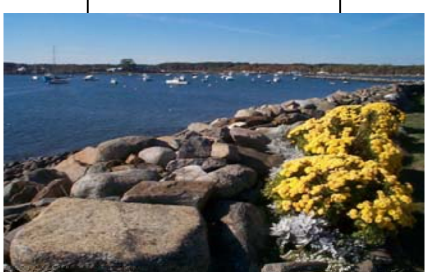
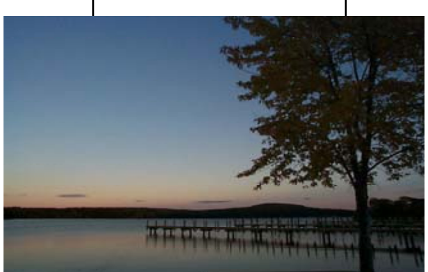
New Hampshire's Image

As a travel destination





March 2003

A presentation of key findings by:

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Advisory Services for an Evolving Tourism Industry

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INTRODUCTION AND METHODOLOGY

Introduction

As part of an ongoing commitment to maximize the funding that is invested in the marketing and promotion of New Hampshire as a travel destination, the New Hampshire Division of Travel and Tourism Development (the Division) initiated the process of studying its tourism image in the fall of 2002. Goals associated with this effort included:

1. Gain a better understanding of the destination features that are most important to target customer segments, what activities motivate them to travel (and how New Hampshire ranks among its key competitive set.)
2. Gain a better understanding of how the Division should continue to market the state so that it can generate the kind for visitor spending that improves the New Hampshire economy and stimulates increased support of the kind of quality of life amenities that are appreciated by residents who live in the state.
3. Gain a better understanding of how marketing and product development efforts can be managed to enhance the state's ability to compete for market share in the future.

The Division drafted an image study Request for Proposal and selected Phoenix, Arizona-based Nichols Gilstrap, Inc. (NGI), one of the nation's leading tourism research and strategic planning firms, to conduct the process. The NGI team included the participation of the firm's principals, Greg Gilstrap and Mitch Nichols, and Dr. Daniel Fesenmaier. Dr. Fesenmaier is a well-known tourism image study expert and the director of the National Laboratory for Tourism and eCommerce at the University of Illinois at Urbana-Champaign (NLTeC).

Methodology

The central goal of any successful destination management effort is to establish an image that is cohesive, comprehensible, attractive and strategic. Images provide the basis upon which destinations attract tourists and should establish the framework for product development and all other important components of the marketing process.

The needs of the Division included gaining a better understanding of the state's strengths, weaknesses, opportunities and threats relative to both its current image and potential future positioning. A five-step process was utilized to achieve this goal:

1. Travel markets for the state were prioritized and selected for surveying.
2. A self-administered mail survey was used to identify the images that visitors have of the state, as well as of competing destinations, (an emphasis was placed on those households most capable of traveling frequently – households with incomes of $50,000 or more). The results of the written survey were tested with a select group of New Hampshire travel professionals. Feedback from them was considered throughout the balance of the process.
3. Alternative New Hampshire images/branding ideas were identified.
4. The alternative images/branding ideas were tested in focus groups comprised of potential and existing visitors to the state.
5. The implications of the first four steps were interpreted by the NGI team and tested with the Division.

EXECUTIVE SUMMARY

1. Both the mail survey respondents and focus group participants represent "high-potential" market segments.

With only a $2 million tourism advertising budget, New Hampshire is severely under funded in comparison to the average national state tourism office budget and the advertising budgets of a number of regional competitors. More importantly, New Hampshire needs to recognize it cannot afford to conduct a national tourism advertising campaign with such limited resources. As a result, it must focus on effectively promoting its image in those markets where it has the best chance of stimulating additional visitor spending. After analyzing New Hampshire's potential geographic targets, the following metropolitan areas were prioritized for study in this process:

- Greater Boston
- Greater Providence
- Greater Philadelphia
- Greater Hartford
- Greater New York City (including Eastern CT and Northern NJ
- Southern New Hampshire (Manchester, Nashua and Salem)
- Greater Portland, ME

The fact that New Hampshire's image proved to be so strong in these markets, as will be discussed in the next summary point, is an indicator that these are logical, high-potential targets for future efforts. Anecdotally, it may also partially validate the impact of previous marketing campaigns. It is important to note that the results that follow do not represent New Hampshire's national tourism image. Because the target customer segments that were surveyed in this process came from those markets believed to be the most likely to supply New Hampshire with overnight visitors, there is no basis for believing the state would experience results that were as impressive in a national image study.

2. New Hampshire offers significant destination appeal, and its current image corresponds to that fact.

The NGI consulting team conducted site visits of key New Hampshire destinations and assets as part of this process. After completing this tour, the NGI team concluded that New Hampshire has an extremely competitive set of visitor draws. NGI has found that many states that have a competitive level of assets, but lack competitive levels of private and public sector marketing resources, often find their image falls short of their product. The good news for New Hampshire is both the mail survey and focus group discussions produced indicators that suggest New Hampshire's high-potential target markets recognize that it has a number of appealing visitor-attraction assets. New Hampshire has an image, in key markets, that closely mirrors its impressive product line.

3. **New Hampshire's variety is both a strength and a weakness.**

As will be demonstrated throughout the full report, New Hampshire fared well in a number of areas, including:

- Scenery/natural beauty
- Access to mountains
- Lakes/rivers
- Parks and forests
- Quaint towns/villages
- Outdoor activities
- Value for time and money
- High quality accommodations
- Family-oriented activities and attractions

On one hand, it is extremely impressive to have such a lengthy list of highly rated destination attributes. New Jersey, for example, had only one strength (beaches) that was consistently rated as high as the above New Hampshire assets. On the other hand, maximizing the entire list of assets under one image umbrella or branding strategy presents a significant challenge. The threat is that if New Hampshire attempts to promote each of these areas equally, it will most likely do a poor job on behalf of all of them. Competition between divergent strengths might undermine investment in a single, powerful motivating image or brand that could enhance opportunities for the industry as a whole.

4. **There is little evidence that New Hampshire's marketing efforts have met diminishing returns in key target markets.**

The focus group discussions provided considerable insight into the fact that, while most previous visitors to New Hampshire identify the state with a particular asset, their knowledge base about the state, frequently, does not extend much further. Snow skiers, for example, are frequently unaware of additional assets beyond winter sports. When informed of additional high quality draws, many expressed an interest in experiencing such assets (either while in the area or on a return trip). This input, combined with the experience of key tourism professionals that market the state, tends to support the belief that additional marketing in traditional strongholds can continue to produce a high return on the dollars that are invested in such efforts.

