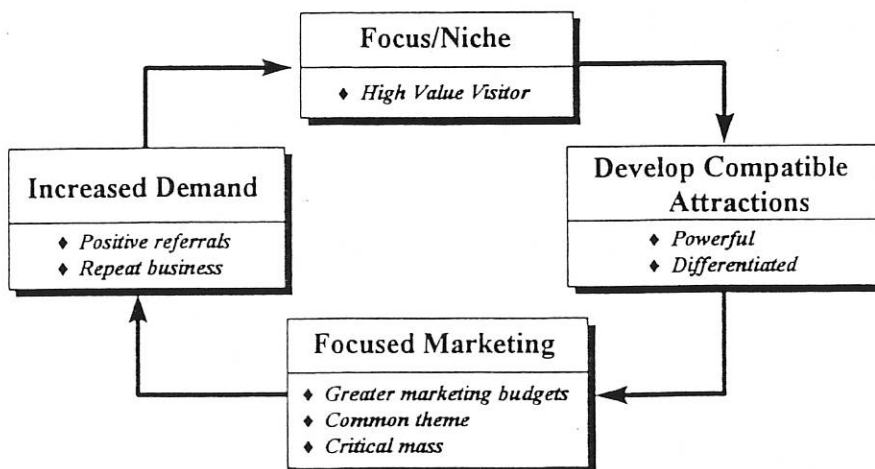
Source: Young Nichols Gilstrap, Inc.

An even greater challenge for niche marketing is changing the mindset of the tourism industry.* Instead of competing internally for shares of an existing "pie," the industry needs to **compete externally** and **cooperate internally** to "grow the pie." To effectively compete for the non-resident visitor, the industry must be focused on meeting the customers' needs rather than its internal needs. For example, like most state travel guides, the Kansas edition is organized around geographic regions, giving regions equal coverage and treating most attractions equally. While this treatment meets the internal, political needs of the state, the impact on the external customer is confusion as it further dilutes an already blurred image for the state. Organizing the travel guide around niches first (and geography second) meets the customers' need to

know when they might want to travel to Kansas. Part of the challenge is that niche marketing requires the niche participants (e.g., all eco-tourism sites or all old west attractions) to work together to enhance the experience of that visitor.

The niche strategy for Kansas will be evolutionary in nature, taking several years to build a loyal following of destination visitors. Time will also be required to develop new attractions, educate local corporate sponsors about the merits of tourism and to establish cooperative alliances both within and outside the state. Momentum comes from success building on success. The momentum will also take time to develop because of the small base

SELF-REINFORCING STRATEGY



Source: Young Nichols Gilstrap, Inc.

* The format of this report, with a significant use of graphics and a "big picture" focus, is meant to make the findings accessible to a broad cross-section of industry and non-industry readers.

of existing destination visitors, the lack of a powerful image of the state and the lack of a type of powerful attractions that by themselves will bring tourists to the state.

Therefore, the second part of the YNG strategy for Kansas is to develop a distinctive and unique attraction that is powerful enough to bring national and international attention and visitors to the state. The attraction should do for Kansas what the Rock and Roll Hall of Fame did for Cleveland. Ideally, the attraction would build on the state's existing strengths and would stimulate tourists to visit a host of related and unrelated attractions in Kansas.

From YNG's analysis, the Kansas strength with the greatest national and international appeal is its history. Furthermore, the "heartland" image--tying together patriotism and family values--is an additional strength that is gaining momentum. What unique attraction could build on those assets?

YNG recommends that Kansas develop the Hall of American Heroes. Because of the Heartland image, Kansas is the most logical place to host this type of independent attraction. Furthermore, Kansas has a solid base of its own heroes (e.g., Eisenhower) and heroism (e.g., the frontier). The Hall would be devoted initially to a limited number of the greatest

Americans who have changed history. Those heroes would include the greatest Presidents (e.g., Washington, Lincoln), the greatest military leaders (e.g., Eisenhower) as well as other distinguished heroes (e.g., Martin Luther King). Highlights of the facility would include:

- ❖ Interactive, entertaining presentations (the Rock and Roll Hall of Fame, for example, features more than twenty different film and video presentations)
- ❖ Motivation for travelers, both domestic and international, to visit Kansas
- ❖ A Kansas Hall and a "master" Kansas Visitor Center
- ❖ Regular inauguration ceremonies and possibly a major July 4th parade for the millennium

Again, it is envisioned that the design and marketing of the Hall of American Heroes would attract many high value visitors to the state while also using the master visitor center to encourage visitations to additional Kansas attractions. At a time when many Americans are searching for appropriate role models, heroes or leaders, the Hall of American Heroes could create a destination attraction that leverages this powerful theme.

KANSAS TOURISM STRATEGY

II. THE IMPORTANCE OF TOURISM FOR ECONOMIC DEVELOPMENT

A. OVERVIEW

Through YNG's strategy work, the firm continues to gain a greater appreciation for the mutually beneficial impact tourism has on other forms of economic development. Just as escalating competition is transforming the tourism industry, so is it changing all forms of economic development. Many regions believe that economic incentives (such as tax breaks, infrastructure commitments, etc.) are required to lure new businesses to their areas, but these incentives alone may not be sufficient under current competitive conditions. Most areas are now looking for other ways to compete. A focus on quality of life strengths, for example, can dramatically elevate a state's ability to compete. As competition escalates, economic development organizations find they must move from a passive selling mode--accepting existing strengths

and weaknesses as a given--to a newer, more proactive strategy.

Tourism can often be a vital part of proactive economic development strategies. Visitors to a market exert an influence that goes far beyond the most visible impact on hotels, restaurants, etc. In reality, the annual visitor base can be substantial--the number of tourists can be as much as 20 to 30 times larger than the resident population base. If managed correctly, this tourism flow can translate to substantial economic impact, and even farther reaching effects. This flow of tourists should be recognized as potential employers, employees, home buyers and influencers of future economic development. In a sense, tourism helps market the community for many purposes each time it brings a visitor to town.

VISITOR/POPULATION RATIO

(000)

	<u>Kansas</u>	<u>Las Vegas</u>	<u>Orlando</u>	<u>Metro Phoenix</u>
Number of Annual Visitors	26,400 (f)	29,600 (a)	36,382 (d)	11,560 (b)
Population	2,565 (e)	1,100 (a)	1,429 (d)	2,564 (c)
Visitor/Population	10.3x	26.9x	25.5x	4.5x

(a) Source: Convention & Visitors Bureau. 1996 data for visitors and Clark County population.

(b) Travelscope 1995

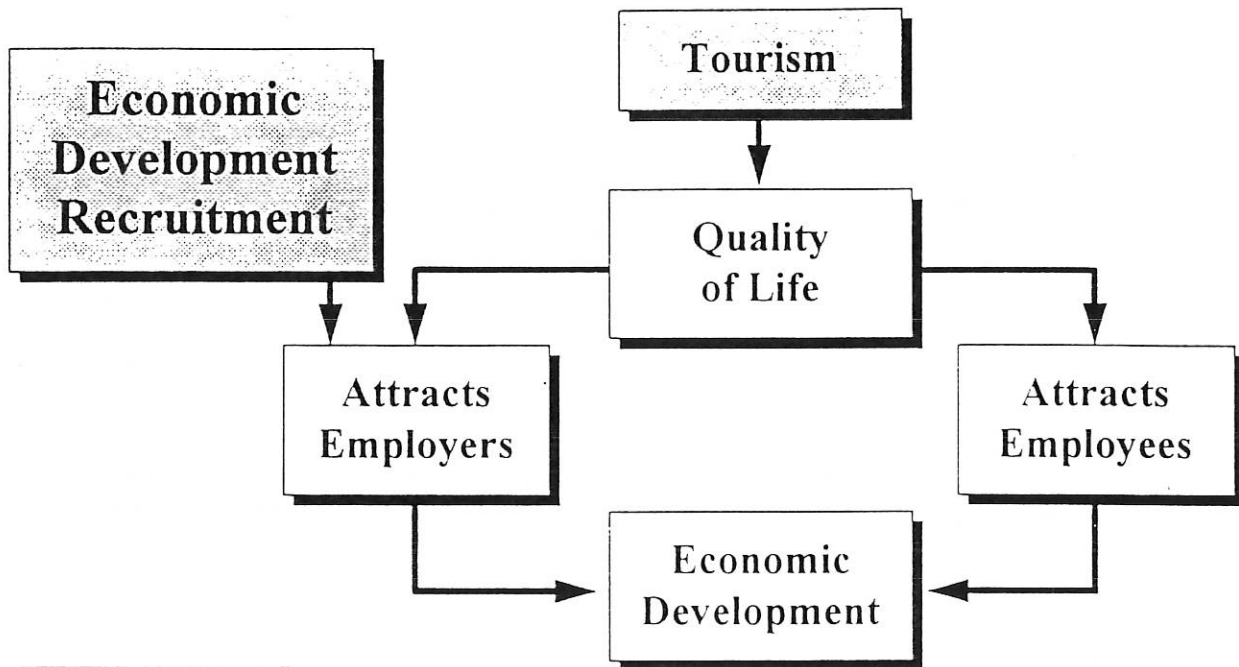
(c) Arizona Business Newsletter (3/97)

(d) Source: Convention & Visitors Bureau, 1995 data for visitors and 1996 data for metro (three county) population

(e) Source: U.S. Bureau of the Census. 1995 population

(f) Kansas Travel, Tourism & Film Economic Impact & Marketing Results (August 1996). DKS&A data for 1995

TOURISM-SUPPORTED ECONOMIC DEVELOPMENT



Source: Young Nichols Gilstrap, Inc.

Coordinating tourism and economic development is also important to avoid a negative impact. Weak planning and zoning, or polluting industries, can undermine a visitor's perception of the community. Similarly, low value visitors can harm economic development. A tourism destination focused on spring break or low spending pass-through tourism may develop "t-shirt tourism" amenities that can actually devalue an outsider's perception of the community and harm its ability to attract the best employers and employees. Therefore tourism is not inherently good or bad as an industry--its impact depends on how well it is managed.

Targeting and developing higher spending visitors can stimulate a host of benefits. If successful with the attraction of the right visitor segments, higher value amenities (hotels, retail outlets, restaurants, golf courses, attractions, etc.) are often added to serve them. The addition of such amenities are generally

appreciated by the local residents and can even serve as important tools to attract new employers and employees to an area.

Tourism has the potential to aid or elevate many key Kansas economic development goals and activities. Examples include:

- ❖ Increased air access
- ❖ Rural economic development
- ❖ Exposure of the destination
 - ❖ To potential employers
 - ❖ To potential skilled employees
 - ❖ To potential retirees
- ❖ Increased quality of life (c.g., retail, golf, restaurant) helps to:
 - ❖ Attract employers, employees
 - ❖ Decrease Kansas' "brain drain" in which the best and brightest students and employees leave for "greener pastures"

What is the status of Kansas tourism today? United States Census Bureau statistics show Kansas currently has approximately 1 percent of the U.S. population. Contrary to the perception of many, the Sunflower State also captures its pro-rata share (1 percent) of both the total number of domestic leisure travelers and the total number of business visitors. This is an impressive number of visitors.

Business and leisure visitor travel patterns, however, indicate Kansas is currently missing major economic opportunities by failing to capture its pro-rata share of both leisure and business travel spending.

Therefore, while Kansas captures its share of the **quantity** of domestic leisure travelers, it is not capturing its share of the **quality** of visitors (0.6 percent of leisure travel spending). And while the state is host to 1 percent of the total number of business travelers, it receives only 0.8 percent of spending by the domestic business travel market.

KANSAS TOURISM MARKET SHARE -- 1996

National Market Share

	<u>Leisure</u>	<u>Business</u>	<u>Total</u>
Population (a)	NA	NA	1.0%
Number of Visitors (b)	1.0%	1.0%	1.0%
\$ Economic Impact (b)	0.6%	0.8%	0.7%

(a) Source: U.S. Bureau of the Census. 1995 Kansas population of 2,565,000; 1995 U.S. population of 262,755,000

(b) Source: D.K. Shifflet & Associates. Estimate of 1996 direct financial impact of tourism for 50 states plus Washington D.C. Excludes transportation expenditures (ahma.com). Kansas' tourism economic impact of \$2,545 million (business \$952 million; leisure \$1,593 million).

Implementing strategic steps to help Kansas receive its pro-rata share of visitor spending offers tremendous potential. For each 0.1 percent increase in domestic leisure travel spending, an additional \$262.5 million would be spent each year. Such an objective is not difficult when one considers the large impact that a relatively small number of visitors can make. An increase of just 100,000 higher value visitors has the potential to increase tourism's direct spending in Kansas by \$50-

\$100 million annually. This increase is roughly equivalent to the number of people required to fill a large football stadium, the number of people attracted by a large business hotel or two to three large resort hotels on an annual basis.

INCREMENTAL IMPACT

Annual Economic Impact

◆ Each 0.1% increase -- leisure travel \$262.5 million

Annual Visitor Impact

◆ Increase of 100,000 visitors

◆ High value visitor (a) \$50-100 million

◆ Low value visitor (b) \$ 5-10 million

(a) Assumes \$500-1,000 spent per trip

(b) Assumes \$50-100 spent per trip

KANSAS TOURISM STRATEGY

III. ESCALATING COMPETITION

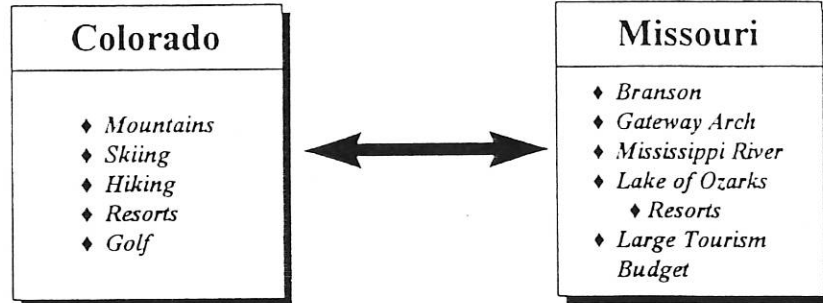
Many Kansas tourism and community leaders are quick to point out that the state has lagged behind many regional competitors in developing powerful tourist draws. Missouri and Colorado, for example, are generally regarded as having superior tourism products. At the same time, both states in the last decade have added the types of attractions and amenities that should enhance visitor spending.

Meanwhile, other domestic competition is increasing. Newly charged competitors include places such as Cleveland, Mississippi's Gulf Coast and Branson, Missouri. Additionally, competition for tourism spending is escalating on a global

basis. From Cuba to Albania and Costa Rica to Vietnam, a host of new competitors have entered the tourism business in the last five years.

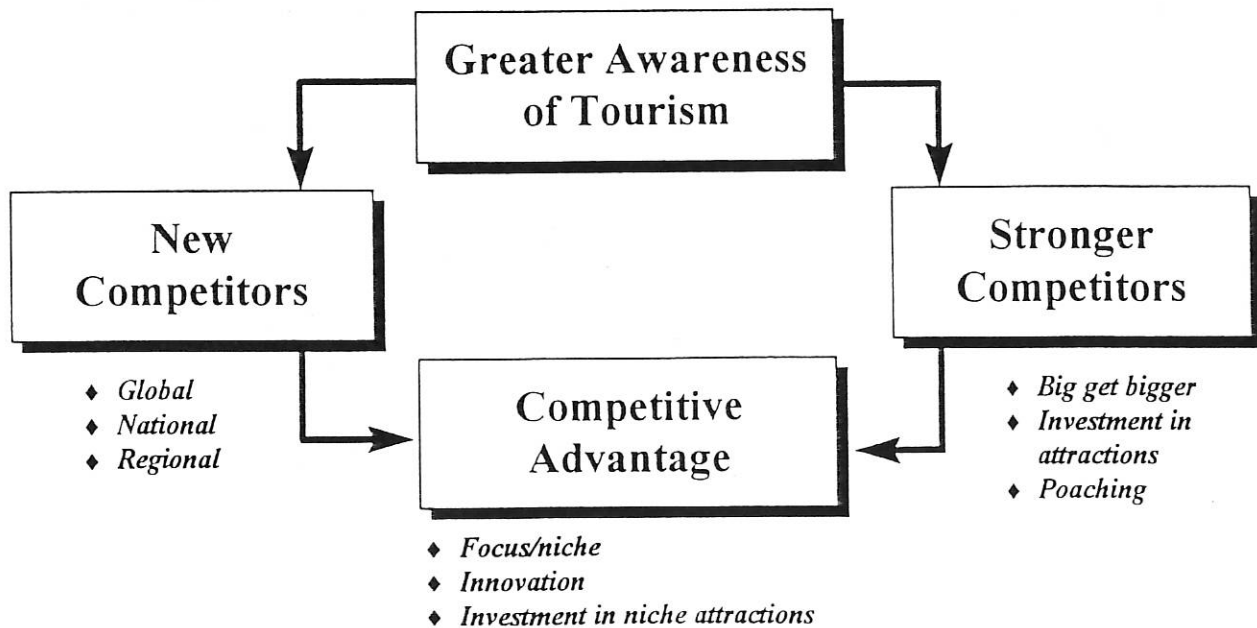
Many successful destinations are focusing their

STRONG REGIONAL COMPETITION



Source: Young Nichols Gilstrap, Inc.

ESCALATING GLOBAL COMPETITION



Source: Young Nichols Gilstrap, Inc.

efforts and capital on specific niches. For example, Indianapolis focuses on sports. The Indiana Sports Corp. was formed to help fuel its tourism and economic development strategies. With an annual budget of \$2.5 million and a staff of 25 people, the corporation has been instrumental in attracting events such as the Pan Am Games and the Pre-Olympics National Sports Festival to the city. Not surprisingly, when the NCAA Visitor Center was seeking incentives from cities to relocate, Indianapolis was able to quickly mobilize its forces in the public and private sectors to attract the Center with \$50 million dollars in incentives. A focused competitor will usually beat an unfocused competitor.

Furthermore, Kansas simply does not have the marketing resources to compete regionally, nationally or internationally. In addition to not having large resorts or attractions which market travel to the state, Kansas has not historically dedicated competitive levels of

FOCUSED COMPETITION: INDIANAPOLIS

“There was a time when most of the world thought of Indianapolis as a bland Midwestern city without much going for it... Things have changed. Today Indy boasts a... new role as one of America’s sports capitals... The makeover campaign has been led by a group of business and civic leaders who created the Indiana Sports Corp., dedicated to using sports to put Indy on the national radar screen.” (a)

- ◆ **Indiana Sports Corp.**
 - ◆ \$2.5 million annual budget; 25 staff
 - ◆ Public, private, corporate contributions
 - ◆ Events: Pre-Olympics National Sports Festival; Pan Am Games; NCAA Final Four
 - ◆ Facilities: Swimming, tennis, cycling

(a) “North America’s Most Improved Cities” *Fortune* (Nov. 24, 1997)

funding to state-led advertising programs. Compared with regional competition, Kansas advertising resources fall behind Arkansas, Missouri, Oklahoma, Iowa and Nebraska. Advertising should be viewed as a tool to inform, educate and motivate travelers. Not surprisingly, Kansas ranks relatively low (\$1.6 billion) in terms of the economic impact of leisure tourism.

