

**Open for Business  
Marketing Performance Report  
April 13, 2015  
Prepared by ESD Marketing**

Attached please find an analysis of Open for Business (OFB) Marketing Performance, commissioned by ESD and done by Russell Research, an outside, independent market research organization.

**Overview**

For much of the 20<sup>th</sup> century, New York State led the nation. With a diverse economy, abundant natural resources, a highly skilled workforce, and world-renowned academic and research institutions, New York State was the place where success happened.

But the world changed and New York did not.

By 2010, statewide unemployment had reached record levels at 9.6%, with long-term unemployment at a historic high. Meanwhile, virtually every other State in the Union was focused on economic development, with aggressive marketing to position themselves as the best places to relocate Companies or take a vacation.

For 10+ years, Florida, Michigan, California and others consistently outspent New York on the tourism front, while Texas and Louisiana, among others, are extremely aggressive with business expansion and attraction marketing. These efforts helped propel economic development for these States, creating worldwide visibility while repositioning an under-marketed New York as a poor State to do business, a forgotten destination for tourists

From day one, the Cuomo administration has been committed to job growth across the State. Soon after taking office, the Governor launched a transformational agenda that included:

- Creating on-time budgets
- Creating a State spending cap
- Reducing taxes for the middle class
- Establishing a property tax cap
- Improving the State's bond ratings
- Creation of the Regional Economic Development Councils
- Recognizing the power of tourism as an economic driver throughout the State
- Engaging the State's premiere academic institutions in economic development initiatives through the creation of Start Up NY

While changes were taking hold, deeply entrenched perceptions lagged. To attract and retain jobs, the world needed to understand a *new* New York was taking shape.

After so many years on the sidelines, we are now relentless in our quest to tell New York's story, making sure the world understands the State's assets and the momentum that has been created by a robust economic development agenda.

And it is working. Advertising is driving huge increases in website visits, we have measured a +62% increase in positive perceptions of New York by business executives and more than half of all tourists in our marketing regions would consider upstate NY for their next vacation. More importantly, we believe shifts in perceptions is helping fuel the decline in unemployment, the increases in private sector jobs and the sustained growth of our tourism economy.

Additional highlights are outlined below and the full report is attached.

### **Open for Business Marketing**

The heart of our marketing strategy is simple: improve perceptions of New York State as a premiere site for business expansion, retention and relocation and increase consideration of New York as a great destination for tourists.

Advertising performance is measured by three factors:

1. Build website traffic to encourage people to learn more about New York State
2. Change perceptions of New York State through improved ratings on the State as a tourism destination or a place to operate a business
3. Increase consideration of New York State as a place to visit or move/expand a business

Tracking performance against these measures has been accomplished through a series of initiatives, including ongoing analysis of web traffic during advertised and non-advertised periods (using Google Analytics) as well as custom research, conducted by a well-respected, national research firm (Russell Research), to measure shifts in perceptions and consideration among both tourists and business executives inside and outside the State.

As we approach the end of the original Open for Business contract, and contemplate a new RFP for marketing services effective November 30, 2015, ESD has asked Russell Research to summarize the results from our ongoing research in a single document.

Highlights are as follows:

### **Business Development**

- Marketing has been very successful at driving traffic to the website with a 530% increase compared to periods in the same year when New York State did not run advertising.
- ESD's marketing efforts have successfully reached business executives with one-half of New York State-based executives (52%) and one-quarter from out-of-state (26%) recalled having seen one or more commercials from the StartUp NY campaign.
- There has been a strong positive shift in perceived momentum of New York State's business climate. One-half of professionals (50%) believe the State is moving in the right direction, a 72% increase in just 12 months after the launch of the campaign.
- A majority of executives (55%) believe that New York State is an excellent or very good place to do business – a 62% increase since October 2013. This increase was more pronounced out-of-state, with a 122% increase in the same time frame (23% → 51%).
- More than three-fifths of NY State executives (63%) would consider New York as a place to do business, a finding that has not statistically changed over time. However, a slight majority of out-of-state executives (51%) indicate they would consider opening or relocating a business to New York State, a 132% increase since October 2013 (22%), which is statistically significant.
- For most metrics, results are stronger among professionals who recall seeing StartUp NY television advertising.

### **Tourism**

- Periods with a media campaign spend saw an average weekly website traffic increase of 48% compared to periods in the same year when the State did not run advertising.

- New York State is the most top-of-mind destination for summer vacations and/or getaways as one-half of New York State residents (51%) and two-fifths who live outside the State (41%) named New York State as a vacation destination on an unprompted basis.
- Nearly four in five New York State residents (78%) would consider a New York State summer vacation in the future and nearly three-fifths (56%) of out-of-state residents would consider the state. This is higher than all neighboring states/regions among in-state residents and only trails New England among those who live out-of-state.
- A slight majority of New York State residents (52%) and nearly one-half from target non-NY markets (46%) recalled seeing or hearing an advertisement for the State in the three months prior to the study, by far higher than any other competing destination.

The Russell Research report (attached) reaffirms the positive impact that our marketing efforts have had on the perceptions of New York State and the increased consideration to visit or locate a business here. Ultimately, we believe these perceptual improvements have helped drive job growth across the state as well as increases in tourism visitors and economic impact.

As a final note, this marketing data provides a strong baseline against which we can measure the impact of future marketing initiatives and for performance metrics associated with the new Marketing Services RFP that will be conducted later this year.

### EXECUTIVE SUMMARY

Research conducted by Russell Research in 2013-14 indicates that Empire State Development's (ESD) marketing efforts have positively impacted perceptions and consideration of New York State both as a place to do business and visit for a vacation or getaway.

