

A Review of the Effectiveness of the Mississippi Development Authority Tourism Advertising Fund

A Report to the Mississippi Legislature
Report #708
November 25, 2024



PEER Committee

Charles Younger, **Chair**
Becky Currie, **Vice-Chair**
Kevin Felsher, **Secretary**

Senators:

Kevin Blackwell
John Horhn
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Representatives:

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Executive Director:

James F. (Ted) Booth

About PEER:

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A joint committee, the PEER Committee is composed of seven members of the House of Representatives appointed by the Speaker of the House and seven members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms, with one Senator and one Representative appointed from each of the U.S. Congressional Districts and three at-large members appointed from each house. Committee officers are elected by the membership, with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of four Representatives and four Senators voting in the affirmative.

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PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, the agency examined, and the general public.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.



Joint Legislative Committee on Performance Evaluation and Expenditure Review

PEER Committee

P.O. Box 1204 | Jackson, Mississippi 39215-1204

Senators

Charles Younger
Chair

Kevin Blackwell

John Horhn

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John Polk

Robin Robinson

November 25, 2024

Honorable Tate Reeves, Governor

Honorable Delbert Hosemann, Lieutenant Governor

Honorable Jason White, Speaker of the House

Members of the Mississippi State Legislature

On November 25, 2024, the PEER Committee authorized release of the report titled ***A Review of the Effectiveness of the Mississippi Development Authority Tourism Advertising Fund.***

Representatives

Becky Currie
Vice Chair

Kevin Felsher
Secretary

Donnie Bell

Cedric Burnett

Casey Eure

Kevin Ford

Stacey Hobgood-Wilkes

A handwritten signature in black ink that reads "Charles A. Younger". The signature is written in a cursive style and is surrounded by a faint, dotted rectangular border.

Senator Charles Younger, Chair

Executive Director

James F. (Ted) Booth

This report does not recommend increased funding or additional staff.

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CONCLUSION: The Mississippi Development Authority (MDA) collects data in reviewing advertising and marketing performance. However, PEER recommends changes and additions to data collection methods that would allow MDA to produce a more data-driven response in planning future advertising and marketing activities. PEER's recommendations include, but are not limited to, more frequent tracking of visitor volume and spending, implementing ad tracking surveys, and creating a system to track key performance metrics like visitation number and marketing expenditures by geographic area.



BACKGROUND

House Bill 1093, Regular Session 2022, directed the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) Committee to conduct a review of the advertising and marketing efforts paid for through the MDA Tourism Advertising Fund. The first review is due by December 1, 2024, and every four years thereafter. This review is in addition to the expenditure review required by MISS. CODE ANN § 27-65-74 (24) (b) (1972).

MISS. CODE ANN. § 57-1-64.2 (1972) provides that the PEER may contract with a private contractor or contractors to conduct the review of the MDA Tourism Advertising Fund mandated by the statute. The statute requires that MDA shall be legally and unconditionally required to pay the costs of any work provided by such contractor or contractors in an amount not to exceed One Hundred Thousand Dollars (\$100,000) in aggregate.

PEER retained EBP US Inc., (EBP) to perform analysis and review to support PEER in fulfilling its statutory obligations. PEER staff contributed to the overall message of this report and recommendations based on the data and information provided by EBP US, Inc. PEER staff also provided quality assurance and editing for this report to comply with PEER writing standards; however, PEER did not validate the source data collected by EBP US, Inc.

MISS. CODE ANN. § 57-1-64 (1972) created the MDA Tourism Advertising Fund and authorized MDA to sell advertising and promotional information to generate revenues and deposit into the Tourism Advertising Fund.

MISS. CODE ANN. § 27-65-75 (24) (a) (1972) requires that 3% of tax collections from restaurants and hotels are deposited into the Tourism Advertising Fund.