KANSAS FACES LARGER COMPETITORS

Total Tourism Budget (\$ Millions) (a)		Tourism Advertising Budget (\$ Millions) (a)		1996 Leisure Economic Impact (\$ Billions) (b)	
Arkansas	\$ 9.95	Arkansas	\$ 5.04	Missouri	\$6.1
Missouri	9.28	Missouri	4.21	Iowa	2.4
Oklahoma	7.29	Oklahoma	3.04	Arkansas	2.2
Kansas	3.91	Iowa	0.83	Oklahoma	2.2
Iowa	3.64	Nebraska	0.49	Kansas	1.6
Nebraska	2.11	Kansas	0.40	Nebraska	1.5

(a) Source: Survey of State Travel Offices 1995-96

(b) Source: DKS&A data at ahma.com

KANSAS TOURISM STRATEGY

IV. SITUATION ANALYSIS -- VISITOR BASE

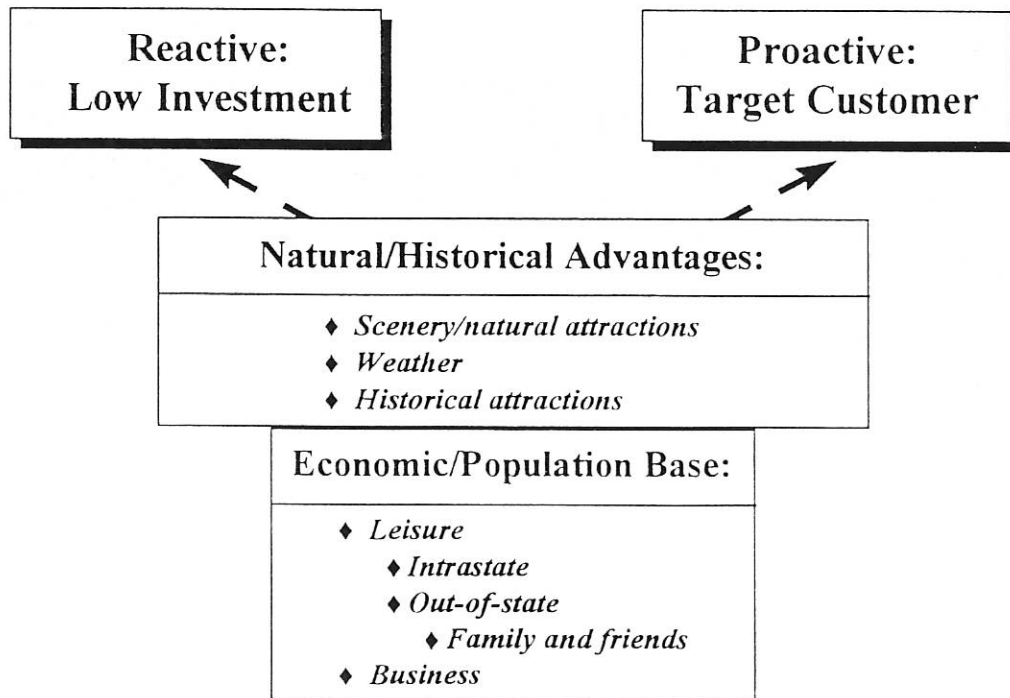
It is helpful to look at a destination's customer base in layers. Generally, the bottom layer represents a community's economic and population base. This layer is comprised of people who reside in the state, people who are doing business in the state, or out-of-state leisure visitors who are visiting family and friends within the state. This is a segment of customers upon which every state can rely.

The second layer, natural and historical advantages, consists of visitors who are attracted to attributes such as good weather, a powerful natural attraction (such as the Grand Canyon), or historical events that occurred there. These powerful attributes are inherited, and marketing can influence the number of customers in this layer. Kansas does not possess a significant number of strong attractions in this layer.

The third and final layer that YNG traditionally

analyzes involves customer segments influenced through either proactive or reactive marketing and development efforts. The reactive activities tend to be focused on marketing and servicing easy-to-reach or price-sensitive markets that may have previously expressed an interest in visiting or passing through the destination. The proactive activities are aimed at developing attributes and marketing to high value customer segments that may be drawn to a destination's niche strengths. Frequently, proactive approaches require significant investment, but they offer far greater economic and quality of life benefits. In other words, customers who respond to strategically targeted, proactive efforts are far more likely to spend more money and create demand for attractive amenities such as quality restaurants, hotels and golf courses. These customers are also more likely to be repeat visitors.

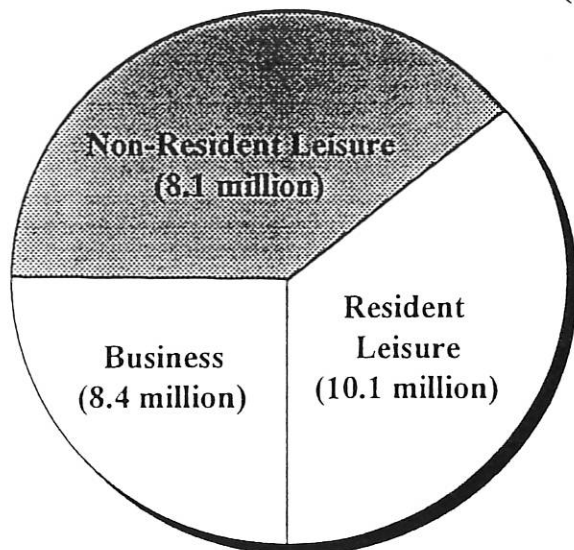
CUSTOMER LAYERS



Source: Young Nichols Gilstrap, Inc.

NON-RESIDENT DESTINATION VISITORS -- 1996

Total Visitors = 26.6 million (a)



Non-Resident--Purpose of Visit

ERA Survey (b)	# of Visitors
Pass-Through (48.9%)	4.0 Million
Visit Friends & Relatives (23.4%)	1.9
Vacation (6.9%)	0.5
Other (20.8%)	1.7
Total	8.1 Million

(a) Source: DKS&A, 1996 data

(b) Source: *Travel Development and Marketing Plan*, Economics Research Associates, May 1991. Non-resident survey.

What does the Kansas visitor base look like? Research suggests that the number of resident leisure and business travelers who make up the economic/population layer consists of over two-thirds of the 26.6 million visitors to the state. The character of the state's current tourism base will be significantly influenced by the 8.1 million non-resident leisure visitors who choose to come to Kansas. Additional research shows that just under 50 percent of the travelers (4 million) stated that their visit was of a pass-through nature. Approximately 500,000 visitors chose Kansas as a vacation destination. While precise numbers are difficult to obtain, it is clear that Kansas' loyal visitor base, represents a very small segment of the total visitor base, again reinforcing YNG's earlier observation that Kansas is not getting its share of the quality visitors.

To gain additional perspective on these numbers, it is helpful to compare the Kansas leisure traveler to the leisure travelers of other nearby states. Of the 18.5 million resident and non-resident leisure travelers, the average expenditure of those travelers is only \$60 per person, per day, well below the U.S. average of \$78 per per-

son, per day. In addition, the average length of stay for these travelers is only 1.93 days compared to the United States' average of 2.17 days. In order to capitalize on tourism's opportunities, Kansas must develop a strategy that will improve its ability to attract higher value visitors to the state and increase the time and money those visitors spend within the state.

TOURISM COMPARISON-- NEARBY STATES

Leisure

Leisure Visitors (a) (Millions)		Leisure Expenditures (b)		Leisure Length of Stay (a) (Days)	
Missouri	42.8	Colorado	\$87	Colorado	2.64
Colorado	33.8	U.S.	78	Missouri	2.29
Iowa	26.8	Missouri	72	U.S.	2.17
Oklahoma	23.6	Nebraska	65	Oklahoma	2.01
Kansas	18.5	Kansas	60	Nebraska	1.95
Nebraska	15.6	Oklahoma	60	Kansas	1.93
		Iowa	56	Iowa	1.82

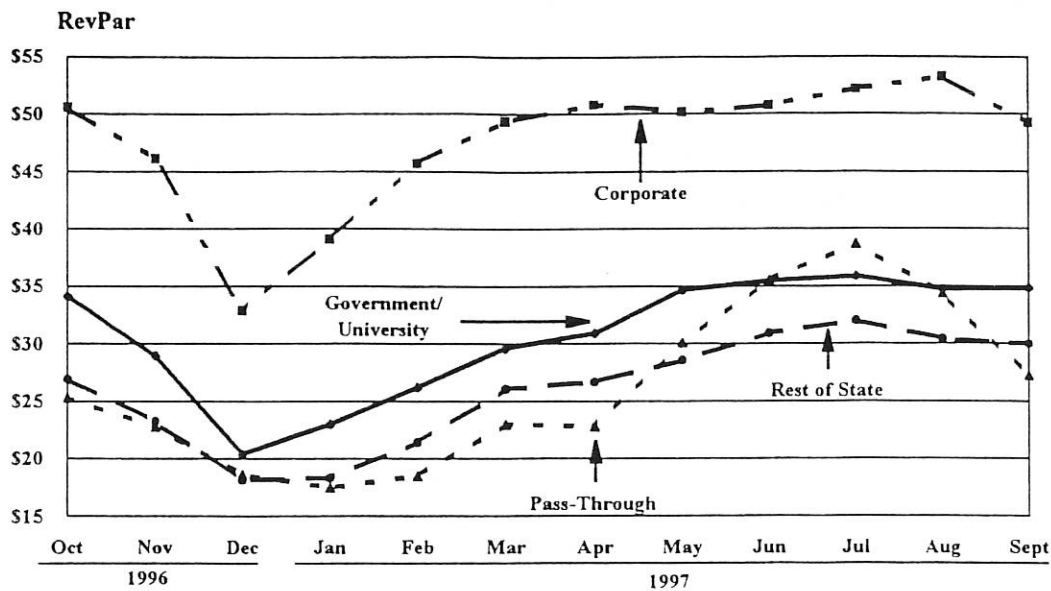
(a) 1994 person-trips

(b) Per person, per day, 1994

(c) Per person, per day, 1992-1994

Source: 1994 Travel Summary, D.K. Shifflet & Associates

HOTEL SEASONALITY -- 1996/97 REVPAR



Source: Smith Travel Research

Identifying segments (i.e., corporate, government/university, pass-through or other areas of the state) within the Kansas hotel customer base can also help to better understand which visitors are having significant economic impact on the tourism market. The accompanying chart shows revenue per available room ("RevPar") for each segment of Kansas' hotel market. RevPar blends the impact of occupancy and average daily rate. The RevPar from the corporate segment is higher and more stable (aside from the downturn in December), while the RevPar in government and rest-of-state segments are also stable but lower. It is important to note that the pass-through segment has the lowest RevPar, except in the summer months. It is also the most seasonal.

In addition, it is important to examine the change in RevPar over time for the various segments to identify which segments have had the highest growth rates. The pass-through segment's RevPar grew only 14.8 percent, the lowest increase of the various segments in the five year period ending in 1996. RevPar from

the corporate and government/university segments experienced impressive growth, between 20 and 30 percent during the same period. An examination of the state's non-resident leisure visitor base shows the dependence on the pass-through visitor. Unfortunately, the pass-through visitor has been highly seasonal and tends to spend less money when passing through. This has been a base upon which the state has placed considerable focus in the past. YNG finds that it is not the base upon which impressive economic growth will be fueled in the future.

INCREASE IN REVPAR 1991-1996

	1991	1996	% Change
Pass-Through/I-70	\$23.24	\$26.68	+14.8%
Government/University	\$24.64	\$31.37	+27.3%
Corporate	\$36.55	\$45.58	+24.7%
Rest of State	\$21.62	\$25.78	+19.2%

Source: Smith Travel Research

** Corporate base: Wichita, Overland Park, Lenexa, Merriam, Olathe
 Government/University base: Topeka, Lawrence, Manhattan, Kansas City, KS
 Pass-through base: Salina, Goodland, Hays, Ellsworth, Junction City, Colby
 Rest of State: All other areas

KANSAS TOURISM STRATEGY

V. SITUATION ANALYSIS -- ATTRACTIONS AND AMENITIES

Following a thorough competitive analysis, most destinations find some form of product development is needed to create a sustainable competitive advantage. Product development can range from actually constructing physical structures to more strategically packaging and promoting a destination's current assets.

To develop such a strategy, Kansas must assess its relative strengths and weaknesses against its existing and potential customer segments. Developing products to attract target customers should be based on the state's strengths. But what type of product should be developed? The chart shown here demonstrates how YNG analyzes attractions. Attractions can be differentiated or undifferentiated, or they can be dependent

or independent generators. An independent generator is an attraction that, by itself, is powerful enough to bring tourists to the area. Conversely, a dependent generator is one that depends on tourists who are already in the market for its customer base. One example of a dependent attraction is the Kansas Museum of History. It is an impressive attraction, but dependent on visitors already in-state.

The ideal type of product development is to identify attractions that would fit in the upper right quadrant of the ideal product diagram--those that are both differentiated and independent generators. By building on local strengths, the competitive advantage is likely to be sustainable.

IDEAL PRODUCT DEVELOPMENT

	Dependent	Independent
Differentiated	<i>e.g., Kansas Museum of History</i>	?
"Me-too"	<i>e.g., Zoo</i>	<i>e.g., Sea World</i>

Source: Young Nichols Gilstrap, Inc.

ATTRACTIONS RANKED BY PAID ADMISSIONS (a)

(000)

Kansas (b)

Missouri

Texas

Rank	Attraction	Attendance	Rank	Attraction	Attendance	Rank	Attraction	Attendance
1.	Sedgwick County Zoo	509	1.	Branson	5,700 (c)	1.	Six Flags, Arlington	3,100 (d)
2.	Kansas Cosmosphere	300	2.	St. Louis Zoo	2,800 (c)	2.	Six Flags, Houston	2,400 (d)
3.	Lee Richardson Zoo	236	3.	Gateway Arch	2,500 (c)	3.	Six Flags, San Antonio	2,100 (d)
4.	Topeka Zoo	191	4.	Six Flags	1,800 (d)	4.	Alamo	2,000 (e)
5.	Boot Hill Museum	107	5.	Worlds of Fun/ Oceans of Fun	1,500 (c)	5.	Sea World, San Antonio	1,400 (d)

- (a) Excludes sports, parks and shopping attractions
 (b) Source: The attraction. 1996 data
 (c) Missouri Division of Tourism. Estimated numbers
 (d) Amusement Business (12/16/96)
 (e) Voluntary admission fee

With this model in mind, a survey was taken of the top attractions in Kansas. The survey shows that Kansas' top attractions are rarely powerful, especially when compared to attractions in Missouri and Texas. For example, the 5th ranked attraction in Kansas had just over 100,000 visitors--well under the 1.4 to 1.5 million visitors reported by the 5th ranked attractions in the other states.

An important aspect of YNG's work is to help destinations gain objective insight into their customers' attitudes and the industry's general attitude. To do this, a survey of national guidebooks can be very helpful to see how a destination compares to its national and international competitors. Fodor's, one of the most respected international guidebooks, listed a variety of attractions in the Great Plains region. Not one Kansas attraction is mentioned.

FODOR'S U.S. SELECTIONS -- GREAT PLAINS

Natural Wonders

- ♦ *Badlands (ND/SD)*

Historic Buildings and Sites

- ♦ *George Washington Carver National Monument (MO)*
- ♦ *Liberty Memorial (Kansas City, MO)*
- ♦ *Mt. Rushmore National Memorial (SD)*

Museums

- ♦ *Mark Twain Home and Museum (Hannibal, MO)*
- ♦ *Nelson-Atkins Museum of Art (Kansas City, MO)*

Parks and Gardens

- ♦ *International Peace Garden (ND)*

Beaches

- ♦ *Lake McConaughy State Recreation Area (NE)*

Amusement and Theme Parks

- ♦ *Silver Dollar City (Branson, MO)*
- ♦ *Worlds of Fun (Kansas City, MO)*

Restaurants

- ♦ *Stroud's (Kansas City, MO)*
- ♦ *Mandan Drug (Mandan, ND)*
- ♦ *Cattlemen's Steak House (Oklahoma City, OK)*

Hotels

- ♦ *Island Guest Ranch (Ames, OK)*

Source: Fodor's 98 USA

KANSAS ATTRACTIONS -- OUT-OF-STATE VISITORS

	Paid	1996		Out-of-State as % of Total
		Out-of-State Visitors (c)	Total Visitors (c)	
1. Kansas Cosmosphere	Yes	90,000	300,000	30%
2. Boot Hill Museum	Yes	89,664	106,743	84%
3. Louisburg Cider Mill	No	40,000	200,000	20%
4. Fort Scott	No	28,076 (b)	48,406 (b)	58%
5. NCAA Visitors Center	Yes	27,625	65,000	42.5%

- (a) Excludes sports, parks and retail attractions. Out-of-state visitor counts are generally imprecise. Attractions generally estimate out-of-state visitor data based on guest registers. Many attractions were unable to make any estimate of out-of-state visitors.
- (b) Excludes special events.
- (c) Source: The attraction.

Additional confirmation of the lack of powerful, independent attractions in Kansas comes from research on attractions that record out-of-state visitors. No attraction generated more than 100,000 such visitors in 1996.

Furthermore, a comparison of attendance data between 1986 and 1996 shows little or no growth in total attendance at the attractions.

ATTRACTIONS: LITTLE OR NO GROWTH

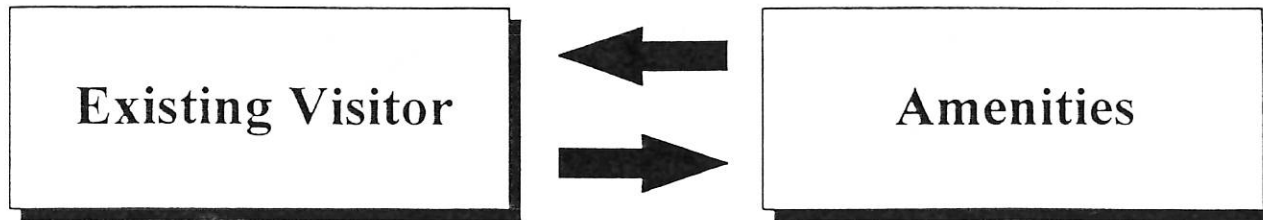
	Attendance	
	1986 (a)	1996 (b)
Sedgwick County Zoo	349,031	509,005
Kansas Cosmosphere	300,000	300,000
Topeka Zoo	287,774	191,086
Lee Richardson Zoo	209,000	236,335
Old Cowtown	125,160	48,921
Eisenhower Center	120,000	92,000
Boot Hill Museum	100,000	106,743
Total	1,490,965	1,484,090

(a) Source: Economics Research Associates.

(b) Source: The attraction.

Note: 1986 and 1996 data may not be directly comparable due to changes in methodology or in the attraction itself.

VISITOR/AMENITY INTERDEPENDENCE



Source: Young Nichols Gilstrap, Inc.

Similar findings occur when we broaden the scope to include tourism amenities such as lodging, food and beverage and shopping.

A destination's visitor base will often determine the types of amenities that are developed. For instance, if a destination relies on pass-through visitors who want inexpensive hotels and restaurants, those are the amenities that will be developed. But amenities can also help to determine a destination's visitor base. For example, a destination with fast food restaurants and inexpensive hotels will find it very difficult to attract the high value visitor who is more

likely to spend money on quality attractions and amenities.

A survey of the amenities recommended by the AAA Tourbook shows Kansas lacks high quality amenities such as resorts, 4- and 5-diamond hotels and restaurants. In summary, the pass-through visitor needs good highways, inexpensive amenities and does not need powerful attractions. However, Kansas' reliance on this segment has meant that high quality amenities and powerful attractions haven't been developed for other segments, increasing the state's dependence on the pass-through visitor.

RECOMMENDED KANSAS & MISSOURI AMENITIES--AAA

	Kansas	Missouri
Resorts		
#5 Diamonds	None	None
#4 Diamonds	None	1
Hotels ^(a)		
#5 Diamonds	None	None
#4 Diamonds	2 (c)	5
Restaurants ^(b)		
#5 Diamonds	None	1
#4 Diamonds	2 (d)	13

Source: AAA Tourbook: Arkansas, Kansas, Missouri, Oklahoma (AAA, 1997)

(a) Four diamonds indicate an 'excellent property.' Five diamonds indicate a 'world class property.'

(b) Four diamonds indicate 'a high degree of sophistication.' Five diamonds indicate 'a memorable occasion.'