### Business Development

- Marketing has been very successful at driving traffic to the website with a 530% increase compared to periods in the same year when New York State did not run advertising.
- ESD's marketing efforts have successfully reached business executives with one-half of New York State-based executives (52%) and one-quarter from out-of-state (26%) recalled having seen one or more commercials from the StartUp NY campaign.
- This has resulted in strong awareness of the StartUp NY program. Three in five New York State executives (60%) are aware of the program, and while only three in ten outside of the state (30%) are aware of StartUp NY, this includes two-thirds of executives from large businesses (65%).
- There has been a strong positive shift in perceived momentum of New York State's business climate. One-half of professionals (50%) believe the state is moving in the right direction, a 72% increase in just 12 months after the launch of the campaign.
- A majority of executives (55%) believe that New York State is an excellent or very good place to do business – a 62% increase since October 2013. This increase was more pronounced out-of-state, with a 122% increase in the same time frame (23% → 51%).
- More than three-fifths of NY State executives (63%) would consider New York as a place to do business, a finding that has not statistically changed over time. However, a slight majority of out-of-state executives (51%) indicate they would consider opening or relocating a business to New York State, a 132% increase since October 2013 (22%), which is statistically significant.
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### Tourism

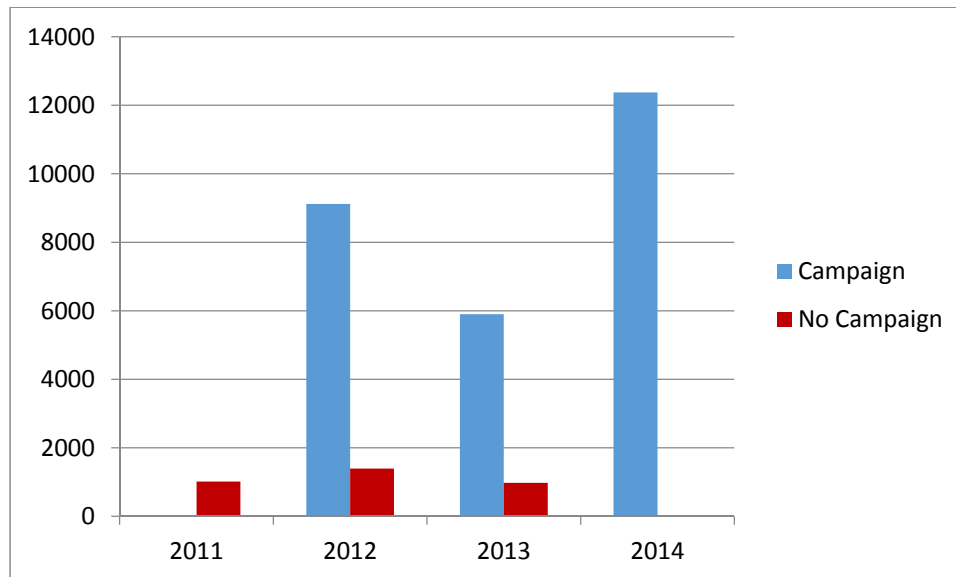
- Periods with a media campaign spend saw an average weekly website traffic increase of 48% compared to periods in the same year when the State did not run advertising.
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- Nearly four in five New York State residents (78%) would consider a New York State summer vacation in the future and nearly three-fifths (56%) of out-of-state residents would consider the state. This is higher than all neighboring states/regions among in-state residents and only trails New England among those who live out-of-state.
- A slight majority of New York State residents (52%) and nearly one-half from target non-NY markets (46%) recalled seeing or hearing an advertisement for the state in the three months prior to the study, by far higher than any other competing destination.
- More than two-fifths of New York State residents (44%) and more than one-third from out-of-state (36%) recalled seeing one or more commercials from the 2014 summer tourism campaign. Across multiple

campaigns with a range of support levels from a budgetary and timing perspective, this is an above average level of campaign recall.

### BUSINESS DEVELOPMENT MARKETING

The stated objective of Empire State Development’s marketing efforts has been to create a compelling message that would first drive traffic to the ESD website and ultimately begin the long-term process of changing entrenched perceptions that NY State is anti-business.

Economic development advertising was directed to business leaders inside the State (to drive consideration for retention and business expansion) and outside the State (to drive consideration for relocation). This advertising was very successful at driving traffic to the website with a 530% increase compared to periods in the same year when New York State did not run advertising (source: Google Analytics).



Source: Google Analytics, data January 1, 2012-November 29, 2014 (excluding August 31<sup>st</sup>-November 8<sup>th</sup> due to Google tagging issue)

Russell Research has conducted a series of research studies for Empire State Development which has assessed perceptions of New York State among executives within the business community both inside and outside New York State.

- Advertising Evaluation: October 2013
- Advertising Evaluation: March 2014
- Tracking Study: October 2014

A range of metrics captured over the course of the several research studies suggests marketing efforts have been effective in improving perceptions of the New York State business climate. This is particularly evident when examining perceptions and consideration of the state among large out-of-state businesses (a primary target for



## *Research Implications*

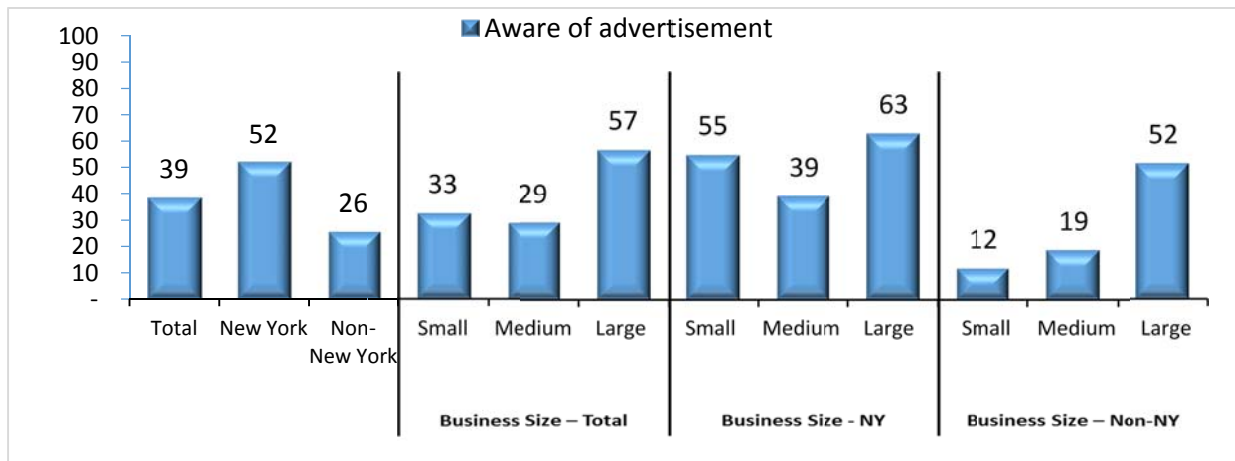
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relocation) and when results of most key metrics are compared between those who recall seeing one or more advertisements versus those who had not – with the former having far more positive perceptions than the latter.

