

oppaga

Program Review



January 2003

Report No. 03-07

VISIT FLORIDA Performs Well and Its Funding Should Be Continued; Outcome Measures Should Be Improved

at a glance

The Florida Commission on Tourism contracts with VISIT FLORIDA to carry out state-level tourism activities, including administering domestic and international advertising campaigns and marketing activities, managing the state's welcome centers, and conducting research on tourism and travel trends.

Our statutorily mandated review of VISIT FLORIDA found that the organization

- performed well despite economic decline and events of September 11, 2001;
- provides a valuable service and should continue to receive funding;
- should continue its efforts to market rural counties and attractions and increase the number of rural county organizations that participate in partner development programs and initiatives; and
- should improve its performance measures.

Purpose

The Office of Program Policy Analysis and Government Accountability (OPPAGA) is required by s. 288.1224(4)(e), *Florida Statutes*, to review the Florida Commission on Tourism and its direct service organization, VISIT FLORIDA. The law directs OPPAGA to determine

- VISIT FLORIDA's progress toward achieving established outcomes;
- the circumstances contributing to the organization's ability to achieve, not achieve, or exceed its established outcomes; and
- whether it would be sound public policy to continue or discontinue funding the organization and the consequences of discontinuing the organization.

Background

Tourism is Florida's largest industry, with the state receiving 69.6 million visitors in Fiscal Year 2001-02. Touristic spending was estimated at \$50.2 billion, yielding approximately \$3 billion in state tax revenue. In addition, tourism-related businesses employ a significant number of Floridians; 854,800 citizens were directly employed in travel-related jobs in 2002.

The Florida Commission on Tourism oversees the state's efforts to increase the positive effects of tourism. The commission was created in 1991, and the Governor's Office of Tourism, Trade, and Economic Development (OTTED) contracts with the commission to perform tourism-related activities. OTTED is responsible for monitoring the commission's performance in achieving outcomes and objectives specified in their contract

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and can reduce the commission's quarterly funding by 1% if it is not satisfied with the commission's explanations for failure to attain performance standards.

The commission contracts with the Florida Tourism Industry Marketing Corporation, which operates under the name VISIT FLORIDA, to carry out tourism promotions, programs, and activities identified in the commission's four-year marketing plan.¹ VISIT FLORIDA operates as the umbrella organization under which the state's tourism marketing campaigns are coordinated. Its primary responsibilities include

- administering domestic and international advertising campaigns designed to market the entire state as a tourism destination;
- conducting domestic and international marketing activities;
- managing the state's welcome centers; and
- conducting research on tourism and travel trends.

To fulfill these responsibilities, VISIT FLORIDA has established five departments: marketing, sales, partner development, new product development, and visitor services. Appendix A describes each department in detail.

Resources

VISIT FLORIDA's activities are funded by the state and by private sector contributions. In Fiscal Year 2002-03, the Legislature appropriated \$21.6 million for these activities from the Tourism Promotional Trust Fund. The trust fund receives 15.75% of proceeds from a \$2 per day rental car surcharge. The legislative appropriation will be leveraged with additional funding from private sector businesses participating in VISIT FLORIDA cooperative advertising, trade shows and events, and partner and strategic alliances.²

¹ The Florida Tourism Industry Marketing Corporation (i.e., VISIT FLORIDA) was created by the Legislature in 1996 to replace the Department of Commerce's Division of Tourism. VISIT FLORIDA is a not-for-profit corporation.

² In Fiscal Year 2001-02, VISIT FLORIDA's private sector contributions totaled \$93,683,172, including \$3,234,296 in cash, \$4,782,972 in fees for services, \$43,641,359 in cooperative advertising, and \$42,024,545 in other types of contributions.

During Fiscal Year 2001-02, VISIT FLORIDA spent \$135,315,482 for its primary activities and tourism recovery program and had 122.5 full-time equivalent (FTE) positions, as illustrated in Exhibit 1.