(c) Marriott (Overland Park); Inn at Willowbend (Wichita) - B&B 23 rooms

(d) La Mediterranee (Overland Park); Olive Tree Bistro (Wichita)

KANSAS TOURISM STRATEGY

VI. SITUATION ANALYSIS -- FRAGMENTED RESOURCES

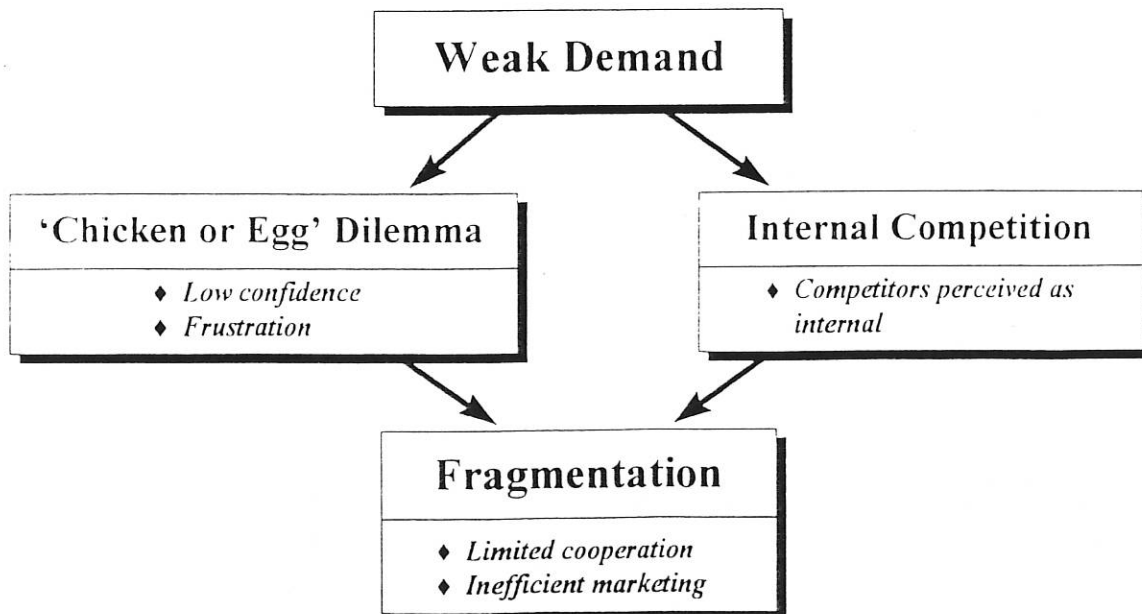
A particularly important issue facing Kansas' tourism market today is one of fragmented resources. In YNG's interviews, the firm frequently heard of the frustration that many communities have with the inability to attract higher value customers. This is often viewed as extremely difficult without better attractions and amenities. Furthermore, as a result of the weak destination demand and the dependence on pass-through visitors, many individual areas within the state have been extremely competitive with one another. Because the sheer volume of visitors and their expenditures have not been growing rapidly, many tourism entities within the state view the tourism market as a pie that is not growing. Efforts are often political, protecting one's share of the pie, rather than focused on marketing efforts to "grow the pie." The result has been many regions and entities each trying to do destination marketing on a small marketing budget, resulting in over 1,000 brochures produced in the State.

As individual marketers feel this threat, they may

react defensively, becoming less open to sharing marketing ideas with other community tourism officials or becoming less willing to team up with their neighbors to leverage what resources they have. The resource "pie" gets carved into so many different slices that it is difficult to produce any notable, compelling results. The net effect is that, in Kansas, the politics and the internal needs of destinations and attractions have too frequently superseded the external customer's needs and competitive realities.

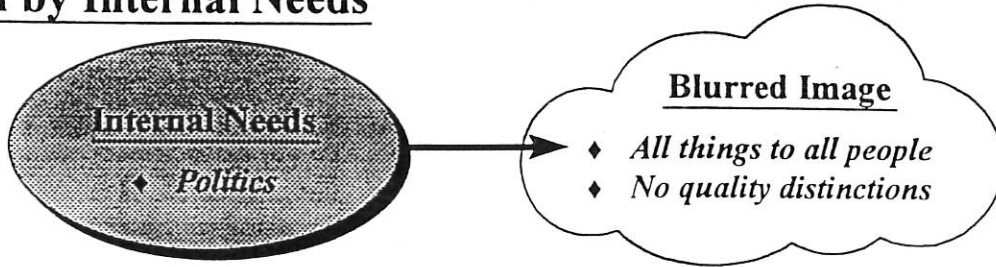
Travel guides are an example of how politics can contribute to the problem of fragmented resources. All state travel guides are influenced by politics. Many bow to pressures to treat every region of the state equally regardless of the quality and depth of the product line. As a result, most state travel guides are organized according to geographical regions, instead of customer needs. However, some states can survive this political approach because they have powerful competing attractions or strong natural/historical assets.

FRAGMENTATION

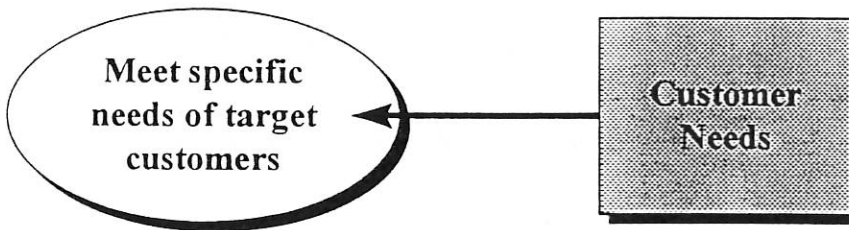


MARKETING REQUIRES DIFFERENT MINDSET

Driven by Internal Needs



Customer-Driven (External Needs)

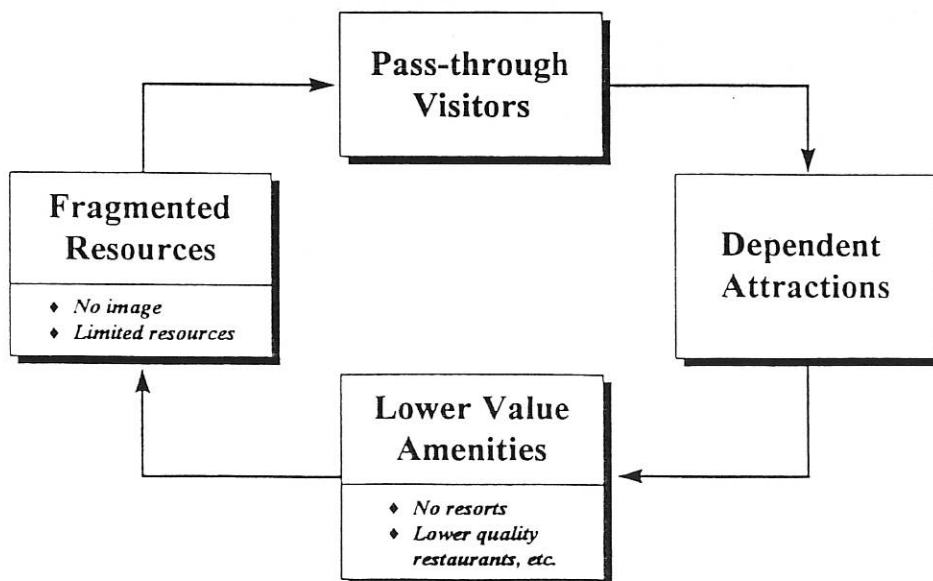


Source: Young Nichols Gilstrap, Inc.

Kansas does not have that luxury. Focusing on internal needs only results in the further blurring of an already blurred image of the state. A customer doesn't decide to go to north central Kansas, for example, simply because it is a region of Kansas. The customer will decide to go there if there is a powerful draw to the area in the form of an attraction. Again, to attract the higher value visitors to the state, Kansas must tailor its marketing efforts to what motivates good customer segments, not to what the internal needs or politics dictate.

The fragmentation of resources has undermined the tourism industry's own efforts and limited budgets. Therefore, while the tourism industry knows that Kansas has greater potential to attract a higher quality visitor, it is caught in a "strategy trap." A dependence on the pass-through visitor is reinforced by dependent attractions and lower value amenities built for that visitor. The lack of progress has also caused a fragmentation of the industry's efforts and resources, further impeding the industry's ability to change and further blurring the state's external image.

KANSAS STRATEGY TRAP



KANSAS TOURISM STRATEGY

VII. STRATEGY RECOMMENDATIONS

How does a destination break out of this strategy trap? An initial reaction might be to attract more visitors by reducing prices or spending more money on advertising, but these tactics are simply addressing symptoms, not the real problem. In fact, the concern about pass-through visitors goes back to 1905 and many of the “operate better” tactics go back many decades.

These long-standing issues cannot be overcome piecemeal. The fundamental problem is to make the destination more powerful for a higher value visitor--different customers, different product development, different marketing. A new strategy is what is needed, not just better tactics.

PAST STRATEGIES

	<u>Year</u>
“...travel east and west has gone directly through [Kansas] and we have profited little by it.” [What is needed is a campaign to advertise to the world] “the material, industrial and moral advantage” of Kansas.	1905
Improve roads to increase tourism	1924
Advertise the State’s natural resources “to the world at large”	1927
Identify key historical sites	1934
Talk up Kansas tourism to Kansans	1977/78

Source: Robert Smith Bader, *Hayseeds, Moralizers & Methodists*, 1988. pp. 163-173

UNFOUNDED PESSIMISM

Incorrect Perspective

- ◆ Compare Kansas to ‘broad’ market competitors (e.g., Florida, So. California, etc.)
- ◆ Kansas lacks powerful weather, scenic and natural attractions

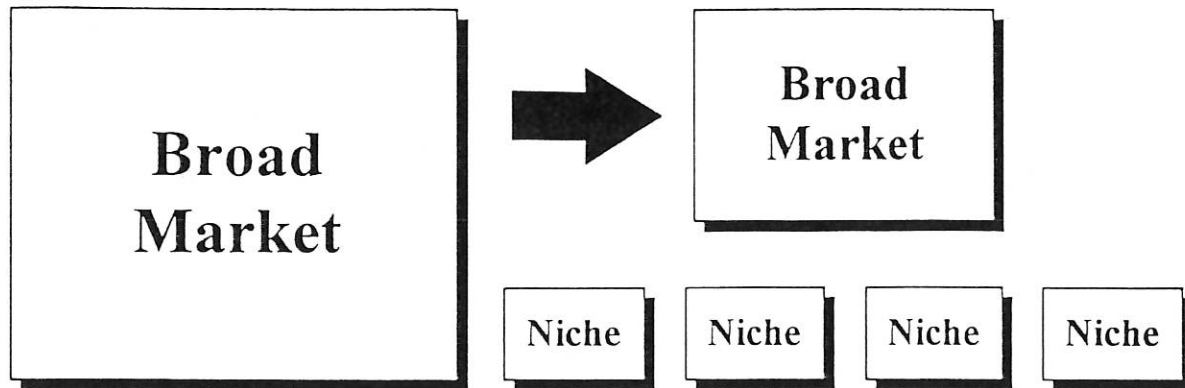


**Incorrect conclusion:
Kansas can’t compete**

A. NICHES

YNG believes it is important to confront a skepticism about the industry which was voiced in certain interviews whereby people compare Kansas to broad market competitors such as Florida and Southern California. Kansas will never have a beach or mountains or tropical weather, but it is not correct to conclude that it cannot compete in the tourism market. Fortunately for Kansas, tourism is fragmenting into niche markets. As was mentioned earlier in this report, Kansas has several impressive niche opportunities.

MARKET EVOLUTION



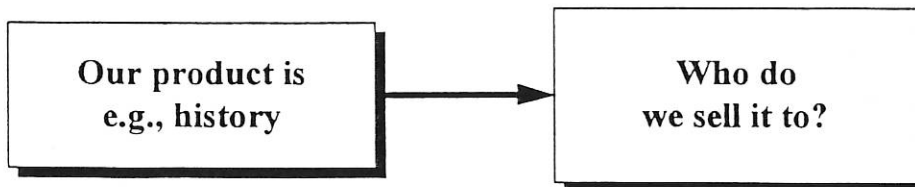
Source: Young Nichols Gilstrap, Inc.

It is no longer necessary in many industries to compete on a broad scale. For instance network television catered to a broad American audience for many years, but with the advent of cable television, it now competes with many niche markets as well. Another example of this is magazines. In the 1950s and 1960s, Life, Time and Saturday Evening Post were the dominant magazines. Now, however, there are hundreds of publications catering to specific interests. Not only are there magazines for golfers, but for senior golfers and women golfers, etc.

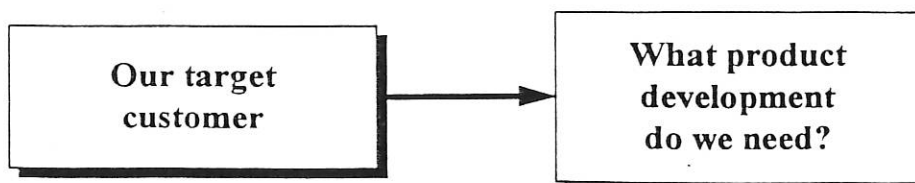
It is also important for destinations to change their strategic mindset. The traditional approach for destinations has been to accept their product as a given and to focus only on ways to sell it. Today, a more strategic approach is needed. Destinations must begin with their target customers and then ask what attractions and amenities will continually draw these targeted customers to the destination.

STRATEGIC MINDSET

Traditional = Product Driven



Strategic = Customer Driven



To identify which niche opportunities the state should pursue, it is important to combine Kansas' strengths with national market opportunities. The diagram shown here divides Kansas' strengths into major and minor strengths and also separates national market opportunities from lesser opportunities. The niches that YNG recommends are those in the top left hand quadrant: frontier history, the old west, hunting, aviation, eco-tourism and agri-tourism.

Within each of these niches, there are complex marketing challenges. Frontier history, for example, can be sold to history lovers, military enthusiasts, families interested in learning about the history of the country and even international visitors. The visitor interested in the American frontier is often motivated to explore sites and stories associated with the opening of the West, the history of Kansas in the 1800s. Attractions for this type of traveler tend to be authentic and steeped in history. This segment frequently finds the more entertainment-oriented interpretation of the old west to be unappealing.

NICHE OPPORTUNITIES

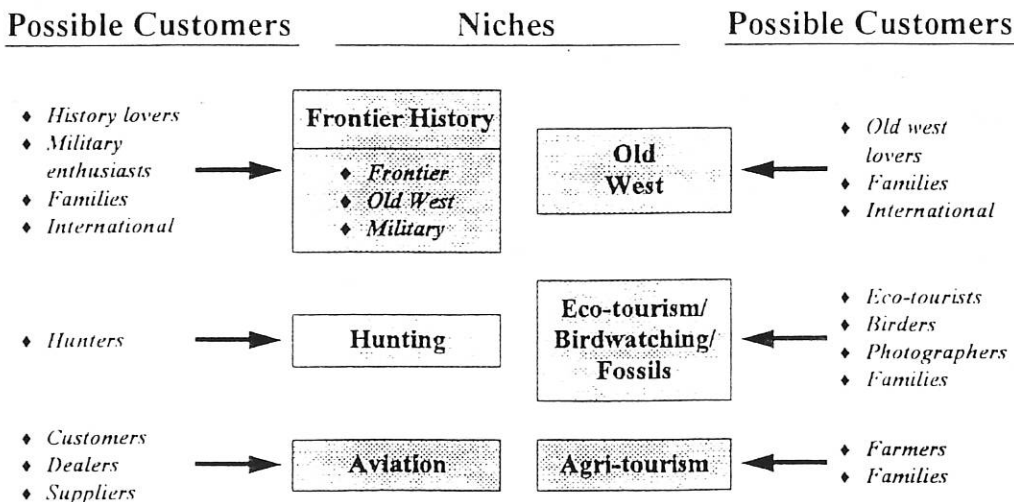
		Significant Kansas Strength?	
		Major	Minor
Distinctive National Opportunity?	Yes	<ul style="list-style-type: none"> ◆ Frontier history <ul style="list-style-type: none"> ◆ Civil war ◆ Old west ◆ Old west/Dodge City ◆ Hunting ◆ Aviation ◆ Eco-tourism <ul style="list-style-type: none"> ◆ Birdwatching ◆ Fossils ◆ Agri-tourism 	<ul style="list-style-type: none"> ◆ Fishing ◆ Black history ◆ Immigrant history ◆ Religious ◆ Art/handicrafts ◆ Civil war history ◆ Fall foliage, gardens ◆ Casinos ◆ Women heroes
	No		<ul style="list-style-type: none"> ◆ Zoos ◆ Sports and recreation

Source: Young Nichols Gilstrap, Inc.

The typical old west customer may be more interested in the old west as defined by Hollywood than by the history books. He or she is primarily motivated by motion pictures or television programs and is often looking for "cowboy" experiences. This segment may also be interested in authentic places and experiences, but it is the entertainment orientation that principally motivates them to travel.

As Kansas moves forward with this strategy, each niche will also require its own distinct product development and marketing. Product development may mean packaging existing attractions as well as creating new attractions. Product development may also mean significant enhancements to existing attractions. For example, the old west niche has opportunities to enhance Dodge City and Old Abilene Town.

POSSIBLE NICHE MARKETS



Source: Young Nichols Gilstrap, Inc.

B. INDEPENDENT ATTRACTION

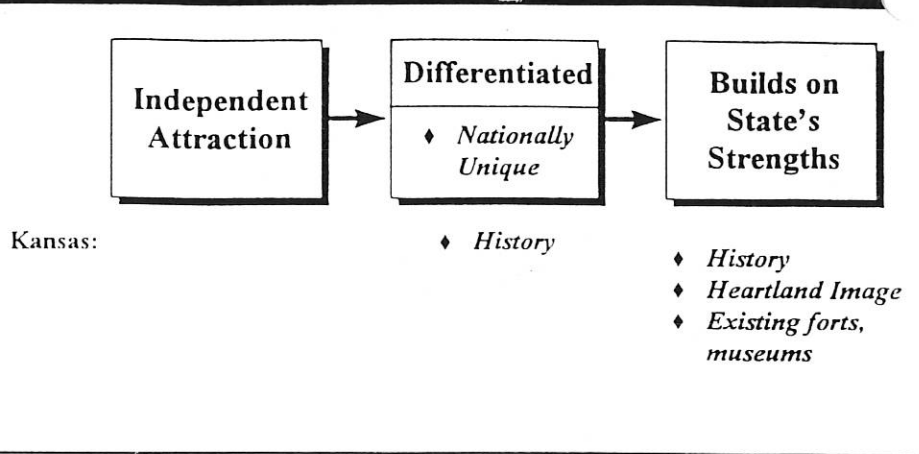
KANSAS' INDEPENDENT ATTRACTION

The niche strategy will be evolutionary in nature, taking several years to build a loyal following of destination visitors. Time will also be required to develop new attractions, educate local corporate sponsors about the merits of tourism and to establish cooperative alliances both within and outside the state. Momentum comes from success building on success. The momentum will take time to develop in Kansas because of the small base of

existing destination visitors, the lack of a powerful image for the state and the lack of powerful attractions that by themselves will bring tourists to the state. If implemented correctly, the momentum that eventually is created will be worth the effort expended.

The second part of the YNG strategy for Kansas is to develop a distinctive and unique attraction that is powerful enough to bring national and international attention and visitors to the state immediately. The attraction should do for Kansas what the Rock and Roll Hall of Fame did for Cleveland. Ideally, the attraction would build on the state's existing strengths and would stimulate tourists to visit a host of related and unrelated attractions all around the state.