KEY FINDINGS

- **MDA lacks the necessary methods needed for developing metrics to measure the effectiveness of its marketing efforts and programs.**
Without proper data collection, MDA is unable to evaluate how well its marketing initiatives are performing, limiting its ability to make informed decisions.
- **MDA lacks a method for tracking and collection of visitor volume and spending data at an appropriate frequency.**
As of September 2024, no data is available on visitor volume or spending trends for the current calendar year.
- **MDA lacks a consistent and effective methodology for estimating revenue and expenditure information.**
Without a clear benchmark or consistent methodology, MDA risks future inconsistencies in tracking and evaluating visitor data.
- **After moving to reporting in calendar year format from fiscal year format, report inconsistencies emerged.**
The change to calendar year reporting creates challenges for evaluating the visitor economy, particularly when comparing data over time periods in which the data was previously recorded in fiscal year format.
- **MDA currently does not track data related to the short-term rental and home-sharing markets, despite these segments contributing significantly to the state's tourism economy.**
MDA lacks a comprehensive view of the state's lodging marketing, which limits its ability to analyze trends, forecast demand, and measure the full impact of tourism.
- **MDA lacks a systematic approach to measuring the effectiveness and performance of its advertising campaigns over time.**
Without ad tracking surveys, there is no reliable way to collect data on brand awareness, ad recall, or changes in consumer behaviors that result from the advertising efforts.
- **MDA does not effectively evaluate the impact of its marketing initiatives aimed at attracting out-of-state visitors.**
Without tracking performance metrics by specific regions, it is challenging to identify which markets respond positively to campaigns.

Mississippi's Tourism Economy

- Visitors in Mississippi spent \$11.5 billion across a range of sections in 2023 including food and beverage, lodging, recreation/entertainment, retail, and transportation.
- Mississippi draws a larger share of day visitors at 59% than overnight visitors at 41%.
- Mississippi is a predominantly leisure destination with 92% of all visitors indicating pleasure as their purpose of visit.
- MDA's target market audience is defined as an adult out-of-state overnight visitor arriving by car for leisure purposes.
- Room demand in Mississippi in 2024 has trailed the U.S. In September 2024, room demand in Mississippi was 6% lower than in 2023 compared to the U.S., which stood only 2% below the prior year.
- Mississippi's average daily room rate (ADR) has increased steadily since 2020 reaching \$106 in 2024, up from \$85 in 2019. Mississippi's ADR resilience highlights regional demand dynamics and the impact of local inflation, with rates climbing faster than the national average in recent years.

MDA Tourism Advertising Fund Revenues and Expenditures Since Inception in August 2019

\$53.69 million has been deposited in the Tourism Advertising Fund through July 2024.

MDA's total marketing expenditures have amounted to \$51.60 million through June 2024, representing 96% of the fund's revenue allocated to marketing.

Social Media Marketing Performance

Social media performance is showing mixed results in 2024, with Facebook showing an increase in activity and Instagram a decrease in activity through May 2024.



RECOMMENDATIONS

1. MDA should collect and maintain data on performance metrics including tracking of advertising campaigns and associated surveys to assist with evaluating travel intentions and the effectiveness of the associated campaigns.
2. MDA should develop and implement a system for more frequent tracking and collection of visitor volume and spending data. Establishing a process for quarterly or monthly data collection will provide MDA with more timely insights into tourism performance.
3. MDA should establish a clear benchmark for visitor volume and spending to ensure consistency in future economic impact assessments. This benchmark should be based on a robust, transparent methodology that is regularly reviewed and updated as needed. MDA should implement a process to document and explain any data revisions, thus providing clarity on how changes are made ensuring that stakeholders understand any discrepancies or shifts in reported outcomes.
4. MDA should request visitor volume and spending data in both calendar year and fiscal year terms. This dual approach will provide greater clarity and continuity, allowing for more accurate assessments of tourism trends and economic impact while meeting the needs of both internal and external stakeholders.
5. MDA should begin tracking data for the short-term and home-sharing markets to gain a complete understanding of these segments' contributions to the state's tourism economy. This data will allow MDA to more accurately assess overall lodging trends, inform marketing strategies, and adapt policies to better support the growing short-term rental and home-sharing sectors, ensuring a more holistic approach to tourism management.
6. MDA should implement ad tracking surveys designed to assess the effectiveness of advertising campaigns over time. The insights gained from these surveys will enable MDA to evaluate the impact of its advertising efforts, making data-driven adjustments to help enhance future marketing strategies to ensure great effectiveness with its target audience.
7. MDA should implement a system to track key performance metrics – such as visitation numbers and marketing expenditures – by geographic area. By focusing on geographic data, MDA can gain valuable insights into which regions are most receptive to its marketing efforts.