Exhibit 1 VISIT FLORIDA Spent \$135.3 Million to Promote Tourism in Fiscal Year 2001-02

Activity	Expenditures	FTEs
Marketing	\$ 75,449,712	18
Tourism Recovery	48,746,434 ¹	NA
Sales	4,871,974	22
Administration	2,626,923	22
Visitor Services	2,011,010	45.5
Partner Development	867,005	10
New Product Development	742,424	5
TOTAL	\$135,315,482	122.5

¹ This amount includes a \$20 million special legislative appropriation that is discussed in the following section.

Source: VISIT FLORIDA financial statements.

Findings

VISIT FLORIDA performed well, despite economic decline and events of September 11

In 2001, tourism nationwide was negatively affected by an economic downturn and the terrorist attacks of September 11. Florida was no exception. However, it appears that Florida's tourism industry has recovered at a faster pace than the rest of the nation. The rebound in Florida tourism is likely associated with the Legislature providing emergency funding and to the increased marketing efforts of VISIT FLORIDA.

Recognizing that the recession and terrorist attacks would cause a decline in visitors to the state, the Legislature appropriated VISIT FLORIDA \$20 million during a special session in the fall of 2001 (\$19 million from the General Revenue Fund and \$1 million from the Tourism Promotion Trust Fund). VISIT FLORIDA used those funds, along with \$2 million from the organization's economic risk fund and \$26.5 million in contributions from industry partners, to launch a tourism recovery campaign that began in September 2001 and concluded in June 2002. The campaign included

- television and radio advertising targeting Florida’s drive markets (e.g., residents of Florida and other southeastern states);
- public service announcements featuring Governor Jeb Bush;
- “Hot Florida Vacation Deals” featured on VISIT FLORIDA’s consumer website; and
- “Play FLA USA” scratch-off lottery tickets.

Florida’s efforts to stimulate tourism exceeded those of several other states that have large budgets devoted to promoting travel and leisure activities. Specifically, VISIT FLORIDA committed more state funds to recovery efforts than Hawaii, California, Virginia, Louisiana, Pennsylvania, and Texas, which are among the top 10 states that have the largest state tourism budgets.³ See Exhibit 2 for information about the recovery efforts in these and other states.

**Exhibit 2
Florida Devoted More Resources to Tourism Recovery Than Several Other States**

State	Expenditures for Recovery Campaigns ¹
New York	\$40.0 million
Florida	22.0 million
Hawaii	10.0 million
California	5.0 million
Arizona	3.4 million
Virginia	1.5 million
Louisiana	1.0 million
Pennsylvania	1.0 million
Texas	1.0 million

¹Expenditures represent state funds and exclude private sector contributions.

Source: OPPAGA interviews and review of state tourism office documents and websites.

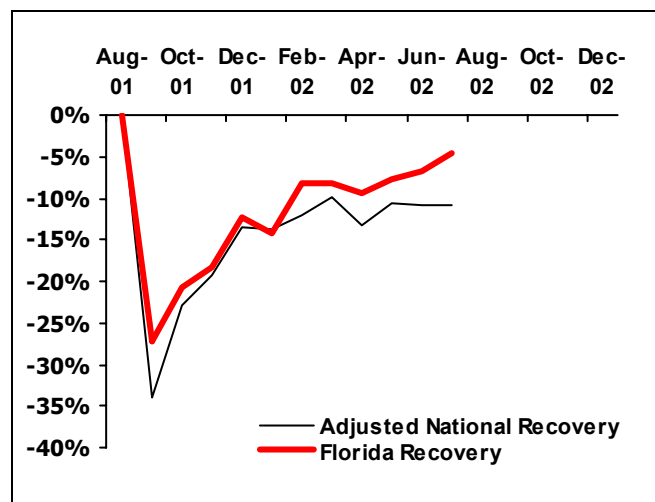
While it is still too early to determine the full effect of its recovery efforts, VISIT FLORIDA has conducted preliminary research that indicates that Florida’s rate of recovery has been faster than the national rate.⁴ Specifically, the organization reported that even though the state’s monthly

³ 2001-2002 Survey of U.S. State and Territory Tourism Office Budgets, Travel Industry Association of America, May 2002. Among the top 10 states with the largest budgets, the budgets ranged from \$16.2 million (Missouri) to \$71 million (Hawaii).