5. New Hampshire's current image advantages are competitively vulnerable.

In recent years, global competition for visitor spending has escalated. A rapidly increasing number of countries, states and cities recognize that strategic investment in destination marketing can quickly result in the importation of new dollars into their economy. The fact that many states recognize the importance of visitor spending and back that recognition with sizeable investments in marketing, combined with the image study's identification that many of New Hampshire's strongest assets often appear undifferentiated from states like Maine and Vermont, does not guarantee that New Hampshire's image will continue to shine as bright in the future. It also does not guarantee that the state will continue to experience the levels of visitor spending it currently enjoys. To combat such vulnerability, the NGI team believes New Hampshire should strive to excel at one or more of the following:

1. Differentiate the state from major competitors and other choices available to target customer segments.
2. Acquire additional marketing resources to better position the state in key markets and then spend such dollars strategically.
3. Focus marketing dollars on reaching and motivating those markets or customer segments where the state is most likely to succeed with such efforts.

6. The image study process has added additional clarity to strong opportunities for differentiating the state.

While many aspects of the mail survey and the focus group discussions portrayed key New Hampshire assets as undifferentiated from those in other specific New England states, the NGI team believes that two key opportunities for differentiation also emerged.

1. New Hampshire can be successfully positioned in key markets as a premier New England family destination.
2. New Hampshire can be positioned as offering superior access to outstanding scenery and year-round outdoor activities/recreation.

With regards to the family market, there are additional competitors. New Hampshire, however, fared well in the "Importance-Performance" ratings for this class of travel. Furthermore, the focus group participants that currently have children in their households tended to give glowing reports of their New Hampshire family travel experiences and indicated that the state could plant a defendable, believable stake as a premier, regional family draw. In addition, this image study pointed to New Hampshire's favorable position in terms of offering good value for the money.

PRIMARY MAIL SURVEY FINDINGS

The results of the self-administered mail survey are organized into the following sections: 1) Respondent demographics 2) General travel information 3) New Hampshire strengths and weaknesses and 4) Strengths and weaknesses of New England states. A brief summary of each section follows. The results have been weighted, where the weighting is based on the contribution of each market origin to the overall number of overnight visitors to New Hampshire (for example: if 38 percent of visitors come from Massachusetts, then survey responses from Massachusetts are weighted to represent 38 percent of the findings).

Again, it is important to note that it is not likely that the results that follow represent New Hampshire's national tourism image. Because the target customer segments that were surveyed in this process came from those high-potential markets believed to be the most likely to supply New Hampshire with overnight visitors, there is no basis for believing the state would experience similar results in a national image study.

Respondent Demographics

A statistically valid number of respondents, 404, completed the self-administered mail survey. The following lists the number of people who participated in the effort on a market-by-market basis:

Table 1

Metro Area	Frequency	Percent
Boston	58	14.4
Hartford	59	14.6
Manchester	70	17.3
New York City	46	11.4
Philadelphia	43	10.6
Portland	59	14.6
Providence	69	17.1
Total	404	100

The table featured above is not weighted. The balance of the results offered in this section of the report will be weighted, unless otherwise noted.

As the two figures featured below illustrate, the majority of the respondents tended to be married men. More than 44 percent of the respondents have children in their households.

Figure 1

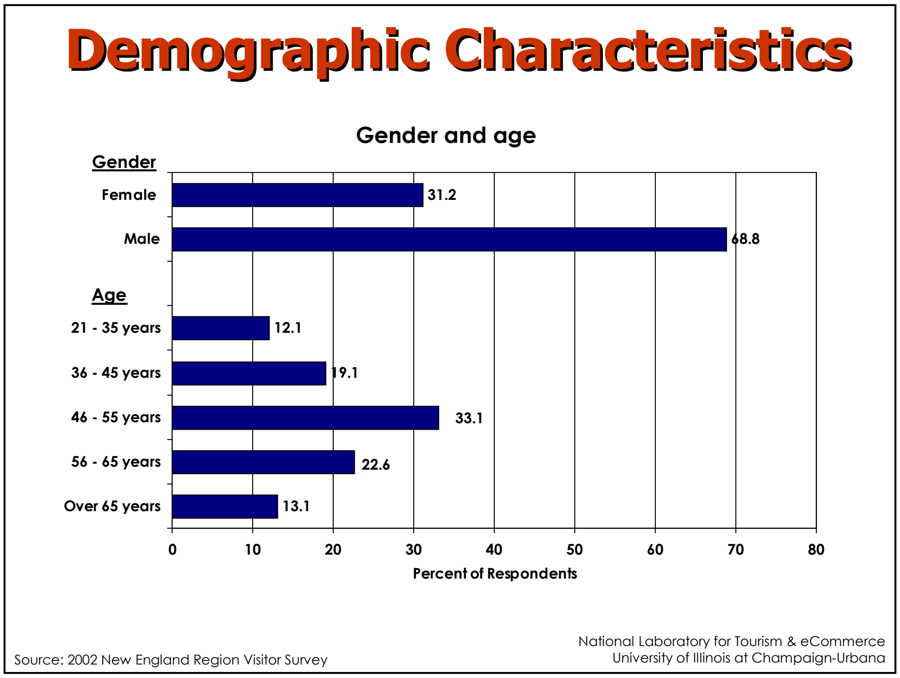
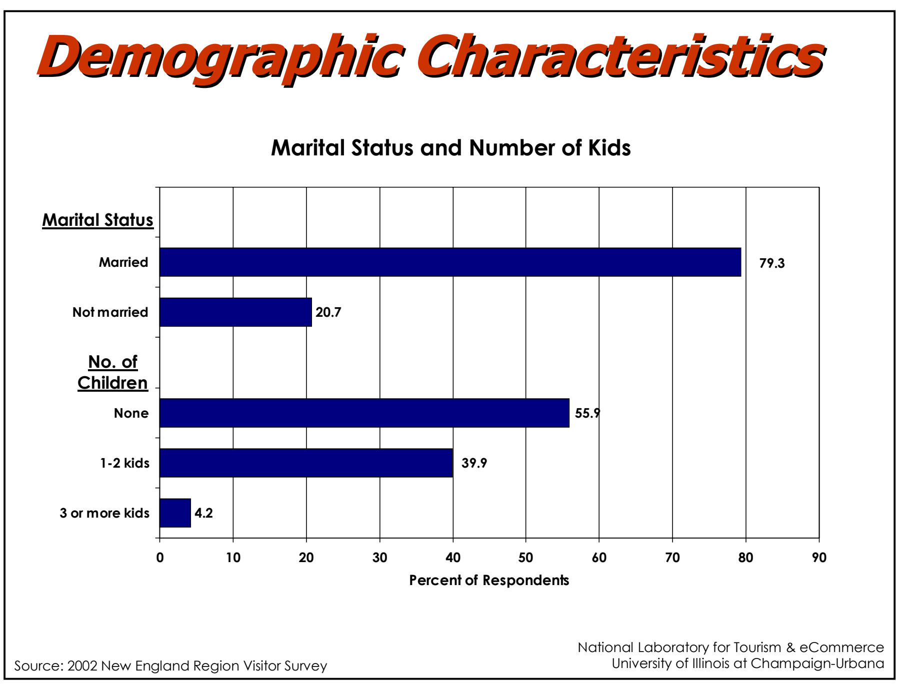


Figure 2



As mentioned in the methodology section, an emphasis was placed on soliciting survey responses from decision makers in households that have the financial ability to travel frequently and to spend impressively while traveling. The survey mailing was targeted at higher income ZIP codes in the targeted metropolitan areas featured in the Executive Summary section of this report. Not surprisingly, as a result, more than 92 percent of the responses came from households with more than $40,000 in total income. The largest percentage of respondents came from the $100,000 and higher income bracket.