Consider the impact that the Rock and Roll Hall of Fame has had in both Cleveland and Ohio. It recorded a first-year attendance of approximately one million people. The visitor base was composed primarily of

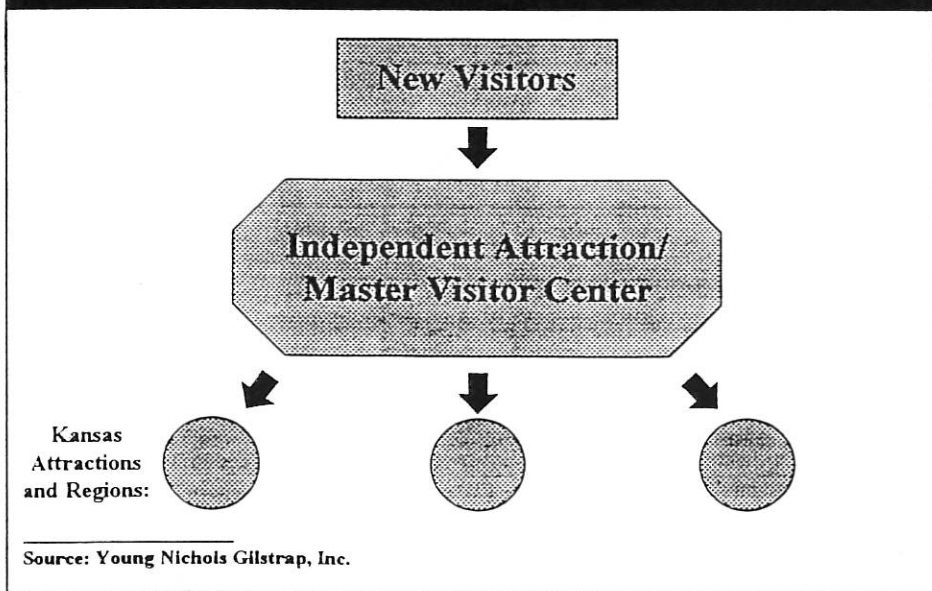


out-of-state residents (62 percent) who had high household incomes. Approximately 40 percent of the out-of-state museum visitors suggested the attraction was what motivated them to visit the destination and spend money in the area. Another lesson of the Hall of Fame that is of great importance to the Kansas tourism industry is that this attraction has effectively changed the image of Cleveland from the "mistake on the lake" to the "miracle on the lake."

How does this concept apply to the state of Kansas and what kind of independent generator attraction should be developed? Widespread agreement exists on the need for an independent attraction in the state, but what should this independent generator be? Differentiation is extremely important when it comes to the development of attractions within a market. In addition, the attractions should ideally capitalize on the strengths of the destination.

The attraction that YNG recommends that Kansas develop is the Hall of American Heroes. Because the image of the Heartland is consistent with patriotism and core values, Kansas is positioned as the most logical place to host this attraction. Furthermore, Kansas has its own heroes (e.g., Eisenhower and Earhart) and heroism (e.g., frontier). The Hall would be devoted initially to a limited number of the greatest Americans who have changed history. Those heroes would include the greatest presidents (e.g., Washington, Lincoln), the greatest military leaders (Eisenhower) as well as other distinguished heroes (Martin

BROAD IMPACT OF INDEPENDENT ATTRACTION



Source: Young Nichols Gilstrap, Inc.

Luther King). Highlights of the City would include:

- ❖ Interactive, entertaining presentations
- ❖ Motivation for travelers, both domestic and international, to come to Kansas
- ❖ A Kansas hall and a "master" Kansas visitor center
- ❖ Regular inauguration ceremonies and possibly a July 4th parade for the millennium

Again, it is envisioned that the design and marketing of the Hall of American Heroes would attract many high value visitors to the state while also

using the master visitor center to encourage visitations to additional Kansas attractions. At a time when many Americans are searching for appropriate role models, the Hall of American Heroes could capitalize on opportunities associated with creating a destination attraction built around this theme.

Naturally, the development and the placement of

NEED INDEPENDENT ATTRACTION

Possible Criteria	Cleveland Rock & Roll Museum	Hall of American Heroes
Builds Positive Image	✓	✓
◆ Useful for Economic Development	?	✓
National/International Appeal	✓	✓
Differentiated	✓	✓
Builds on Existing Strengths	x	✓
Creates Demand for Existing Attractions	?	✓
Creates PR Opportunities	✓	✓
Financing -- Popular appeal	✓	✓
◆ Possible Corporate Sponsors	✓	✓
Quality Attraction	✓	✓

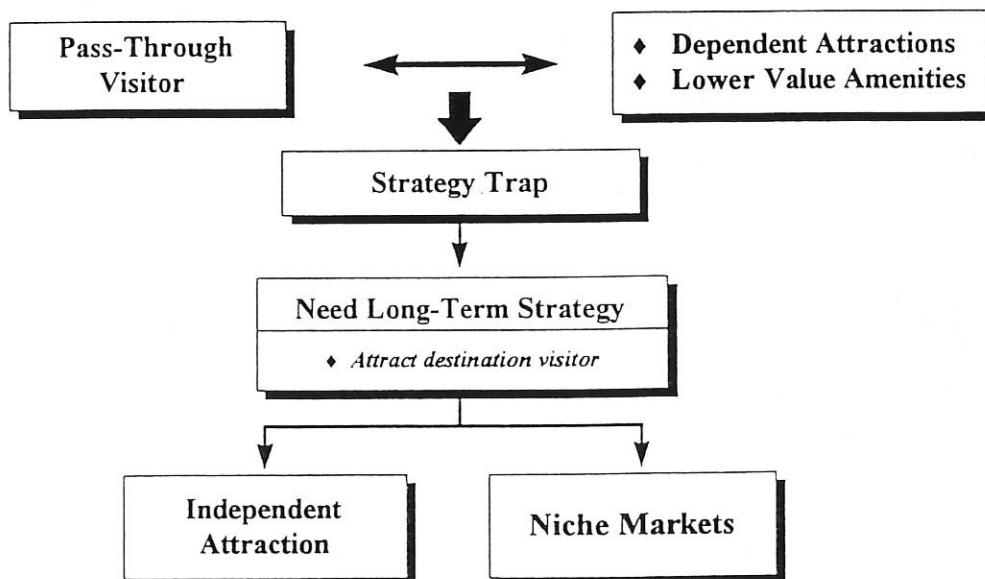
Source: Young Nichols Gilstrap, Inc.

this attraction would need to be strategic so that the entire state could benefit. In other words, simply placing an American Hall of Heroes in a particular community without striving to deliver tourism business to other areas of the state would have a very limited, non-strategic effect. This is why YNG recommends that a

"master visitor center" be incorporated into the Hall of Heroes. This would serve to educate visitors on the state's assets and to funnel visitors out to the other area attractions and regions.

In summary, YNG found that the state of Kansas is in a strategy trap. To break out of this cycle, the state must develop a long-term strategy that will develop niche markets as well as an independent attraction.

SUMMARY OF STRATEGY



Source: Young Nichols Gilstrap, Inc.

KANSAS TOURISM STRATEGY

VIII. IMPLEMENTATION ISSUES

A major key to success for this long-term strategy will rest on the ability to change the mindset of individuals inside and outside the industry to become more customer driven.

The new mindset will focus more on “growing the pie” instead of “splitting the pie” and on competing externally rather than internally. Alliances will be more common internally.

NEW MINDSET: CUSTOMER DRIVEN

	Internal Needs	Customer-Driven
Philosophy:	<ul style="list-style-type: none"> ◆ Sell existing product ◆ ‘Split the pie’ 	<ul style="list-style-type: none"> ◆ Meet customer needs ◆ ‘Grow the pie’
Needs:	Internal	External
Key Skills:	Politics	Marketing
Competition:	Internal	External
Resource Allocation:	Unfocused	Focused; prioritization
Relationships:	Fragmented	Cooperation/alliance
Museums:	Curatorial	Interactive
Funding:	Reactive/Dependent	Proactive/Entrepreneurial

Source: Young Nichols Gilstrap, Inc.

FALSE DEBATES

- ◆ Rural versus urban
- ◆ East versus west
- ◆ Intrastate versus out-of-state visitor

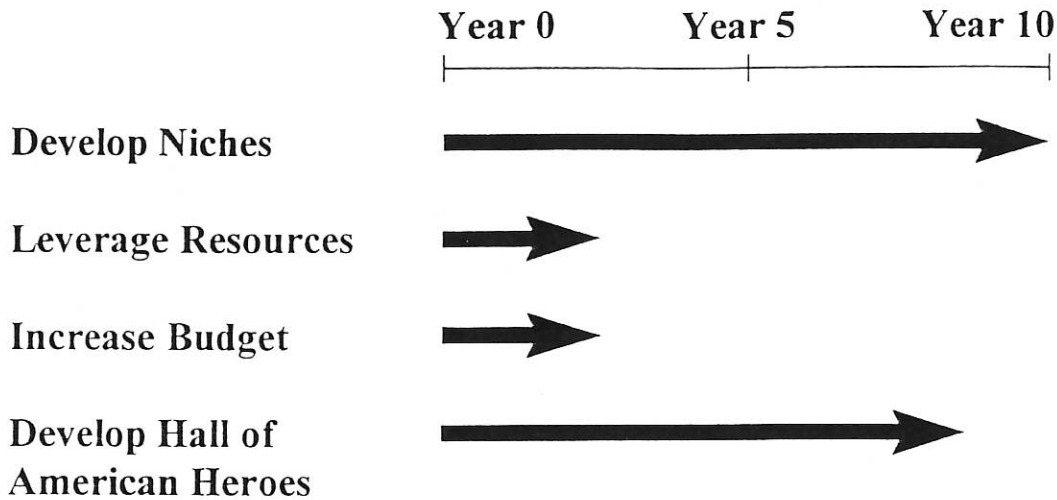
By cooperating and packaging resources and attractions around niche themes, visitors will come to several parts of the state. Therefore the old debates of Kansas tourism, rural versus urban, east versus west, are actually false debates. Everyone gains if a visitor visits many parts of the state. Everyone loses if resources remain fragmented and few visitors arrive.

The key implementation goals, in addition to developing the niches and the Hall of American Heroes, are to leverage existing resources by internal cooperation and to increase the State’s tourism budget to a level that will allow Kansas to compete and to develop a more focused, positive image.

IMPLEMENTATION GOALS

- ◆ Develop niches
- ◆ Leverage resources
 - ◆ Niche reprints from Travel Guide
 - ◆ Cooperative advertising
 - ◆ Plant tours etc.
 - ◆ Strategic alliance, international trade resources used for international visitor
- ◆ Increase budget
 - ◆ Legislative goals
- ◆ Develop Hall of American Heroes
 - ◆ Committee; feasibility plan
 - ◆ July 4 parade

IMPLEMENTATION TIMELINE



This timeline chart shows that the changes will not occur overnight. The niches will evolve over time and will become even more compelling with the opening of the Hall of Heroes. A major attraction such as the Hall of Heroes will take five to ten years to develop. Other implementation goals, increasing the budget and leveraging resources, can occur much faster.

There are many possible concerns that people may have. Does this strategy mean abandoning existing

customers? We would not suggest abandoning the pass-through visitor, but rather we recommend increasing the focus on the niche visitor. Stronger attractions and better amenities may convert some of these visitors to destination visitors. While virtually all regions and attractions should benefit from a growing pie, the major threats to implementation will be the failure to change the current mindset and the failure to secure adequate resources.

POSSIBLE CONCERNS

<u>Concern</u>	<u>Response</u>
<p>The niches help some areas/attractions more than others?</p>	<ul style="list-style-type: none"> ◆ <i>Growing pie helps everyone</i> <ul style="list-style-type: none"> ◆ <i>Niches are diverse</i> ◆ <i>Hub and spoke</i> ◆ <i>Regions and attractions focus product development</i>
<p>Does the strategy mean we should abandon existing customers?</p>	<ul style="list-style-type: none"> ◆ <i>Continue to market</i>
<p>Fewer resources will be available for existing programs?</p>	<ul style="list-style-type: none"> ◆ <i>Better focus</i> ◆ <i>Leveraged resources with cooperation</i> ◆ <i>Increase budget</i>
<p>The strategy can't be implemented?</p>	<ul style="list-style-type: none"> ◆ <i>Change mindset</i>

KANSAS TOURISM STRATEGY

IX. IMPLEMENTATION -- ACTION PLAN

I. PURSUE LEGISLATION TO STIMULATE IMPLEMENTATION PLAN

A. Recommendations for 1998 legislative session

1. Hall of American Heroes
 - a. Fund planning and feasibility study
2. Encourage further attraction/niche product development
 - a. Finance Kansas attraction development fund
 - 1) Aimed at improving non-profit/public sector development
 - b. Customize Kentucky legislation to match Kansas strategy
 - 1) Sales tax credit for specified attraction development
 - 2) Aimed at encouraging private sector development
3. Secure competitive level of funding for Kansas Tourism Division

II. ADAPT EXISTING KANSAS TOURISM DIVISION MARKETING PLAN AND OPERATIONS AS NEEDED

A. Marketing

1. Organize travel guide by niches first, geographic regions second
2. Create advertisements to match targeted customer segments and top niches
3. Advertisement should be placed in marketing channels that allow the state to directly influence targeted customer segments that are likely to be attracted to Kansas' niche strengths
4. Segment customer inquiries by niche interests
 - a. Organize database by niches
 - b. Follow-up with specialized

brochures/magazines in future years

5. Ensure worldwide web sites and promotions adequately feature strategic niches
 6. Implement Tourism Council's Strategic Tourism Development Program
- #### B. Kansas Division of Tourism should contract with marketing/tourism professionals
1. Charged with stimulating the further development of niches tourism strength in:
 - a. Frontier history
 - b. Old west
 - c. Hunting (in cooperation with wildlife and parks)
 - d. Aviation
 - e. Eco-tourism
 - f. Agri-tourism
 2. The division of tourism should be given an additional professional-level staff person to:
 - a. Draft RFPs for niche development
 - b. Manage niche development contracts
 - c. Coordinate organized working groups of tourism professionals in each niche area
 3. Recommend funding niche development activities at an average of \$100,000 for each niche area
 4. Depending on the needs of each niche area, the range of activities the budgets shall be used for include:
 - a. Encouraging private sector involvement in the niche (e.g., further product development)
 - b. Leveraging the state's investment
 - c. Creating national and international reputation
 - d. Recommending and implementing marketing activities
 - e. Creating cooperative marketing activities

- f. Stimulating economic development related to the individual areas
- g. Developing niche packages
- h. Coordinating web site organization and marketing
- i. Securing corporate sponsorship of niche attractions or promotions

III. CONDUCT RESEARCH AIMED AT BETTER UNDERSTANDING OPPORTUNITIES ASSOCIATED WITH NICHES

- A. Will most likely need to be conducted “a niche at a time”
- B. Will be difficult to implement unless a competitive funding level is secured

IV. PLACE INCREASED EMPHASIS ON CONDUCTING “PRESCRIPTIVE” RESEARCH IN THE FUTURE

- A. “Descriptive” research is focused on describing where the destination is today or where it was in the past
- B. “Prescriptive” research is focused on identifying opportunities for the future

V. ANNUALLY REFINE STRATEGY

APPENDICES

KANSAS TOURISM STRATEGY

METHODOLOGY

The first phase of YNG's Kansas study featured an extensive SWOT analysis.

This stage, which served as the foundation for identifying key issues facing the Kansas tourism industry, primarily relied on customer and industry interviews and the analysis of descriptive research. YNG typically defines descriptive research as that which focuses on customers who have been coming, past market research and current problems.

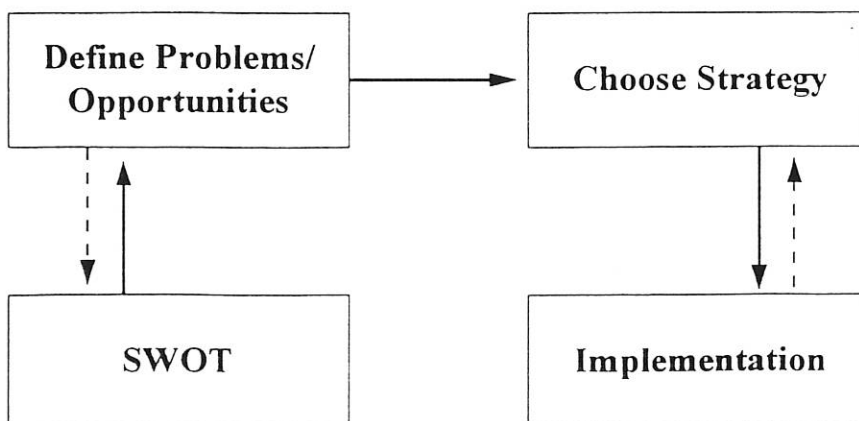
The work involved in this phase included:

- ❖ A review was conducted of existing market research that had been prepared for the state, individual communities and other significant tourism entities.
- ❖ A review was conducted of previous Kansas tourism strategies.
- ❖ Site inspections of numerous communities and leading Kansas tourism attractions were completed.
- ❖ A review was conducted of Kansas visitor center operations and statistics, along with a site visit to the state's Olathe Visitor Center.
- ❖ A review was conducted of more than 100 Kansas tourism and community brochures.
- ❖ Several meetings were conducted with Kansas tourism groups and more than 30 in-depth interviews were conducted with government and industry leaders.
- ❖ A customized Kansas SWOT survey was prepared and explained during the annual Kansas Governor's Conference on Tourism; more than 60 survey responses were summarized and reviewed by the YNG project team.
- ❖ A separate tourism issues survey was designed and mailed to a comprehensive list of Kansas chambers of commerce and economic development officials; 62 responses were summarized and reviewed.
- ❖ A customized Kansas hotel data summary was designed; the resulting Smith Travel Research data were purchased by YNG.
- ❖ A review was conducted of numerous Kansas economic development strategy studies.
- ❖ A review was conducted of leading Kansas and national guidebooks.
- ❖ Community bed tax information was collected and analyzed.
- ❖ A review was conducted of leading Kansas history books.
- ❖ Market and attractions data from key competitors were collected and analyzed.
- ❖ Miscellaneous data (on air flights, filmed-in-Kansas movies, corporations based in Kansas, etc.) was also collected and reviewed.

While descriptive research is essential to understanding a destination's issues, it is typically focused on hindsight and historical data. Furthermore the process often generates a wide variety of tactical (rather than strategic) issues. The SWOT analysis rarely separates symptoms from underlying problems.

As was discussed in the report, many Kansas issues--weak attractions, blurred image, fragmented resources--have all been discussed before. YNG concluded during this phase that an understanding of their interdependence, how they are linked in the strategy trap, has not been adequately addressed.

YNG'S STRATEGY PROCESS



At that point, YNG's strategy process focused on a prescriptive research phase. Future opportunities became more important than past results.

The work involved in this phase included:

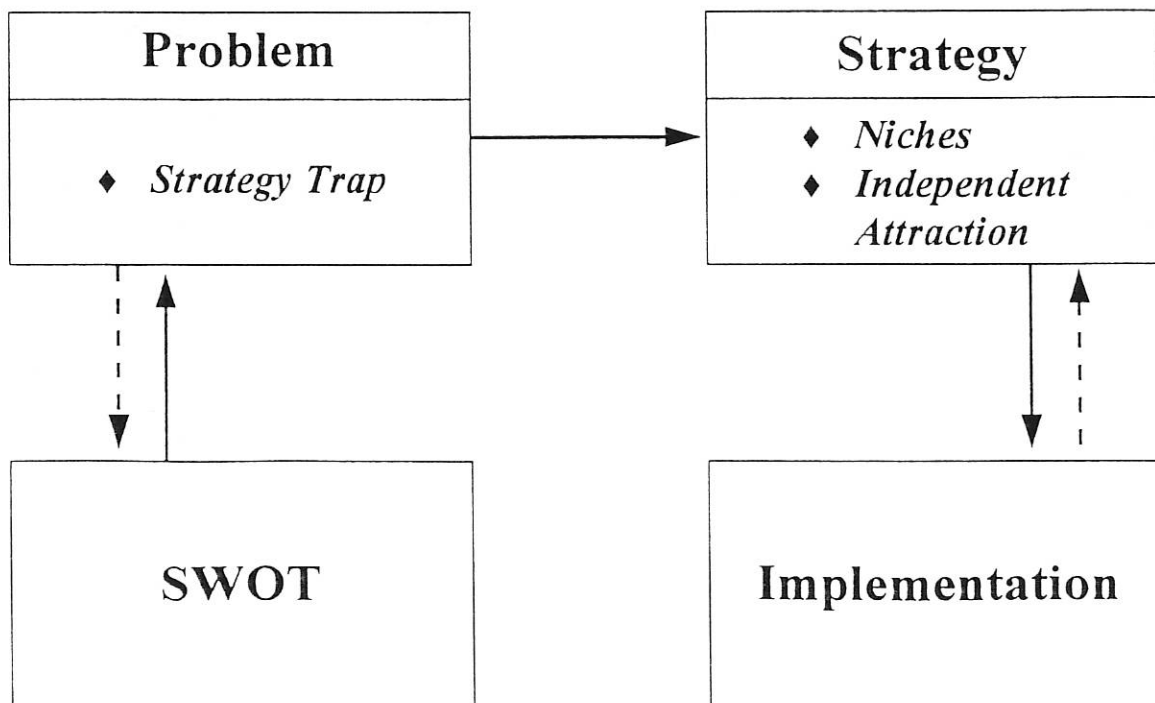
- ❖ An understanding of Kansas' niche strengths was developed; interviews were conducted with specialists in those areas.
- ❖ National market opportunities and potential competitors were identified and researched to identify the most promising of Kansas' niches.
- ❖ Strategic solutions to Kansas tourism problems and opportunities were formulated, debated, refined and tested.
- ❖ An understanding of potential implementation opportunities (e.g., strategic alliances) and obstacles (e.g., mindset, budget etc.) were developed.
- ❖ Brainstorming sessions were used to develop ideas for an independent attraction. Actual and potential competitors were then identified.