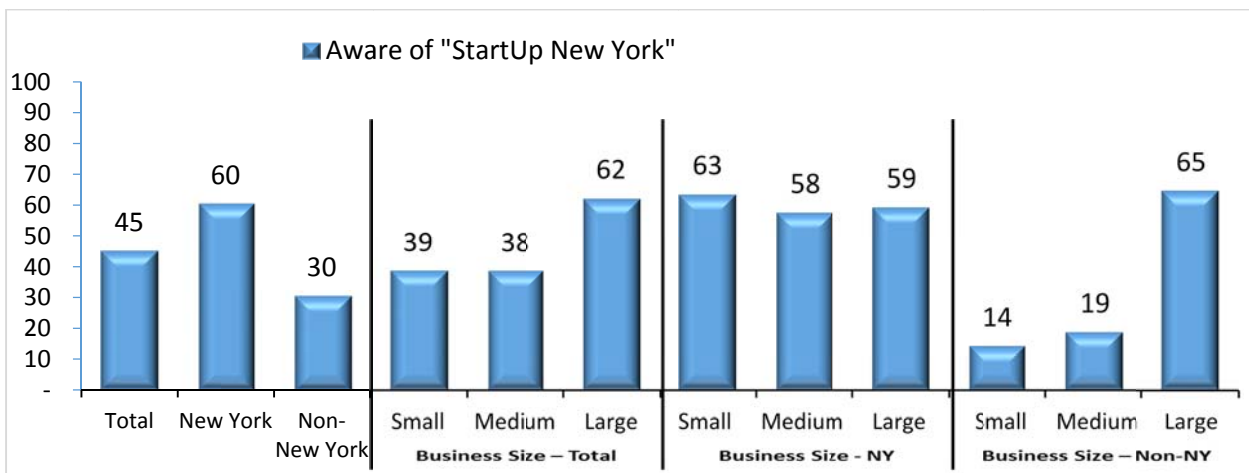
### Campaign Reach

ESD's marketing efforts have been successful in reaching the target audience of business executives, particularly among the valuable large company segment (250 or more employees).

One-half of New York State-based executives (52%) and one-quarter from out-of-state (26%) recalled having seen one or more commercials from the StartUp NY campaign. This includes more than three-fifths of executives in large businesses located in New York State (63%) and one-half headquartered outside the State (52%).



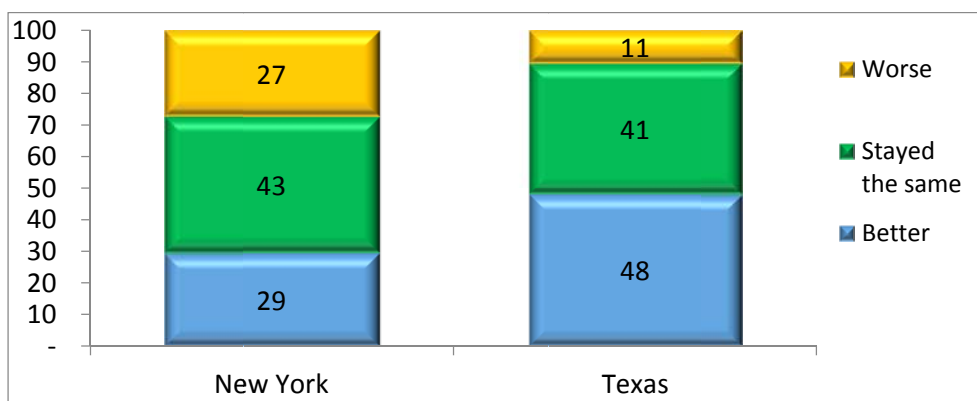
This broad advertising reach has resulted in strong awareness of the StartUp NY program. Three in five New York State executives (60%) are aware of the program, and while only three in ten outside of the state (30%) are aware of StartUp NY, this includes two-thirds of executives from large businesses (65%).



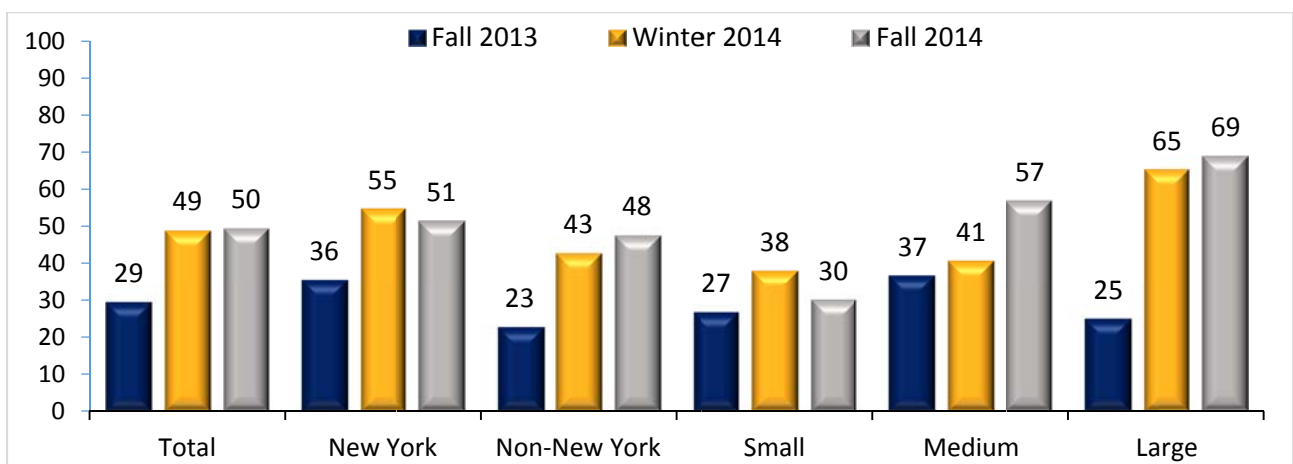
**Brand Momentum**

Momentum is a key indicator of a brand’s health (with the New York State business climate being the brand).

When the first research was conducted for ESD, less than three in ten business professionals (29%) believed New York State’s business climate’s momentum was moving in a positive direction, with the other seven in ten believing the state was either holding its ground (43%) or moving in a negative direction (27%). During this same time period, Texas was statistically significantly more likely to be seen as having positive brand momentum (48%).

