

Attachment A

Arkansas Department of Parks and Tourism

SP-17-0058

Advertising and Marketing

Additional Information

Background and Current Environment of

ADPT Advertising and Marketing.....page 1

Target Markets.....page 2

Key Challenges.....page 3

Additional Agency Information.....page 3

Additional Agency Information

Background and Current Environment

Arkansas has chosen to place its state parks program and tourism promotion efforts under a single agency, in this case the Arkansas Department of Parks and Tourism. Working together in the late 1980s, representatives of the State's tourism industry convinced the Arkansas General Assembly to levy a 2% tax on four hospitality-related retail sales categories: transient lodging (hotels, motels, bed & breakfasts, cabins, lodges); marina rentals; tourism attraction admission fees; and camping fees. Revenues from the tax, the vast majority of which originate from the lodging component, are placed in a Tourism Development Trust Fund earmarked for use by the Department's Tourism Division to expand Arkansas's presence in the travel marketplace.

The trust fund has achieved healthy growth in recent years and now realizes about \$17 million annually. Although a portion of the dollars are used for salaries, capital expenditures, and maintenance and operation costs, most of the proceeds are reserved for a research-based comprehensive marketing/promotional effort. With the passage of Amendment 75 in 1996, the resulting one-eighth cent sales tax (revenues of which are shared with several other State agencies) currently yields nearly \$30 million annually for upgrading the system's 52 state parks, most of which has been earmarked for long-deferred maintenance projects. These investments have paid off nicely, delivering not only vastly improved levels of customer satisfaction but increased visitor spending as well. As a matter of policy, the State Parks Division annually commits approximately 5% of its operational revenues to marketing.

Between the Tourism Division and the State Parks Division, the Department of Parks and Tourism will have approximately \$14.4 million for the fiscal year beginning on July 1, 2017, to market Arkansas tourism and its state parks system. Of this total, some \$13 million will be funded by the Tourism Division with the remaining \$1.4 million originating from the State Parks Division. The Department is seeking a fully integrated marketing communication vendor to work with the Department's senior management team to:

- Guide strategic development for Arkansas's tourism industry.
- Strengthen the State's brand.
- Leverage the State's dollars through an ambitious partnership program.
- Produce creative messages which resonate with the State's target audiences.
- Assemble an aggressive and comprehensive media plan.
- Provide public relations and external communications.
- Host the www.Arkansas.com and www.ArkansasStateParks.com websites along with other related websites and drive online traffic to the sites.
- Measure and evaluate the effectiveness of the overall efforts.

The Arkansas Department of Parks and Tourism is seeking a vendor that will provide exceptional professional assistance and not view this account as simply one more in a long list of clients. The ADPT must have a partner which will build on the State's 30+ years of equity in its "Arkansas: The Natural State" branding statement. The ADPT requires a partner which is intimately familiar with the Arkansas tourism industry, recognizes its potential, and is eager to devote its resources to advancing this vital and growing niche of the Arkansas economy.

The ADPT requires its vendor to fully comprehend the mission of the State Parks Division and provide the resources and expertise to continue its strong upward growth. The ADPT demands a partner with a tangible passion for Arkansas and a thorough grasp of the State's unique opportunities and experiences. The ADPT insists on a partner which will contribute to a highly creative, energetic, and collaborative association. Most importantly, the ADPT must find a partner which is absolutely committed to delivering the best services possible on behalf of Arkansas's taxpayers.

Target Markets

Arkansas's traditional tourism markets have been those within a day's drive of the State. In somewhat more specific terms, that's generally equivalent to a large oval placed across the mid-section of the country (from Chicago south to New Orleans and from Nashville west to a line extending from Oklahoma City down to Austin). In addition to those cities, other primary metropolitan areas would include Wichita, Kansas City, Springfield, St. Louis, Memphis, Jackson, Shreveport, Houston, Austin, Dallas, Fort Worth, Tulsa, Fort Smith, the northwest Arkansas corridor (Fayetteville/Springdale/Rogers/Bentonville), and the greater Little Rock region. Estimates indicate approximately two-thirds of the State's travelers originate beyond Arkansas's borders, most often from contiguous states.