⁴ VISIT FLORIDA is still awaiting tourism recovery reports from industry partners who participated in the economic recovery campaign. As of December 6, 2002, the organization had received reports from 64 of 89 participating partners.

enplanement volume (number of persons boarding a flight) declined significantly after September 11, the drop in the state volume was not as marked as the drop in the national volume (excluding Florida), and Florida’s enplanement volume recovered faster than did the national volume between September 2001 and July 2002 (see Exhibit 3).⁵

**Exhibit 3
Florida’s Enplanement Volume Exceeded the National Volume After September 11¹**



¹ “Adjusted national recovery” is the number of persons boarding a flight, excluding Florida enplanements.

Source: VISIT FLORIDA.

Reports from Wachovia Securities also support the finding that Florida has recovered more quickly than the rest of the country. Specifically, the financial services company determined that rebounds in Florida tourism helped to boost the state’s gross state product, the tourist sector rebounded much sooner and stronger than anticipated, and Florida’s economy “held up relatively well during the recession” and outperformed the nation as a whole.⁶

Comparisons of VISIT FLORIDA’s internal and legislatively mandated performance indicators

⁵ The enplanement data VISIT FLORIDA used for its analysis reflects departures from Florida airports. Fourteen of the state’s largest airports provided passenger data by carrier, by airport. VISIT FLORIDA then used its statistical sampling survey procedures, which were developed by George Washington University and the University of North Florida, to disaggregate total enplanements into Florida visitors and residents.

⁶ Florida Gross State Product, Wachovia Securities, July 31, 2002, and October 31, 2002.

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pre- and post-September 11 also indicate that Florida tourist activity recovered relatively quickly. For example, the organization reported that the number of weekly visitors to its consumer website rebounded relatively quickly, increasing from 48,149 during the week of September 9, 2001, to 81,141 during the week of November 4, 2001.⁷ The number of weekly website visitors has continued to increase throughout 2002, with the site receiving an average of 105,759 visitors per week.⁸

Moreover, the organization's legislatively mandated performance measures indicate that while performance declined in some areas, it improved in others when compared to Fiscal Year 2000-01 (see Appendix B). For example, for the measure "quality and effectiveness of paid advertising messages reaching the target audience," VISIT FLORIDA had 4.5 billion consumer impressions in 2001-02 compared to 458 million in 2000-01.⁹ Similarly, the number of leads and visitor inquiries generated by VISIT FLORIDA events and media placements grew from 3.7 million to 5.2 million. The organization directly attributes these results to its tourism recovery efforts and the extra funds that were appropriated by the Legislature.

Despite these performance results, it should be noted that it cannot definitely be proven that the gap between Florida's recovery rate and the national rate is directly attributable to the marketing efforts of VISIT FLORIDA. Other factors, such as marketing efforts of major Florida attractions (e.g., Disney World, Sea World, and Busch Gardens) and significant discounts offered by these attractions, may also be contributing to Florida's faster recovery. Thus, while it is likely that VISIT FLORIDA's efforts contributed to the faster recovery, it is impossible to isolate the effects of the organization's activities from those of other tourism businesses in the state.

VISIT FLORIDA provides a valuable service and its funding should be continued

We concluded that VISIT FLORIDA provides services that are valuable to the state's tourism industry and that the Legislature should continue funding the organization's activities. Our conclusions are based on the considerations discussed below.

The tourism industry has increased significantly its financial support of VISIT FLORIDA. Since VISIT FLORIDA began operating in 1996, the level of participation in the organization's partner development department programs and initiatives has increased. The department encourages tourism industry members to pay annual membership fees in exchange for preference in advertising and marketing opportunities, a highlighted listing and hyperlink on VISIT FLORIDA's consumer website, and a listing in the *Florida Vacation Guide*. The number of businesses that have become industry partners has increased significantly, growing from 1,862 in Fiscal Year 1998-99 to 3,000 in Fiscal Year 2001-02. Moreover, the fees paid by these businesses more than doubled between Fiscal Years 1997-98 and 2001-02, increasing from \$1.1 million to \$2.3 million.