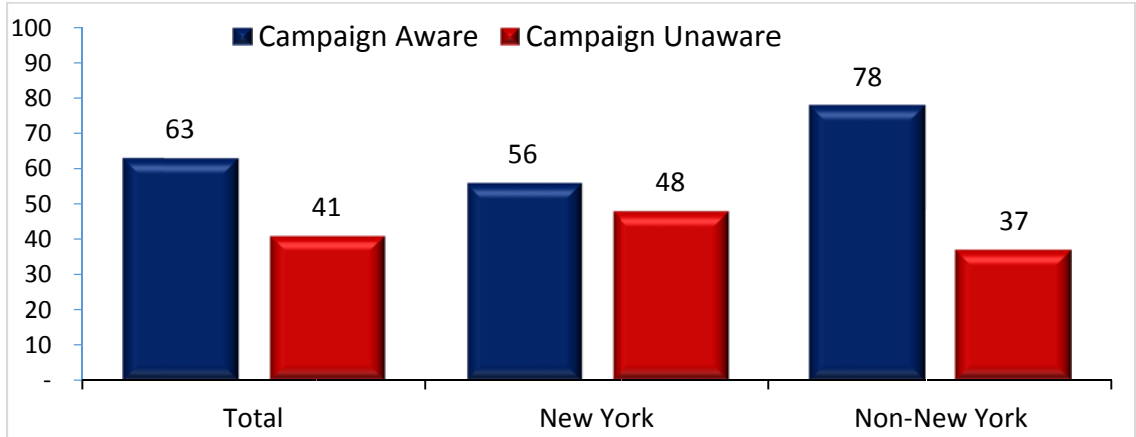


This dramatically changed by the Fall of 2014, with one-half of professionals (50%) now believing the state is moving in the right direction, a 72% increase in just 12 months after the launch of the campaign. This includes more than double the percentage of out of state professionals (23% → 48%) and nearly tripling among executives in large businesses located out-of-state (25% → 69%). Momentum was also much higher among out-of-state professionals who were aware of the StartUp advertising (78%).



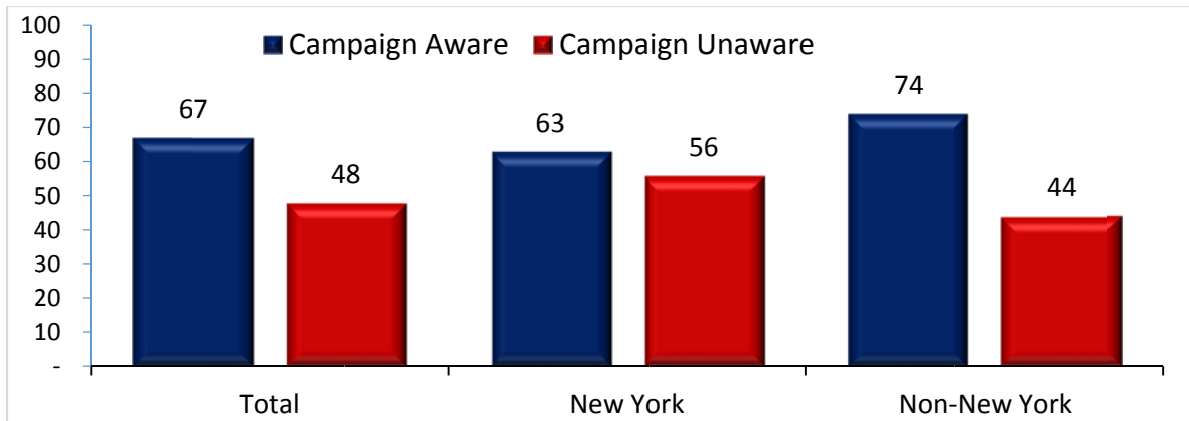
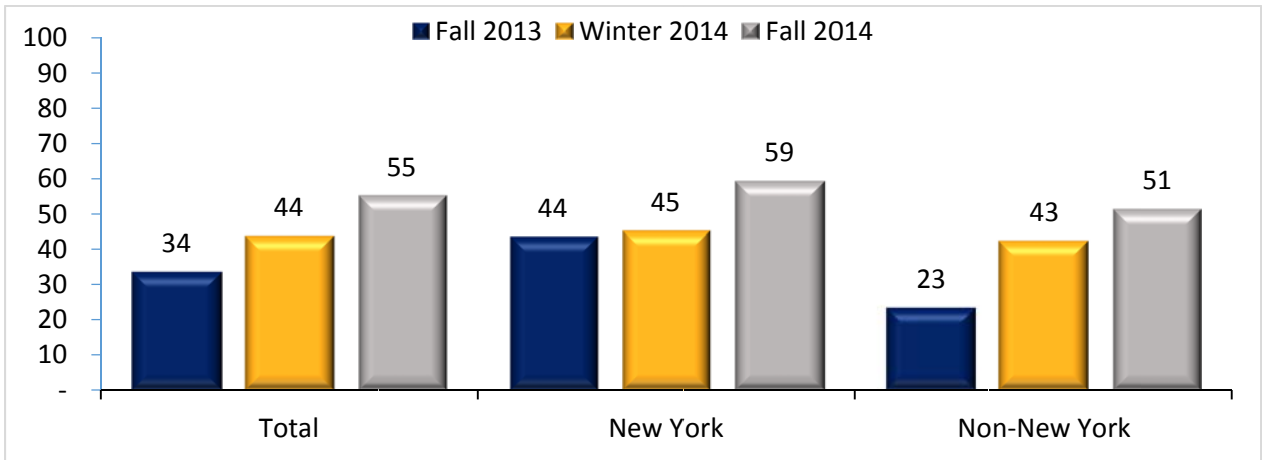


Professionals aware of the StartUp advertising campaign were more likely to believe the State is moving in a positive direction.