A Review of the Effectiveness of the Mississippi Development Authority Tourism Advertising Fund

Introduction

Authority, Scope, and Purpose

House Bill 1093, Regular Session 2022, directed the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) Committee to conduct a review of the advertising and marketing efforts paid for through the Mississippi Development Authority (MDA) Tourism Advertising Fund.

Specifically, MISS. CODE ANN. § 57-1-64.2 (1972) requires the PEER Committee to determine the following:

- MDA's effectiveness of attracting out-of-state visitors to Mississippi;
- MDA's effectiveness of digital advertising efforts; and,
- MDA's administration and oversight of expenditures from its Tourism Advertising Fund.

Method

PEER retained EBP US, Inc., (EBP) to perform analysis and review to support PEER in fulfilling its statutory obligations.

To conduct this analysis, EBP assembled and reviewed a comprehensive historical database of tourism, marketing, and financial indicators, including:

- overnight lodging trends;
- visitor volumes and spending trends;
- Tourism Advertising Fund revenues and expenditures; and,
- marketing efforts and spending trends, including digital statistics.

Consultant Selection

MISS. CODE ANN. § 57-1-64.2 (1972) provides that the PEER Committee may contract with a private contractor or contractors to conduct the review of the Mississippi Development Authority Tourism Advertising Fund mandated by the statute. The statute states that the Mississippi Development Authority shall be legally and unconditionally required to pay the costs of any work provided by any such contractor or contractors in an amount not to exceed one hundred thousand dollars (\$100,000) in aggregate.

PEER determined the review of the Mississippi Development Authority Tourism Advertising Fund Review would be best accomplished by contracting with a consultant with documented expertise in the tourism industry. PEER developed and advertised a request for proposal (RFP) that included a scope of work necessary to fulfill the requirements in MISS. CODE ANN. § 57-1-64.2. PEER received written proposals from the following consultants: Destination Services, LLP; Round Agencies; and, EBP US, Inc.

In accordance with the evaluation criteria listed in the RFP, an RFP evaluation team comprised of three PEER staff evaluated the proposals received and concluded that the proposal submitted by EBP US, Inc. represented the best proposal. PEER entered into a contract with EBP US, Inc. to provide the scope of work described in the RFP.

Review Limitations

The objective of this review was to assess the effectiveness of MDA's use of the Tourism Advertising Fund to promote Mississippi as a tourism destination, focusing on several key areas. First, it aimed to evaluate how successful MDA's advertising efforts have been in attracting out-of-state visitors, particularly through digital campaigns. Additionally, the review sought to analyze the administration and oversight of the Tourism Advertising Fund to ensure marketing expenditures were used efficiently and effectively in alignment with MDA's tourism goals. Lastly, it set out to develop a data-driven measure of MDA's return on marketing investment (ROI), which would allow for a quantified assessment of marketing effectiveness and the ability to track performance over time.

Instead of a fully quantified assessment of MDA's marketing effectiveness, due to data inconsistencies and unavailability, EBP provided actionable recommendations to make future assessment possible while enhancing Mississippi's tourism advertising strategy and bolstering in-state tourism. EBP developed a set of targeted recommendations for key performance indicators (KPIs) that MDA should prioritize for future data tracking and collection. These KPIs will equip MDA with the tools necessary to measure and evaluate the impact of its marketing efforts accurately, enabling more data-driven decisions to enhance Mississippi's tourism advertising strategy.

Restrictions

PEER Staff contributed to the overall message of this report and recommendations based on the data and information provided by EBP US, Inc. PEER staff also provided quality assurance and editing for this report to comply with PEER writing standards; however, PEER did not validate the source data collected by EBP US, Inc.

Background

This chapter discusses:

- the MDA Tourism Advertising Fund;
- MDA Tourism Advertising Fund revenues;
- actual versus projected Calendar Year 2024 revenues; and,
- MDA Tourism Advertising Fund expenditures.