The judgement, creativity and experience of the YNG project team were relied upon in the prescriptive phase. How Kansas should compete in the next decade required judgement about how tourism markets are evolving and what competitors are likely to do in response to specific Kansas strategies. YNG concluded that solving the strategy trap, for example, would

require niche marketing and the development of an independent attraction. After developing preliminary conclusions and a preliminary strategy, the results were tested with key industry and government leaders. The strategy was then refined, based on additional insight acquired in the testing process.

YNG's goal with each of its strategy projects is to help its client make a significant improvement in the industry through strategy; the firm is not looking to write reports that sit on shelves. In working toward implementation recommendations, YNG concluded that additional work would be required to effectively "sell" the strategy vision to the tourism industry as a whole and to its government and corporate partners. Selling the vision is necessary to change historical mindsets, typically the most difficult impediment to implementing a strategy. In attempting to "boil down" all the research and to effectively communicate a clear vision of the underlying problems, YNG selected a concise reporting style with numerous exhibits. This style was featured in presentations to industry and legislative groups and in the final report.

YNG'S KANSAS STRATEGY



KANSAS TOURISM STRATEGY

YOUNG NICHOLS GILSTRAP, INC.

Combining an uncommon mix of tourism and business strategy experience in a single operation, Young Nichols Gilstrap, Inc. is one of the nation's leaders in developing successful tourism strategies. YNG currently serves or has served as a tourism advisor to the U.S. Forest Service, individual states, communities, public land organizations, Native American tribes, attractions and developers. Within the last two years, YNG has delivered tourism strategy presentations in Kansas, Arizona, Arkansas, Wyoming, Montana, Florida, Missouri, Maine, Illinois, New York, Ohio, Delaware, South Dakota, Washington, and Mazatlan in Mexico. YNG also publishes the popular newsletter Innovative Strategies for the Tourism Industry.

YNG is known for providing innovative and implementable strategies. The strategies are effective because of the active involvement of the principals of the firm and their experience and operating backgrounds. Doug Young has been a Wall Street investment banker as well as President of a development company. Greg Gilstrap's experience as director of two state travel offices gives him practical marketing and implementation knowledge. Mitch Nichols has served as Vice President of a major research firm and is considered to be a leading mixed-use development expert.

Doug Young and Greg Gilstrap serve as adjunct assistant professors at New York University ("NYU"). They developed the curriculum and taught the Destination Strategy class for international graduate students and industry professionals in NYU's prestigious Center for Hospitality, Tourism and Travel Administration. Mitch Nichols writes and edits a major market study for the respected Urban Land Institute.

Doug Young is a graduate of Oxford University and the Harvard Business School. Greg Gilstrap has served as director of tourism in Kansas and Arizona. Mitch Nichols received both his Bachelor of Science and Masters of Business Administration from Arizona State University.

Market Research Study

1999 Advertising Effectiveness Study

Prepared for:

Kansas Department of Commerce & Housing
Travel and Tourism Development Division

Prepared by:
Nicholson-Reid Research Group

June 9, 2000

INTRODUCTION

This report presents findings of a market research study conducted for the Kansas Travel & Tourism Division of potential visitors who received a travel packet from the Division in 1999.

Background

A tourism study, 1997 Tourism Strategy Report, conducted by Young Nichols Gilstrap, Inc. encouraged the state of Kansas to implement a new marketing strategy in order to attract high-value travelers who will spend more vacation dollars in Kansas. This report recommended the Kansas tourism industry work together and focus its marketing efforts on specific niche audiences.

The state has an active and committed tourism industry that promotes a variety of destinations and attractions to consumers. Through the efforts of this industry and the recommendations from the 1997 Tourism Strategy Report, Kansas has begun its grassroots effort to market to the six specific interests or niches to consumers. Those niches include: Agri-tourism, Arts, Aviation & Space, Hunting, Nature-Based, and lastly Western Frontier.

In 1999, the Division implemented a new print ad campaign. The ads were placed in 15 interest-specific or niche publications as well as ads in 13 general and travel oriented publications. In an effort to determine the success of the 28 publications, three methods were employed by the Division: 1) Total number of leads generated from each publication in 1999, 2) Cost-per-inquiry and 3) Conversion rate. Furthermore, it's critical that the Division gauge and track its programs and their relative effectiveness. This will allow the Division to continue to refine the advertising program and increase its overall impact.

The subject of this report is to assess the 1999 Advertising Campaigns by measuring both gross and net conversion rates as well as the economic impact.

Leads Generation

A total of 119,109 requests for Kansas travel literature were received in 1999. As indicated in the graph below, 59% of the inquiries were generated from the print ad campaign; more specifically, 55% from the general/leisure print ad campaign and 4% from the niche campaign. (See Appendix B for the total number of inquiries and CPI for each publication.)

The remaining 41% of the inquiries were generated from the following three sources: 1. Division's website or Internet (unspecified), 2. other sources (24%) such as 1-800 directory assistance, local chambers and CVBs, newspaper articles, etc. and, 3. teacher and student packets.

1999 Travel Guide Inquiries		
	Total Number	Percentage
General/Leisure Print Ad Campaign	65,272	54.8%
<u>Niche Print Ad Campaign</u>	<u>5,206</u>	<u>4.4%</u>
Total Inquiries from Print Ad Campaigns	70,478	59.2%
Website/Internet unspecified	11,776	9.9%
Teacher/Student Packet Requests	6,230	5.2%
Other/Don't know	<u>30,625</u>	<u>25.7%</u>
Total 1999 Inquiries	119,109	100%

Objectives

One way to measure the advertising success is to determine the number of people who respond and request information. In this regard, the marketing efforts during 1999 was quite effective; yet the ultimate goal is to convince people to visit the state. To discern success in this instance, it is necessary to determine the percentage of those who respond and then visit Kansas. Specifically, this study will address the following informational objectives:

- To measure the total number of potential visitors who actually visited Kansas after being exposed to the 1999 print advertising campaign and the travel information packet.
- To measure the total number of potential visitors who were actually influenced by the 1999 print advertising campaign and the travel information packet.
- To gauge the effectiveness of various media options utilized to pinpoint individuals who provide the most benefit and ROI.
- To calculate the economic impact that is generated as a result of the ad campaign.
- To determine why individuals who requested travel literature did not visit Kansas.
- To determine respondents' overall satisfaction with their vacation while they were in Kansas.
- To investigate what visitors do in the state as well as how much they spend during their visits.

Methodology

The 1999 Advertising Effectiveness Study was developed to measure the effectiveness of the 1999 advertising campaign, and provide information as to the number of people who traveled, as well as their level of expenditures. To best address these issues a telephone survey was utilized. All data collection was conducted at the Topeka Corrections Facility from their phone center using trained interviewing staff. The questionnaire was designed to ascertain conversion, as well as gather trip specifics and demographics. A copy of the questionnaire is included in the Appendix C.

The population (universe) of interest in the study included those inquiries that could be positively identified as having been generated by some aspect of the 1999 advertising campaign and those inquiries generated from the website.

A total of 381 telephone interviews were conducted during the spring months in 1999. To qualify, respondents must have remembered receiving the requested travel information packet.

The sample used in this study was a stratified sample to represent the population. In other words, the sample size of 381 was allocated to strata in proportion to the total number of inquiries received from each publication.

Once data collection was completed, the survey answers were coded and tabulated for analysis purposes. Based on the data collected, along with costs provided by the Division, conversion analysis was performed.

Margin of Error

While the results from this study can be accepted with confidence given the strict methodological constraints placed on the sampling and data collection, all sample surveys are subject to some amount of sampling error. That is, there is a certain range of error that may be expected since only a sample, rather than the entire population was interviewed. The extent of this sampling error depends largely on the number of persons interviewed.

The sampling error for this random sample of 381 is ± 5.02 at a .95% confidence level. This means that data for any given question asked of all inquirers receiving materials could really be 5.02 percentage points greater or smaller than what would be found if we interviewed all traceable inquirers. Thus, we find that 37% of inquirers made at least one visit to Kansas, we can say with 95% confidence that the true percentage of inquirers making such a visit ranges between 31.2% and 42.0%.

EXECUTIVE SUMMARY

The purpose of the Advertising Effectiveness Report was to provide the Kansas Travel & Tourism Division with an objective, reliable instrument to assess how effective the 1999 advertising campaign was in drawing potential visitors and their subsequent travel dollars to Kansas.

The highlights of the study are presented below for each of the sections in this report.

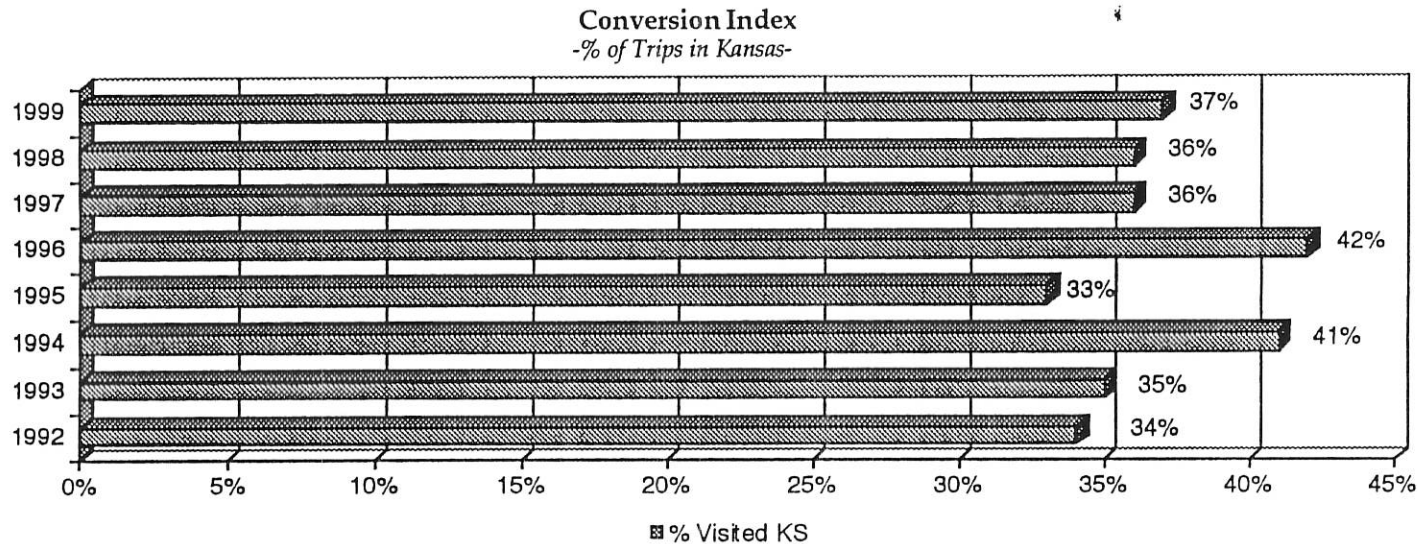
- The 1999 advertising campaign was effective in converting 37% of the respondents to visitors. When looking specifically at the three different vehicles of how respondents requested a travel packet (1-800 number, reader service cards or Division's website), the 1-800 number converted the highest with 50%. Reader service cards and the Division's website were similar with a 33% conversion rate.
- When the actual influence of the advertising and the Kansas Travel and Event Guide are factored in to determine the "net conversion rate, the program impacted the decision of 13 % of the respondents.
- Many visitors reported multiple trips to Kansas, with the average number of trips being 1.7 during 1999. Consequently, the marketing resulted in over 43,000 trips to Kansas.
- The economic impact generated from this travel was \$26.1 million based on gross conversion. This mean that each dollar spent on marketing produced a \$53 return-on-investment based on the gross conversion or a \$17 return to the state based on net conversion.
- The two most popular reasons for visiting Kansas were for vacation (49%) and visiting friends or relatives (22%).

- More than half of the visitors were repeat visitors (60%) while the remaining 40% visited Kansas for the first time in 1999.
- The average trip to Kansas was 3.29 days in length.
- Kansas was the primary destination for more than half of the visitors (52%).
- Visitors spent an average of \$345 during their visit to Kansas in 1999.
- Three-fourths of the respondents (75%) either read the entire Travel & Event Guide or read some of it.
- The typical respondent was 45 years old or older, with some college or a college degree, and living in a household with 2.54 people. About 23% have children under 18 years of age, and the average income was \$50,000. On average, respondents took 5.4 vacation trips in 1999.
- Over half of the respondents (53%) have access to the Internet, with 38% use the Internet to search and collect travel information and 17% have booked some type of travel on the Internet (such as airline and hotel reservations, car rental, etc.). Nearly two out of 10 respondents (17%) have visited the Division's website.

DETAILED FINDINGS

I. Conversion Index

More than one-third of the respondents (37%) who requested travel information in 1999 took a vacation or short pleasure trip in Kansas during 1999. In most instances, the conversion index of 37% found in 1999 was similar to previous years. However, there are two exceptions. During the years 1994 and 1996, significantly more respondents took a vacation in Kansas in comparison to other years; 1996 (42%) and 1994 (41%).



Sources of Inquiry

In addition to the overall conversion rate, it's important to review the various sources that were employed. This effort compares the conversion rate among the three sources where inquirers could have received a travel packet from the Division. As indicated in the table below, it would appear the inquirers who responded by calling the 1-800 (50%) were more likely to visit Kansas than the inquirers who responded by reader response cards (33%) or website (33%).

Inquiries from the website experienced a significant decrease in 1999 from 1998; 55% and 33%, respectively. We can assume this decrease can be associated to the fact in 1998 the Division's website address was not included in the copy of the print ad. As a result, visitors to the website in 1998 were more likely to be qualified visitors since the state's website was not as easily accessible through the state's marketing efforts.

Sources of Inquiry							
	1993	1994	1995	1996	1997	1998	1999
<u>Yes, visited Kansas</u>	<u>35%</u>	<u>41%</u>	<u>33%</u>	<u>42%</u>	<u>36%</u>	<u>36%</u>	<u>37%</u>
1-800 Number	43%	54%	42%	57%	48%	54%	50%
Reader Service Card	30%	37%	26%	36%	33%	33%	33%
Website	NA	NA	NA	NA	NA	55%	33%

Net Conversion

Another key issue in considering conversion is understanding the role of advertising and the Kansas Travel & Event Guide in generating conversion and the number of trips to Kansas. When someone responds to the ad, they might already be planning to visit, and the ad simply provides them a way to gather more information. Therefore, it's important to measure the "net conversion" and measure the impact of the marketing in actually convincing consumers to visit. This is, at best, a difficult endeavor. The best option for measuring net conversion is asking respondents why they requested a travel packet.

Of the respondents who visited Kansas in 1999, 81% of the respondents had already decided to visit Kansas before they requested the travel packet while 13% decided to visit Kansas after they received their packet. In other words, we are making the assumption that the advertising and travel guide was responsible for 13% of the visits.

Reasons for Requesting Travel Packets		
	<i>Visited Kansas</i>	
	1998	1999
Had definitely decided to visit Kansas	<u>76%</u>	<u>81%</u>
TOTAL: Already made the decision to visit Kansas	76%	81%
Considering Kansas and several other places	14%	10%
Not considering Kansas but wanted the travel packet	<u>2%</u>	<u>3%</u>
TOTAL: Not made the decision to visit Kansas	16%	13%
Just collect travel information	2%	2%
None above	6%	4%

II. Trips Generated

While conversion is being measured in this study, the ultimate goal is to attract additional people and the spending that comes with that. Combining the number of leads that were generated with the conversion rate among these leads allows a calculation regarding the number of households that traveled to Kansas.

$$119,109 \times 33\% \text{ conversion} = 39,306 \text{ households taking overnight trips}$$

$$\underline{119,109 \times 4\% \text{ conversion} = 4,764 \text{ households taking day trips}}$$

$$119,109 \times 37\% \text{ conversion} = 44,070 \text{ total households taking trips}$$

As noted, these calculations result in the number of households that traveled; not the number of trips generated by the marketing efforts in 1999. There is another piece of the puzzle, specifically the average number of trips that visitors took. Over half of the visitors - 58%- reported multiple trips to the state. The average for overnight trips was 1.7, the average for day trips was 1.5. As a result, the number of trips generated by this marketing was over 73,000 trips

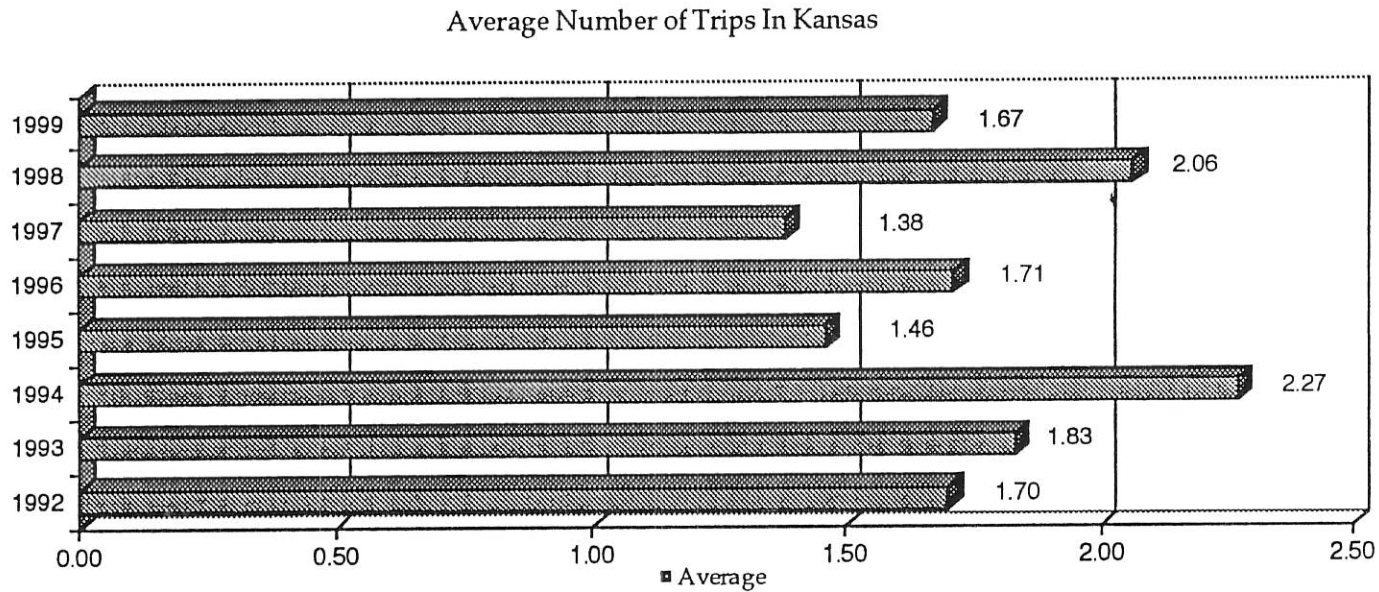
$$39,306 \text{ households taking overnight trips} \times 1.7 \text{ average trips} = 66,820$$

$$\underline{4,764 \text{ households taking day trips} \times 1.5 \text{ average trips} = 7,146}$$

$$\text{Total number of trips to Kansas} = 73,966$$

Average Number of Trips:

As indicated in the chart below, on average, those traveling made 1.67 trips to Kansas in 1999, which was similar to 1998 average number of trips.