Industry partners and other stakeholders are satisfied with VISIT FLORIDA's services and indicate that the organization provides a forum to promote statewide tourism. According to annual surveys of VISIT FLORIDA industry partners conducted for the Governor's Office of Tourism, Trade, and Economic Development (OTTED), the overall level of satisfaction with the organization's efforts to promote tourism has increased. Specifically, in Fiscal Year 2000-01, 59.5% of partners surveyed gave VISIT FLORIDA ratings of 8, 9, or 10 when asked how they would rate the organization on promoting tourism to Florida.¹⁰ In Fiscal Year 2001-02, 76.9% of partners surveyed provided these ratings, an increase of 17.4 percentage points (see Exhibit 4).

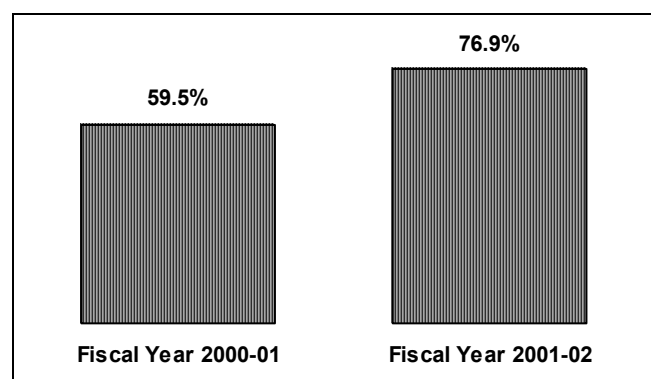
⁷ The week before the terrorist attacks, the website received 60,168 visitors.

⁸ Includes data up to the week of November 20, 2002.

⁹ VISIT FLORIDA uses industry-accepted formulas to determine consumer impressions based upon the viewership of specific medium (e.g., circulation for newspapers and magazines, subscribers for cable television stations).

¹⁰ Ratings were based on a scale from 1 to 10, with 10 being the highest rating.

Exhibit 4
VISIT FLORIDA Partners Are Increasingly Satisfied
With the Services They Receive



Source: *Survey Report: Partnership Client Satisfaction, VISIT FLORIDA*, Independent Market Research, May 2001 and *Survey Report: Partnership Client Satisfaction, VISIT FLORIDA*, Susan Schuler & Associates, June 2002.

In addition, stakeholders from whom we received input expressed a high level of satisfaction with the organization's services, saying that no other group markets the state as a whole and that VISIT FLORIDA provides services that are not available from other entities.¹¹

VISIT FLORIDA provides services to rural communities and small businesses that are not provided by other entities. Through its new product development department, VISIT FLORIDA markets nature, cultural, and heritage activities and rural communities that are not highly marketed by other entities. For example, the organization offers workshops that focus on helping rural communities develop and market their tourism opportunities through strategic tourism marketing plan development, website development, public relations activities, and event marketing. The organization also administers a nature and heritage tourism grant program that provides funding for the promotion of multi-county and regional marketing projects and participates in the Florida Rural Economic Development Initiative by providing grants and technical assistance to eligible counties.

Furthermore, through its partner development department, VISIT FLORIDA provides a means for small lodgings, attractions, and local organizations to advertise their businesses and counties in a wide range of regional and national publications; many of these entities would be unable to afford advertising in such publications without VISIT FLORIDA's involvement. Currently, 26 of 33 rural counties have county level organizations (e.g., visitors' bureaus, chambers of commerce, and tourist development councils) that partner with VISIT FLORIDA and have access to these marketing opportunities and to other partnership benefits.¹² According to an official from the Florida Association of Counties, the services VISIT FLORIDA provides to rural counties are integral to tourism and economic development in these areas, and the organization needs to continue to have a strong presence in rural communities.

