

**Schedule 13**  
**Funding Request for the 2014-15 Budget Cycle**

Department: Office of Economic Development and International Trade

Request Title: Colorado Tourism Office

Priority Number: R-3

Dept. Approval by: K. W. Z. 10/24/13  
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

OSPB Approval by: [Signature] 10/25/13  
 Date

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
	Fund	Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
<b>Total of All Line Items</b>	<b>Total</b>	16,500,000	-	14,517,107	2,000,000	2,000,000
	FTE	4.0	-	4.0	-	-
	GF	2,000,000	-	-	2,000,000	2,000,000
	GFE	-	-	-	-	-
	CF	14,500,000	-	14,517,107	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-
<b>Economic Development Programs - Colorado</b>	<b>Total</b>	16,500,000	-	14,517,107	2,000,000	2,000,000
<b>Promotion- Other</b>	FTE	4.0	-	4.0	-	-
<b>Program Costs</b>	GF	2,000,000	-	-	2,000,000	2,000,000
	GFE	-	-	-	-	-
	CF	14,500,000	-	14,517,107	-	-
	RF	-	-	-	-	-
	FF	-	-	-	-	-

Letternote Text Revision Required? Yes:  No:  If yes, describe the Letternote Text Revision:

Cash or Federal Fund Name and COFRS Fund Number: Colorado Travel and Tourism Promotion Fund 13N

Reappropriated Funds Source, by Department and Line Item Name:

Approval by OIT? Yes:  No:  Not Required:

Schedule 13s from Affected Departments:

Other Information:



# COLORADO

Office of Economic Development  
and International Trade

Priority: R-3  
Colorado Tourism Office  
FY 2014-15 Change Request

## ***Cost and FTE***

- This request is for \$2.0 million General Fund for the Colorado Tourism Office (CTO), which resides in the Colorado Office of Economic Development & International Trade (OEDIT), to market Colorado and increase tourism to the state. This request would perpetually extend one-time funding that was received for this purpose in FY 2013-14.

## ***Current Program***

- The goal of the current Colorado marketing campaign, "Come to Life", is to boost economic development in Colorado through tourism. It has been extremely successful with a Return on Investment (ROI) of \$228 to \$1 based on calculations and research from Strategic Marketing and Research, Inc. (SMARI).

## ***Problem or Opportunity***

- For FY 2013-14, the General Assembly appropriated \$2.0 million General Fund for tourism promotional activities and the development of a fully integrated branding platform. However, this funding was one-time. This request is to extend funding for FY 2014-15 and ongoing, and enable the CTO to continue to market Colorado to a wider audience and attract more people to the state, which is the primary goal of the CTO. Based on the results from SMARI, the potential Return on Investment of \$228 to \$1 could yield \$456.0 million in private sector spending and an estimated increase of \$32.0 to \$36.0 million in state and local tax revenues if current trends continue.

## ***Consequences of Problem***

- If additional funding is not provided, CTO will not be able to continue to expand Colorado's marketing reach and frequency, and will not participate in the additional revenue generated by increased tourism.

## ***Proposed Solution***

- The \$2.0 million will be used to increase CTO's marketing contract from \$9.1 million to \$11.1 million, thereby increasing Colorado's marketing reach and frequency. The goal is to continually increase annual incremental visits to the state by 15 million tourists in FY 2014-15 and 15.2 million tourists in FY 2015-16 per OEDIT's performance management plan.
- CTO will use funding to purchase additional air/cable time in primary markets, national magazine ads in top producing publications, bill boards in primary markets, and digital (internet) ads in primary markets, thus, enhancing the campaign's reach and frequency, which will produce a higher conversion rate of travelers to Colorado.

***FY 2014-15 CHANGE REQUEST***  
***Priority: R-3 Colorado Tourism Office***  
***Request Detail***

***Problem or Opportunity:***

For FY 2013-14, the General Assembly appropriated \$2.0 million General Fund for an increase in tourism promotional activities and the development of a fully integrated branding platform. However, this funding was one-time. This request is seeking the same level of General Fund for FY 2014-15 and in future years. It will enable the Colorado Tourism Office (CTO) within the Governor's Office of Economic Development and International Trade (OEDIT) to continue to market Colorado to a wider audience and attract more people to the state, which is the primary goal of the CTO. The \$2.0 million will be used to increase the marketing contract from \$9.1 million to \$11.1 million, thereby increasing Colorado's marketing reach and frequency. The goal is to continually increase annual incremental visits to the state by 15 million tourists in FY 2014-15 and 15.2 million tourists in FY 2015-16 per OEDIT's performance management plan. If this request is denied, it will result in an overall reduction of funding to the CTO from last year's budget amount, thus, making it difficult to increase incremental tourists to the state each year.

Other main programs funded by CTO include: international marketing campaigns; Welcome Center operations; public relations/social media initiatives; publishing the Official State Visitor's Guide and Colorado.com (official travel website); matching marketing grants to rural Colorado; U.S. Pro Cycling sponsorship; special event sponsorships; research on ad effectiveness, and travel/tourism trends; Brand Colorado; and the National Retail Partnership.

CTO's ad agency, Karsh/Hagan, performs a market analysis on the media buy to determine value for dollars expended. Per this market analysis, if advertising were decreased, visits to the state would not be maximized, impacting subsequent private sector spending and related tax revenues.

***Proposed Solution:***

OEDIT is requesting to extend the one-time funding received in FY 2013-14 to increase tourism in Colorado. The additional \$2.0 million will allow the CTO to buy additional air/cable time in primary markets, national magazine ads in the top producing publications, bill boards in primary markets, and digital (internet) ads in primary markets, thus, enhancing Colorado's reach and frequency, which will produce a higher conversion rate of travelers to the state.

Without this budget request, the CTO budget will decrease by \$2.0 million in FY 2014-15 and impede CTO's ability to extend its marketing campaign to promote tourism in Colorado. Based on research from Strategic Marketing and Research, Inc. (SMARI) the Return on Investment (ROI) for CTO's current advertising expenditures is \$228.00 for every \$1.00 spent. Therefore, a reduction of \$2.0 million in advertising funding results in a loss of approximately \$456.0 million in private sector spending based on current trends. Based on the research from SMARI, \$32.0 to \$36.0 million in state and local tax revenues would not be realized since tourist spending equates to tax revenues of \$16.00 to \$18.00 for every \$1.00 spent.

The above ROI represents a record for the CTO, and gives testimony to the effectiveness of the “Come to Life” ad campaign platform, which CTO will continue to employ. This campaign has produced more than double the results of prior campaigns such as “Let’s Talk Colorado”, and “In a Land Called Colorado.”

***Anticipated Outcomes:***

The \$2.0 million additional funding for tourism will allow CTO to continue to advertise at the same level as FY 2013-14, and will help CTO to accomplish its goal of increasing annual incremental visits to the state by 15 million tourists in FY 2014-15 and 15.2 million tourists in FY 2015-16, as stated in OEDIT’s performance management plan. Based on current results with the “Come to Life” Campaign, maintaining the additional \$2.0 million in funding will result in incremental economic activity of approximately \$456.0 million in private sector spending, and state and local tax revenues of approximately \$36 million in a 12 month time period based on current trends.

***Assumptions and Calculations:***

The assumptions made in this request were derived from research and calculations made by SMARI (Strategic Marketing and Research, Inc). They were employed to determine the effectiveness of the recent “Come to Life” ad campaign. As mentioned above, the ROI for the combined summer and winter campaigns was \$228.00 to \$1.00; a record ROI for the CTO.

SMARI was used this year for the ROI analysis rather than Longwoods which appeared in last year’s funding request because SMARI tends to be more market specific; Longwoods takes a broader overview which doesn’t as clearly identify market impacts and returns. Longwoods was employed, however, for the research and data on broader visitor numbers and marketable trip numbers.