



**Testimony of Department of Tourism Secretary Stephanie Klett
2011-2013 Biennial Budget Bill, Assembly Bill 40 & Senate Bill 27
Joint Committee on Finance
March 29, 2011**

I want to thank the co-chairs and all of the members of the committee for this opportunity to address you today as it relates to the Governor's proposed two-year budget appropriation for the Department of Tourism.

With me today, is my Deputy Secretary, Dave Fantle.

I've had the pleasure of meeting many of you and talking about our great State and the potential it holds for growing our tourism economy.

In my capacity the past 18 years as host of Discover Wisconsin I've visited destinations in all 72 counties, and met thousands of men and women who make up the backbone of our industry. Our tourism economy is the welcome mat to the state and our success as an agency will help positively brand Wisconsin, not just for tourism, but for the retention and attraction of new business. It will also help boost state pride for all of our residents.

I'd like to say that tourism is the "fun business." But yes it's big business and serves as one of the three legs of the economic stool alongside manufacturing and agriculture.

When Deputy Fantle and I started in January, we quickly worked to restructure our agency, redeploy our staff resources and refocus our efforts so we're closely focused on our statutory charge to – "stimulate, promote, advertise and publicize" the great tourism assets of Wisconsin.

While we're relatively new to the job, thanks to the effort of a great team in tourism I think we're already making positive traction in growing this industry for the state. Yes, we, and others have received some feedback from outstate residents expressing reservations about spending their vacation dollars in Wisconsin due to the recent events in Madison. However, when we explain that Wisconsin's tourism economy is made up of more than 250,000 hard-working men and women, most affiliated with small locally-owned businesses, much of these concerns are mitigated.

The outgrowth of these efforts is a new agency mission, which reads:

The Wisconsin Department of Tourism's mission is to market the state as the Midwest's premier travel destination. By executing industry-leading marketing programs, providing reliable travel information and establishing strategic partnerships, we will play a significant role in delivering exceptional customer service and generating greater economic impact and jobs for Wisconsin.

This mission statement was followed by a four-year strategic business plan. We have copies available for the members of the committee.

March 29, 2011

Our support of the state's tourism marketing efforts falls under these categories:

- Joint Effort Marketing Grants – in 2010 we awarded \$1.1 million in these grants throughout the state that generated \$32 million in new economic activity in those communities.
- We administer a “Ready, Set, Go” grant program to help communities attract national and regional sporting events.
- We're providing support for destinations in bringing in meetings and conventions.
- The Tourist Information Center Grant program awards \$160,000 per year to help non-profit organizations operate regional visitor centers. We'll continue to work with these welcome centers to look at ways we can assist their efforts to staff these centers and provide face-to-face customer service.
- Lastly, the largest share of our marketing dollars goes to create, design and implement effective marketing programs to reach our target markets and entice potential visitors to bring their tourism dollars to Wisconsin. This includes TV, radio and print ads, our tourism information publications as well as a variety of social media tools and extensive use of our travelwisconsin.com web site.

Let me just cite a few statistics as it pertains to the tourism economy in Wisconsin.

- Measuring only those travelers who have not otherwise have chosen Wisconsin, the Department's summer and fall 2010 ad campaign generated a 7:1 return on investment in state and local tax dollars.
- Based on an ongoing study of American travelers, Wisconsin tourism comprises over 87 million overnight and day outings.
- For every \$1 million in traveler spending, 12 jobs are created in Wisconsin.
- 1 out of 9 jobs depends on travel and tourism.
- Largely comprised of small businesses, travel and hospitality jobs can't be outsourced or exported.

As we look at our future marketing campaigns, we'll be focusing our efforts in geographic regions that, based on research, generate the most visitors. In summer 2009, 18.2 percent of the overnight trips and 25.5 percent of visitor spending came from Chicago. Illinois residents are the largest single geographic segment for Wisconsin travel. The other areas of focus are eastern Minnesota, including the Twin Cities, Iowa and of course Wisconsin, where our residents enjoy vacationing and spending their tourism dollars all over the state.

Let me briefly address the competitive situation as it pertains to the Midwest states we are competing against for the tourism dollars.

In Michigan, a lot of noise has been made about their Pure Michigan Campaign. In 2009, Pure Michigan spent \$30 million and will spend about \$25 million per the new Governor's budget. In fact, Pure Michigan did its largest ad buy ever for the upcoming year – 11 million dollars.

WISCONSIN

— DEPARTMENT OF TOURISM —

March 29, 2011

We expect Illinois to spend between \$25 and \$30 million and Minnesota \$15 million.

While those campaigns have received some traction because of their heavy expenditures, we think we can do better.

Before I get to the specifics of our proposed budget appropriation, let me address the issue of marketing, more specifically our advertising programs - the TV, radio and print ads we create with assistance from our agency and the accompanying social media tools. Spending any amount of money on advertising is only as effective and will only produce the desired rate of return if it's memorable, creative and reaches our target traveler markets in an emotional way.