4-1-14

III. 1999 Travel to Kansas

In one sense, this study is mostly concerned with what it takes to attract visitors to Kansas. Since the ultimate goal is to increase the dollars flowing into the state due to tourism, it is also important to understand the specifics of what people do when they come to the state. These activities can provide insight into what is likely to attract consumers. In addition, this information can also pinpoint opportunities to increase expenditures by strategies such as increasing the length of stay, increasing the dollar amount spent, changing trip patterns in a way that results in more dollars being spent, or expenditures being made in a way that is more beneficial to the state. An understanding of the current trip specifics will facilitate an assessment of the opportunities that might exist to influence travel in this way.

Below are the highlights of trip specifics. For more detailed information please refer to the data tables found in the Appendix A of this report.

Cities Visited

- ◆ More than four out of 10 visitors (43%) mentioned Kansas City (such as Overland Park, Shawnee, Olathe, Lenexa or Kansas City, KS or Kansas City unspecified) as the city they visited on their most recent trip to Kansas. This was followed by Wichita (32%), Topeka (24%), Lawrence (13%), and Manhattan (10%). The remaining cities were mentioned 7% or less of the time. It's interesting to note that the top five cities mentioned experienced an significant increase in visitation in 1999 in comparison to 1998.

Activities

- ◆ When visiting Kansas, the most frequently stated activity was shopping (70%). The fact that shopping seems so popular is not unusual. While shopping is seldom the reason for the trip, most people shop at some time during their vacation. Other popular activities were visiting historic sites and quaint attractions/towns (both were mentioned by 53% of the respondents). Close behind was driving tours and scenic drives (52%).

Seasonality of Travel

- ◆ Travel to Kansas is quite seasonal. The summer season was the most popular (40%), but the shoulder seasons attract a significant percentage of visitors (spring 22% and fall 26%). Winter was actually the least popular time to visit Kansas (11%).

Primary Destination

- ◆ More than half of the visitors (52%) cited Kansas as their primary destination. The remaining 46% of the visitors said they were driving through Kansas to reach their primary destination.

Purpose for Most Recent Trip

- ◆ The main reason for visitor's most recent trip to Kansas was vacation or pleasure (49%). Approximately, one-fourth of the visitors (22%) were visiting friends or relatives.

Length of Entire Trip and Portion Spent in Kansas

- ◆ On average, visitors spent 11 nights away from home on their most recent vacation in 1999. And on average, three nights were spent in Kansas. About 56% of the trips were 3 days or less, 19% were 4-5 days and 23% were 6 days or more.

Accommodations

- ◆ Over half of visitors reported using paid accommodations - a hotel or motel (53%). Two out of 10 visitors (19%) stayed with friends or relatives. The remaining visitors (17%) were camping in a RV/motorhome, camper, trailer or tent.

Transportation

- ◆ The vast majority of visitors (75%) drove to Kansas in a private car, truck or mini-van. The remaining visitors traveled in a RV or motorhome (11%), an airplane (9%) or a rental car (4%).

Travel Party

- ◆ The average number of people on the trip was 2.86 people. The spouse was the most popular traveling companion, noted by 78% of the respondents. Other traveling companions included 23% traveling with children, 15% with friends, and 13% with other family members.

Repeat Visitor

- ◆ Among those visitors who visited Kansas in 1999, six out of 10 (60%) were repeat visitors, which is down significantly from last year's 68%.

Total Amount of Expenditures

- ◆ The average expenditure per visiting party during their most recent trip to Kansas was \$348.

Level of Satisfaction with Most Recent Trip to Kansas

- ◆ The vast majority of visitors (85%) indicated their trip to Kansas was "very pleasant" and an additional 14% said "somewhat pleasant."

Travel Information Center Usage

- ◆ One third of the visitors (33%) cited they stopped at one of the four interstate travel information centers.

Trip Planning Process

- ◆ When respondents were asked how far in advance they started to make their plans to visit Kansas, more than two-thirds of visitors (69%) said a month or longer. More specifically, nearly half of the visitors (48%) said one month to three months while 21% said four months or longer. And the remaining 21% of the visitors said four weeks or less.

IV. Reasons for not Traveling to Kansas

More than four out of 10 respondents (45%) said the primary reason given for not visiting Kansas in 1999 was the respondent decided to go somewhere else on their vacation. This was followed by respondents who said they didn't take a vacation in 1999 (34%) as the reason for not visiting Kansas.

Where Respondent Went on Their Vacation:

- ◆ Among those respondents who took a vacation in 1999 but not in Kansas, Florida (15%) was mentioned the most often as the destination chosen over Kansas. This was followed by Colorado (6%), Texas (6%), and California (6%).

Reasons for Choosing that Destination over Kansas

- ◆ It wasn't surprising that nearly four out of 10 respondents (38%) said they choose the other destination over Kansas because their family and friends live there. Fewer respondents said there was more to do and see at the chosen destination (15%) in comparison to Kansas.

V. Assessment of the Travel Packet

Kansas Travel and Event Guide

When respondents were asked how much of the Kansas travel packet did they read, it would appear most of the respondents read at least some of the information in the travel guide or read the entire travel guide. More specifically, nearly four out of 10 visitors (38%) read the entire guide and 37% said they read some of it. Only 14% said they glanced at it and 8% didn't read it at all.

Attribute Rating Scores

Among the respondents who read the Kansas Travel and Event Guide, overwhelmingly respondents provided positive ratings regarding the guide book. Taking a closer look, most of the respondents (97%) rated the overall guide book an "excellent" or "good." In addition, more than nine out of 10 respondents (91%) rated the visual appeal of the cover and the usefulness of the guide book an "excellent" or "good" rating.

Influence of the Ad Campaign and Travel and Event Guide

When the subject of the influence of the travel packet was explored, most of the visitors reported some type of influence as a result of reading the material in the travel packet. The travel packet influenced nearly three out of 10 respondents (27%) to visit more and different attractions in Kansas and an additional 17% said the travel packet influenced them to visit a particular area in the state. Substantially fewer visitors said the travel packet convinced them to visit Kansas (10%) or stay longer (9%).

One-third of the visitors (35%) said the travel packet didn't influence their trip at all.

Reasons for Requesting Travel Packets

Among total respondents, nearly one-third of the respondents (32%) had already made their decision to visit Kansas when they requested the travel packet. Even though they had already decided to visit Kansas, they requested the packet for additional information to aid in their specific travel plans.

More than six out of 10 respondents (61%) requested the travel packet to help them to determine their travel destination. The remaining 7% said they didn't plan to travel to Kansas when they requested the material.

Reasons for Requesting Travel Packets								
	Total Respondents							
	1992	1993	1994	1995	1996	1997	1998	1999
Had definitely decided to visit Kansas	<u>34%</u>	<u>37%</u>	<u>46%</u>	<u>34%</u>	<u>52%</u>	<u>48%</u>	<u>49%</u>	<u>32%</u>
TOTAL: Already made the decision to visit Kansas	34%	37%	46%	34%	52%	48%	49%	32%
Considering Kansas and several other places	38%	41%	29%	44%	28%	34%	31%	48%
Not considering Kansas but wanted the travel packet	<u>12%</u>	<u>11%</u>	<u>11%</u>	<u>9%</u>	<u>7%</u>	<u>2%</u>	<u>5%</u>	<u>13%</u>
TOTAL: Not made the decision to visit Kansas	50%	48%	40%	53%	35%	36%	36%	61%
Just collect travel information	7%	9%	8%	9%	6%	8%	6%	4%
None above	8%	3%	6%	4%	7%	8%	9%	3%

VI. Overall Impressions of Kansas

A. Overall Impressions of Kansas

When respondents were asked what images or impressions came to mind first when they thought of traveling in Kansas, impressions of the landscape in Kansas were mentioned by seven out of 10 respondents (69%). Specifically, one-third of the respondents (33%) mentioned flat and wide-open spaces. This was followed by other landscape images such as rural/farms (23%) and beautiful countryside (8%).

Overall Impressions of Kansas								
	1992	1993	1994	1995	1996	1997	1998	1999
<u>Landscape mention (net)</u>	NA	NA	62%	74%	69%	59%	62%	69%
Flat/wide-open spaces	34%	32%	28%	41%	31%	26%	25%	34%
Farms/rural	19%	18%	19%	28%	18%	17%	18%	23%
Beautiful countryside/scenery	13%	10%	11%	7%	6%	9%	12%	8%
Plains/prairie	6%	8%	7%	10%	6%	6%	5%	6%
Sunflowers	NA	NA	NA	NA	NA	NA	NA	8%
Flint Hills/rolling hills	6%	6%	4%	3%	5%	4%	5%	6%
<u>Weather mentions (net)</u>	NA	NA	9%	15%	6%	7%	8%	10%
Windy/hot/dry	7%	5%	3%	11%	3%	4%	4%	4%
Tornadoes	NA	NA	2%	4%	1%	1%	2%	3%
Other landscape/weather	4%	6%	6%	6%	2%	5%	3%	3%
<u>Historical mentions (net)</u>	6%	14%	12%	9%	6%	8%	6%	7%
Old West/historical sites	--	5%	7%	7%	5%	7%	4%	7%
Other historical mentions	--	10%	4%	2%	2%	2%	2%	2%

Continued

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Overall Impressions of Kansas Cont.								
City mentions (net)	8%	7%	5%	6%	5%	6%	5%	5%
Kansas City	3%	3%	3%	3%	3%	1%	3%	3%
Dodge City	NA	1%	1%	1%	1%	1%	2%	2%
Wichita	2%	1%	1%	*	*	1%	*	1%
Other city mentions	3%	1%	2%	1%	1%	2%	3%	1%
Wizard of Oz	4%	4%	4%	5%	3%	5%	4%	8%
Pleasant/enjoyable/peaceful	7%	7%	8%	4%	6%	7%	6%	3%
Home/family/friends	NA	NA	NA	NA	NA	5%	4%	3%
Nice friendly people	7%	7%	9%	3%	6%	3%	3%	2%
Boring long car ride	5%	2%	2%	3%	5%	*	4%	2%
Clean state	3%	3%	4%	2%	2%	1%	1%	1%
Small quaint towns	NA	NA	3%	2%	2%	1%	1%	*
Nice rest area/good roads	3%	2%	2%	1%	2%	1%	2%	*
Other mentions	7%	11%	10%	8%	10%	12%	9%	5%
Don't know/refused	11%	10%	8%	8%	7%	7%	10%	7%

VII. Attribute Ratings

A. Attribute Ratings

In an effort to learn respondents' perceptions toward Kansas as a travel destination and the six niches, they were asked the extent to which they either agreed or disagreed with a variety of statements.

On the basis of the top-two ratings, the overall perception of Kansas as a travel destination was positive for most attributes. A closer look at details revealed that most respondents agreed with:

- Kansas is rich in history (86%)
- Kansas has many historic sites (80%)
- Kansas offers a lot of outdoor recreation (78%)

To a lesser extent, more than six out of 10 respondents agreed with the following two statements:

- Kansas has many opportunities for experiencing the arts (62%)
- You can find some of the richest hunting and fishing in Kansas (61%)

More than four out of 10 respondents (44%) agreed with "Kansas is the aviation capitol of the world." However, significantly fewer respondents agreed with this statement in 1999 than in 1998; 44% and 52%; respectively.

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Top-Two Box Ratings (5 & 4 ratings) (Scale: 1=disagree strongly; 5=agree strongly)					
	1995	1996	1997	1998	1999
Kansas rich in history	82%	78%	78%	87%	86%
Kansas has many historic sites	77%	71%	76%	79%	80%
Offers a lot of outdoor recreation (such as water sports, camping, hiking, birdwatching, etc.)	NA	NA	NA	71%	78%
Kansas offers many working farm ranches for visitors to experience cattle ranching, horseback riding, hiking, and biking	NA	NA	NA	NA	73%
Kansas has many opportunities for experiencing the arts such as galleries, performing arts, and festivals	NA	NA	NA	NA	62%
You can find some of the richest hunting and fishing in Kansas	NA	NA	NA	NA	61%
Kansas is the aviation capitol of the world	NA	NA	NA	52%	44%

VIII. Estimated Return-on-Investment

A. State Expenditures on the 1999 Advertising Campaign and Fulfillment

The total cost for the 1999 leisure advertising campaign was \$541,655 (less income). Below are the costs for the leisure ad campaign and the income to the Division. Please note the costs listed below for the Travel and Event Guide Books represent the production and printing costs for 119,100 Travel and Event Guide Books only.

Total Expenses for the 1999 Advertising Campaign	
<u>Leisure and Niche Ad Campaigns</u>	
Media Placement	\$474,132
1-800 Operators	\$41,502
<u>Travel and Event Guide Book</u>	
Production, Creative, and Printing	\$82,674
Postage	\$119,000
<u>Research</u>	\$3,000
Total Expenses	\$717,608
Less income/sale revenue	<u>\$226,290*</u>
TOTAL COST OF THE PROGRAM	\$494,655

*Less income/sales revenue includes revenue generated from ads in the Travel and Event Guide and listings in the Calendar of Events.

Economic Impact & Gross Revenue

At this point, all the various numbers and calculations can be brought together to discern the economic impact generated as a result of the 1999 advertising campaign. Using the gross conversion rate, the campaign generated over \$26 million. This translates into \$52.94 return on each dollar spent in the advertising effort.

Gross Conversion & Economic Impact

Number of Leads	119,109
X Conversion Rate	37.0%
Total Households Traveling	44,070.33
X Average Number Trips per Households	1.72
Total Trips Generated	75,800.97
X Average Expenditure Per Trip	\$345
Economic Impact	\$26,151,334.65
Cost of the program	\$494,018
Return on Investment	\$52.94

Economic Impact & Net Revenue

When the net conversion rate is used in these same calculations, the impact is smaller, but still represents \$9 million or \$17 in tourist expenditures for each dollar spent by the Division. The net conversion represents the percentage of travelers who made their decision to visit Kansas after receiving the Kansas Travel and Event Guide.

Net Conversion & Economic Impact	
Number of Leads	119,109
X Conversion Rate	13.0%
Total Households Traveling	15,484
X Average Number Trips per Household	1.72
Total Trips Generated	26,632
X Average Expenditure Per Trip	\$345
Economic Impact	\$9,188,306
Cost of the Program	\$494,018
Return on Investment	\$18.60

APPENDICES

Appendix A: Tables

Appendix B: 1999 Inquiry Report and CPI

Appendix C: Copy of the questionnaire

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Appendix A - Tables

Table 1	Cities Visited During Most Recent Trip to Kansas
Table 2	Attractions and Activities
Table 3	Season and Month
Table 4	Primary Destination
Table 5	Purpose of Trip
Table 6	Length of Trip and Portion Spent in Kansas
Table 7	Accommodations and Transportation
Table 8	Travel Party
Table 9	Amount Spent and Level of Satisfaction with Trip
Table 10	Trip Planning Process
Table 11	Reasons for Not Traveling to Kansas
Table 12	Reasons for Choosing other Destinations
Table 13	Characteristics of Inquiries

CITIES VISITED DURING MOST RECENT TRIP TO KANSAS

Table 1

Cities Visited During Most Recent Trip to Kansas								
	1992	1993	1994	1995	1996	1997	1998	1999
<u>Kansas City (net)</u>	<u>42%</u>	<u>35%</u>	<u>35%</u>	<u>34%</u>	<u>34%</u>	<u>43%</u>	<u>33%</u>	<u>43%</u>
Kansas City, KS	-	12%	4%	3%	11%	6%	2%	5%
Olathe	-	2%	2%	2%	3%	6%	2%	5%
Overland Park	6%	5%	7%	6%	3%	5%	4%	6%
Kansas City, MO	9%	6%	1%	2%	1%	1%	--	--
Lenexa/Shawnee	5%	1%	2%	1%	1%	1%	1%	8%
Kansas City (unspecified)	25%	15%	25%	21%	19%	30%	23%	30%
Wichita	16%	21%	24%	26%	22%	13%	17%	32%
Topeka	10%	17%	18%	20%	15%	15%	18%	24%
Lawrence	12%	7%	11%	7%	12%	10%	7%	13%
Manhattan	3%	6%	6%	4%	4%	5%	5%	10%
Salina	13%	11%	7%	11%	5%	9%	10%	7%
Abilene	9%	11%	9%	11%	14%	3%	6%	7%
Hays	10%	7%	3%	7%	5%	5%	5%	6%
Junction City/Ft. Riley	5%	4%	4%	4%	3%	3%	2%	6%
Dodge City	12%	12%	10%	12%	15%	13%	6%	5%
Hutchinson	5%	3%	4%	3%	5%	3%	5%	4%
Pittsburg	*	*	*	1%	3%	1%	2%	4%
Liberal	*	*	*	2%	4%	3%	3%	4%
Ft. Scott	*	*	6%	3%	3%	1%	2%	4%
Goodland	2%	3%	3%	5%	1%	1%	2%	2%
Emporia	4%	2%	3%	2%	4%	3%	3%	2%
Russell	*	*	*	2%	5%	1%	2%	1%
Garden City	*	*	2%	3%	4%	2%	3%	1%

Continued

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CITIES VISITED DURING MOST RECENT TRIP TO KANSAS CONT.

Table 1

Cities Visited During Most Recent Trip to Kansas Cont.								
	1992	1993	1994	1995	1996	1997	1998	1999
Great Bend	3%	1%	2%	1%	1%	2%	2%	1%
Colby	*	2%	1%	2%	2%	1%	1%	1%
Council Grove	*	2%	2%	1%	*	1%	2%	--
Atchison	*	*	*	*	3%	*	1%	--
Lindsborg	*	3%	3%	*	3%	*	1%	--
Chanute	*	*	*	*	*	1%	1%	--
Other	29%	30%	28%	29%	25%	14%	18%	12%
Don't know	4%	4%	9%	11%	2%	7%	5%	6%

* Less than .05%.

Q2a What towns, cities or places did you visit on your last visit to Kansas?

ATTRactions AND ACTIVITIES

Table 2

Attractions and Activities							
	1993	1994	1995	1996	1997	1998	1999
Shopping (unspecified)	NA	NA	NA	NA	NA	NA	70%
Shopping malls	40%	44%	27%	34%	32%	31%	NA
Outlet malls	21%	25%	23%	26%	22%	22%	NA
Historic sites	53%	50%	43%	51%	38%	43%	53%
Visiting quaint attractions & small towns	NA	NA	NA	NA	NA	NA	53%
Scenic auto touring	NA	NA	36%	55%	49%	59%	52%
Museums/cultural attractions	37%	32%	33%	43%	34%	38%	38%
Outdoor activities	8%	14%	11%	15%	7%	11%	13%
Fairs/festivals	8%	14%	11%	15%	7%	11%	9%
Zoos	10%	9%	9%	18%	11%	10%	9%
Sporting events in Kansas	1%	4%	4%	10%	5%	6%	9%
Gambling	NA	NA	NA	NA	NA	NA	6%

Q11. On your most recent trip to Kansas, did... (READ RESPONSES)

SEASON/MONTH

Table 3

Season/Month								
	1992	1993	1994	1995	1996	1997	1998	1999
<u>Winter (net)</u>	<u>11%</u>	<u>12%</u>	<u>13%</u>	<u>6%</u>	<u>13%</u>	<u>9%</u>	<u>7%</u>	<u>11%</u>
December	4%	8%	8%	4%	1%	4%	2%	4%
January	2%	2%	3%	1%	8%	3%	3%	6%
February	3%	2%	2%	1%	4%	2%	2%	1%
<u>Spring (net)</u>	<u>13%</u>	<u>15%</u>	<u>17%</u>	<u>17%</u>	<u>20%</u>	<u>18%</u>	<u>27%</u>	<u>22%</u>
March	1%	1%	2%	4%	5%	4%	6%	6%
April	4%	4%	6%	2%	8%	3%	9%	8%
May	8%	10%	9%	11%	7%	11%	12%	8%
<u>Summer (net)</u>	<u>46%</u>	<u>52%</u>	<u>43%</u>	<u>51%</u>	<u>48%</u>	<u>51%</u>	<u>41%</u>	<u>40%</u>
June	10%	14%	16%	17%	17%	18%	11%	13%
July	19%	23%	17%	19%	20%	17%	18%	15%
August	17%	15%	10%	15%	11%	16%	12%	12%
<u>Fall (net)</u>	<u>31%</u>	<u>18%</u>	<u>26%</u>	<u>26%</u>	<u>18%</u>	<u>21%</u>	<u>23%</u>	<u>26%</u>
September	17%	8%	10%	13%	11%	11%	14%	9%
October	12%	6%	10%	8%	5%	7%	7%	12%
November	2%	2%	6%	5%	2%	3%	2%	5%

Q2b. Please think about your most recent visit to Kansas. In what month did you begin to visit Kansas?