**A Place To Do Business**

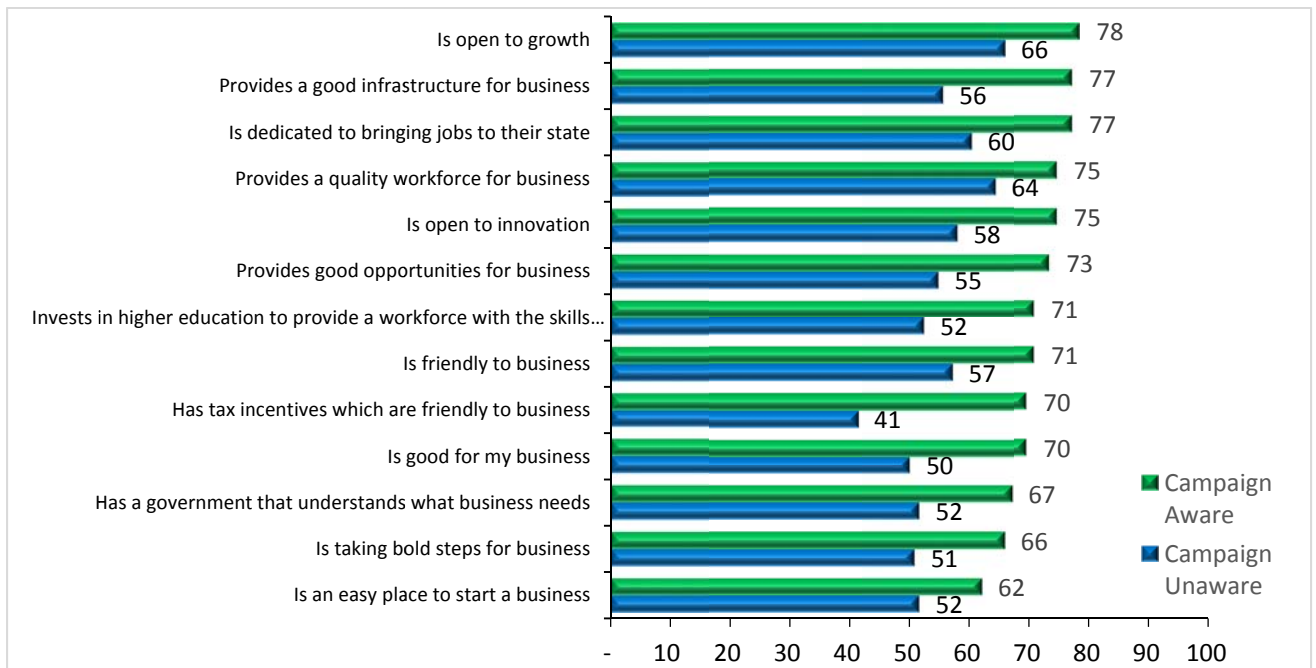
This increase in momentum has led to a majority of executives (55%) to believe that New York State is an excellent or very good place to do business – a 62% increase since October 2013. This increase was more pronounced out-of-state, with a 122% increase in the same time frame (23% → 51%), and includes three-quarters of those out-of-state who recalled the 2014 campaign (74%) rating the state as excellent or very good.



### Campaign Impact on State Imagery

The Fall 2014 research exposed executives to a range of perceptual statements that could be used to describe New York State from a business perspective.

Executives who had seen the StartUp NY advertising campaign rated 10 of 13 attributes statistically significantly higher than those who had not seen the advertising – further pointing to the efficacy of ESD marketing (boxes below indicate statistically significant difference from unaware professionals).



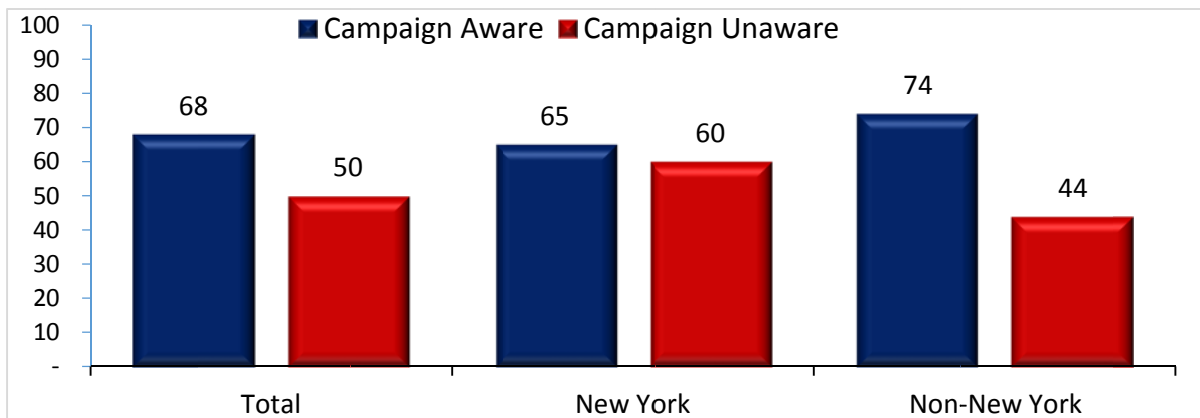
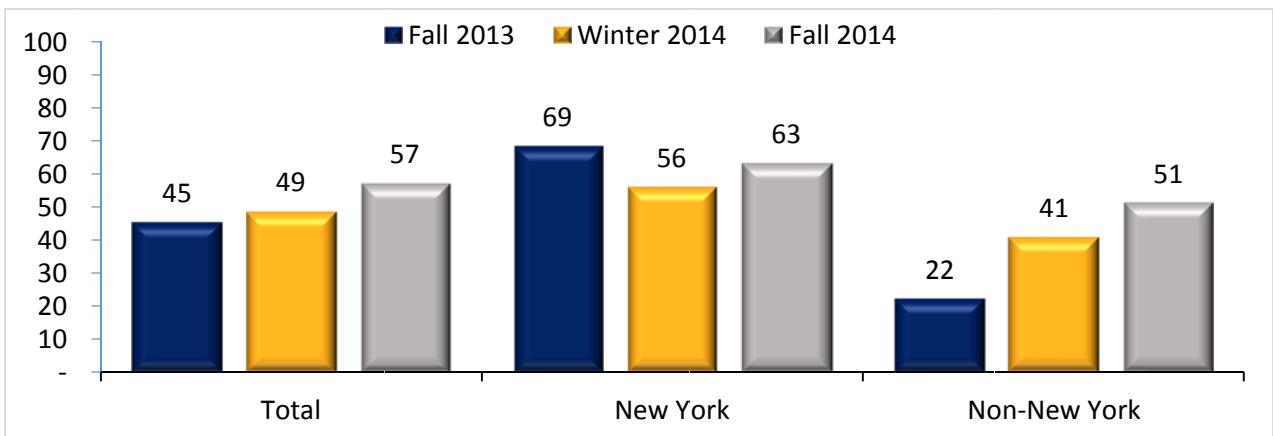
### Consideration

The combination of increased momentum and a perceived better business climate has resulted in out-of-state executives being far more likely to consider New York State as a place of business.

Specifically, a slight majority of out-of-state executives (51%) indicate they would consider opening or relocating a business to New York State, a 132% increase since October 2013 (22%), which is statistically significant.

Further, three-quarters of executives who recall having seen the StartUp NY television campaign (74%) would consider the state, compared to less than one-half (44%) who haven't seen state advertising.

Consideration of New York State as a place to do business has always been strong among New York State-based professionals with no statistically significant differences over time. Meanwhile, consideration among non-New York professionals has experienced significantly positive growth over time.

