

WALTON COUNTY TOURISM

ROI 2024 Study
November 2024





PURPOSE

Calculate Walton County Tourism's (WCT) return on advertising investment (ROI)¹ on money allocated to the Destination Marketing Organization by Walton County government in 2024.

METHOD

Analyze Visitor Tracking data to determine the influence of WCT's advertising on visitors' decisions to come to Walton County

Survey industry partners to determine how much advertising dollars they spend outside Walton County with the intent of driving visitors to Walton County.

Partners' survey was conducted from August to November of 2024.

¹WCT's advertising budget for FY2024 was **\$6,711,256**, and is the figure used in this study.

DESTINATION VS. TRADITIONAL MARKETING: KEY DIFFERENCES



Tourism products are fundamentally **intangible**—they cannot be seen, touched, or owned but are instead **experienced**. This sets them apart from traditional goods and requires a distinct marketing approach.

Unlike conventional advertising, where exposure to an ad can lead to an **immediate purchase**, destination marketing influences **future travel decisions** that involve **longer planning cycles**. Several factors contribute to this delayed response:

- **Extended Decision-Making Process** – Travel requires careful planning, budgeting, scheduling, and coordination, often delaying the booking decision long after initial exposure to an advertisement.
- **Personal and Work Commitments** – Even if a destination appeals to a potential visitor, travel may be postponed due to personal circumstances, work schedules, or other obligations.
- **Financial Considerations** – Travel typically involves a **higher financial commitment** than everyday consumer products, leading potential visitors to postpone trips until they have the necessary resources.

Because of these delays, the effects of **destination promotion accumulate over time**, influencing traveler demand **months or even years** after the initial exposure. This underscores the importance of **ongoing destination marketing** to maintain relevance, keep a destination top-of-mind, and influence both **past and future visitors**.

ROI FOR INVESTMENT IN WCT'S ADVERTISING¹

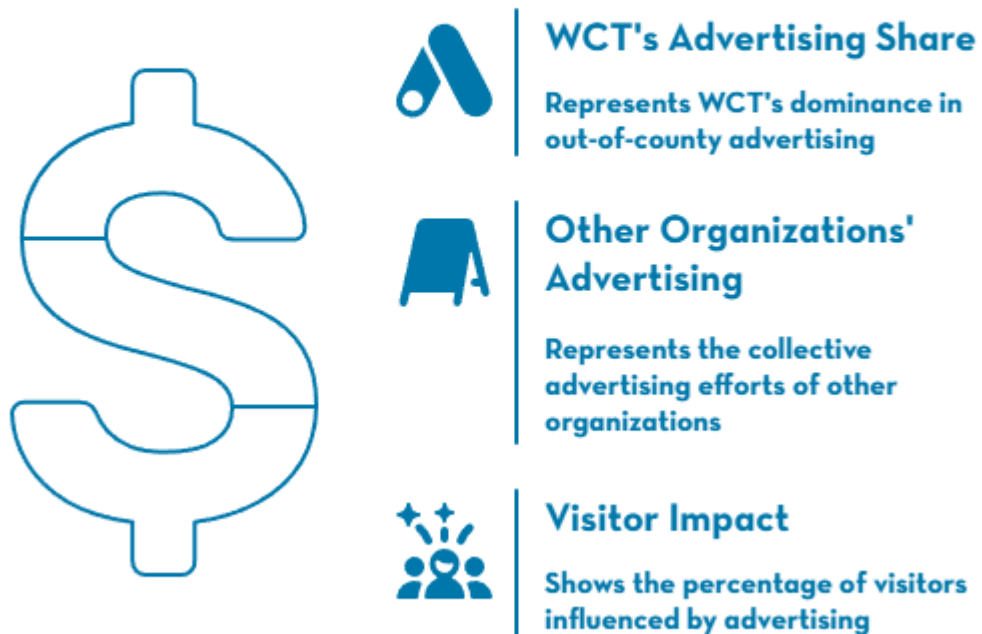
For every dollar Walton County government invested in WCT's advertising, Walton County government received **\$15.17** in county government revenues.

\$15.17

$$ROI = \frac{\text{Extra money from tourists due to marketing} - \text{Marketing cost}}{\text{Marketing cost}} = \frac{\$108,488,516 - \$6,711,256}{\$6,711,256}$$

¹WCT's advertising expenditures in FY2024 were \$6,711,256.

Walton County Advertising Dynamics



Based on Visitor Tracking studies conducted throughout 2023 of 4,687 visitors to Walton County, we know:

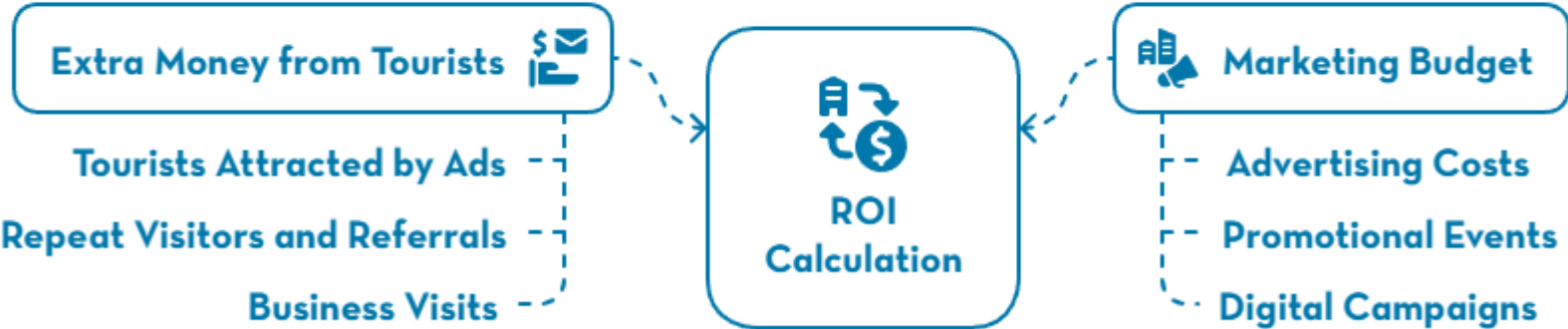
- Out-of-county advertising efforts by all organizations (including WCT) in Walton County drive **27.9%** of all visitors to Walton County.

Based on the survey of WCT Partners, we know:

- WCT accounts for **57.9%** of all advertising dollars spent outside Walton County with the intent of driving visitors to Walton County;
- Nearly 50% do no advertising outside Walton County;
- Around 3 in 4 spend less than \$12,000 if they do advertising outside Walton County;

HOW WE CALCULATE ROI

Calculating Tourism Marketing ROI



HOW WE CALCULATE ROI

Walton County Tourism uses money collected from tourist taxes to market the destination—things like ads, promotions, and campaigns. We want to know: **Is that marketing bringing in more money than it costs?**

Step 1: How much extra money the community gets because of the tourism marketing.

This includes:

- Money from tourists who came because they saw our ads.
- Money from tourists who came back again, told friends, or came for business because of earlier tourism efforts.

Step 2: How much we spent on marketing.

This is the tourism department's marketing budget.

Step 3: ROI Calculation We use this formula:

$$ROI = \frac{\text{Extra money from tourists due to marketing} - \text{Marketing cost}}{\text{Marketing cost}}$$



WHAT IS EXTRA MONEY FROM VISITORS?

This number tells us how much of the community's revenue is generated by tourists **because of the tourism department's marketing and promotional efforts.**

The calculation has two key parts:

1. Total Walton County Government Revenue from All Tourists

This is how much total money the community (WCG) earns from visitors.

Formula:

$$\begin{aligned} &WCG \text{ Tourist Revenue} \\ &= \text{Total WC Budget} \times \% \text{ of revenue from visitors} \end{aligned}$$

- **Total WC Budget (FY24) = \$318,071,593**
- **% of revenue from visitors¹ = 75.8%**
- **WCG Tourist Revenue = \$318,071,593 × 75.8% = \$241,030,923**

¹The percentage of revenue from visitors is calculated each year by comparing how much money local residents spend to how much visitors spend. Using census data and spending estimates, we determine what portion of total economic activity in Walton County comes from tourists.



VISITORS ATTRIBUTED TO WCT MARKETING

WCT accounts for 57.9% of ALL out-of-county advertising efforts

- The remaining 42.1% comes from other organizations within the county

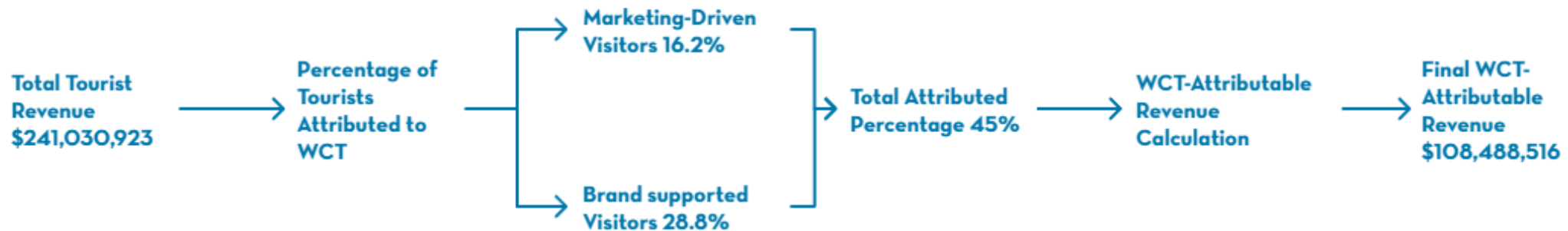
We segment visitors based on how WCT influenced their travel decisions:

- **Marketing-Driven:** Visitors who cited WCT ads or promotions as their primary motivator.
- **Brand Supported:** Visitors who came for other reasons but were likely still influenced by WCT's sustained branding, events, and destination marketing efforts.

WCT is responsible for driving 45% of visitors to Walton County.

- 16.2% of visitors are marketing driven
- 28.8% of visitors are brand supported

WCT Attributable Revenue Calculation



DIFFERENT TYPES OF VISITORS ATTRIBUTED TO TOURISM MARKETING

We estimate how many did using **two main sources**:

A. Marketing-Driven Visitors: These are people who came after seeing WCT ads or promotions.

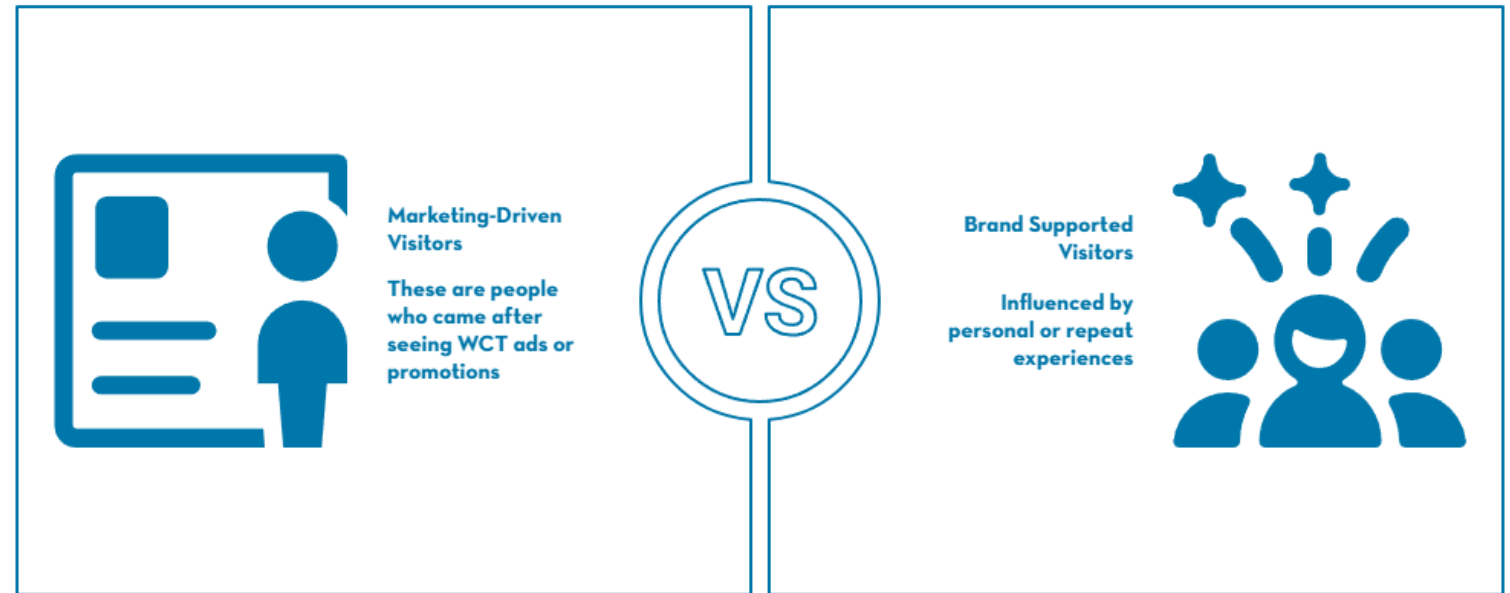
B. Brand Supported Visitors Influenced by WCT

Not all visitors decide to come because of a direct advertisement or promotion. Some people come for reasons like:

- Visiting friends and relatives (VFR)
- Returning after previous enjoyable trips (repeat visitors)
- Attending business meetings, conferences, or events

These visitors weren't influenced by a single ad—but that doesn't mean WCT had no role in their decision.

Determine the primary influence on visitor decisions.



WCT'S CREDIT FOR BRAND SUPPORTED VISITORS INFLUENCE

- **Repeat visitors** may have first been influenced by WCT advertising years ago. Even though they come back regularly, they could just as easily choose a new destination each year. Ongoing marketing helps keep the destination **top of mind**.
- **Business visitors** (like conference attendees or event organizers) often come because **a meeting planner had a positive leisure experience** in the destination. That original trip may have been influenced by WCT's marketing. Bringing meetings to the area is also a core aspect of WCT efforts.
- **Word of mouth** is powerful—but it usually starts with someone having a good experience, often because they were originally drawn by a campaign or promotion.

So, WCT gets partial credit for these types of visitors.

Even if advertising wasn't the final reason for the trip, it played a role in planting the seed, building the destination's reputation, and reinforcing positive memories that shape future decisions.

In the ROI calculation, we reflect this with a **percentage of these "brand supported"** visitors being **attributed back to WCT** based on reasonable estimates and credit-sharing logic.



PLUGGING IT BACK INTO THE ROI FORMULA

Total % of Tourists Attributed to WCT

$$16.2\% \text{ (marketing – driven)} + 28.8\% \text{ (brand supported)} \\ = 45\%$$

Final Calculation of Extra Money from Tourists Due to WCT

WCT Attributable Revenue = WCG Visitor Revenue × Total % Attributed to WCT

$$= \$241,030,923 \times 45\% = \$108,488,516$$

We look at how much the community earns from tourists, then estimate how many of those tourists came because of the Tourism Department's efforts—both through ads and long-term reputation building. That gives us the **amount of money that can be credited to marketing by WCT.**



DETAILED METHODS



APPROACH FOR DETERMINING ROI

Downs & St. Germain Research's approach for determining ROI for WCT's advertising is based on the approach that the Florida Office of Economic, & Demographic Research (EDR) conducted for Visit Florida. EDR is the Florida Legislature's research arm and is partly charged with determining ROI for State of Florida-funded projects.

Downs & St. Germain Research's approach for determining ROI differs from EDR in that our approach is based on business school theory for decision-making, which incorporates non-economic impacts such as psychological and socio-psychological influences on consumer behavior.

EDR's approach is based on classic economic theory that assumes all decision-making is rational and that the goal is to maximize value in making marketplace choices.

Business school theory for decision-making is more in line with how consumers make decisions in most product categories, including vacations. We are influenced by our friends, our business associates, our entire set of life experiences, our past behavior, social pressure, group pressure, psychological factors we do not understand, etc. Interestingly, a popular and growing specialty in economics is called "behavioral economics," which factors in non-economic forces on decision-making. In other words, a segment of economists are starting to approach consumer decision-making as business schools approach it.



MARKETING & BRAND SUPPORTED INFLUENCES ON DEMAND

Marketing influences on demand to Walton County Tourism

- Marketing efforts by WCT to attract visitors to the area;
- Marketing efforts by other organizations in Walton County.

Brand supported influences on demand to Walton County Tourism

- Repeat visitors;
- Visitors who visit friends and relatives (VFRs);
- Visitors who come based on recommendations from others;
- Business visitors.

Supply-side determinants

- Household income, unemployment rate, dollar strength, weather, water quality, etc.;
- Supply-side determinants are not relevant when calculating the ROI for WCT; however, WCT's marketing attempts to mitigate the effects of supply-side determinants do impact demand.

ROI FOR INVESTMENT IN WCT'S ADVERTISING¹

For every dollar Walton County government invested in WCT's advertising, Walton County government received **\$15.17** in county government revenues.

$$ROI = \frac{\text{Extra money from tourists due to marketing} - \text{Marketing cost}}{\text{Marketing cost}}$$

$$\frac{\$108,488,516 - \$6,711,256}{\$6,711,256} = \mathbf{\$15.17}$$

¹WCT's advertising expenditures in FY2024 were \$6,711,256.

COUNTY GOVERNMENT REVENUES ATTRIBUTED TO VISITORS

BUSINESS SCHOOL THEORY TO DECISION MAKING

- WCT drives **16.2%** of visitors to Walton County when adhering to the classical economic theory approach to decision-making.
- When adding brand supported influences attributed to WCT, it is responsible for driving **45.0%** of visitors to Walton County (16.2% + 28.8%).
- Based on the annual Visitor Tracking and Economic Impact Study, visitor spending supported **\$241,030,923** in Walton County taxes
- Therefore, when following business school theory for decision-making, WCT is responsible for generating **\$108,488,516** of the County government's revenue via visitor spending:
 - $(\$241,030,923^1 * 45.0\% = \$108,488,516)$

¹Walton County government revenues attributed to visitors.

HOW MUCH CREDIT FOR WCT'S ADVERTISING?

- Based on the survey of WCT Partners¹, we know:
 - Nearly **50%** do no advertising outside Walton County;
 - Around **3 in 4** spend less than \$12,000 if they do advertising outside Walton County;
 - WCT accounts for **57.9%** of all advertising dollars spent outside Walton County with the intent of driving visitors to Walton County;
 - All other organizations in Walton County account for **42.1%** of all advertising dollars spent outside Walton County with the intent of driving visitors to Walton County.
- Advertising from all organizations (including WCT) accounts for **27.9%** of visitors
- WCT accounts for **57.9%** of all out-of-county advertising (from Partners' Survey).

¹Fewer partners participated in this survey than in 2021.

HOW MUCH CREDIT FOR WCT'S ADVERTISING? ¹

- Based on Visitor Tracking studies conducted throughout 2023 of **4,687** visitors to Walton County, we know that out-of-county advertising efforts by all organizations (including WCT) in Walton County drive **27.9%** of all visitors to Walton County.
- Based on Visitor Tracking surveys, we also know the percentages of visitors who were influenced to visit Walton County for the following reasons:
 - Past visitors;
 - Visited friends & relatives (VFRs);
 - Received recommendations from friends (word of mouth);
 - Business visitors.

Drivers of Demand	% of Total Demand	% of Brand Supported
Marketing-Driven	27.9%	
Brand Supported	72.1%	
Past visitors		25.0%
VFRs		22.0%
Word-of-mouth		20.1%
Business visitors		5.0%
Total	100%	72.1%

HOW MUCH CREDIT FOR WCT - BRAND SUPPORTED VISITORS?¹

Classical economic theory holds that no credit should be given to WCT for “brand supported” activities that bring visitors. In contrast, business school theory maintains that WCT should receive some credit.

All visitors have choices¹:

- Past visitors to Walton County may opt to explore other destinations, such as Destin;
- Alternatively, those visiting friends and family (VFRs) could choose to spend time with loved ones in locations like California.

These visitors come to Walton County partly because of some current or past advertising efforts. Therefore, WCT deserves additional credit for driving past visitors, VFRs, and business visitors to Walton County. Based on our extensive tourism experience and knowledge, we assign WCT **40%** of the credit for driving past visitors, business visitors and VFRs to Walton County.

The table to the right shows that 72.1% of visitors come without direct marketing effort. We believe that WCT deserves 40% of this “brand supported” influence. Therefore, WCT deserves 40% of the 72.1% brand supported or **28.8%** of the credit (40% X 72.1%).

Drivers of Demand	% of Total Demand	% of Brand Supported	% of Brand Supported Allocated to WCT	Total Brand Supported Allocated to WCT
Marketing-Driven	27.9%			
Brand Supported	72.1%			
Past visitors		25.0%	40%	10%
VFRs		22.0%	40%	8.8%
Word-of-mouth		20.1%	40%	8.0%
Business visitors		5.0%	40%	2.0%
Total	100%	72.1%		28.8%

¹ Downs & St. Germain Research takes a business school, i.e., a consumer behavior, perspective when assessing influence, while EDR takes a classical economics approach to decision making. It should be noted that a fast-growing segment of economics is behavioral economics, which is very similar to consumer behavior as studied in business schools. We believe WCT should be partially credited with influencing past visitors, business travelers, and VFRs for choosing to Walton County Tourism, while EDR would argue that WCT receive no credit.

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