The MDA Tourism Advertising Fund

MISS. CODE ANN. § 57-1-64 (1972) created the MDA Tourism Advertising Fund and authorized MDA to sell advertising and promotional information to generate revenues and deposit into the Tourism Advertising Fund. MISS. CODE ANN. § 27-65-75 (1972) requires that 3% of tax collections from restaurants and hotels are deposited into the Fund.

MISS. CODE ANN. § 57-1-64 created a special fund in the State Treasury known as the MDA Tourism Advertising Fund, hereafter referred to as the Tourism Advertising Fund. This law states MDA can use amounts in the fund for:

... the purpose of paying costs incurred in connection with the purchase of Internet advertising and other promotional information and materials related to Mississippi tourism resources and activity.

Additionally, MDA is authorized to sell advertising and other promotional information and enter into agreements with other tourism associations for the purpose of facilitating sales revenue to deposit into the Tourism Advertising Fund.

Restaurant and Hotel Sales Tax Collection Deposits

MISS. CODE ANN. § 27-65-75 (24) (a) (1972) requires that 3% of tax collections from restaurants and hotels are deposited into the Tourism Advertising Fund. The Mississippi Development Authority (doing business as Visit Mississippi) then utilizes these funds to advertise and promote tourism to Mississippi.

MDA Tourism Advertising Fund Revenues

Since its inception in August 2019 through July 2024, \$53.69 million has been deposited in the Tourism Advertising Fund.

MISS. CODE ANN. § 27-65-75 (24) (a) (i.e., the law establishing the distribution of restaurant and hotel sales tax collections to the Tourism Advertising Fund) was enacted in 2019, and the first funds were deposited into the Tourism Advertising Fund account in August 2019. Since August 2021, 3% of total sales tax revenue collected from restaurants and hotels has been deposited into the Tourism

Advertising Fund. The fund's deposits tallied \$5.5 million in CY 2020 and increased to \$14.5 million by CY 2023, the year of the fund's first full 3% transfers from the restaurant and hotel sales tax collected. Appendix A on page 21 further discusses yearly deposit amounts.

Actual versus Projected Calendar Year 2024 Revenues

The Tourism Advertising Fund experienced slightly less growth from January 2024 to July 2024 than in the same period the prior year.

PEER Report #696, FY 2023 Annual Report: A Review of the Mississippi Development Authority Tourism Advertising Fund,

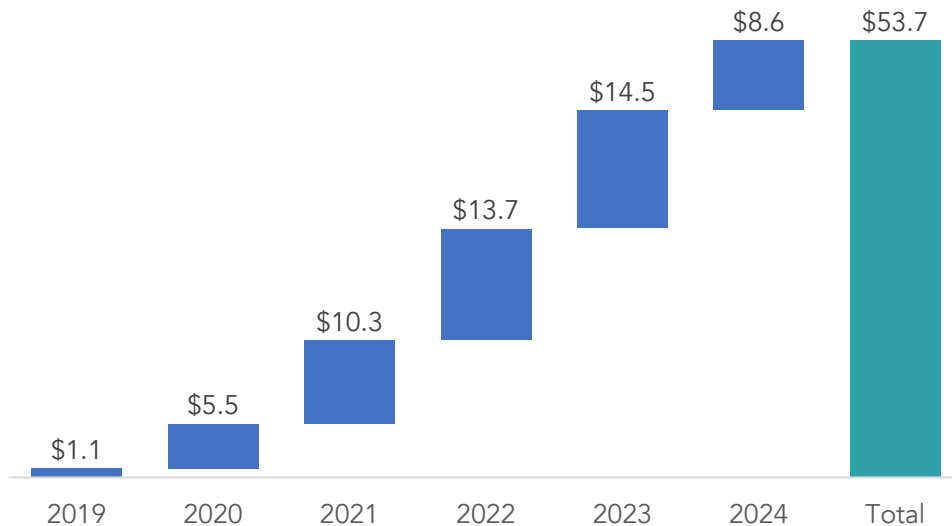
projected that MDA could expect to receive similar levels of funding in 2024 compared to 2023 depending on the stability of future sales activities of restaurants and hotels within the state, as state law has not mandated any further increases in restaurant and hotel sales tax collections to be deposited into the Tourism Advertising Fund.