Evidence from other states indicates that eliminating state-level tourism marketing has negative effects. Within Florida, VISIT FLORIDA is unique in that it markets the entire state rather than any particular area or attraction. VISIT FLORIDA's managers assert that eliminating this forum would put Florida at a competitive disadvantage with other states, because states compete for visitors. Currently, all other states operate tourism promotion programs to attract visitors, and states that we interviewed reported that discontinuing their state-level tourism programs would have numerous negative effects, including decreased visitation, lower state tax revenues, and fewer tourism-related jobs.¹³ Colorado provides an example of what can happen when state tourism funding is eliminated. In 1993, Colorado voters abolished a \$12 to \$15 million tourism tax that funded the state's tourism board. According to one study, this action resulted in a 30% decline in domestic travel market share and a loss of \$2 billion in revenue and \$134 million in taxes annually.¹⁴ In 1999, Colorado lawmakers reinstated \$6 million in

¹¹ OPPAGA solicited input from 20 state-level stakeholders and received responses from five organizations - the Florida Hotel and Motel Association, Florida Attractions Association, Florida Association of Counties, Florida Fish and Wildlife Conservation Commission, and Florida Department of Environmental Protection.

¹² Counties were classified as rural according to the definition used by the Florida Rural Economic Development Initiative.

¹³ OPPAGA interviewed the following states: Arkansas, California, Hawaii, Illinois, Louisiana, Michigan, Missouri, New York, North Carolina, Nevada, Pennsylvania, Tennessee, and Virginia.

¹⁴ *Colorado Tourism Strategic Marketing Plan: 1999/2000*, Longwoods International, January 1999.

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funding, and in 2000, the Colorado Tourism Office was formed to market the state. Since the state's tourism funding was restored, there have been small gains in market share and visitor expenditures. Specifically, between 2000 and 2001, the state experienced an overall improvement in pleasure travel (led entirely by the marketable trip segment) and an increase in total spending by overnight visitors.^{15,16}

VISIT FLORIDA performance measures can be improved

In OPPAGA's 1999 review of VISIT FLORIDA, we found that performance results should be interpreted with caution because some of the organization's major outcome measures were high-level indicators of Florida's tourism trends and the impact of tourism on state tax revenues rather than indicators of the effect of VISIT FLORIDA's activities on tourism.¹⁷ Consequently, we recommended that VISIT FLORIDA continue its efforts to develop measures to assess return-on-investment (ROI) and that such measures be incorporated into the organization's contract with the Governor's Office of Tourism, Trade, and Economic Development (OTTED).

While VISIT FLORIDA has developed several ROI indicators, the methodology for the indicators could be improved, and only one indicator has been added to the organization's legislative performance measures and contract with OTTED. In addition, the organization's legislative performance measures still include the indicators we criticized in our previous review.

In 1999, VISIT FLORIDA formed a task force to develop ROI indicators for the organization. The task force researched the challenges associated with ROI measurement, reviewed the ROI efforts of other states, and formulated numerous recommendations for developing meaningful ROI measures. The efforts of the task force led to the

¹⁵ 2001 Colorado Visitors Study, Longwoods International, May 2002.

¹⁶ Marketable trips are defined as discretionary trips for purposes such as touring, attending a special event, visiting a city, skiing, camping, etc. and do not include trips to visit friends or relatives.

¹⁷ Review of the Commission on Tourism and VISIT FLORIDA, OPPAGA Report No. 99-16, December 1999, found that the following measures should be interpreted cautiously: growth in out-of-state visitors; growth in in-state visitors; growth in rental car surcharge; growth in tourist related employment; growth in taxable sales; and growth in local option tourist tax.

development of the four ROI indicators listed below.

- Incremental economic impact of Official Florida Welcome Centers
- Incremental economic impact of Florida Encounter
- Incremental economic impact of the VISIT FLORIDA consumer website
- State sales tax collections compared to the cost of producing and airing the advertisements

Exhibit 5 shows the results of VISIT FLORIDA's most recent studies using these indicators.

Exhibit 5 VISIT FLORIDA's Return-on-Investment Studies Yielded Positive Results

Indicator	Net Return-on-Investment
Incremental economic impact of Official Florida Welcome Centers	For every \$1.00 invested, \$2.88 was returned to the state general revenue fund.
Incremental economic impact of Florida Encounter	For every \$1.00 invested, \$26.94 was returned to the state general revenue fund.
Incremental economic impact of the VISIT FLORIDA consumer website	For every \$1.00 invested, \$9.20 was returned to the state general revenue fund.
State sales tax collections compared to the cost of producing and airing the advertisements	For every \$1.00 invested, \$28.20 was returned to the state general revenue fund.

Source: VISIT FLORIDA.

While VISIT FLORIDA's efforts are commendable, the methodologies used for its ROI measures are imprecise. For example, some of the studies

- project from a very small sample to the entire tourist population, which may not always be reasonable, and
- do not measure behavioral change, but attribute all behavior to a specific VISIT FLORIDA activity.

Although VISIT FLORIDA's studies do not demonstrate that its activities stimulated tourism above levels that would have occurred without the activities being performed, they do provide some proxy measure as to the rate of return these activities are providing on the state's investment. To truly measure the effectiveness of marketing campaigns, high quality, and somewhat expensive, marketing research must be performed. However, VISIT FLORIDA should

continue to refine its methods of measuring return-on-investment. To do so, it may wish to revisit the methodologies used by other states. For example, tourism programs in states such as California, Ohio, and Oregon have contracted with universities and market research firms for studies assessing the extent to which their programs increase tourism and provide a positive return on investment.

To date, the only return-on-investment measure that has been incorporated into VISIT FLORIDA's legislatively mandated measurement set and included in the organization's contract with OTTED is "state sales tax collections compared to the cost of producing and airing the advertisements." VISIT FLORIDA officials stated their intent to recommend other ROI indicators for addition to the legislative performance measures in the future, though no specific timeframe was provided.

In addition, VISIT FLORIDA's legislatively mandated measurement set includes numerous indicators over which the organization has limited control. Specifically, the measures VISIT FLORIDA reports to the Legislature still include performance measures we criticized in our previous review, (e.g., "sustained growth in the number of travelers who come to and go through Florida" and "sustained growth in the beneficial impacts that travelers in Florida have on the state's overall economy"). Program officials reported that the organization has only "medium control" over these measures and that "it is likely that the efforts of VISIT FLORIDA are responsible for some of the visitor volume to the state, but clearly not for all of the visitor volume to the state." Thus, while these measures provide useful information about general tourism trends, they should not be used to evaluate the organization's performance nor should they be used to make funding decisions. Instead, VISIT FLORIDA

should track the measures internally and provide the information to the Legislature only upon request (see Appendix B for recommendations on specific measures).

Recommendations

We recommend that the Legislature continue funding VISIT FLORIDA. The organization has performed well, despite adverse market conditions, and provides valuable services to tourism businesses, especially those in rural counties.

We also recommend that VISIT FLORIDA continue its efforts to market rural counties and attractions and increase the number of rural county organizations that participate in partner development programs and initiatives. Specifically, the organization should actively target the seven rural counties that are not industry partners: Baker, Franklin, Lafayette, Levy, Nassau, Walton, and Union.

Finally, we recommend that VISIT FLORIDA improve the quality of the performance measures it reports to Governor's Office of Tourism, Trade, and Economic Development and the Legislature by

- continuing to refine the methodologies used for its return-on-investment measures and
- reporting only those performance measures over which it has a high level of control.

Agency Response

In accordance with the provisions of s. 11.51(5), *Florida Statutes*, a draft of our report was submitted to the interim chief executive officer of VISIT FLORIDA for his review and response. His written response is reprinted herein (see Appendix C, page 10).

Appendix A

VISIT FLORIDA Promotes Tourism Via Five Departments

Program	Activities
Marketing	<p>Advertising</p> <ul style="list-style-type: none"> • Develops print, television, and radio messages that target specific audiences • Creates cooperative advertising programs intended to make it cost-effective for the state's small tourism businesses to reach large numbers of potential visitors <p>Promotions</p> <ul style="list-style-type: none"> • Creates, packages, and markets Florida travel incentives via television, radio, print, retail, and packaged good outlets • Designs promotions to reach specific target audiences in the state's top domestic origin markets • Represents Florida at numerous consumer shows and conducts in-person sales calls to key promotional outlets <p>Public relations</p> <ul style="list-style-type: none"> • Designs public relations programs such as weekly editorial leads, press releases for journalists, media receptions and events, media familiarization tours, and media development missions <p>Research</p> <ul style="list-style-type: none"> • Tracks and monitors state, national, and international travel trends • Produces visitor estimates and profiles and the annual Florida Visitor Study • Compiles studies of visitor demographics, VISIT FLORIDA website usage, visitor interest in nature-based, heritage, and cultural activities, etc.
Sales	<p>National sales</p> <ul style="list-style-type: none"> • Markets Florida to the state's northeastern, north central, mid-Atlantic, and south central origin markets through offices in New York, Washington, D.C., Chicago, and Dallas • Maintains contact with key travel agents, tour operators, and meeting professionals in these markets via sales calls, educational roundtables, and trade and consumer shows <p>International sales</p> <ul style="list-style-type: none"> • Markets Florida to international markets through sales offices in London, Paris, Frankfurt, Sao Paulo, Tokyo, Toronto, and Montreal • Maintains direct daily contact with travel agents, tour operators, and charter and scheduled air carriers • Provides VISIT FLORIDA partners and Florida tourism businesses with sales opportunities through travel trade shows, sales missions, familiarization tours, and educational seminars
Partner Development	<ul style="list-style-type: none"> • Encourages tourism industry members to pay annual membership fees in exchange for preference in advertising and marketing opportunities, a highlighted listing and hyperlink on VISIT FLORIDA's consumer website, a listing in the <i>Florida Vacation Guide</i>, and access to a partner-only website • Forms strategic alliances with private businesses, which allow these partners to cooperatively market VISIT FLORIDA's corporate name and logo
New Product Development	<ul style="list-style-type: none"> • Creates and implements marketing programs to connect visitors with nature-based, heritage, cultural and rural tourism experiences • Develops consumer resources, including websites devoted to nature-based, historical, and cultural tourism • Helps rural counties develop and market their tourism opportunities through product development and marketing workshops and resources such as the Florida Tourism Development State Resource Guide
Visitor Services	<ul style="list-style-type: none"> • Operates five welcome centers, which are located on I-10 west of Pensacola, U.S. 231 near Campbellton, I-75 at Jennings, I-95 north of Yulee, and in the State Capitol in Tallahassee. • Provides travelers with information via certified welcome center specialists, brochures, window and lobby displays, and seasonal festivals

Source: VISIT FLORIDA.

Appendix B

VISIT FLORIDA's Legislatively Mandated Performance Measures

	2000-01	2001-02	OPPAGA Recommendations/ Comments
OUTCOMES			
Sustained growth in the number of travelers who come to and go through Florida			Delete measure from legislative performance measures, keep as an internal measure
(1) Out-of-state	73.3 million	70.7 million	
(2) Residents	13.9 million	14.6 million	
Sustained growth in the beneficial impacts that travelers in Florida have on the state's overall economy			Delete measure from legislative performance measures, keep as an internal measure
(1) Rental Car surcharge	\$145.9 million	\$129.8 million	
(2) Tourism-related employment	869,467	860,700	
(3) Taxable sales	\$51.6 billion	\$50.2 billion	
(4) Local option tax	\$350.4 million	\$312.7 million	
Growth in private sector contributions to VISIT FLORIDA	\$67.9 million	\$93.7 million	Keep as a legislative measure
Satisfaction of VISIT Florida's partners and representative members of the tourism industry with the efforts of VISIT FLORIDA to promote Florida tourism	81%	83%	Keep as a legislative measure
Percentage of persons surveyed who vacationed in Florida during the last 12 months and who reported having participated in nature-based or heritage activities	Baseline year	64.5% nature 39.4% heritage	Keep as a legislative measure
Return-on-investment: state sales tax collections compared to the cost of producing and airing the advertisements		Baseline year	Keep as a legislative measure, but improve methodology
OUTPUTS			
Number of persons who inquired about nature-based or heritage activities while visiting the consumer website	Baseline year	396,991	Keep as a legislative measure
Quality and effectiveness of paid advertising messages reaching the target audience (impressions)	458 million	4.5 billion	Keep as a legislative measure
Number of leads and visitor inquiries generated by VISIT FLORIDA events and media placements	3,739,822	5,212,301	Keep as a legislative measure
Number contacting VISIT FLORIDA in response to advertising (subset of number of leads and visitor inquiries)	486,032	590,200	Keep as a legislative measure
Value and number of consumer promotions facilitated by VISIT FLORIDA	\$41 million/238	\$42 million/271	Keep as a legislative measure
Number of private sector partners	2,730	3,000	Keep as a legislative measure
Private sector partner financial contributions through direct financial investment	\$2.3 million	\$2.3 million	Keep as a legislative measure
Private sector partner financial contributions through strategic alliance programs	\$893,481	\$912,758	Keep as a legislative measure

Source: VISIT FLORIDA and OPPAGA analysis.

Appendix C



Frank L. Nocera
*Executive Vice President and
Chief Operating Officer*

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January 22, 2003

Mr. John W. Turcotte
Director
Office of Program Policy Analysis
and Government Accountability
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Tallahassee, FL 32399-1475

Dear Mr. Turcotte:

This letter is in response to the preliminary findings and recommendations of your program review titled "VISIT FLORIDA Performs Well and Its Funding Should Be Continued; Outcome Measures Should Be Improved".

The OPPAGA program review finds that VISIT FLORIDA:

- Performed well, despite the economic decline and events of September 11,
- Provides a valuable service and its funding should be continued,
- Should continue its efforts to market rural counties, and
- Should continue to improve its performance measures.

We substantially agree with these recommendations and believe they confirm that we have been successful in responding to our Legislative mandate.

There are three topics addressed in the recommendations of the report which we believe merit some discussion for clarification. These are: the nature of our working with rural counties, the development and retention of performance measures, and the creation and use of return on investment methodologies.

With regard to rural counties, the report cites seven counties as needing to be actively targeted as they are not "industry partners". While we agree that we should continue to aggressively market the state's rural assets, we respectfully suggest that five of these counties are actively participating in our programs and that two have decided not to make use of our assistance based on their perception of local needs and priorities. Rural counties use a variety of means to promote their economic development and often do not fit the mold created for other counties. We believe these counties are able to discern their needs and make use of our assistance when it is most beneficial to them.

With regard to the development and reporting of performance measures, the report cites which measures should be continued and which should be discontinued, based on the level of control which VISIT FLORIDA exercises over each measure. We would

simply note that the addition and deletion of performance measures requires the agreement of the Governor's office and both chambers of the Legislature.

With regard to the creation and use of return on investment methodologies, we have made a substantial corporate investment in this effort and continue to do so. We would very much like to have a measure or measures which are universally accepted as demonstrating our effectiveness. However, even the experts within the marketing industry have yet to discover return on investment methodologies which are without fault. Nonetheless, we will continue to develop and employ methodologies for programs within our corporation which demonstrate their effectiveness.

However, we have two concerns over the use of program-based annual return on investment measures. First, there is an inherent limitation in the use of program-based measures, as they tend to obscure the cumulative effect of marketing programs. Consequently, we will endeavor to develop methodologies which show the impact of the organization as a whole.

Second, the emphasis on annual returns tends to reward activities which produce a Short-term effect. This emphasis can hinder the employment of strategic plans which are necessary for the long term economic health of our state and its tourism industry. Thus, we will also look to develop return on investment methodologies which are more long term in nature.

We appreciate the thoughtful review which OPPAGA has conducted of our organization and its effectiveness. We will make use of their insight and assistance as we move forward in accomplishing our legislatively mandated and privately supported goals. We fully embrace the continuing challenge of marketing Florida as the prime tourism destination and of doing so by the most watchful and effective use of public and private funds.

Sincerely,

/s/

Bud Nocera
Acting President and CEO
VISIT FLORIDA

The Florida Legislature

Office of Program Policy Analysis and Government Accountability



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- [Florida Government Accountability Report \(FGAR\)](#) is an Internet encyclopedia of Florida state government. FGAR offers concise information about state programs, policy issues, and performance. Check out the ratings of the accountability systems of 13 state programs.
- [Best Financial Management Practices Reviews of Florida school districts](#). In accordance with the *Sharpening the Pencil Act*, OPPAGA and the Auditor General jointly conduct reviews to determine if a school district is using best financial management practices to help school districts meet the challenge of educating their students in a cost-efficient manner.

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