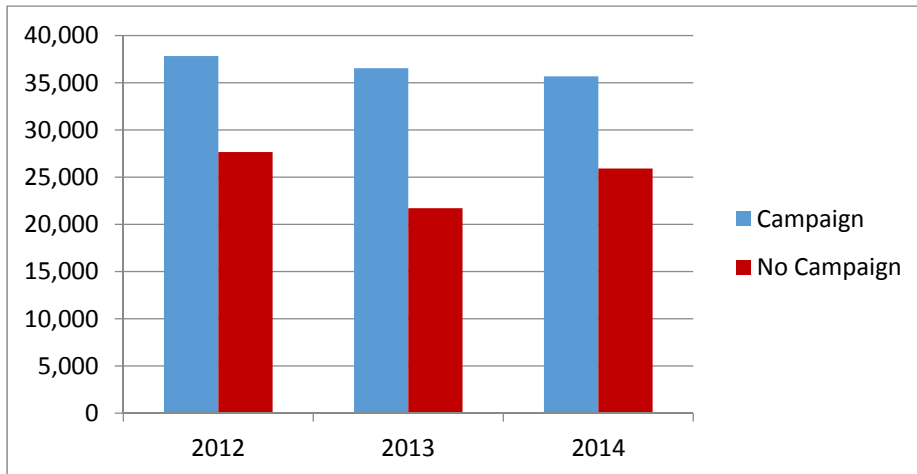


### TOURISM MARKETING

Marketing efforts in the area of tourism have a stated objective of creating awareness and enthusiasm for the array of New York State destinations that will ultimately translate to consideration of the state as a vacation spot or weekend getaway.

The “I Love NY” campaign has been directed toward the leisure travel market including family vacationers and other valuable audience segments. Recent campaigns have targeted state residents as well as potential vacationers in surrounding markets.

Periods with a media campaign spend saw an average weekly website traffic increase of 48% compared to periods in the same year when the State did not run advertising. In fact, organic average weekly traffic (defined as traffic to the website during non-promoted periods) has decreased in each of the last full two years (2012-2013), underscoring the importance of paid media in keeping New York State top of mind for visitors (source: Google Analytics).



Source: Google Analytics, data January 1, 2012-October 25, 2014

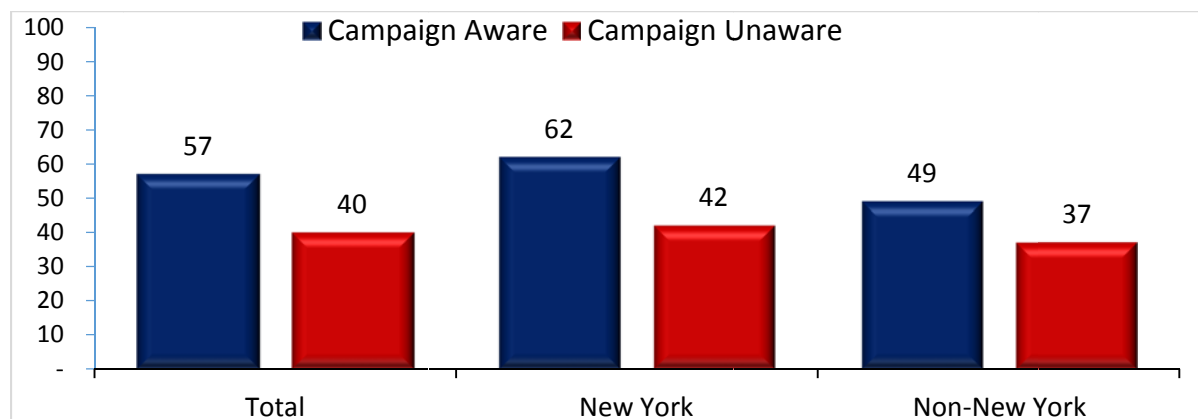
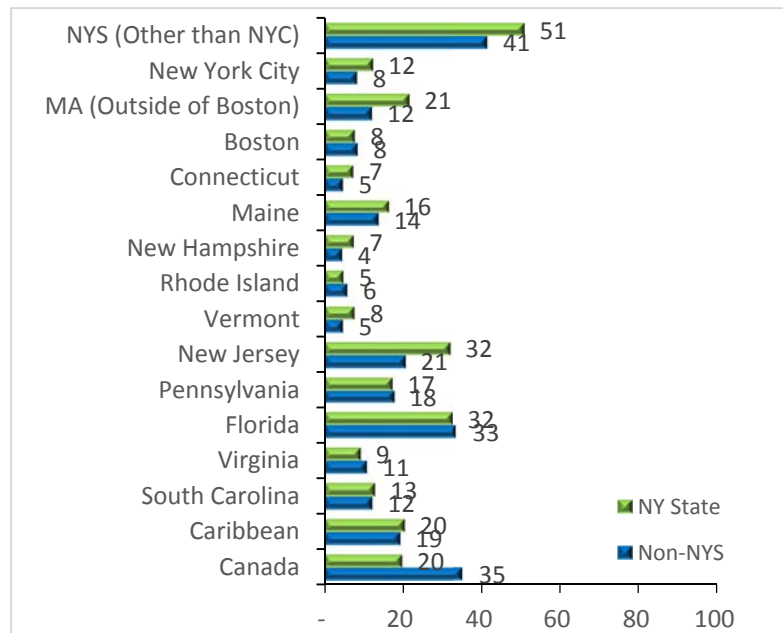
A tracking study was conducted in June 2014 to establish baseline metrics for New York State and assess the impact of advertising on perceptions and consideration of the state as a tourist destination. A second wave to further evaluate trends will be conducted in March 2015.

### Unaided Destination Recall

The research indicates the advertising campaign has reached the target audience and is motivating, resulting in New York State being widely top-of-mind and considered among target travelers.

Recent learnings in the field of behavioral economics conclude that consumers often take “mental shortcuts” when making a decision. Therefore, top-of-mind associations are particularly important in travel planning as consumers will often not take the time to do the research needed to find new travel destinations, instead investigating / considering the destinations that come to mind. From a market research perspective, this results in unaided awareness being a very important metric.