MDA's Tourism Advertising Fund has collected \$53.7 million in revenues since its inception in August 2019 through July 2024.

From January to July of 2024, \$8.6 million was deposited into the Tourism Advertising Fund. During this time period, Tourism Advertising Fund revenues grew 4.9%. This is a slower growth rate than the 6.9% rate from the same period the prior year.

Exhibit 1 on page 4 illustrates the growth of MDA Tourism Advertising Fund deposits from August 2019 through July 2024.

Exhibit 1: MDA Tourism Advertising Fund Deposits, Expressed in Millions (\$M), August 2019 through July 2024



SOURCE: EBP analysis of Mississippi Department of Revenue Summary of Transfers Report from August 2019 through July 2024.

MDA Tourism Advertising Fund Expenditures

Since the inception of the Tourism Advertising Fund in August 2019, total MDA’s tourism marketing expenditures have amounted to \$51.60 million through June 2024, representing 96% of the fund’s revenue allocated to marketing.

Since the inception of the fund in August 2019, 96% of the Tourism Advertising Fund’s revenue has been allocated to marketing expenditures.

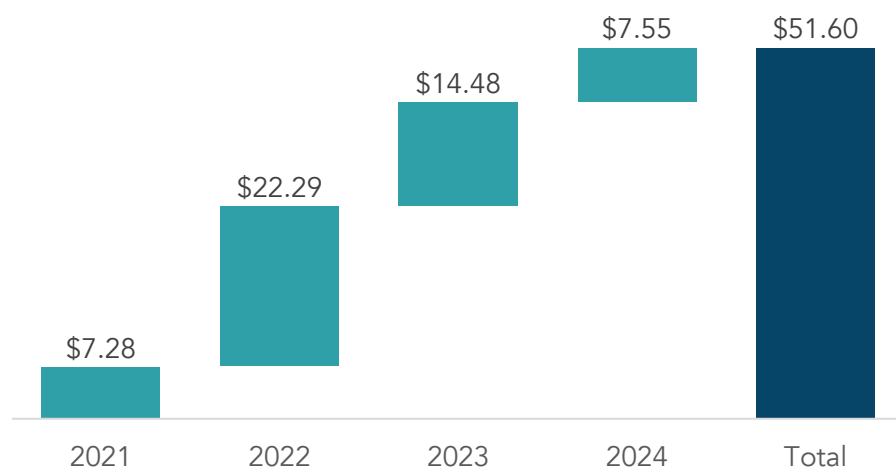
Since the inception of the Tourism Advertising Fund in August 2019, total MDA tourism marketing expenditures¹ have amounted to \$51.60 million through June 2024, representing

96% of the fund’s revenue allocated to marketing.

MDA has had a professional marketing services agreement with Maris, West, & Baker, Inc. (MWB) since July 2021 and Travel and Tourism Marketing LTD (TTM) since FY 2023. MWB provides services to MDA relating to all facets of media including video advertisements, print advertisements, and commercials that air on television, streaming services, and social media platforms. Additionally, MWB pitches Mississippi travel destinations to travel writers, who in turn visit Mississippi and publish articles about their experience, further promoting tourism in Mississippi.

Exhibit 2 on page 5 illustrates MDA tourism marketing expenditures for July 2021 through June 2024. For more information on MDA marketing expenditures, see Appendix B on page 22.

Exhibit 2: MDA Tourism Marketing Expenditures, Expressed in Millions (\$M), January 2021 through June 2024



SOURCE: EBP analysis of data provided by the Mississippi Development Authority.

¹ Marketing expenditures do not include expenditures not directly related to marketing Mississippi as a destination (e.g., contracts for visitor profile studies).

Mississippi's Tourism Economy

This chapter discusses:

- hotel and motel lodging trends in Mississippi; and,
- visitor volume and spending in Mississippi.