We're not going to spend much time rehashing past campaigns and slogans, some worked better than others. Live Like You Mean It, Stay a Little Bit Longer, Escape to Wisconsin, You're Among Friends and Life's So Good just to name some. We're moving forward with marketing programs that are based on sound traveler research and will – we believe – move the dial and create greater traveler impact to the state.

In fiscal 08 and 09, just over \$15 million was appropriated for tourism marketing in Wisconsin. That number has now fallen to 9.9 million. With that has come a significant drop in economic impact and our ability to attract more visitors. In fact, between the drop in tourism marketing and the recession, our industry lost 16,000 jobs in 2009 from 2008. We hope we're on the rebound.

The state's tourism industry – including the Tourism Federation of Wisconsin, the Wisconsin Association of Convention & Visitors Bureau and the Wisconsin Hotel & Lodging Association over the past several months have again advocated for \$15 million per year for the purpose of marketing our state.

In the new budget you're now considering, the Governor has proposed a stepped up allocation for marketing with an additional \$1.191 million in fiscal 2012 and an additional \$2.344 million in fiscal 2013. This will get us closer to the \$15 million target and enable us, again with effective marketing, to generate greater tourism dollars for Wisconsin and enable us to better compete with our Midwest neighbors. While we understand the current budgetary pressures in state government, we strongly believe that this increased marketing appropriation will deliver a strong ROI.

Part of our ability to get us closer to that \$15 million is the Governor's recommendation to transfer the Wisconsin Arts Board to the Department of Tourism. Many of their grant programs compliment our tourism goals.

We understand that whenever you talk about support for the arts it provokes strong emotions. We believe support of the arts, including cultural tourism, has the proven ability to both attract visitors and improve the overall quality of life in our communities. In addition, supporting the growth of the state's creative economy is a worthy goal. People are attracted to destinations with attractive arts and cultural amenities.



March 29, 2011

The Wisconsin Department of Tourism has had a close working relationship with the Arts Board for many years. In fact, its executive director sits on the Governor's Council on Tourism as well as our Joint Effort Marketing Grant committee. In addition, the two organizations have collaborated on the Film Wisconsin initiative.

We believe cultural tourism is an important part of the tourism attributes we sell to potential visitors to the state. The Arts Board has traditionally supported through its grant program projects and exhibits that support the creative economy for the state and enhance our ability to market cultural tourism. Because of this close relationship, we welcome the opportunity to continue to work with the Arts Board and support its mission as part of the Tourism Department.

The Governor's budget proposal also moves the administration of the current film incentive program from Commerce to Tourism. Tourism for many years was the home of the state's film office and we welcome the opportunity to again play a role in marketing the state for film, television and video gaming projects.

As you can tell, Deputy Fantle and I are committed to forging stronger relationships with partners in and out of the tourism industry to help us stretch our marketing dollars and bring even more value to the taxpayers of the state.

Those partnerships include strengthening our ties with our Native American partners through our association with NATOW – the Native American Tourism Organization of Wisconsin. We'll market our state's tourism amenities through traditional media, new media with attention also directed to multi-cultural audiences.

NATOW is currently supported through an annual appropriation of \$200,000 to be used for various Native American tourism and cultural programs. We're also working with all 11 Wisconsin tribes on the U.S. Indigenous Games to be held this summer in Milwaukee. This Olympic style event will bring thousands of people from across the country, reinforcing family and cultural value and adding millions of new dollars in local economic impact. 5,000 inter-tribal athletes from around the U.S. and 500 coaches and staff. This is major for our state on some many levels.

To further our reach among more diverse groups of travelers, we work with two multi-cultural marketing firms in Milwaukee, Red Brown Kle and Abrazzo to tailor our messages to different segments of the traveling public.

March 29, 2011

In 2009, our JEM grants supported a number of multi-cultural tourism projects in the state.

A few examples:

- Shawano Fall Art Tour, which partners with the Menominee and Stockbridge-Munsee Tribes.
- The MLK Street Jam in Milwaukee via the Historic King Drive Business Improvement District.
- I presented a grant last week to the Wisconsin African American Women's Center to support an Expo to be held this summer.

And we won't forget the abundant natural resources of our state and how Wisconsin, through its Travel Green Program, is a leader in environmentally responsible tourism. Wisconsinites have always been innovators in this area, so in the tradition of Aldo Leopold, John Muir and Gaylord Nelson we look to be as environmentally conscious as possible.

Without giving it away, we're very excited about the creative marketing program that we plan to launch this summer. We not only think it will be memorable; we believe it will be effective in attracting new visitors and revenue to the state.

We believe that the additional investment recognizes the power of tourism to grow jobs, add economic impact to all parts of the state and "brand" Wisconsin to support recruitment and retention of business in and out of the hospitality and tourism industry.

Our tourism industry is flexible, and with growth in tourism marketing through strong leadership from the Governor, the legislature, and all of our partners, this segment will be part of the solution in adding jobs and growing the economy.

To conclude, the additional investment in tourism marketing is good business that will deliver an attractive and proven return on investment that creates jobs, improves the image of the state and assists in efforts (public and private) to attract more talent to Wisconsin.

We look forward to working with you, your colleagues in the legislature and all of our partners in making Wisconsin the premier tourism destination in the Midwest.