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PRIMARY DESTINATION

Table 4

Primary Destination								
	1992	1993	1994	1995	1996	1997	1998	1999
<u>Kansas Primary Destination</u>	<u>59%</u>	<u>51%</u>	<u>56%</u>	<u>40%</u>	<u>50%</u>	<u>44%</u>	<u>54%</u>	<u>52%</u>
<u>Other States Mentioned (net)</u>	<u>39%</u>	<u>48%</u>	<u>44%</u>	<u>60%</u>	<u>50%</u>	<u>56%</u>	<u>46%</u>	<u>48%</u>
Colorado	10%	11%	9%	12%	20%	15%	7%	11%
California	2%	3%	1%	3%	8%	2%	4%	4%
Missouri	4%	6%	6%	7%	8%	6%	4%	4%
Wyoming	2%	1%	2%	5%	5%	1%	2%	4%
Nevada	2%	*	*	2%	3%	1%	*%	3%
Nebraska	--	2%	2%	2%	4%	1%	2%	2%
South Dakota	1%	1%	1%	2%	4%	1%	2%	2%
Texas	3%	2%	2%	3%	6%	3%	2%	2%
Oklahoma	2%	2%	1%	1%	4%	1%	4%	1%
Arizona	1%	2%	1%	2%	4%	4%	3%	1%
New Mexico	2%	2%	2%	1%	2%	--	2%	1%
Arkansas	*	*	--	--	*	*	2%	1%
Iowa	2%	2%	1%	1%	4%	1%	1%	--
North Dakota	--	*	1%	2%	1%	--	1%	--
Other	8%	10%	9%	11%	17%	8%	8%	9%

Q3a. On this trip, was Kansas your main or primary destination or was Kansas part of a longer trip?
 Q3b. What state was your main or primary destination?

PURPOSE OF TRIP

Table 5

	Purpose for Trip							
	1992	1993	1994	1995	1996	1997	1998	1999
Vacation or pleasure trip	44%	62%	44%	57%	59%	51%	55%	49%
Visiting friends or relatives	25%	14%	23%	20%	13%	15%	22%	28%
Business	9%	4%	6%	3%	5%	5%	7%	9%
Both business and personal	--	2%	6%	2%	5%	5%	3%	6%
Personal	3%	4%	5%	1%	4%	6%	6%	4%
Day trip	NA	5%	4%	1%	5%	1%	2%	3%
Passing through	14%	10%	12%	15%	8%	18%	6%	2%
Other	2%	1%	1%	2%	*	--	--	--

Q7. What was your main reason for your most recent trip to Kansas?

LENGTH OF TRIP AND PORTION SPENT IN KANSAS

Table 6

Total Number of Nights Spent Away From Home								
	1992	1993	1994	1995	1996	1997	1998	1999
One night	18%	9%	5%	3%	4%	5%	6%	1%
Two to three nights	20%	17%	20%	13%	21%	16%	18%	16%
Four to five nights	19%	13%	17%	10%	16%	12%	13%	17%
Six to 10 nights	19%	26%	17%	28%	22%	26%	24%	25%
11 or more nights	24%	29%	37%	44%	33%	41%	36%	37%
Day trip	NA	6%	5%	3%	3%	--	4%	6%
Mean	8.65	9.90	13.29	15.42	10.82	12.63	11.88	11.39
Median	4.00	6.00	7.00	10.00	7.00	10.00	7.00	7.00

Q4. On this trip, in total how many nights did you stay away from home?

Nights Spent in Kansas								
	1992	1993	1994	1995	1996	1997	1998	1999
One night	33%	24%	17%	26%	22%	23%	25%	16%
Two to three nights	40%	38%	42%	34%	39%	40%	35%	40%
Four to five nights	18%	13%	19%	12%	14%	17%	16%	19%
Six to 10 nights	5%	9%	12%	12%	5%	11%	13%	10%
11 or more nights	4%	2%	4%	4%	4%	3%	2%	4%
Day trip	NA	14%	7%	11%	15%	7%	9%	11%
Mean	3.18	2.82	3.73	3.11	2.70	3.20	3.22	3.29
Median	2.00	2.00	3.00	2.00	2.00	2.00	2.00	2.00

Q5. And, how many of those nights did you spend in Kansas?

ACCOMMODATIONS AND TRANSPORTATION

Table 7

Accommodations								
	1992	1993	1994	1995	1996	1997	1998	1999
Hotel/motel	59%	53%	53%	47%	49%	55%	54%	53%
Friends or relatives	24%	21%	23%	17%	18%	19%	20%	19%
RV/motorhome	5%	7%	7%	15%	14%	15%	6%	10%
Camper/trailer/tent	8%	6%	5%	8%	6%	6%	5%	7%
Bed & Breakfast	1%	*	*	*	--	--	1%	--
Didn't spend the night	4%	14%	7%	9%	10%	7%	9%	11%

Q6. In what type of overnight accommodations did you spend the most nights while you were in Kansas on that trip?

Transportation								
	1992	1993	1994	1995	1996	1997	1998	1999
Private car	86%	85%	82%	71%	76%	75%	80%	75%
RV or motorhome	8%	10%	10%	18%	17%	17%	10%	11%
Airplane	3%	3%	6%	7%	5%	5%	4%	9%
Rental car	2%	2%	1%	2%	1%	3%	4%	4%
Tour Bus	1%	1%	1%	2%	1%	1%	*	1%

Q8. By what mode of transportation did you travel to Kansas on this trip?

TRAVEL PARTY

Table 8

Travel Party								
	1992	1993	1994	1995	1996	1997	1998	1999
<u>Travel Party Size</u>								
One person	4%	6%	8%	6%	8%	10%	4%	6%
Two persons	47%	46%	45%	55%	55%	56%	56%	55%
Three persons	15%	15%	16%	11%	15%	11%	11%	11%
Four persons	23%	20%	21%	19%	14%	16%	12%	14%
Five persons	11%	13%	10%	9%	8%	10%	10%	13%
Mean	3.01	3.04	2.96	2.88	2.77	2.72	2.63	2.86
Median	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
<u>Travel Party</u>								
Spouse	NA	NA	NA	NA	NA	NA	NA	78%
Children	31%	35%	31%	28%	23%	22%	21%	23%
Friends	NA	NA	NA	NA	NA	NA	NA	15%
Other family members	NA	NA	NA	NA	NA	NA	NA	13%

Q9a Including yourself, how many people were in your immediate traveling party?
 Q9b Besides yourself, who else went on your trip?

AMOUNT SPENT AND LEVEL OF SATISFACTION WITH TRIP

Table 9

Total Amount of Expenditures								
	1992	1993	1994	1995	1996	1997	1998	1999
\$1 to \$100	31%	34%	32%	33%	33%	39%	31%	28%
\$101 to \$200	28%	22%	20%	24%	26%	22%	19%	22%
\$201 to \$400	28%	26%	23%	19%	25%	15%	20%	23%
\$401 or more	9%	13%	19%	17%	16%	17%	22%	26%
Refused/Don't know	3%	5%	6%	9%	--	--	9%	1%
Mean	\$239	\$289	\$286	\$295	\$271	\$261	\$274	\$348
Median	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200

Q10. On your most recent visit to Kansas, about how much would you estimate that you spent in the state? Please do not include the cost of your transportation to and from Kansas, but do include all expenses in the state such as lodging, food, sightseeing, admissions fees, entertainment, shopping, and transportation expenses such as gasoline, car rental, and taxis or local buses.

Level of Satisfaction								
	1992	1993	1994	1995	1996	1997	1998	1999
Very pleasant	82%	85%	85%	80%	86%	81%	81%	85%
Somewhat pleasant	17%	13%	13%	17%	11%	18%	15%	14%
Somewhat disappointing	--	*	1%	2%	--	--	3%	1%
Very disappointing	--	*	1%	*	1	--	--	--
Don't know/refused	1%	1%	1%	1%	1%	1%	1%	--

* Less than .05%.

Q12a. Overall, would you say your trip to Kansas was...(read responses)

TRIP PLANNING PROCESS

Table 10

Trip Planning Process								
	1992	1993	1994	1995	1996	1997	1998	1999
One week or less	NA	NA	NA	NA	NA	11%	15%	7%
Two to four weeks	NA	NA	NA	NA	NA	13%	18%	14%
One to three months	NA	NA	NA	NA	NA	38%	36%	48%
Four months or longer	NA	NA	NA	NA	NA	34%	29%	29%
Don't know	NA	NA	NA	NA	NA	3%	3%	2%

Q12b. How far in advance did you start to make your plans to visit Kansas?

16-41

REASONS FOR NOT TRAVELING TO KANSAS

Table 11

Reasons for not Traveling to Kansas								
	1992	1993	1994	1995	1996	1997	1998	1999
Decided to go somewhere else	29%	35%	28%	31%	45%	45%	43%	45%
Didn't take a vacation	13%	15%	19%	33%	28%	41%	30%	34%
Just wanted a travel packet	15%	13%	12%	9%	7%	3%	10%	6%
Health reasons	10%	10%	15%	14%	10%	5%	7%	4%
Going in the future	16%	21%	20%	10%	6%	3%	7%	6%
Other reasons	17%	6%	6%	3%	3%	5%	2%	5%

Q14a. Why did you not visit Kansas during 1999?

Where Respondents Went on Their Vacation					
	1995	1996	1997	1998	1999
Florida	8%	8%	6%	12%	15%
Colorado	8%	10%	12%	7%	6%
Texas	6%	7%	4%	7%	6%
California	3%	7%	2%	2%	6%
Missouri	11%	12%	7%	9%	4%
International	8%	7%	12%	4%	4%
Arizona	3%	3%	6%	2%	4%
Tennessee	4%	1%	4%	4%	3%
Arkansas	2%	1%	2%	5%	2%
No destination	8%	2%	2%	2%	2%
South Dakota	4%	2%	5%	--	2%
Nebraska	2%	3%	3%	1%	1%
Wyoming	3%	3%	1%	1%	--
Other destinations	38%	34%	36%	44%	45%

REASONS FOR CHOOSING OTHER DESTINATIONS

Table 12

Reasons for Choosing Other Destinations					
	1995	1996	1997	1998	1999
Family/friends live there	23%	21%	33%	23%	38%
More to do and see there	10%	13%	9%	19%	15%
Destination was closer	9%	5%	7%	10%	10%
Warmer climate	NA	4%	--	5%	9%
Never been there	11%	4%	9%	6%	8%
We changed our route that didn't include Kansas	9%	9%	3%	7%	5%
No time to visit Kansas	7%	9%	4%	3%	4%
Combined business and leisure	2%	1%	3%	4%	2%
Going in the future	3%	1%	1%	2%	2%
Mountains/skiing	NA	5%	1%	1%	2%
Family/kids wanted to go there	5%	3%	--	6%	1%
Oceans/beaches	NA	2%	--	3%	1%
Better campgrounds/parks	2%	2%	1%	2%	1%
Other	9%	7%	5%	5%	2%
Don't know/no answer	10%	22%	22%	9%	10%

14c. Why did you choose that destination over Kansas?

CHARACTERISTICS OF INQUIRERS

Table 13

Characteristics of Inquirers								
	1992	1993	1994	1995	1996	1997	1998	1999
<i>Respondent's Household Income:</i>								
Under \$20,000	NA	7%	7%	6%	7%	6%	2%	4%
\$20,000-\$29,999	NA	17%	11%	17%	10%	10%	9%	13%
\$30,000-\$39,999	NA	21%	20%	24%	19%	18%	11%	14%
\$40,000-\$49,999	NA	17%	21%	20%	19%	16%	11%	16%
\$50,000-\$74,999	NA	16%	16%	17%	20%	17%	17%	17%
\$75,000 or over	NA	5%	7%	6%	10%	9%	12%	10%
Refused	NA	17%	17%	11%	16%	24%	38%	25%
Mean	\$43	\$44	\$42	\$42	\$42	\$46	\$48	\$50
<i>Respondent's Education</i>								
Some high school	NA	NA	NA	NA	NA	NA	11%	9%
High school graduate or GED	NA	NA	NA	NA	NA	NA	23%	18%
Some college or 2-year degree	NA	NA	NA	NA	NA	NA	29%	36%
4-year college graduate	NA	NA	NA	NA	NA	NA	17%	20%
More than a 4-year college degree	NA	NA	NA	NA	NA	NA	14%	15%
Refused	NA	NA	NA	NA	NA	NA	6%	1%
<i>Respondent's Age</i>								
18-24 years old	3%	3%	3%	3%	2%	1%	2%	1%
25-34 years old	11%	12%	10%	9%	9%	8%	10%	8%
35-44 years old	26%	22%	25%	22%	18%	17%	14%	14%
45-54 years old	23%	19%	18%	16%	21%	17%	19%	22%
55-65 years old	18%	20%	18%	25%	26%	26%	26%	25%
65 or over	17%	22%	24%	24%	23%	30%	27%	30%
Refused	1%	2%	1%	1%	2%	1%	1%	*

CHARACTERISTICS OF INQUIRERS CONT.

Characteristics of Inquirers Cont.								
	1992	1993	1994	1995	1996	1997	1998	1999
<i>Number of Children in Household</i>								
None	63%	65%	66%	68%	76%	76%	76%	77%
One child	12%	13%	12%	12%	9%	9%	11%	9%
Two children	17%	14%	14%	14%	9%	6%	7%	8%
Three children	4%	5%	5%	4%	3%	4%	4%	4%
Four or more	2%	3%	2%	2%	2%	2%	2%	2%
Refused	2%	11%	*	1%	2%	2%	1%	--
<i>Total Number of People Living in Household</i>								
One	NA	7%	12%	9%	10%	10%	14%	10%
Two	NA	50%	47%	53%	55%	57%	54%	57%
Three or more	NA	41%	35%	38%	33%	33%	25%	32%
Refused	NA	2%	1%	--	2%	*	7%	*
Average	NA	2.78	2.65	2.75	2.79	2.83	2.45	2.54
<i>Number of Vacations or Short Getaway Trips:</i>								
None	NA	NA	NA	NA	NA	NA	13%	9%
One to two trips	NA	NA	NA	NA	NA	NA	23%	24%
Three to four trips	NA	NA	NA	NA	NA	NA	27%	30%
Five to nine trips	NA	NA	NA	NA	NA	NA	23%	20%
10 or more trips	NA	NA	NA	NA	NA	NA	12%	17%
Mean	NA	NA	NA	NA	NA	NA	4.74	5.40

CHARACTERISTICS OF INQUIRERS CONT.

Characteristics of Inquirers Cont.								
	1992	1993	1994	1995	1996	1997	1998	1999
<i>Usage of the Internet:</i>								
<u>Yes, access to the Internet</u>	NA	NA	NA	NA	NA	NA	52%	53%
Collected travel information	NA	NA	NA	NA	NA	NA	38%	38%
Booked travel	NA	NA	NA	NA	NA	NA	NA	17%
Visited Kansas' Website	NA	NA	NA	NA	NA	NA	NA	17%
<u>No, do not have access to the Internet</u>	NA	NA	NA	NA	NA	NA	48%	47%

APPENDIX B

4-47

1999 Ad Campaign
Cost-Per-Inquiry (CPI)

<i>Niche Campaign</i>							
Publication	# of Insertions	RS Card	Ad Size	Circulation	AD Cost	Inquiries	CPI
American Heritage	3	Yes	1/2 pg ISL 4C	318,547	\$33,354	2,578	\$12.94
Historic Traveler	3	Yes	1/2 pg ISL 4C	108,865	\$8,233	604	\$13.63
Old West	3	No	4C Full Page	32,500	\$481	19	\$25.32
True West	3	No	4C Full Page	33,500	\$1,464	31	\$47.23
Audubon	3	Yes	1/2 pg ISL 4C	460,116	\$51,805	1,047	\$49.48
Sierra	2	Yes	Page & 1/2 pg 4C	536,572	\$29,979	557	\$53.82
Wild West	3	Yes	1/2 pg ISL 4C	152,195	\$4,750	88	\$53.98
American Civil War	4	Yes	1/2 pg ISL 4C	110,944	\$4,494	70	\$64.20
Wild Bird	3	Yes	Page & 1/2 pg 4C	134,643	\$7,837	97	\$80.79
Aviation History	2	No	Page & 1/2 pg Dig	77,377	\$2,571	17	\$151.24
Oklahoma Rules & Regs	1	No	1/2 pg 4C	2,475,000	\$3,854	23	\$167.57
Kansas Rules & Regs	1	No	1/2 pg 4C	2,475,000	\$3,003	7	\$429.00
Colorado Rules & Regs	1	No	1/2 pg 4C	2,475,000	\$4,729	11	\$429.91
Iowa Rules & Regs	1	No	1/2 pg 4C	2,475,000	\$3,880	7	\$554.29
Air & Space	2	No	Page & 1/2 pg 4C	262,597	\$20,188	27	\$747.70
Wing & Clay	1	No	Tab Pg 4C	50,000	\$3,992	3	\$1,330.67
AOPA Pilot Total	2	No	Page & 1/2 pg 4C	328,479	\$24,697	14	\$1,764.07
Belmont Publication	1	No	Full Page 4C		\$8,000	3	\$2,666.67
Subtotal Niche Campaign					\$217,311	5,203	\$41.77

4-48

1999 Ad Campaign
Cost-Per-Inquiry (CPI)

Leisure Campaign							
Publication	# of Insertions	RS Card	Ad Size	Circulation	AD Cost	Inquiries	CPI
Rand McNally & AAA Atlas	1	Yes	BW Coupon	500,000	\$22,072	19,496	\$1.13
Readers Digest	1	Yes	1/6 pg TD	1,880,000	\$7,056	2,911	\$2.42
Midwest Vacation Guide	2	Yes	3 x 2 1/2	4,000,000	\$9,605	3,829	\$2.51
Modern Maturity	2	Yes	1/2 pg 4C	1,081,653	\$20,896	8,023	\$2.60
Friendly Exchange	2	Yes	1/2 pg ISL 4C & 4" BW	1,400,000	\$19,074	3,948	\$4.83
Readers Digest Coop Ad	1	Yes		1,880,000	\$17,435	3,414	\$5.11
Travel Holiday	4	Yes	1/2 pg ISL 4C	556,145	\$19,456	3,694	\$5.27
Midwest Living	6	Yes	1/2 pg 4C & TD	821,349	\$61,268	8,482	\$7.22
Better Homes & Garden	1	Yes	4" BW		\$6,673	886	\$7.53
Endless Vacation	1	Yes	1/6 pg BW TD		\$6,355	578	\$10.99
National Geographic Traveler	3	Yes	1/2 pg 4C	250,000	\$31,906	1,987	\$16.06
Family Circle	1	Yes	4" BW		\$5,225	318	\$16.43
National Geo Adventure	1	Yes	1/2 pg 4C		\$8,415	510	\$16.50
Life	1	Yes	1/6 pg BW		\$11,935	661	\$18.06
McCalls	1	Yes	4" BW		\$4,450	186	\$23.92
Vanguard Zoom	1	No	2 pgs 4C		\$5,000	10	\$500.00
Trailer Life Dirrect/Motorhome	1	Yes	Listing		No charge	2,161	
Subtotal Leisure					\$256,821	61,094	\$4.20
TOTAL 1999 Ad Campaign					\$474,132	66,297	\$7.15

TOURISM ATTRACTION DEVELOPMENT GRANT PROGRAM FISCAL YEAR 2001 PROGRAM GUIDELINES

I. THE PROGRAM

The Division of Travel & Tourism Development of the Kansas Department of Commerce & Housing (hereafter referred to as KDOC&H) is authorized to provide economic assistance to public and private entities and not-for-profit corporations to develop tourism attractions and tourism-based products in Kansas. *A tourist attraction is any site that is of significant interest to tourists as a historic, cultural, scientific, educational, recreational, or architecturally unique site, or as a site of natural scenic beauty or an area naturally suited for outdoor recreation.* Activities relating to the divisions marketing strategy promoting the six niches may be eligible for funding. K.S.A. 74-5089 *et. seq.* precludes race track facilities, casinos, or any establishment which operates class three games. The Attraction Development Grant Program (ADGP) provides assistance in the promotion of tourism and development or enhancement of quality tourist attractions and/or tourism products within the state of Kansas. State support through this grant program is designed to significantly assure the traveling public a quality experience.