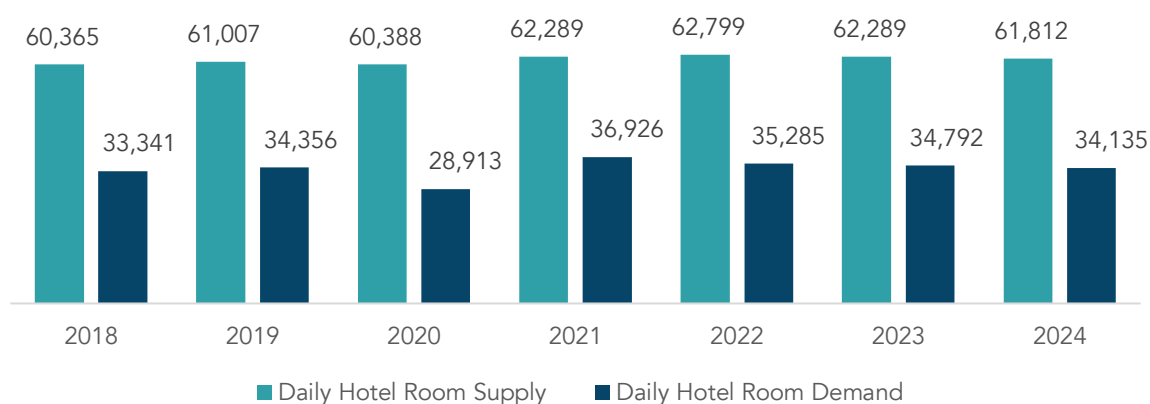
Hotel and Motel Lodging Trends in Mississippi

After peaking in CY 2021, daily hotel room demand in Mississippi declined 4.4% in CY 2022, 1.4% in CY 2023, and 4.6% through June 2024. Daily hotel room demand in Mississippi averaged about 2,800 fewer daily rooms through June 2024 (34,135) compared to the peak in CY 2021 (36,926).

Between CY 2019 and CY 2024, hotel room supply in Mississippi increased 1.3% while room demand declined 0.6%. This resulted in a decrease in occupancy from 56.3% in CY 2019 to 55.2% in CY 2024.

Average daily room rate in Mississippi averaged \$106.43 in CY 2024, a 24.7% increase between CY 2019 and CY 2024. This trend is in line with the national trend (United States average daily room rate in 2024 is 21% above 2019), and much of this increase can be attributed to inflationary pressures. Consequently, room revenue in Mississippi in CY 2024 surpassed CY 2019 by 23.9%, reaching an all-time high of \$3.63 million. Exhibit 3 on page 6 illustrates the average daily room supply and demand from CY 2018 to CY 2024.

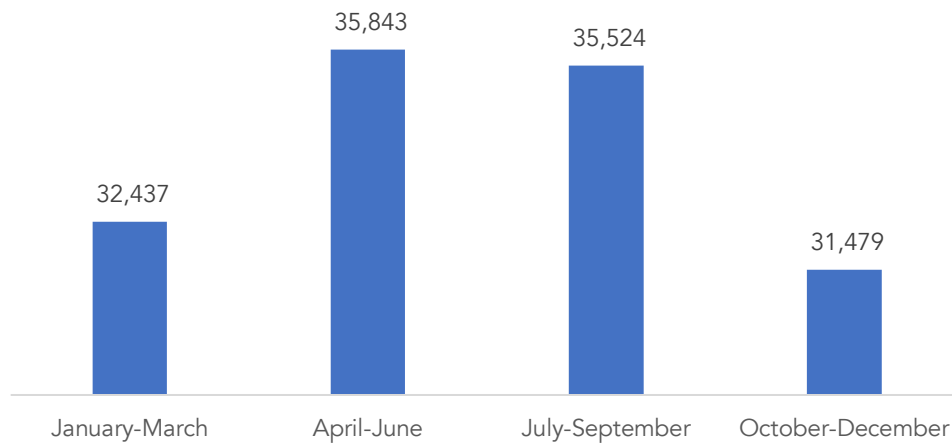
Exhibit 3: Average Daily Room Supply and Demand in Mississippi, CY 2018 to CY 2024



SOURCE: EBP analysis of STR, Inc. data provided by MDA.