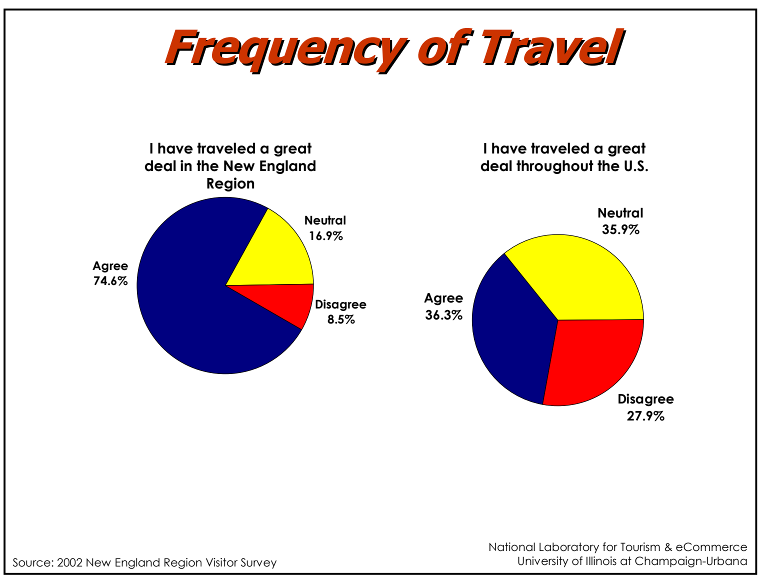
Table 2

Total Household Income	Percent of Respondents
Less than $20,000	1.6%
$20,000 - $39,999	6.0%
$40,000 - $59,999	15.6%
$60,000 - $79,999	27.3%
$80,000 - $99,999	17.7%
$100,000 and over	31.8%

General Travel Information

The mail survey asked respondents to consider their familiarity with travel in the states that are typically identified as the New England region – Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. The results? As the Figure below illustrates, affluent travelers in high potential markets are clearly frequent travelers to this part of the country. In fact, they are more than twice as likely to have traveled a great deal in the New England region as they are to have traveled a great deal throughout the United States.

Figure 3



In the past twelve months, the vast majority of these travelers had taken short getaway trips within the region and most of them had taken one or more long, overnight trips. A long, overnight trip was identified as one that involved five or more days.

Figure 4

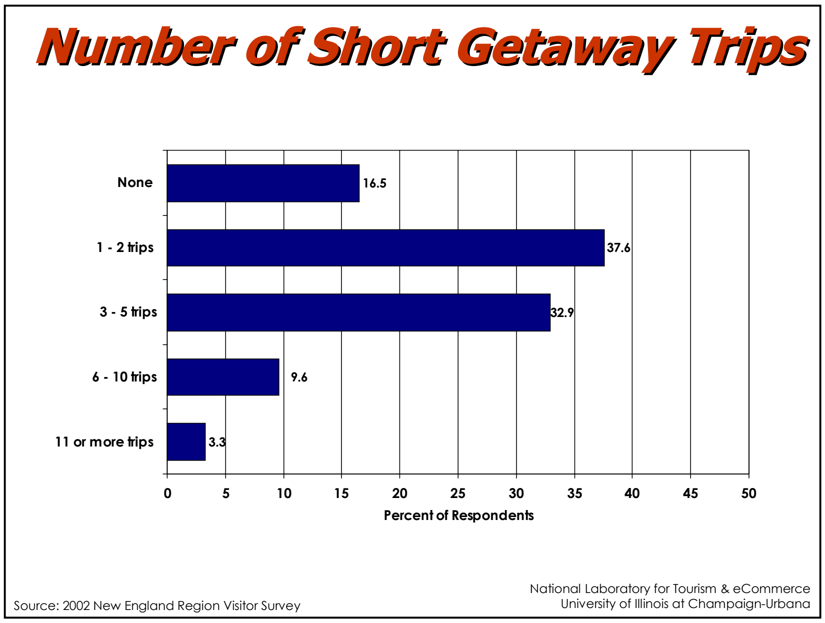


Figure 5

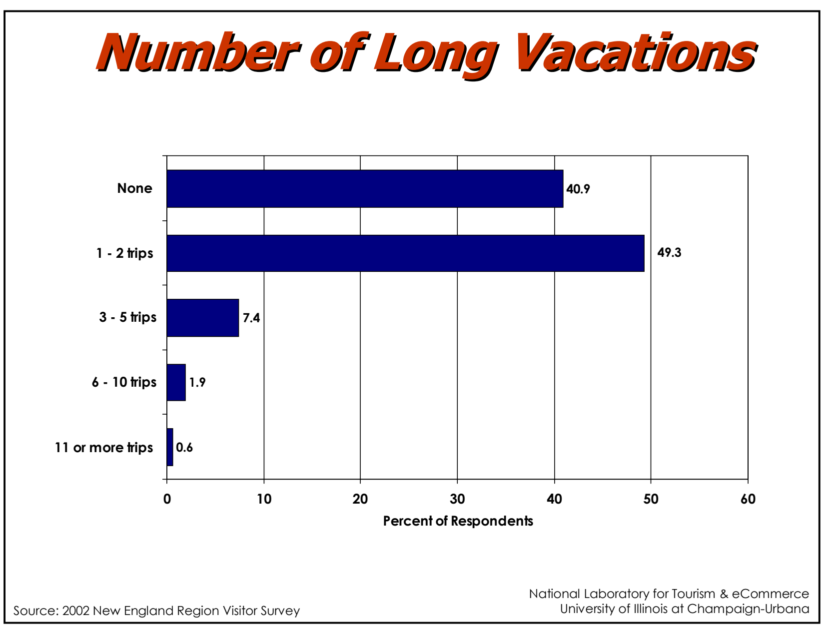
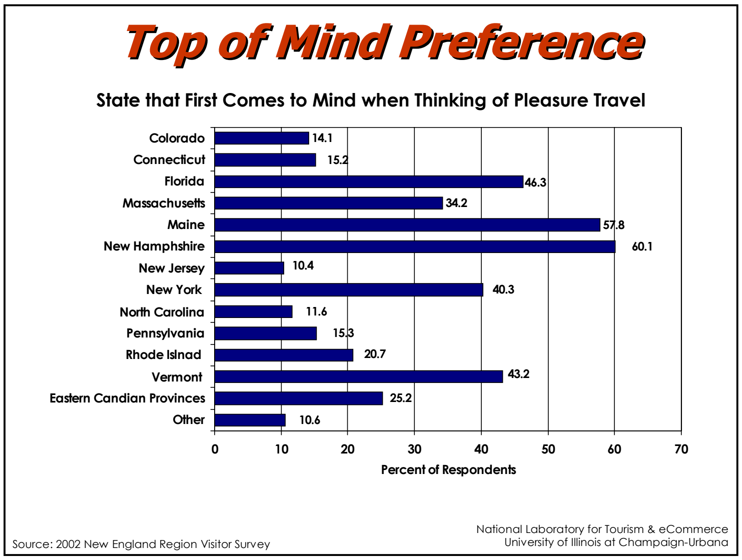