II. ELIGIBLE ACTIVITIES

Grant funds may be used for a wide variety of activities necessary to expand the tourism product base, or to develop new tourist attractions. Examples *include but are not limited to* the following categories. A project doesn't necessarily have to fall under one of these categories. They are meant to be examples only.

Strategic Plan – To create a planning tool to define the mission of an organization and develop the goals and strategies necessary to accomplish its mission.

Infrastructure – Examples include purchasing land, construction and renovation of buildings.

Technology – Examples include interactive exhibits and brand new web site development.

Marketing Activities – *Must* be targeted toward marketing a *specific* event to out-of-state (or at least 150 miles away) audience (i.e., direct mail, newspaper/radio advertising). No general advertising or brochures will be funded. *New* activities for an event could be funded as long as out-of-state (or at least 150 miles away) advertising is included in the budget.

Marketing activities may also include cooperative advertising efforts in publications Travel and Tourism advertise within. International marketing may also be a focus but should only pertain to marketing efforts for Germany and United Kingdom.

SAMPLE

Less consideration for grants will be given to the following two categories:

Physical Improvements – *Essential* physical improvements to existing structures or improving stationary exhibits.

Salaries – Only salaries of *newly* created jobs may be a part of the project budget and should be less than 10% of the overall grant project budget.

For projects involving museums and/or historical attractions, it is recommended the applicant discuss the project and consult with staff at the Kansas State Historical society for advice and/or assistance.

III. INELIGIBLE ACTIVITIES

Funds may not be used to refinance debt, for contingency funding, or to fund normal operating expenses. No state monies may be expended towards grant administration fees. Further, grant monies may not be used to bring an attraction or building into compliance with the Americans with Disabilities Act of 1990.

Ineligible projects also include:

Retail shops;

General promotional brochures, lodging facilities (i.e., hunting lodges, B & B, campgrounds, RV parks);

Memorials and statues;

Community centers, art galleries/centers;

Projects not having any ties to tourism.

Projects with an open Attraction Development Grant will not be eligible for additional grants until such grant is completed.

IV. ELIGIBLE APPLICANTS

Any public or private entity, or not-for-profit corporation within the state of Kansas shall be eligible to apply for a grant, including local municipalities, counties, or other units of governments as defined in state law.

V. EXTENT OF DEPARTMENT PARTICIPATION

A Tourism Attraction Development Grant may fund up to 40 percent of an approved project. The applicant must secure at least 60 percent of eligible project expenditures. Maximum amount of funds available to one project is **\$157,815** for public and not-for-profit entities and **\$52,605** for private entities. The amount of the grant award is not presented in its entirety to the applicant. Rather, funds will be disbursed to the applicant upon receipt of invoices to be paid or copies of paid invoices for the project activity. *For projects receiving funding to purchase and/or renovate*

SAMPLE

buildings and/or real estate, if the property is sold within five (5) years of receiving the grant, the owner(s) will be required to refund the amount of the grant to KDOC&H.

VI. LEVERAGED FUNDS/SERVICES

Evidence of *all* leveraged funds must be provided with the application and funds must be available to project during the first quarter of the grant period.

A participating lender's financing for the project may include a loan, a bond purchase, or other forms of financial participation. Applicants may utilize the proceeds of other public grant or loan programs to meet the leverage requirements. In-kind contributions (i.e. volunteer labor, donations of services, products or equipment, etc.) may be used as leverage but shall be limited to no more than 50 percent of the applicant's share of project. Documentation of these contributions must be submitted. *No state monies or grants received from other state agencies may be used as matching requirement of applicant.*

Leveraged funds must be injected during the grant period. Any funds spent prior to the grant award (the date on the grant contract) cannot be used as leveraged funds.

Project leveraged funds may not be derived from debt refinancing, normal post project operational expenses, post project revenues, the value of existing assets, and contracts for deed which can be construed as an apparent substitution for rent.

VII. APPLICATION EVALUATION

The Secretary of Commerce and Housing will select a committee to review all applications and make recommendations for grants. The review and evaluation process should be completed in January 2001. **Grant projects must be completed within 18 months of the grant contract date.**

Consideration will be given to all regions of the state. The funds will be expended to assist all geographic areas of the state as much as possible. Along with documentation, reviewers will also take into consideration the overall project and its importance to the community and the state.

The evaluation criteria used to assess the project's economic impact on tourism development will depend primarily on adequate documentation of the following items.

A. Project Impact

- How the use of funds contributes to the development or significant enhancement of the state's tourism base.
- Specific documentation of the expected increase in tourism through jobs and increased visitation.
- How the project demonstrates the greatest potential for increasing tourism-related business (hotel/motel, restaurant, retail, convenience stores, etc.) through an increase in revenue back to the community and/or state and an increase in creating quality jobs.

B. Project Readiness

- Qualifications of management team.
- Extent of project development and planning.
- Effectiveness of business plan and/or marketing plan.
- Extent of community support for project.

C. Budget, Leveraged Funds, and Financial Feasibility

- Adequate documentation of financial feasibility.
- Reasonableness of proposed budget.
- Adequate documentation of leveraged funds to cover applicant's portion of grant responsibility.

D. Project Need

- Adequate documentation of need.
- Proof of attempting to utilize other financial resources.
- Consequences of project if application not funded.

VIII. APPLICATION SUBMISSION INSTRUCTIONS

Applicants should carefully review the program requirements, instructions and application. Please follow the instructions carefully. Division staff is also available to answer questions on application procedures. For assistance please contact Jodi McConnaughey, (785) 296-6777 or by email: jmcconnaughey@kdoch.state.ks.us

Tourism Attraction Development Grant Program applications **MUST** be received in the Travel & Tourism Development Division office by 5:00 p.m. on Friday, November 3, 2000, (applications postmarked after this date will **NOT** be accepted; applications may be delivered in person to the tourism office). The following address should be used for all application submissions.

Kansas Department of Commerce & Housing
Travel & Tourism Development Division
Tourism Attraction Development Grant Program
700 S.W. Harrison Street, Suite 1300
Topeka, Kansas 66603-3712

Phone: (785) 296-6777
TTY (Hearing Impaired): (785) 296-3487
Email: jmcconnaughey@kdoch.state.ks.us
www.kansas-travel.com

3. Personal finances: include the source of these funds, when they are available, and where they are deposited (bank letter, bank statement, or other written proof)
4. Cash donations: include the amount of the donation, the timing of the payment, contingencies or other conditions, if any, associated with the donation and the signature of the individual authorized to commit such a donation.
5. Pledges/Donations: provide same information as cash donations.
6. Other funding sources: identify terms and conditions on letterhead, signed and dated.

Project leverage funds may **not** be derived from debt refinancing, normal post project operational expenses, post project revenues, the value of existing assets, and contracts for deed which can be construed as an apparent substitution for rent.

F. Revenue and expenditure levels

Provide revenue and expenditure financial data for the past two years and projected levels for two years in the future. This can be in the form of balance sheets, spread sheets or provide just the expenditure and revenue information requested. If your project is new, you will not have data for the past two years, but you are required to provide the information for the next two years.

Use a staple or binder clip to attach all documentation for Question 7 directly to page two of the application.

9. **DETAILED PROJECT BUDGET:** This detailed budget will show specifically how grant funds and your funds will be used. The amounts on this form should match the amounts shown on page two of the application. The cost estimates provided on page five should also match these amounts.

“Activity” Column: determine the activities you will be performing under this grant. If you have activities that are not listed on this form, identify them on #13.

“Grant Funds” Column: indicate the amount of grant funds that will be spent on each activity. The total of this column should be the same amount you indicated on page two, Question 8-A (Grant Funds Requested).

“Other Funds” Column: indicate the amount of your funds that will be spent on each activity. The total of this column should be the same as the total of Question 8-B (total funds by other sources).

“Source of Other Funds” Column: indicate the source of the funds from the “Other Funds” column. These sources should match the sources listed on Question 8-B.

SAMPLE

“Total Cost” Column: add the amounts from the grant funds column and the other funds column. The total of this column should be the same as Question 8-C (total grant project expenditures).

Totals: add the totals from “grant fund” column and the “other fund” column; this amount should equal the total of the “total cost” column.

The funds shown in the “Other Funds” column cannot be spent until after the contract for the grant is awarded. Any other funds you have not specifically set aside for matching funds can be expended on your project at any time.

10. **HISTORY OF APPLICANT:** Provide information on what the applicant and/or community have done to promote tourism.
- A. Indicate whether the applicant, the community or both, previously received an Attraction Development Grant. Indicate whether the project for which the grant was received is completed. Indicate your involvement with a tourism region. Also indicate if you are active in a tourism alliance.
 - B. Describe your community’s efforts to promote increased travel to your area. If the applicant is a not-for-profit entity, describe the organization.

If you need additional space to answer this question, attach additional sheets directly to page three of the application.

11. **GRANT PROJECT DESCRIPTION**

- A. Provide detailed information regarding the work that will be performed with this grant. This includes an overall description of what the project entails and what the end result will be.
- B. Provide an itemized listing of the cost estimates for your grant project. The costs given in this answer should correspond to the detailed budget report in Question 9. Include contractor/architect cost estimates for building construction/renovation, as well as the estimates to purchase equipment, etc. If applicable, include a copy of the purchase option or agreement for land and/or building acquisition.
- C. Provide the implementation schedule for all of the activities to be performed under this grant.

If you need additional space to answer this question, attach additional sheets/documentation directly to page five of the application.

SAMPLE

12. **PROJECT IMPACT.** Provide information on the economic impact after the **total** project is completed. Impact is determined by the creation of **new** jobs and/or increasing revenue back to the attraction and/or community. It is very important that you provide justification or explain how you arrived at the numbers you are providing.
- A. Visitation to Attraction
 - 1. Provide data on your current annual visitation and what you anticipate your visitation will be once all phases of the project are completed. Compute the change in the numbers. If your project is a web page, indicate the number of “hits” you anticipate receiving.
 - 2. Explain the method you will use to track visitors to your attraction (or “hits” to your web page). Once all phases of the project are completed, you will be required to provide your visitation data to KDOC&H.
 - B. Revenue Projections
 - 1. Will revenues be directed back into the attraction’s budget or are revenues earmarked for other funds.
 - 2. Indicate what your current annual revenues are, and your projected revenues.
 - C. Expenditure Projections
 - 1. Indicate your current expenses and future anticipated expenses.
 - 2. If your expenses are more than revenues, how will this overage be covered?
 - D. Jobs Created

Indicate the number of **new** jobs that will be created after the entire project is completed. These are jobs that are specifically related to the project. This includes full-time, part-time and seasonal or temporary jobs. Do not include jobs that are created by construction work being done to complete the project or jobs that might be created in the community as a result of your project.

13. **PROJECT READINESS AND FEASIBILITY**

- A. List the individuals who are responsible for making sure the project will be completed.
- B. Provide a copy of your business plan and/or marketing plan. This is extremely important. We need to be confident you know how to run a business and you have a marketing plan in place to reach your target audience after your grant project (or the entire project) is completed. This does not need to be a professionally business or marketing plan, but it is imperative you include information about your business and marketing activities.

SAMPLE

- C. Provide letters showing local support. Examples include letters from chambers of commerce, convention & visitors bureaus, local governmental officials, local business people, etc. Provide **no more** than five letters of support. These letters show the review committee that your project has local support and is important to your community. Current board members of your organization should not write letters of support.

Attach all documentation directly to page eight of the application.

14. PROJECT NEED

- A. Provide information on other resources or attempts you have made to secure funding for this project.
- B. Explain what will happen to your project if you do not receive this grant.

15. APPLICANT CERTIFICATIONS

Read and sign. The signature should be the person who is authorized to submit this application and request grant reimbursement.

SAMPLE

TOURISM ATTRACTION DEVELOPMENT GRANT PROGRAM FISCAL YEAR 2001 APPLICATION- ROUND 1

Please follow the instructions carefully to answer all questions in their entirety and provide the required documentation.

1. **APPLICANT NAME:** _____
F.E.I.N # or S.S. # _____
Address: _____
City: _____ State _____
Zip Code: _____
Telephone: _____
Fax: _____ e-mail: _____

2. **PROJECT CONTACT PERSON:** _____
Title: _____
Address: (if different than above) _____
City: _____ Zip Code _____
Telephone: _____
Fax: _____ e-mail: _____

3. **PROJECT LOCATION:** City: _____
County: _____

4. **IS THE APPLICANT:** ___ Government/Public ___ Not-For-Profit* ___ For profit
(*attach not-for-profit certificate to this page)

5. **GRANT FUNDS REQUESTED:** \$ _____

6. **BRIEF GRANT PROJECT DESCRIPTION:** _____

7. **GRANT PROJECT BEGINNING DATE:** _____

Project activities for which funding is requested cannot proceed until after the beginning date of the contract. Grant activities must be completed within 18 months of the beginning contract date.

SAMPLE

8. LEVERAGED FUNDS AND FINANCIAL FEASIBILITY

The maximum amount of funds available to one project is \$157,815 for public and not-for-profit entities and \$52,605 for private entities. *No state monies may be used to meet the applicant's matching requirement.*

A. Grant funds requested: _____ \$ _____
(No more than 40% of grant project)

B. Applicant's share of grant project's cost
(At least 60% of grant project)

Source of funding:

(1) _____ \$ _____
(2) _____ \$ _____
(3) _____ \$ _____
(4) _____ \$ _____
(5) _____ \$ _____
(6) _____ \$ _____

Total funds by other sources \$ _____

Documentation of these contributions must be submitted

C. Total Grant Project Expenditures \$ _____

D. Total Project Expenditures \$ _____

E. Provide documentation of the availability of leveraged funds.

F. Provide revenue and expenditure levels for past two years and projected levels of revenue and expenditures for two years in the future.

ATTACH ALL DOCUMENTATION DIRECTLY TO THIS PAGE

SAMPLE

9. DETAILED PROJECT BUDGET

Identify each grant activity, the amount, and the source of financing for each activity.
 NOTE: ADA improvements are not funded through this program.

ACTIVITY	DOLLAR AMOUNT			
Activity	Grant Funds	Other Funds	Source of Other Funds	Total Cost
1. Administration/Salaries				
2. Clearance/Demolition				
3. Acquisition of Real Property				
4. Restoration/Renovation				
5. Infrastructure Improvement				
a.				
b.				
6. Engineering/Architectural/ Contractor Service				
7. ADA Improvements				
8. Labor				
9. Exhibit Development				
a.				
b.				
10. Marketing Activities				
a. Direct Mail				
b. Advertising				
c.				
11. Technology				
12. Strategic Planning				
a.				
b.				
13. Other				
a.				
b.				
14. TOTALS				

SAMPLE

10. HISTORY OF APPLICANT

- A. Have you received an Attraction Development Grant from KDOC&H? _____ Yes _____ No
- If yes, are those grant activities completed? _____ Yes _____ No
- Are you involved in a tourism region? _____ Yes _____ No
- Are you active in a tourism alliance? _____ Yes _____ No

NOTE: Applications seeking funding for additional phases for a project for which previous phases have been funded under this program will receive less consideration.

- B. Describe your community's efforts to promote increased travel to your area.

ATTACH ADDITIONAL SHEETS DIRECTLY TO THIS PAGE

SAMPLE

11. GRANT PROJECT DESCRIPTION

- A. Provide a detailed description of the work to be performed with this grant.
 - B. Provide an itemized listing of cost estimates for all activities covered under this grant.
 - C. Provide an implementation schedule of the activities to be performed with this grant.
-

ATTACH ADDITIONAL SHEETS DIRECTLY TO THIS PAGE

SAMPLE

12. PROJECT IMPACT

Provide justification that the **total** project will have an economic impact by creating quality jobs directly related to the project or increasing revenue back to the attraction and the state.

A. Visitation to Attraction:

- | | |
|------------------------------------|--|
| 1. Current
Annual
Visitation | Anticipated Visitation
after Project is
Complete |
|------------------------------------|--|

2. Explain what method will be used to track visitation.

NOTE: To be considered for funding, attractions must compile visitation data that will be provided to KDOC&H upon completion of the project.

B. Revenue Projections:

1. Will this project increase revenues directly back to the attraction? Yes
 No

- | | |
|---------------------------------|---|
| 2. Current
Annual
Revenue | Future Annual
Anticipated
Revenue |
|---------------------------------|---|

C. Expenditure Projections:

- | | |
|----------------------------------|--|
| 1. Current
Annual
Expenses | Future Annual
Anticipated
Expenses |
| _____ | _____ |

2. If annual expenses are more than annual revenues, explain how overages would be covered.

D. Jobs Created After Project:

- _____ Number of full-time jobs created by this project (at least 2,000 hours)
_____ Average hourly salary
_____ Starting date(s) of job(s)

- _____ Number of part-time jobs created by this project
(1000 hours equals ½ full-time equivalent)
_____ Average hours per week each part-time employee would work.
_____ Average hourly salary
_____ Start date(s) of job(s)

- _____ Seasonal/temporary jobs
_____ Average hourly salary

**(Include only NEW jobs created by the completed total project)
(Do not include jobs created by construction or renovation work)**

13. PROJECT READINESS AND FEASIBILITY

Provide the following documentation to substantiate the readiness and feasibility of the grant project:

- A. A list of the project management team or individuals primarily responsible for development and completion of project.
 - B. A copy of the attraction's business and/or marketing plans.
 - C. Letters of **community** support are encouraged and will be reviewed during evaluation. (Provide no more than five (5) letters of support.)
-

ATTACH ALL DOCUMENTATION DIRECTLY TO THIS PAGE

15. APPLICANT CERTIFICATIONS

The applicant hereby certifies:

- A. That the applicant will comply with all applicable laws and regulations prohibiting discrimination on the basis of race, sex, religion, national origin, age, or handicap.
- B. That no state monies have been used to leverage applicant's portion of grant.
- C. That the Kansas Department of Commerce & Housing (KDOC&H) and the Division of Travel & Tourism Development are hereby authorized to verify in any manner deemed appropriate any and all items in or related to this application including investigation of judicial records, information available through state or federal departments or agencies including tax clearance records, credit bureau services, and business reporting services.
- D. The applicant is aware KDOC&H must comply with certain state requirements which may impact proposed projects. Department-funded projects must comply with all state laws and regulations.
- E. To the best of my knowledge and belief, the information contained in this application summary is true and correct and the document has been duly authorized by the governing body of the applicant.

Signature of Authorized Official

Printed Name of Authorized Official

Title

Date