Analysis of seasonal patterns in overnight room demand indicates peaks during the summer and spring seasons, with a decline in the fall. The highest average demand is observed in April through June, likely due to spring travel and the onset of summer vacations. The lowest average demand is observed in October through December, possibly due to the post-summer slowdown before the holiday season. Exhibit 4 on page 7 shows seasonality in overnight room demand by quarter.

Exhibit 4: Average Daily Seasonality in Overnight Room Demand in Mississippi, CY 2017 to CY 2024

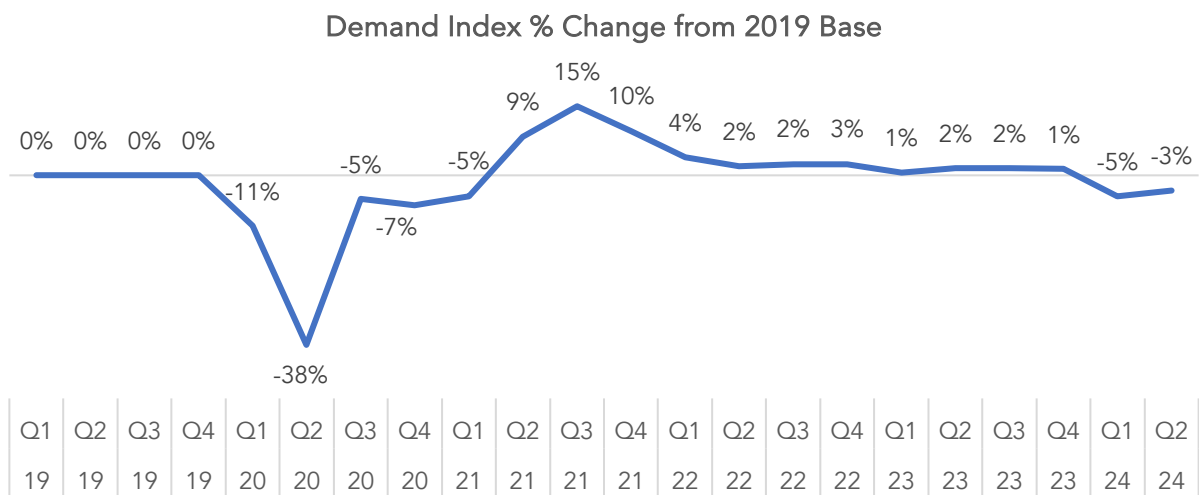


SOURCE: EBP analysis of STR, Inc. data provided by MDA.

Analysis of the seasonal patterns and quarterly room demand suggests that the room demand in Mississippi in the first two quarters of CY 2024 dipped below the levels observed in CY 2019. Specifically, room demand declined 4.7% in the first quarter of CY 2024 and 3.5% in the second quarter of CY 2024.

Exhibit 5 on page 8 illustrates fluctuations in pandemic and post-pandemic overnight room demand in Mississippi and the subsequent normalization.

Exhibit 5: Post-Pandemic Recovery in Mississippi Room Demand, CY 2020 to CY 2024



SOURCE: EBP analysis of STR, Inc. data provided by MDA.

Several factors likely contributed to the decline in room demand in Mississippi during the first half of 2024 compared to the same period in 2019:

- **Economic factors:** Inflation and rising interest rates may have constrained consumer spending, leading to reduced travel.
- **End of post-COVID demand:** The end of the formally declared national emergency initially sparked a surge in domestic travel. This travel may have tapered off as demand was gradually satisfied and consumer sentiment about international travel and overseas destinations was restored.
- **Increased competition from other regions:** Increased competition from other regions and changes in local attractions or marketing strategies could have impacted room demand.
- **Other factors:** Factors such as changes in work-from-home policies or regional economic challenges, could also have contributed to the decline.

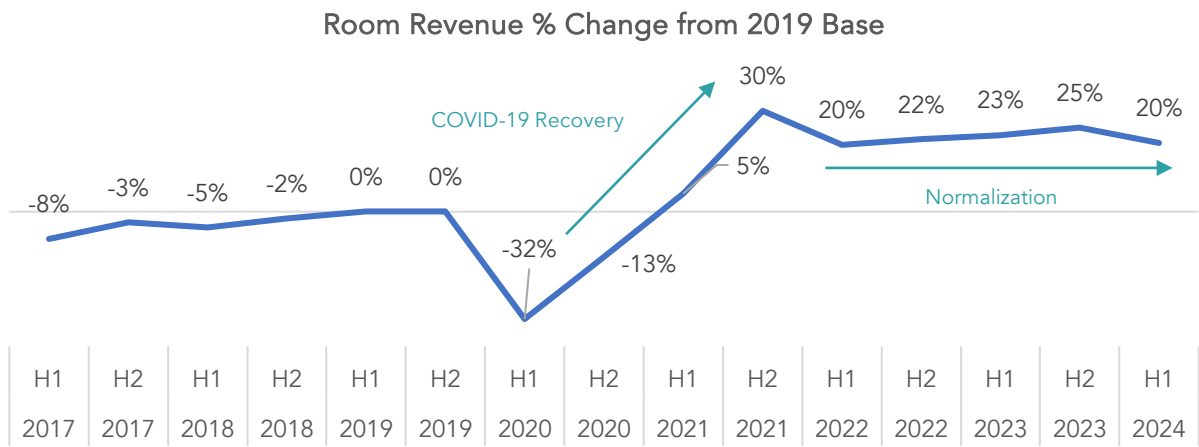
Hotel Room Revenue

In CY 2024, hotel room demand declined 4.6% from January to June; however, average daily room rate saw an overall annual growth of 3.4% averaging an all-time high of \$106.43. This resulted in only a 1.4% decrease in room revenue. This highlights the hotel sector's ability to maintain revenue through pricing strategies even in the face of lower demand.

Daily hotel room revenue in Mississippi averaged \$3.63 million from January through June in CY 2024, surpassing pre-COVID levels by 20.5%. This growth trails behind peak growth in CY 2021, likely reflecting the strong surge in 2021 due to demand during the pandemic recovery period, followed by a subsequent normalization in demand.

Exhibit 6 on page 9 illustrates Mississippi hotel room revenue from CY 2017 to CY 2024. Appendix C on page 23 further reports hotel room revenue by

Exhibit 6: Hotel Room Revenue in Mississippi, CY 2017 to CY 2024



NOTE: H1 represents January to June while H2 represents July to December.

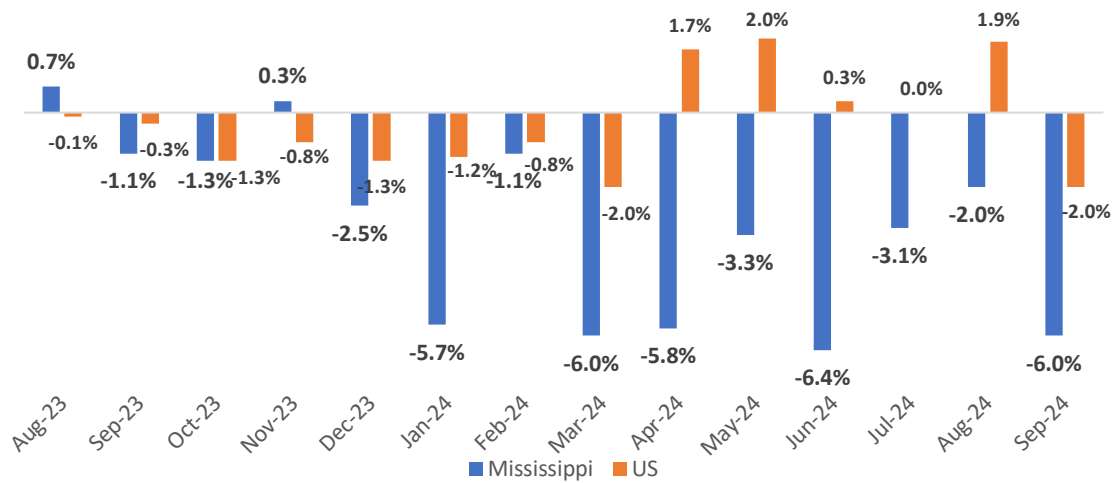
SOURCE: EBP analysis of STR, