

MISSOURI®
Where the rivers run

ANNUAL
REPORT
FY03

Division of Tourism



Growing Tourism for Missouri

- Missouri now ranks 10th in the nation in leisure travel for domestic person trips.
- In FY03 there were 34.7 million domestic person trips taken in Missouri.
- Travel is a \$12.55 billion industry for the Show-Me State.
- For every budget dollar the Division of Tourism receives, \$3.11 is generated in state taxes.
- State tax revenues from the Missouri tourism industry totaled \$593 million in FY03.
- For every dollar the state spends marketing tourism, \$60.04 is returned in tourism expenditures.
- There were \$7.74 billion in sales from the 17 tourism-related SIC codes in FY03.
- Tourism accounts for 243,668 jobs in Missouri:
 - Northwest Region - 59,042 people are employed in tourism-related jobs
 - Northeast Region - 103,403 people are employed in tourism-related jobs
 - Central Region - 28,687 people are employed in tourism-related jobs
 - Southwest Region - 37,681 people are employed in tourism-related jobs
 - Southeast Region - 14,855 people are employed in tourism-related jobs

Missouri Tourism Commission



Louis P. Hamilton
St. Louis, chairman



Lt. Gov. Joe Maxwell
Mexico, vice chairman



Sen. Chuck Gross
St. Charles



Sen. James L. Mathewson
Sedalia



Rep. B. J. Marsh
Springfield



Rep. Ryan McKenna
Barnhart



Peter Brown
Lake of the Ozarks



Gail McCann Beatty
Kansas City



Raeanne Presley
Branson



Consuelo Washington
St. Louis

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Budget History

Missouri's tourism funding formula often is held up as a model for the nation. Other states, including Colorado, Iowa, Kansas, Maryland, Minnesota, Montana, Nebraska, North Carolina, Rhode Island and Wisconsin have adopted or are considering implementing funding plans patterned after Missouri's.

Conceived in 1993 by industry members, the formula has allowed the Division of Tourism to fund itself from growth in the industry while reducing the division's need for traditional General Revenue Fund appropriations. Since this performance-based funding mechanism went into effect on July 1, 1994, the division's budget increased from slightly more than \$6 million per year to a high of \$16,146,259 in FY02.

Known as the Tourism Supplemental Revenue Fund (TSRF), the budget formula works by identifying sales tax revenue generated by businesses that serve travelers. A percentage of the growth in sales tax revenue from businesses that fall within 17 tourism-related Standard Industry Classification (SIC) codes is used to determine the growth in the TSRF.

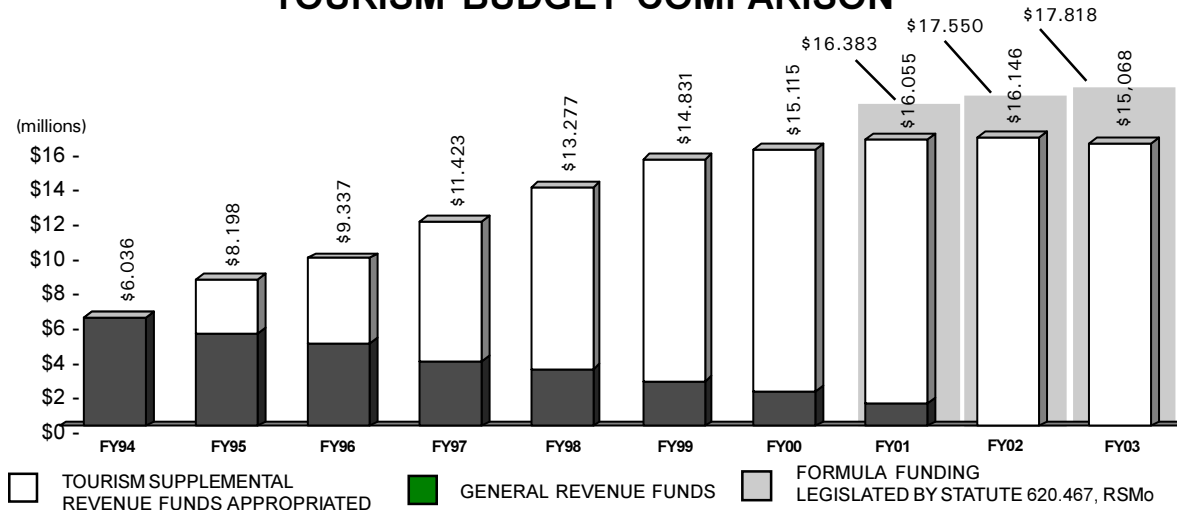
The formula also assumes that there will be 3 percent inflation each year. Only one-half of the growth more than the 3 percent inflation is used to determine the funding of the TSRF. Also, the fund cannot grow by more than \$3 million in any one year.

In addition, a provision in the law requires that the original FY94 General Revenue core be systematically eliminated by FY04. These reductions have been accelerated such that the division was funded 100 percent through the TSRF in FY02, two years earlier than was mandated by law.

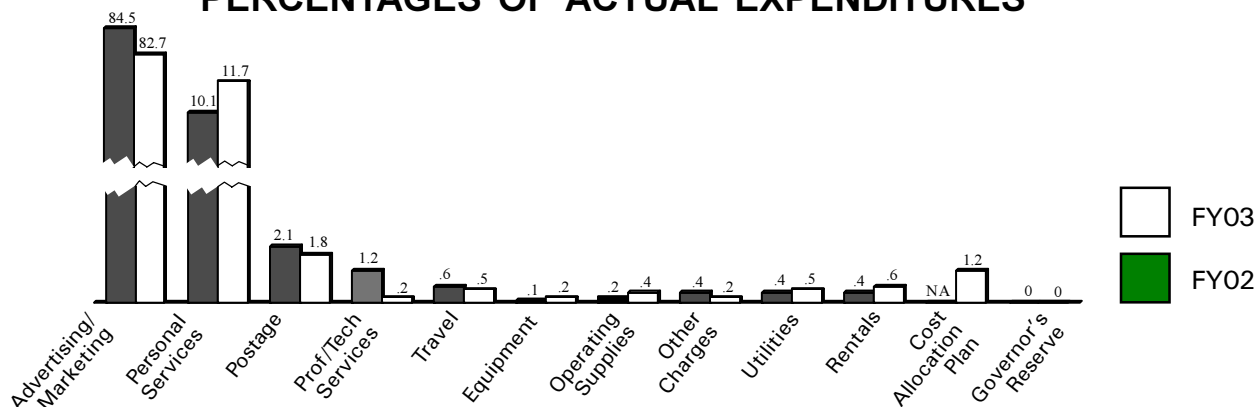
In 1998 and 2002, the General Assembly passed legislation to enhance the original state law. One of the outcomes was to extend the sunset clause to June 2010.

Increases in the TSRF appropriation allow for additional investment in tourism marketing and promotion. Through this performance-based budget, the division has expanded its marketing message to new audiences while offering a matching funds program to local tourism organizations. This places Missouri in a better position to raise awareness of travel opportunities within our state and compete with neighboring states for traveler expenditures.

TOURISM BUDGET COMPARISON



PERCENTAGES OF ACTUAL EXPENDITURES





TOURISM FIVE REGION MAP



Missouri's Five Vacation Regions

Research has demonstrated that the most effective means to draw prospective in-state and out-of-state travelers to the state's varied destinations and attractions is by marketing Missouri's five distinct geographic regions. The Division of Tourism promotes these five regions in marketing and public relations materials, such as the division's Web site, www.VisitMO.com; *Missouri Vacation Planner*; and varied itinerary publications.

Primary Marketing Programs

Domestic Marketing

Goals:

- Increase the expenditures and tax revenues generated by travelers to Missouri
- Increase the length of stay by all domestic travel parties
- Increase the number of Missourians employed by tourism

The Division of Tourism's traditional advertising media mix includes a balance of image and awareness-building media – primarily broadcast and direct response-oriented media – including television, magazines, newspapers and select online placements. Campaigns are timed to promote fall travel (August through October), holiday travel (November and December) and spring and summer travel (March through July). Campaigns address consumers' desire to stay closer to home and combine shorter, more frequent getaways with traditional one- or two-week vacations.

International Marketing

Goals:

- Increase consumer and trade awareness of Missouri as an international inbound destination
- Increase amount of available international Missouri product
- Increase U.K. and Canadian arrivals

The Division of Tourism employs a number of strategies to extend its "See the Real America" message to the United Kingdom market and to attract Canadian visitors. Among the tactics are creating and placing international advertising in appropriate mediums; increasing consumer awareness through newsletter and consumer show participation; and participating in widely attended international shows, such as World Travel Market, TIA International Pow Wow and Ontario Motor Coach Association. The division also offers in-country sales missions to Missouri industry partners, pursues cooperative partnership opportunities with tour operators featuring Missouri products and conducts sales calls and in-house training for tour operators and U.S.-based international receptive tour operators.

Special Marketing – The Division of Tourism targets three niche markets: Cultural Tourism, Tour and Travel and Ethnic.

Cultural Tourism

Goal:

- Increase the number of cultural travelers coming to the state

Advancing Missouri's prominence among travelers interested in cultural experiences involves public relations, visibility on the division's Web site and participation in a number of activities and partnerships. The division actively promotes Missouri's Lewis and Clark Bicentennial Commemoration and links to and markets the Civil War Heritage Committee's Web site, which contains America's first animated battle map.

Tour and Travel

Goals:

- Increase the number of domestic group trips to Missouri, thus raising tourism expenditures
- Assist the Missouri tourism industry's targeted sales efforts by distributing trade show leads

The Division of Tourism promotes Missouri as a memorable group destination with 65 percent of the program's resources focused on affinity markets and 35 percent on tour operators. Participation in trade shows allows MDT representatives to interact with decision makers in these markets. The division creates advertisements for travel trade publications; direct mail pieces for use in targeted affinity markets; and fulfillment materials to be utilized as trade show follow-up contacts as well as in response to tour operators' and group leaders' requests for

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information. In FY03, the division launched an online group tour information guide for operators.

Ethnic

Goal:

- Increase minority visitation to Missouri, thus raising tourism expenditures

The Missouri Nights campaign expands upon the message, “There is more to Missouri than I thought.” The campaign targets African-American travelers from target markets – Chicago, Memphis, St. Louis, Kansas City and Omaha – looking for weekend getaways. Tactics include employing traditional media – television, radio, print, Internet, outdoor and direct mail – as well as some nontraditional methods of reaching travelers: An interactive DVD contains video of Missouri destinations, the Missouri Nights television commercial, and magazine and newspaper advertisements; a customized Missouri Nights jazz CD to be played on radio in target markets; ambush marketing at high visibility events; the Missouri Nights Access Card; and relationship marketing.

Cooperative Marketing

Goals:

- Extend MDT marketing resources through partnerships
- Support local performance-driven marketing strategies to increase tourism
- Provide incentives and opportunities for marketing growth and improvement
- Enhance the industry and MDT partnership

Moving into its 10th year, the Cooperative Marketing Program continues to promote the development of new and expanded tourism marketing initiatives for Missouri destinations. This performance-based marketing program matches local nonprofit destination marketing organizations dollar for dollar to implement approved tourism marketing projects designed to attract visitors to Missouri. Having proven successful year after year, this model of state and community partnerships works toward excellence through ongoing tracking and outcome

measurement requirements that are built into the program. The division, with advice and direction from an active industry advisory committee, administers the Cooperative Marketing Program.

COOPERATIVE MARKETING REGION MAP



1. Pony Express Region
2. Chariton Valley Region
3. Mark Twain Region
4. Kansas City Region
5. Osage Lakes Region
6. Lake of the Ozarks Region
7. St. Louis Region
8. Ozark Mountain Region
9. Ozark Heritage Region
10. River Heritage Region

Communications

Goals:

- Increase awareness of Missouri among domestic audiences through editorial coverage of Missouri as a destination
- Generate a measurable increase in the number of tourists visiting the state
- Increase state tax revenues from businesses that serve travelers
- Maximize the impact of public relations on consumers

The Communications Program supports the division’s marketing objectives through public relations initiatives. In addition to leveraging editorial coverage through media buys, efforts focus on maintaining and strengthening press relations. The Communications staff members accomplish their goals through production and distribution of press releases and press kits; assisting journalists in information gathering; conducting media events and coordinating press tours for travel writers. Industry public relations training is ongoing, as are efforts to enhance and update the division’s Web site. The Communications Program produces the annual *Missouri Vacation Planner*, quarterly calendar of events, online newsletter and several other publications.

OUTCOME MEASURES

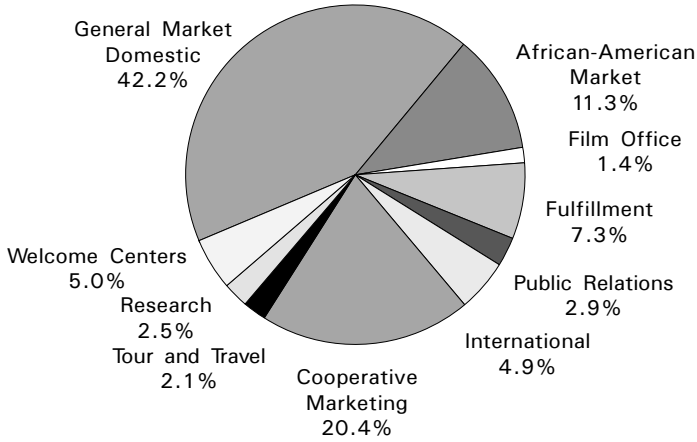
Fiscal Years	1997	1998	1999	2000	2001	2002	2003
Total Economic Impact (Billions) *	\$12.29	\$11.93	\$12.49	\$13.29	\$12.78	\$12.76	\$12.55
SIC Sales Tax Revenue (Millions) **	\$280.42	\$292.61	\$306.48	\$316.22	\$317.02	\$323.32	\$327.18
Domestic Person Trips (Millions) *	33.2	35.0	34.4	35.2	33.8	35.6	34.7
UK Index	NA	NA	157	1,550	3,432	1,754	1,875
Tourism Employment*	231,593	233,910	236,290	240,003	241,593	243,569	243,668
Cooperative Marketing	\$1,112,171	\$1,319,484	\$1,418,401	\$1,613,980	\$2,452,995	\$2,438,223	\$2,661,131

*Source: Economic Impact Report – University of Missouri-Columbia; **Source: Missouri Department of Revenue

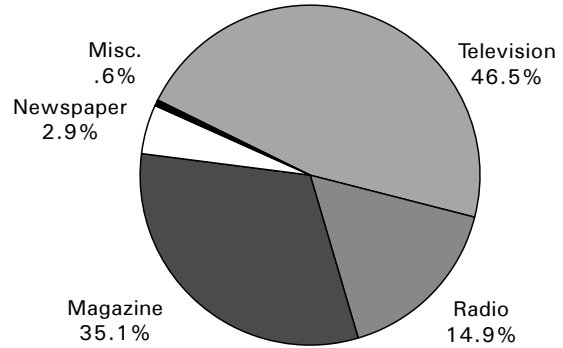


Marketing Budget

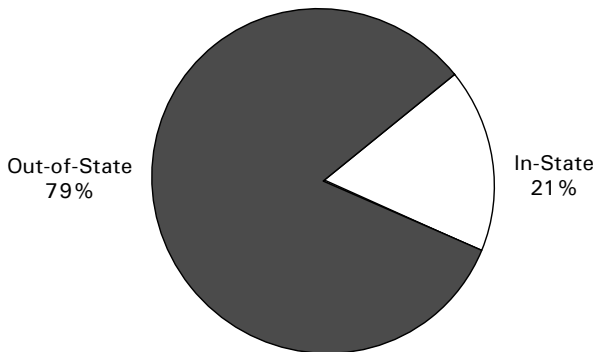
SPENDING BY PROGRAM



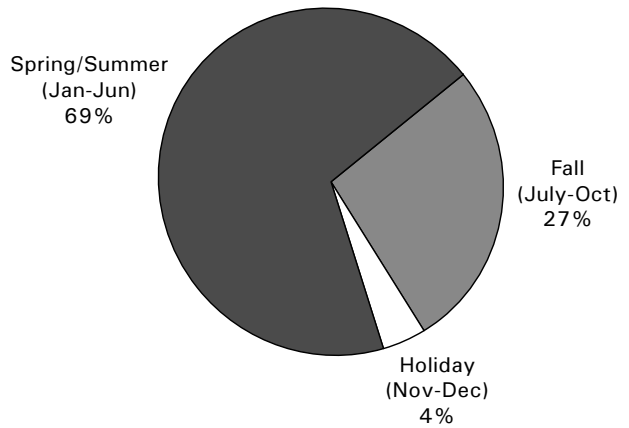
BUDGET SUMMARY BY MEDIUM



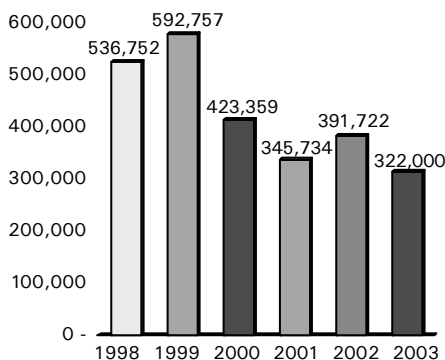
IN-STATE AND OUT-OF-STATE SPENDING



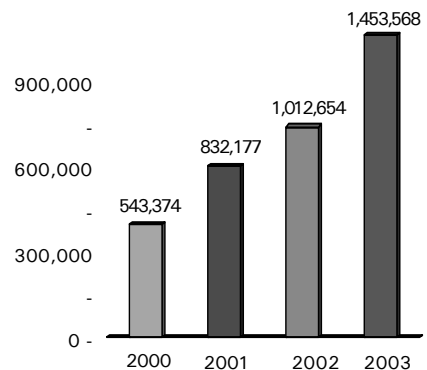
BUDGET SUMMARY BY SEASON



VACATION KIT FULFILLMENT



INTERNET USER SESSIONS



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Welcome Centers

The State of Missouri operates six Welcome Centers located in rest areas along the interstate highway system at major entry points around the Missouri border: Hannibal, Joplin, Kansas City, New Madrid, Rock Port and St. Louis. These six centers distribute information about events to attend and sites to see throughout Missouri.

At each center, thousands of brochures are available that provide visitors with information about the many attractions of interest to tourists. There also are hotel registration telephone consoles, computerized weather maps and information kiosks featuring area maps and directions to destinations and attractions.

VISITOR COUNTS

	Domestic Visitors	Domestic Vehicles	International Visitors	Motor Coaches
Hannibal	64,162	29,212	468	40
Joplin	127,510	54,077	861	150
Kansas City	102,858	36,438	202	12
New Madrid	123,500	50,982	1,712	266
Rock Port	98,480	42,632	552	237
St. Louis	62,169	13,045	523	5
FY03 Total	578,679	226,386	4,318	710

Total Visitors 608,461*

**Includes 25,464 visitors in motorcoaches*

Total Vehicles 228,858*

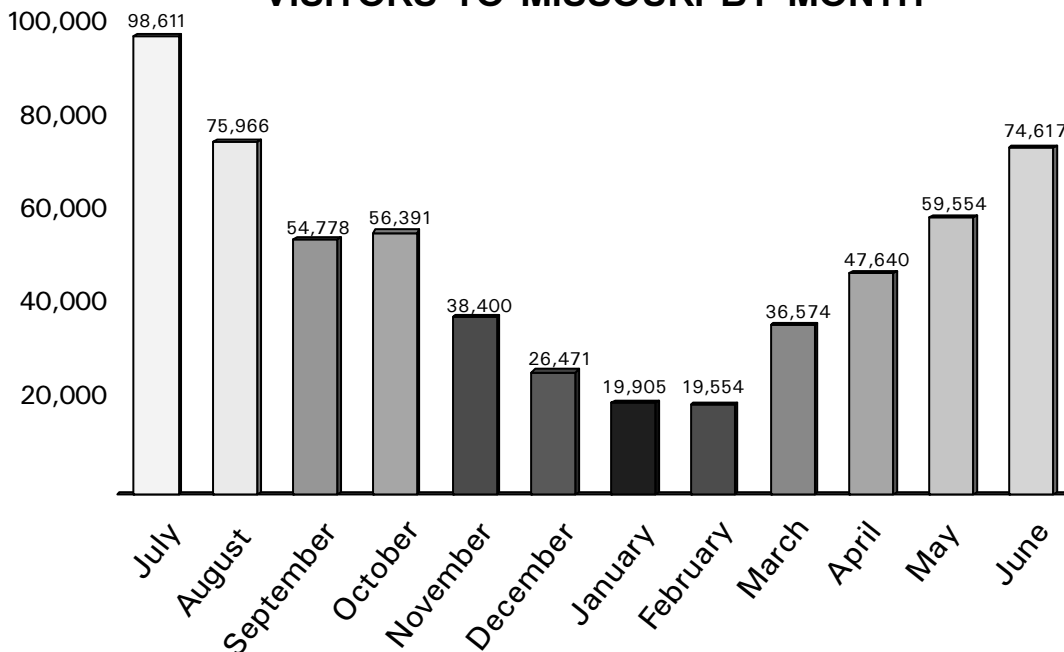
**Includes 1,762 international visitors*

Seasonality

Data collected through the Missouri Division of Tourism Welcome Centers reveals that 41 percent of visitation to the state in fiscal year 2003 took place during July and August

2002 and June 2003. May and October were the next two most popular months for visitation to Missouri, followed by September and April.

VISITORS TO MISSOURI BY MONTH

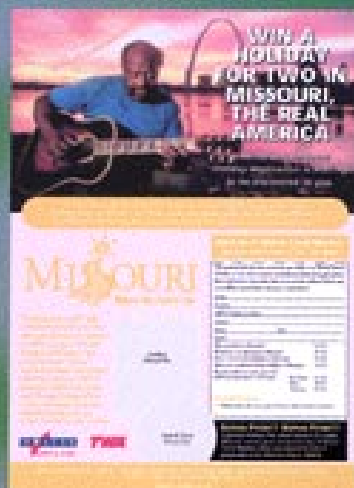


Advertising Markets

GENERAL



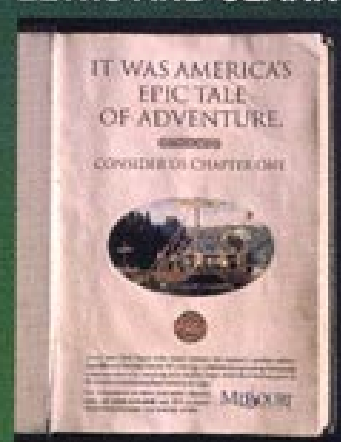
INTERNATIONAL



AFRICAN-AMERICAN

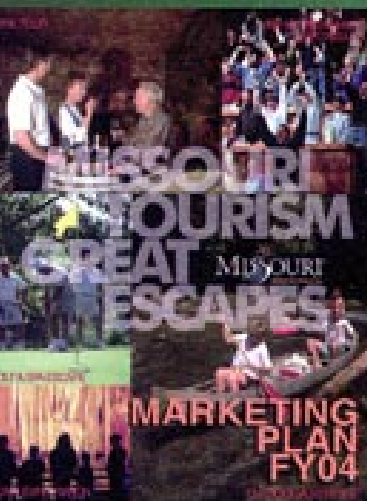


LEWIS AND CLARK

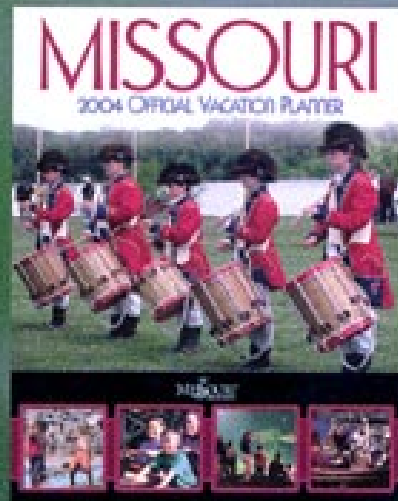


Tourism Publications

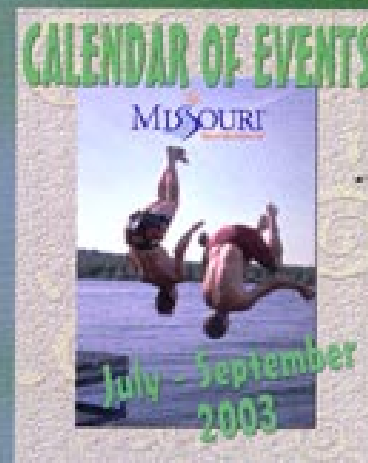
MARKETING PLAN



VACATION PLANNER



CALENDAR OF EVENTS



LITTLE BOOK



Tourism Web Site

www.VisitMO.com



ONLINE NEWSLETTER