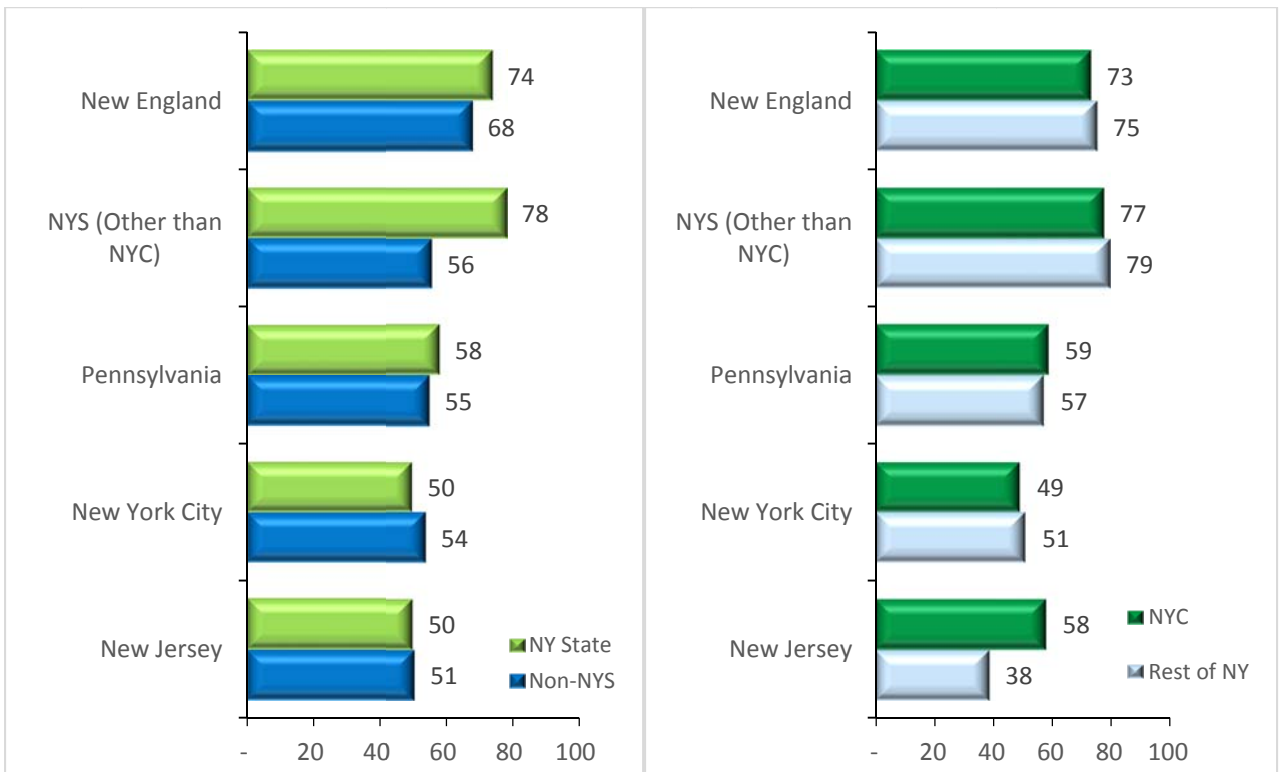
New York State is the most top-of-mind destination for summer vacations and/or getaways as one-half of New York state residents (51%) and two-fifths who live outside the state (41%) named New York State as a vacation destination on an unprompted basis. Top-of-mind recall was significantly higher among all audiences who recalled the summer 2014 tourism campaign.



**Vacation Destination Consideration**

The strength of top-of-mind recall is reinforced when examining future consideration of New York State as a summer vacation destination. Nearly four in five New York State residents (78%) would consider a New York State summer vacation in the future and nearly three-fifths (56%) of out-of-state residents would consider the state. Consideration of New York is higher than all neighboring states/regions among in-state residents and only trails New England among those who live out-of-state.

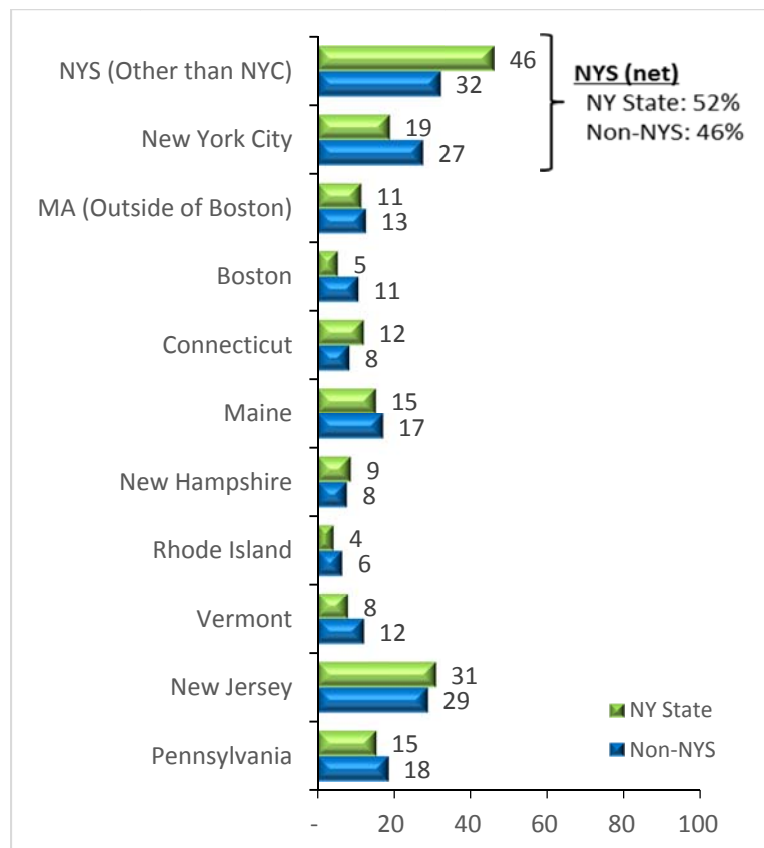
Further, consideration of New York State for a summer vacation is near equal among New York City residents and those who live in other parts of the state.



**Advertising Awareness**

The television advertising has been very successful in reaching the target audience.

A slight majority of New York State residents (52%) and nearly one-half from target non-NY markets (46%) recalled seeing or hearing an advertisement for the state in the three months prior to the study, by far higher than any other competing destination.





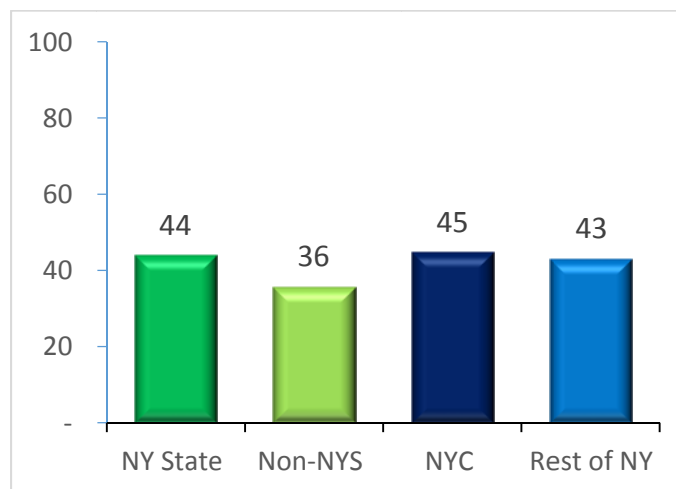
Several destinations featured in Tourism advertising experienced increases in visitorship between 2013 and 2014 (source: New York State Tourism).

	2014 Visitorship	2013 Visitorship	% Increase
Baseball Hall of Fame	211,687	180,621	17%
DIA: Beacon	85,425	75,002	14%
Corning Museum of Glass	416,000 est.	400,000 est.	4%
Olana State Historic site	84,679	75,794	12%
Watkins Glen	256,949	212,720	21%
Whiteface Mountain	218,348	192,427	13%
Belleayre Mountain	131,257	118,509	11%
Gore Mountain	202,718	198,211	2%
Jones Beach State Park	2,303,067	2,019,613	14%
Letchworth State Park	226,673	221,331	2%
Minnewaska State Park	96,737	93,993	3%

Target consumers who recalled recent advertising specifically remembered seeing a number of these destinations that have experienced increases in traffic between 2013 and 2014.

	NY State	Non-NYS		NY State	Non-NYS
	%	%		%	%
Niagara Falls	58	59	Letchworth State Park	19	2
Cooperstown Baseball Hall of Fame	49	21	Seneca Lake	15	6
Corning Museum of Glass	39	16	Sag Harbor Port	11	8
Ellis Island	22	33	Bear Mountain Bridge, Stony Point	11	7
Radio City Music Hall	29	21	Chautauqua Institute	12	3
Saratoga Performing Arts Ctr	32	15	Mohonk Preserve	8	6
Montauk	27	15	Sagamore Hill National Historic Site (Oyster Bay)	9	5
Jones Beach	25	12	Glimmerglass Opera/Festival	10	-
Watkins Glen International	22	15	Bethel Woods	7	1
The Culinary Institute of America	23	13	Great Western Winery	4	3
West Point (Military Academy)	22	14	Bear Creek, Webster	6	1
MoMA	20	16	Singer Castle	5	2
Teddy Roosevelt Home	19	13	Little Neck Bay, Douglaston	4	1
Seneca Falls- Women's Rights Nat' l Historical Prk	19	11	Minnewaska State Park	4	-
Saratoga National Historic Park	18	11	Olana Historic Site	2	-
Long Beach	14	15	Captree	2	-
The Finger Lakes Music Festival	13	14	Kaaterskill Falls	1	1
New York State Museum	11	16	Roeliff Jansen Kill, Copake	1	-
St Lawrence River	18	6	Hither Hills	1	-
Hudson River, North Creek	15	10	None of the above	7	17

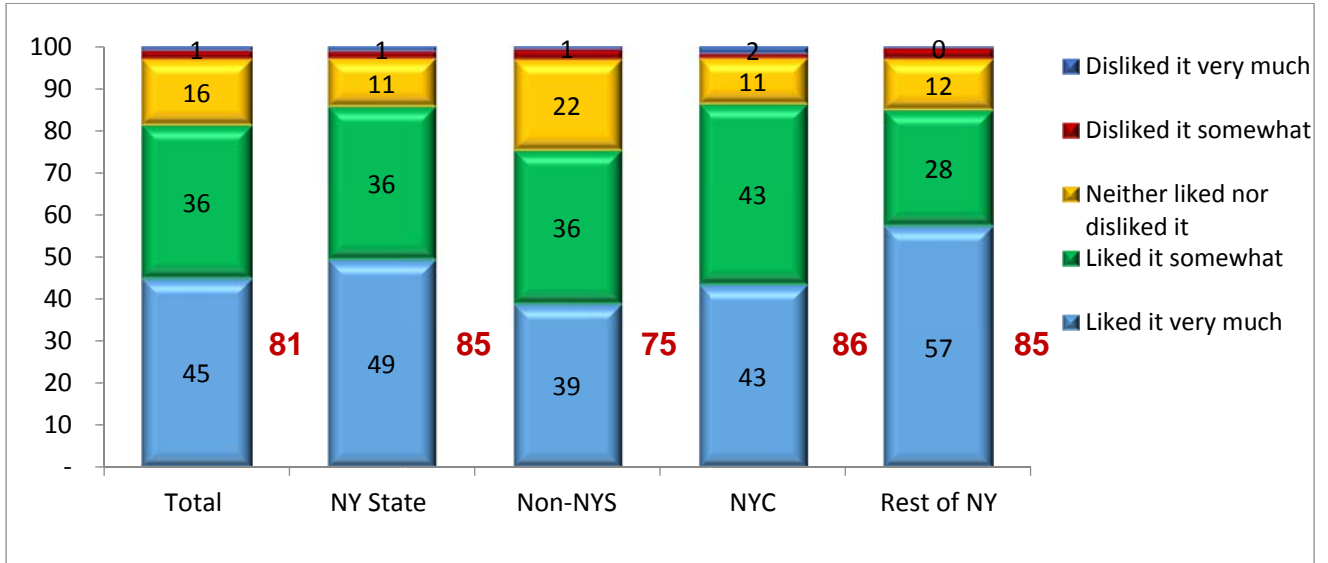
When exposed to commercials from the 2014 summer tourism campaign, more than two-fifths of New York State residents (44%) and more than one-third from out-of-state (36%) recalled seeing one or more commercials. Across multiple campaigns with a range of support levels from a budgetary and timing perspective, this is an above average level of campaign recall.



### Advertising Quality

Exposure of the summer campaign to target travelers confirms the advertising is both appealing and motivating.

Four-fifths of the target audience (81%) indicate they like the I Love NY campaign, including more than four-fifths of state residents (85%) and three-quarters from out-of-state (75%). A study conducted by the Advertising Research Foundation has suggested that likeability is the single largest predictor of a campaign's success.



### Advertising Motivation

More than three in five New York State residents (63%) and one-half from out-of-state (50%) indicate they would be more likely to visit New York State in the summer based on the campaign.