Figure 6

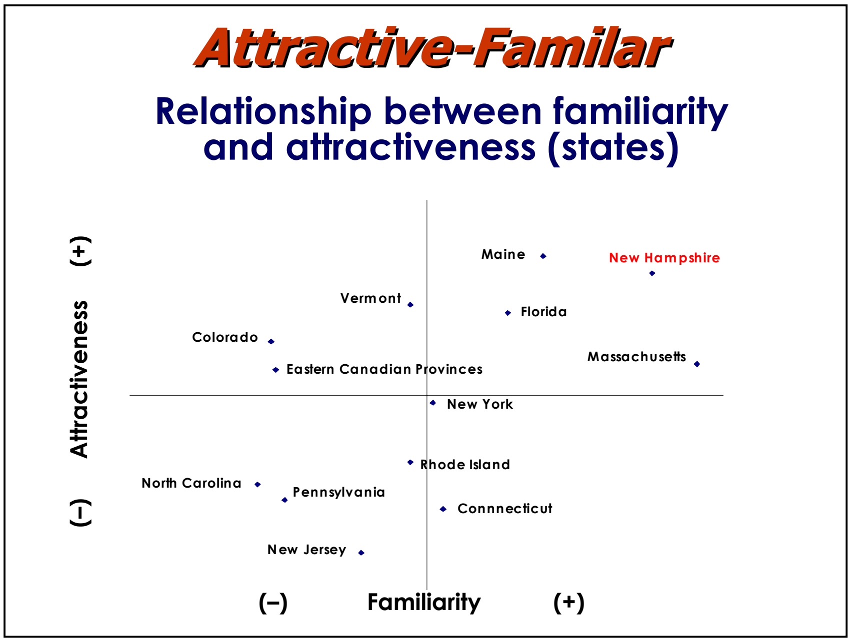


Impressively, New Hampshire fared very well when those surveyed were asked: "Which states first come to mind when thinking of pleasure trips that are one day or longer away from home?" The list of states that were considered included those in the New England region and the types of places that either sell similar assets (Colorado, for example) or typically compete for these same types of potential travelers (Florida, for example). Under this premise, Colorado and Florida were considered as winter competitors. North Carolina, because of its recognition as a foliage destination, was considered an alternative fall destination. A variety of additional general travel activity/preference information about high potential travelers, in logical target markets, was produced by this effort. This information is featured immediately following the sample survey in the Attachments section of this document. Highlights include the following:

- The *activities* that overall survey respondents indicated they are highly motivated to travel to experience are beach/waterfront areas, scenic drives, parks, touring, historic sites, outdoor activities/recreation and cultural sites and events.
- The top-five list of most important *destination features* identified by survey respondents includes scenic/natural beauty, value for time and money, quaint towns and villages, lakes and rivers and different types of food.
- The opportunity to get away and relax was the primary for choosing a New England vacation. The primary reasons for selecting New England also included the opportunity to experience nature and to visit friends and relatives.
- The vast majority (78 percent) of affluent travelers in the high potential markets are likely to take a leisure trip with their spouse, while 43 percent are likely to take such a trip with children and 33 percent are likely to travel with friends. Less than six percent are most likely to travel alone.

New Hampshire Strengths and Weaknesses

Figure 7



The figure featured above considered two factors, familiarity and attractiveness. Survey participants were essentially asked:

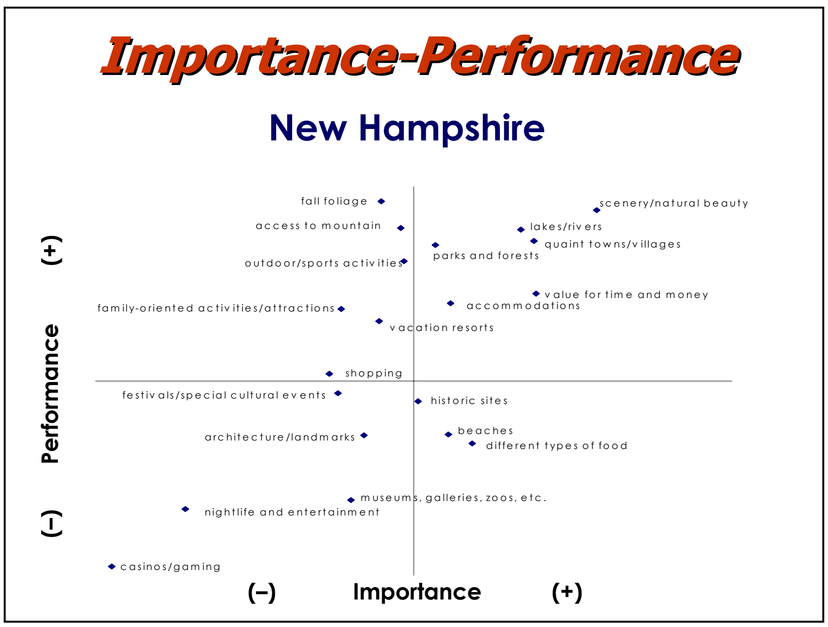
- How familiar are you with a specific, individual state?
- How attractive is the destination?

Again, the list of states that were considered included those in the New England region and the types of places that either sell similar assets or typically compete for these same types of potential travelers. The states that have the best "familiar and attractive" ratings are listed in the top right quadrant. The states that appear to have the greatest image challenges, conversely, would fall in the bottom left quadrant.

This line of questioning helped illustrate that, when comparing New Hampshire with other states where travelers from New Hampshire's most logical target markets also like to visit, New Hampshire ranks as one of the most attractive destinations. It is also one with which such travelers are also very familiar.

Travelers also rated New Hampshire destination features based on how important individual assets are, as well as how well each performs. The areas where New Hampshire performs well, and where respondents listed them as important, include scenery/natural beauty, access to mountains, lakes/rivers, parks and forests, quaint towns/villages, outdoor activities, value for time and money and high quality accommodations. The Figure below is similar to the "familiar – attractive" graphic featured on the preceding page, in that the most desirable quadrant is the top right one and the least desirable one is the bottom left. The difference is that this quadrant was produced from a line of questioning that focused on how important are New Hampshire's individual destination attributes and how well they perform. To illustrate, "different types of food" are listed as important, but high potential travelers in New Hampshire's logical target markets do not believe the state performs exceptionally well in this category.

Figure 8



It is important that New Hampshire does not consider these ratings in isolation. While New Jersey has only one attribute in the top right quadrant, Maine, Vermont and Massachusetts' "Importance-Performance" ratings are similar. These similarities are one of the main reasons NGI concluded that there is no guarantee New Hampshire's image will continue to shine as bright in the future. It also does not guarantee that the state will continue to experience the levels of visitor spending it currently enjoys.

Figure 9

Importance - Performance Comparisons of New England States

Feature	Overall	NH	ME	NJ	NY	CT	MA	VT	RI
Very scenic/natural beauty	90.1%	92.9%	90.6%	15.1%	71.9%	50.1%	78.1%	87.5%	41.5%
Good value for time and money	82.4%	71.4%	73.4%	9.5%	44.6%	36.4%	53.4%	57.1%	26.5%
Attractive lakes and rivers	80.4%	87.8%	81.8%	8.7%	67.0%	42.7%	55.0%	71.2%	16.6%
Quaint towns and villages	78.9%	84.9%	82.7%	10.0%	41.6%	49.4%	81.6%	78.0%	31.3%
Good/different types of food	73.1%	32.7%	23.9%	37.7%	83.0%	36.7%	86.2%	30.2%	31.9%
Attractive beaches	70.0%	35.2%	71.9%	44.4%	28.9%	16.5%	77.2%	10.6%	45.2%
Good parks and forests	66.3%	84.0%	76.9%	16.3%	59.3%	41.9%	65.1%	70.0%	17.4%
High quality accommodations	66.1%	68.9%	66.4%	29.4%	81.6%	52.6%	81.8%	59.6%	43.7%
Great for outdoor and sport activities	64.1%	79.7%	78.2%	17.8%	63.4%	33.7%	67.6%	65.3%	32.5%
Access to mountains	62.0%	88.3%	65.1%	2.5%	54.2%	11.8%	43.8%	79.3%	3.1%
Interesting historic sites	58.5%	43.8%	40.0%	14.2%	66.5%	28.4%	88.8%	32.8%	33.6%
Good vacation resorts	56.7%	65.3%	60.0%	16.9%	41.6%	28.8%	65.6%	55.1%	26.0%
Family-oriented activities & attraction	54.0%	67.7%	56.4%	26.8%	57.0%	35.4%	72.4%	47.4%	30.6%
Excellent fall foliage	52.6%	95.0%	83.2%	13.2%	54.0%	53.9%	84.4%	88.4%	27.6%
Interesting architecture/landmarks	49.6%	35.0%	32.4%	10.6%	67.1%	34.5%	84.7%	27.6%	36.6%
Good festivals and special events	46.8%	45.8%	41.6%	13.8%	44.9%	22.5%	63.6%	33.0%	22.5%
Excellent museums, galleries, zoos	46.2%	18.2%	20.6%	14.2%	76.2%	29.4%	85.3%	13.5%	33.6%
Good shopping	44.1%	50.8%	53.8%	34.3%	70.1%	29.9%	76.9%	28.9%	33.1%
Good nightlife and entertainment	22.5%	16.0%	11.0%	25.1%	71.6%	21.6%	73.6%	9.6%	24.2%
* Sorted by overall importance score.									

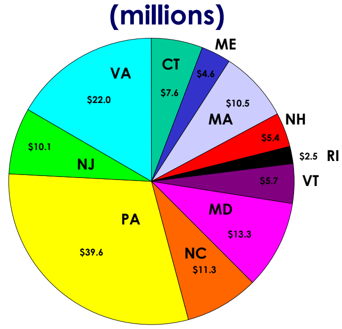
To combat such vulnerability, as recommended in this report's Executive Summary, the NGI team believes New Hampshire should strive to excel at one or more of the following:

1. Differentiate the state from key competitors and other choices available to target customer segments.
2. Acquire additional marketing resources to better position the state in key markets, and then spend such dollars strategically (see Figure 10 below).
3. Focus marketing dollars on reaching and motivating those markets or customer segments where the state is most likely to succeed with such efforts.

Figure 10

State Tourism Office Budgets

2001 – 2002 (millions)



Source: TIA – 2001 – 2002 Survey of U.S. State & Territory Tourism Office Budgets

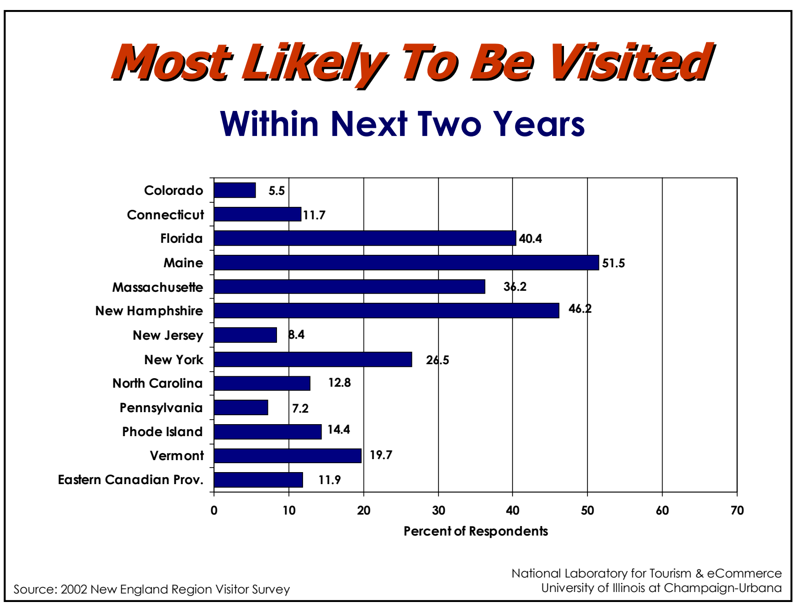
The Executive Summary also listed the following two conclusions:

1. New Hampshire can be successfully positioned in key markets as a premier New England family destination.
2. New Hampshire can be positioned as offering superior access to outstanding scenery and year-round outdoor activities/recreation.

The family market opportunity was further demonstrated when the study team looked at only the responses and ratings delivered by the survey respondents that currently have children in their households. While "family-oriented activities/attractions" did not rate in the top right quadrant in New Hampshire's Importance-Performance rating for the overall market, the attribute category did when the responses of families with children were considered. While most New England states are rated highly for scenery-related assets and outdoor activities/recreation, it's the access attribute that particularly differentiates New Hampshire in many key feeder markets.

In comparing New Hampshire with other states where travelers (from New Hampshire's most logical target markets) also like to visit, New Hampshire ranked second, behind Maine, when the question was asked: "Which states are you likely to visit in the next two years?

Figure 11



When destination's look at developing strategies, NGI strongly encourages them to consider two options. First, to look to build on (and defend) differentiated strengths. Second, to look for market opportunities. The first approach tends to be based on positions of power, while the second is based on unmet demand. In building on positions of power, it is important to recognize that New Hampshire was ranked first or second in New England for the following:

Table 3

	NH's Ranking Among New England States
Fall foliage	1
Scenery/natural beauty	1
Access to mountains	1
Lakes and rivers	1
Quaint towns and villages	1
Parks and forests	1
Outdoor sports activities	1
Value for my time and money	2
Family-oriented activities	2
Vacation resorts	2
Festivals/special cultural events	2

As will be discussed later in this document, the focus group discussions tended to shed more light on the opportunities to differentiate New Hampshire, which, in this instance, tends to be related to market based opportunities (family travel and ability to access high quality assets). Finally, it is also important that New Hampshire understand what high potential travelers in logical target markets consider to be the state's weaknesses. The Figure below lists particular attributes where New Hampshire was not highly rated. The right hand column lists the variance between how many respondents rated New Hampshire as good or excellent and the similarly calculated percentage of the top ranked state.

Figure 12

Most Pronounced Weaknesses

Greatest Variance*	%
Museums, galleries, zoos, etc.	**67.1%**
Nightlife & entertainment	**57.6%**
Different types of food	**53.4%**
Architecture/landmarks	**49.7%**
Historic sites	**45.0%**
Beaches	**42.0%**
Casino/gaming	**40.2%**

* Top rated state compared to New Hampshire

Strengths and Weaknesses of New England Competitors

According to Importance-Performance ratings by overall respondents:

Maine

Strengths: scenery/natural beauty, lakes/rivers, parks and forests, value for time and money, beaches, quaint towns/villages, high quality accommodations, access to mountains and vacation resorts.

Weaknesses: casino gaming, nightlife and entertainment, museums and galleries, architecture/landmarks and festivals/special events.

Connecticut

Strengths: high quality accommodations, scenery/natural beauty and quaint towns/villages.

Weaknesses: festivals/special events, nightlife and entertainment, vacation resorts, museums and galleries, shopping, architecture/landmarks, family-oriented activities and casino gaming.

Massachusetts

Strengths: family oriented-activities, historic sites, high quality accommodations, quaint towns/villages, scenery/natural beauty, different types of food, beaches, outdoor/sports activities, parks and forests and lakes/rivers.

Weaknesses: casino gaming.

Vermont

Strengths: scenery/natural beauty, quaint towns/villages, parks and forests, lakes/rivers, high quality accommodations and value for time and money.

Weaknesses: casino gaming, nightlife and entertainment, museums and galleries, architecture/landmarks, shopping, festivals/special events and family-oriented activities.

Rhode Island

Strengths: beaches and scenery/natural beauty.

Weaknesses: casino gaming, festivals/special events, nightlife and entertainment, vacation resorts, fall foliage, family-oriented activities, shopping, museums and galleries and architecture/landmarks.

As stated previously in this document, Maine, Massachusetts and Vermont tend to offer significant competition for New Hampshire. Since all of these states tend to offer similar strengths, it is often difficult for New Hampshire to differentiate the destination from its competitive set. This is even true when looking at the areas where New Hampshire has the first- or second-rated attributes. The Table below list the attributes for which New Hampshire was rated first or second, and compares the percentage of people who rated the state as "good or excellent" with the percentages for the competitive states. The right-hand column is designed to indicate the number of competitors, within this particular competitive set, that are ranked above 50 percent as "good or excellent" by respondents and are closely rated (within 15 percent points).

Table 4

	NH%	**ME%**	**MA%**	**VT%**	**Competition**
Fall foliage	95.0	83.2	84.4	88.4	4 @ 83+%
Scenery/natural beauty	92.9	90.6	78.1	87.5	4 @ 78+%
Access to mountains	88.3	65.1	43.8	79.3	2 @ 79+%
Lakes and rivers	87.8	81.8	55.0	71.2	2 @ 81+%
Quaint towns and villages	84.9	82.7	81.6	78.0	4 @ 78+%
Parks and forests	84.0	76.9	65.1	70.0	3 @ 70+%
Outdoor sports activities	79.7	78.2	67.6	65.3	3 @ 65+%
Value for my time and money	71.4	73.4	53.4	57.1	2 @ 71+%
Family-oriented activities	67.7	56.4	72.4	47.4	2 @ 67+%
Vacation resorts	65.3	60.0	65.6	55.1	4 @ 55+%
Festivals/special cultural events	45.8	41.6	63.6	33.0	1 @ 63+%

PRIMARY FOCUS GROUP FINDINGS

On February 11, 2003, two focus groups were conducted in Boston to obtain insights into the image of New Hampshire as a travel destination. Seventeen participants from the Greater Boston Area were recruited. Participants were selected based on their income level, with the requirement being that their annual household income had to exceed $50,000. An additional criterion for selection was that they were to have taken at least one pleasure trip within the New England Region within the last two years and to New Hampshire within the past five years. The groups were also screened to obtain a balanced mix of participants in terms of gender and age (with a desired equal distribution of the following age groups: 25-45 years old; 46 years and above).

The objectives for the focus groups were:

1. To understand the travel experiences associated with vacations/getaways in the New England Region
2. To develop image profiles for the different New England states
3. To assess the image(s) of New Hampshire and to evaluate the effectiveness of different branding ideas

In addition to the discussion, both groups were asked to complete paper and pencil tasks which involved: 1) describing pictures featuring certain aspects of New England destinations and assigning them to one or more of the New England states; 2) selecting the New Hampshire branding ideas they found most compelling/attractive. (See the Focus Group Appendices B and C that are featured in the Attachments section of this report for the protocol used to guide the focus group discussion and the worksheet used in the destination picture task described above.) For the most part, the focus group discussions confirmed the written survey results. New Hampshire was viewed as an extremely attractive destination that faces significant competition among the region's states for generating travel spending.

Focus Group Participants

Table 5
Group 1

Name	Gender	Age	Income
Rosemary	F	45	$51-65k
Angela	F	41	$75-100k
Richard	M	50	$51-65k
Valerie	F	25-45	$100+k
Howard	M	58	$100+k
William	M	68	$75-100k
Leslie	F	55	$65-75k
John	M	29	$51-65k
Robert	M	39	$65-75k

Table 6
G r o u p 2

Name	Gender	Age	Income
Lisa	F	44	$75-100k
Katherine	F	38	$75-100k
Marta	F	41	$75-100k
Jonathan	M	52	$65-75k
Patricia	F	38	$51-65k
Robert	M	54	$65-75k
Andrew	M	50	$65-75k
Bob	M	46	$51-65k

It is important to note that these sessions were not designed to produce statistically valid results. Instead, they were designed to provide additional image-related insight and to test written survey findings. These particular focus group discussions produced the following observations, many of which could be viewed as particular to the Boston market. The full write up of the focus group discussions is featured in the Attachments section of this document.

Significant findings and implications (derived from the results of both focus groups) featured in the full write-up include the following:

Finding # 1. Travel Experiences in the New England Region

The focus group participants described a variety of vacation experiences that involved travel to different places within the New England region. Many of these trips portrayed during the discussion were family trips, while others involved traveling with one's spouse or a group of friends. Destinations closer to the Boston area, such as Cape Cod and Rhode Island or Connecticut, were mostly mentioned in conjunction with day trips. In contrast, York Beach, Maine and North Conway, as well as Story Land in New Hampshire, were destinations/attractions mentioned by several of the focus group participants as destinations of their choice for *New England vacations*. Convenience was brought up as a vacation aspect of importance, especially when traveling with young children. Also, many of the group members indicated that they revisit places they enjoyed visiting; however, the participants tended to indicate an openness to exploring new places.

Finding # 2. Images Associated with New Hampshire

While the focus group members described New Hampshire as a state that offers a lot in terms of natural beauty and outdoor activities/recreation their comments focused mostly on mountains, lakes, and winter sports. The New Hampshire beaches were mentioned by only a few of the participants. Importantly, New Hampshire was perceived as being close, but not as close as Maine or Rhode Island. Although it is considered to be very accessible, the long drive to the northern region keeps the state as a whole from being perceived as a quick getaway destination. Individual areas of New Hampshire were seen as extremely accessible. Further, most of the focus group members had the feeling that they only knew parts of the state and that there was more to New Hampshire than just the White Mountains and skiing. They suggested that more aggressive advertising of the interesting places/attractions the state has to offer would greatly enhance their image of New Hampshire.

New Hampshire was also seen as rural and somewhat backward. The participants interpreted this as offering opportunities for relaxation but were worried about not knowing what else to do when on vacation in New Hampshire. New Hampshire has the image of offering good value for money and being very affordable. At the same time it was perceived as an "in-between" state, offering experiences of somewhat inferior quality as compared to other states; specifically, the restaurants and dining opportunities were described as "in need of improvement." Historical sites and cultural activities were not associated with New Hampshire vacations. In general, New Hampshire appears to be seen as very similar to Maine and Vermont; however, the latter states were consistently described in more favorable terms.

Finding # 3. Images Associated with other New England States

Rhode Island and Connecticut were both described as luxury, adult-oriented destinations that warrant day trips but were not necessarily associated with longer vacation trips. Rhode Island was also associated with boating. Massachusetts scored highly in terms of culture, history, restaurants, shopping and beaches. The Cape is seen as an attractive getaway spot, but the enormous traffic going south negatively influences the participants' willingness to travel there. The image of Maine among the focus group members was extremely positive. It was considered to be a beautiful state that offered lots of variety, is close, and provides suitable experiences for everybody. Vermont was described as very scenic and somewhat more upscale than Maine and New Hampshire. However, it was also perceived as very rural and not offering much for younger children.

Finding # 4. Branding Ideas

Natural beauty, outdoor recreation, and family-oriented vacations were seen as concepts that match the image of New Hampshire. However, the focus group members stressed that several of the other states offer similar types of experiences. The group members had doubts about "so much to do" and "quaint villages," but thought the concepts were very enticing if New Hampshire could convince them that the state indeed offered a variety of experiences and that quaint villages existed.

Perhaps most importantly, the focus group comments suggest that branding, imaging and positioning efforts could be successful, particularly if New Hampshire creatively communicates one or more of the following: its family-travel strengths, its ability to be easily accessed by key markets and its scenic/natural beauty assets. This does not mean that additional efforts would likely fail; it simply means that the focus group discussions did not produce clarity beyond these points.

Conclusion

The world is changing rapidly and mass information delivery systems are evolving at a breakneck pace. According to Seth Godin, author of *Permission Marketing*, the average American is being bombarded by 1 million marketing messages a year, or nearly 3,000 every day. In defense, however, most consumers are electing to tune out messages that fail to speak directly to their needs or interests.

Recognizing the declining effectiveness of mass marketing, one of the world's largest advertisers, General Motors, made a ground-breaking move in 2000 by consolidating all of the responsibilities for their media planning (with the exception of Saturn and Saab brands), resulting in a $2.9 billion media budget or the "largest assignment in the history of Madison Avenue."

What was the impetus behind this unusual move? The corporation realized that, as marketers put more money into mass advertising programs, the more clogged the information channels become. GM's rationale was that it is becoming increasingly critical to break through the clutter and to more narrowly target the potential purchaser of the products being advertised. GM was investing in its ability to acquire the skills needed to speak directly to target customers -- and on the customers' terms.

Figure 13

General Motors

Case Study

"Media Planning is taking on additional strategic importance as marketers seek to increase the long odds that a potential customer – busy with life and bored by most ads – will pay attention to a sales pitch, particularly when many products are aimed at narrow demographic groups rather than mass audiences."

Source: *New York Times*; July 26, 2000

This holds true for the travel industry, as well. Look at many of the more popular and common vehicles typically utilized by travel industry advertisers. From airline in-flight magazines to consumer travel programs and Internet sites, the media outlets are filled with messages from destinations, transportation companies, hotels and attractions—frequently vying for the attention of the same individual consumer. With all of this noise in the pipeline, consumers are getting proficient at training themselves to shut it out. The situation is even worse in non-tourism related media, where response to travel-oriented advertising is even more diminished.

Today's marketer frequently needs to move away from traditional means of advertising to a more strategic approach. The savvy destination marketer no longer uses the tactic of "This is our product, to whom do we sell it and how?" Rather, the more strategic approach to both product development and advertising is "This is our target customer, what product development or marketing vehicles do we need to use to attract him or her?"

Figure 14

Using a more customer-oriented approach, both the communications channels and the development efforts must be focused on reaching desired visitors and providing them with the experience they are seeking. By taking a closeup look at New Hampshire's image as a travel destination, NGI believes a number of important lessons have been learned that should help the state's tourism marketers to successfully conduct customer-oriented marketing efforts. In some cases, the lessons confirmed hunches (yes, New Hampshire does have an attractive image within the region). In other instances, additional insight has been gained (such as the intense level of competition for customers lured by undifferentiated assets).

In concluding this report, it is important to consider the goals that were established at the start of this process.

1. **Gain a better understanding of the destination features that are most important to target customer segments, what activities motivate them to travel and how New Hampshire ranks among its key competitive set.**

The answers to these questions were, for the most part, clear. The preceding sections of this report answer a number of these questions. In addition, the *Understanding Visitors to New England Region* report featured in the Attachments section of this report answers others. Highlights include:

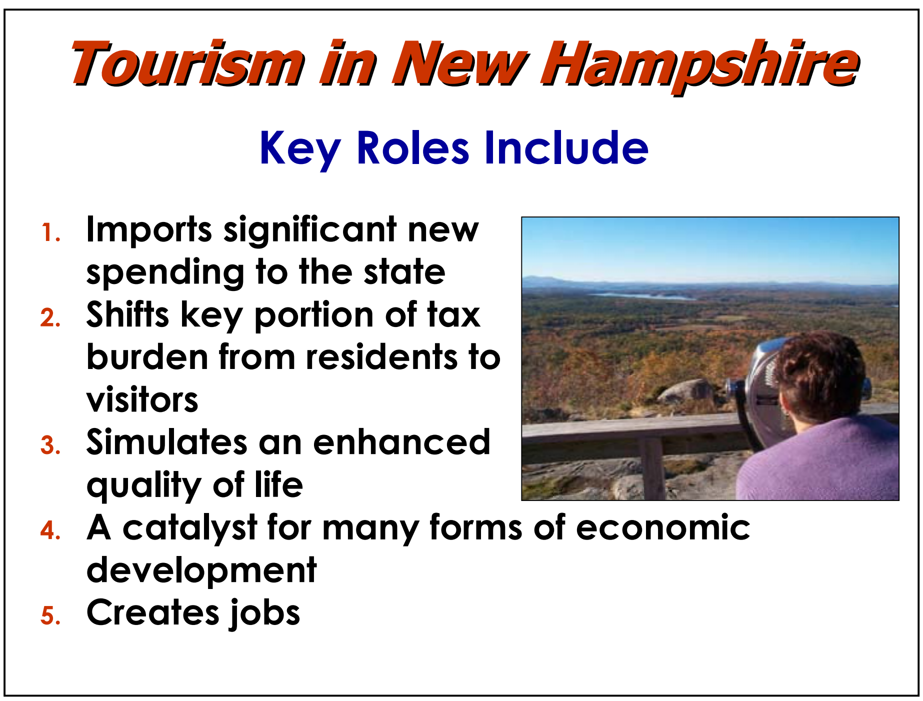
- Visiting a beach/waterfront area and taking scenic drives were listed as the most important activities to our surveyed markets.
- Good value for time and money and scenic/natural beauty were identified as the features that most influence trip decisions.
- The opportunity to get away and relax was, by far and away, the leading reason why our respondents choose to travel in New England. It was also listed as the factor that most influences trip destination choices.
- Maine was listed as the state most likely to be visited by respondents within the next two years. New Hampshire finished an impressive second, ahead of states like Massachusetts and Florida.
- New Hampshire was listed as the first or second best state for offering a variety of destination attributes. At the same time, other key states were rated similarly in a number of those categories.

2. **Gain a better understanding of how the Division can continue to market the state so as to generate the kind of visitor spending that improves the New Hampshire economy and stimulates increased support of the kind of quality of life amenities that are appreciated by residents who live in the state.**

Because goods are rarely transported outside of the state's borders as a result of this visitor spending, many residents and government leaders often fail to recognize that tourism is an export industry. In fact, few industries can compete with the impact of tourism's role as a service export. The most recent statistics available from the Travel Industry Association of America indicate that, because visitors from outside of the United States spend more money here than Americans do abroad, tourism annually creates a $14 billion balance of trade surplus for the U.S. This is important for New Hampshire to recognize because many economists indicate that the strength of any economy – national, state or local – is directly related to the strength of its exports.

It is also important that New Hampshire residents understand that many of the great recreational facilities and amenities offered in the state are often supported by tourism dollars. Without question, the quality and diversity of such pleasures as golf courses, shopping centers, and restaurants, and attractions such as family theme parks and hiking trails, would be greatly reduced were it not for the demand these facilities receive from visitors who live outside of the state. Amenities supported by tourism help to stimulate an enhanced quality of life for New Hampshire residents.

Figure 15



This image study was aimed at acquiring the kind of information that will help lead to marketing and development efforts that guarantee impressive levels of tourism dollars continue to flow into the state into the future. It is important to note that, if the information produced here leads to more effective marketing and development, it will likely result in improved economic and quality-of-life conditions.

The mail survey and focus group discussions were aimed at best understanding the mindsets of potential travelers who both live in logical geographic targets markets and have the type of household income that indicates they can travel frequently to New Hampshire and spend liberally while in the state. It is hoped that the information that was provided, as a result, will lead to high-impact travel spending. Ideally, it will lead to the kind of spending that will improve the state's economy and support resident-valued quality of life amenities.

3. Gain a better understanding of how marketing and product development efforts can be managed to increase the state's ability to compete for market share in the future.

In recent years global competition for visitor spending has escalated. A rapidly increasing number of countries, states and cities recognize that strategic investment in destination marketing can quickly result in the importation of new dollars into their economy. The fact that many states recognize the importance of visitor spending and back that recognition with sizeable investments in marketing, combined with the image study's conclusion that many of New Hampshire's strongest assets often appear undifferentiated from states like Maine and Vermont, does not guarantee New Hampshire's image will continue to shine as bright in the future. It also does not guarantee the state will continue to experience the levels of visitor spending it currently enjoys. To combat such vulnerability, and to guarantee the ability to compete for market share in the future, the image study findings led the NGI team to recommend that New Hampshire strive to excel at one or more of the following:

- Differentiate the state from key competitors and other choices available to target customer segments.
- Acquire additional marketing resources to better position the state in key markets and then spend such dollars strategically.
- Focus marketing dollars on reaching and motivating those markets or customer segments where the state is most likely to succeed with such efforts.

While many aspects of the mail survey and the focus group discussions portrayed major New Hampshire assets as undifferentiated from those in other specific New England states, the NGI team concluded that two prime opportunities for differentiation emerged.

- New Hampshire can be successfully positioned in key markets as a premier New England family destination.
- New Hampshire can be positioned as offering superior access to outstanding scenery and year-round outdoor activities/recreation.

With regard to the family market, there are additional competitors. New Hampshire, however, fared well in the "Importance-Performance" ratings for this class of travel. Furthermore, the focus group participants that currently have children in their households tended to give glowing reports of their New Hampshire family travel experiences and indicated that the state could plant a defendable, believable stake as a premier, regional family draw. In addition, this image study pointed to New Hampshire's favorable position as offering good value for the money.

Associating good value with New Hampshire can increase the state's ability to successfully grow the family travel market. It can also help to position the state's highly desirable scenery and outdoor activities with those markets where easy access to such assets is important. While most New England states are rated highly for scenery-related assets and outdoor activities/recreation, it's the access attribute that particularly differentiates New Hampshire in many key feeder markets.

ATTACHMENTS