With recent additions to Arkansas's tourism product – i.e.: the Clinton Presidential Center, Crystal Bridges Museum of American Art, and Johnny Cash's Boyhood Home – a strong argument can be made that it's time to abandon what's often referred to as "Arkansas's marketing egg" in favor of an expanded geographic base. In fact, research shows increasing numbers of visitors from California, Pennsylvania, Florida, and other more distant states.

As for targeted audiences, the State has relied on Baby Boomers, empty nesters, outdoor enthusiasts, retirees, and young families in the recent past. But, Arkansas has seen growing success with Gen Xers, Millennials, adventure travelers, road and mountain bikers, motorcyclists, geotravelers, heritage tourism buffs, craft beer fans, and foodies.

Additionally, the Arkansas Department of Parks and Tourism (ADPT) is interested in enhancing its working relationships with the following groups: tour company owners/operators, family and military reunion planners, meeting and convention planners, wedding planners, sporting event organizers/planners, travel editors/writers/photographers, niche associations and bloggers.

While international promotion has not been a priority of the ADPT, the timing is right to make some initial forays into this complex and competitive arena. Up through the present, efforts have been limited to modest cooperative ventures with Travel South USA and Mississippi River Country, two multi-state organizations concentrating on the development of international traffic to their respective regions. Both provide opportunities for "pay to play" promotions which could offer attractive, low-cost options for bringing Johnny Cash's Boyhood Home, the Clinton Presidential Center, and other attractions to the attention of foreign travelers in selected countries.

Although the primary market for Arkansas State Parks is Arkansas residents, its enabling legislation specifically includes tourism among the listed objectives, making it one of the few state park systems in the country with this charge. Its audiences are wide-ranging, stretching from Civil War aficionados to amateur geologists searching for the discovery of a lifetime at Crater of Diamonds State Park. Archaeological resources at Hampson Museum, Parkin, and Toltec attract far different crowds than the adventure enthusiasts showing up for a Class IV whitewater expedition at Cossatot or a mountain biking event at Devil's Den. Likewise, visitors to the Ozark Folk Center are seeking vastly different experiences than those at Pinnacle Mountain or Logoly.

Key Challenges

While Arkansas's tourism industry can point to significant improvements over the past couple of decades, it still faces challenges – with a lingering image problem occupying the top of the list. Thanks to the notorious contributions of humorist Bob Burns, journalist H. L. Mencken, and Governor Orval Faubus, the State has struggled for years to establish a positive public perception, not only from coast to coast but also within our own 75 counties. The election of former Governor Bill Clinton as President along with the ascension of corporate titans such as Walmart, Tyson, and J.B. Hunt have been of immense help in countering much of the negative stereotyping which has plagued Arkansas, her residents, and the State's tourism economy.

In addition, focus group research shows that some potential visitors express concerns about the level of service they might expect while traveling in Arkansas. A few have questioned whether or not the State has commercial flight connections and others have doubted the availability of high quality dining, lodging, and shopping experiences. The State's confusing liquor law situation ("wet" versus "dry" counties) could be viewed as yet another hardship.

Two other challenges are:

1. Product development – or making sure that the State continues to supply new reasons for repeat visitors to come back. Much like a successful theme park, Arkansas must regularly offer "new rides" in order to present the State as an enticing, exciting, and ever-improving destination of choice.
2. The constant effort to establish a permanent seat for the tourism industry at Arkansas's economic development table. Although the hospitality niche has generated thousands of new jobs in the State during the past few years and has contributed billions of dollars to the Arkansas economy (and hundreds of millions to the State's coffers), it is seldom in the mindsets of legislators, chamber of commerce executives, and other key local, regional, and State development leaders. Bringing tourism more to the forefront with these three groups will help put it in a position to assume its rightful role in contributing to the State's future.

Additional Agency Information

Tourism in Arkansas: Tourism is among the leading industries within the State of Arkansas, providing more than 100,000 jobs and contributing nearly \$350 million annually in state taxes. In Calendar Year 2015, Arkansas hosted over 28 million guests, some two-thirds of which were out-of-state visitors, who collectively spent over \$7.3 billion while traveling in and through The Natural State.

1. There are many compelling reasons for tourists to vacation in Arkansas.
 - a. The State is centrally located and within an easy drive of a number of major metropolitan areas.

- b. It offers a remarkable array of fascinating landscapes and appealing attractions within its 53,180 square miles.
- c. Arkansas can claim America's oldest national park, its first national river, and the only diamond mine in the world open to the public.
- d. It has 52 State parks, three national forests, seven units within America's national park system, an extensive network of Corps of Engineers reservoirs, and a dozen or so national wildlife refuges.
- e. The State's many superb attractions include the Clinton Presidential Center in Little Rock, the Crystal Bridges Museum of American Art in Bentonville, the King Biscuit Blues Festival in Helena-West Helena, Johnny Cash's Boyhood Home in Dyess, the Bikes, Blues and BBQ Motorcycle Rally in Fayetteville, five Epic-rated mountain biking trails, and expanding gaming operations at Southland and Oaklawn.
- f. The State's legendary duck hunting and world-class trout fishing adventures.

2. Tourism in Arkansas

- a. Tourism throughout Arkansas is a collection of businesses representing a variety of sectors:

• Lodging	• Outfitters	• Breweries
• Dining	• Private attractions	• Gasoline stations
• Museums	• Gaming	• Convenience stores
• Resorts	• Cultural facilities	• Convention centers
• Marinas	• Vineyards	• Retailers
- b. These State and Federal agencies are important partners to the industry:
 - Department of Arkansas Heritage
 - Arkansas Game & Fish Commission
 - Arkansas State Highway and Transportation Department
 - U.S. Army Corps of Engineers
 - U.S. Forest Service
 - National Park Service

The Tourism Division: The Department's Tourism Division has a staff of approximately 65 employees. This dedicated group of professionals promotes the State's spectacular scenery, unrivaled outdoor recreational activities, quaint but vibrant small towns, unique cultural experiences, and genuine hospitality. Its goal is to enhance the image of Arkansas and contribute to the State's prosperity by strengthening the economy via tourism. Staff members provide promotional opportunities, technical expertise, research, and access to grant programs.

1. In addition to its administrative section, the Tourism Division has five sections organized by these categories:
 - Communications
 - Group Travel
 - Tourism Development
 - Research
 - Welcome Centers.
2. Approximately one-fourth of the Division's \$18 million annual budget is funded from the State's General Revenues. The remaining \$15 million comes from the 2% tourism tax, proceeds of which are placed in the State's Tourism Development Trust Fund. Arkansas is fortunate to have a stable, dedicated source of monies for tourism promotion and development, giving Arkansas the long-term stability needed to plan and deliver consistent messaging to the State's target audiences.

The State Parks Division: With 52 parks located across Arkansas, the State Parks Division offers a wide variety of resources focused on recreation, natural, cultural and historical experiences, not only for State residents but also to tens of thousands of visitors from afar. The 54,600-acre system – which can be traced back to work projects of the Civilian Conservation Corps during the days of The Great Depression – includes:

- six lodges (with conference facilities, meeting rooms, and onsite catering services)
- ten restaurants
- two golf courses
- ten marinas
- over 200 cabins
- in excess of 1,700 campsites
- dozens of playgrounds
- approximately 300 miles of hiking, biking, ATV, and equestrian trail

In addition, the State parks offer more than 50,000 interpretive programs annually which entertain, inform, and educate guests on everything from flint knapping to Dutch-oven cooking to the role of bats in our environment.

Current Program Detail: The following information – budgeting details on the ADPT’s Spring/Summer marketing campaign – is included for illustrative purposes. It’s shown as a means to provide background knowledge and should not be viewed as a recommendation for priority programs or budget allocations in the future.

“Traditional” Vendor:

Research		\$113,000
Media		5,290,300
Television	2,863,500	
Online	900,000	
Magazine	927,700	
Radio	409,800	
Out-of-home	81,800	
Newspaper	107,500	
Group Travel		120,900
Creative/Production		455,400
Campaign Content Support		332,700
Partners in Tourism		359,200
Industry Outreach		38,300
Vacation Planning Kit Production		10,000
Photography		20,000
Contingency		50,000

Internet Vendor:

Mobile website	130,500
SEO, keyword buys, new content	508,100
Back office/industry support	102,500
Hosting, bandwidth usage, etc.	39,500

Total Spring/Summer Budget	\$7,570,400
----------------------------	-------------

The State's Spring/Summer 2016 campaign represented approximately two-thirds of the Department's annual promotional budget. Combining the Fall/Winter campaign expenditures would yield a total annual marketing budget of roughly \$11.4 million.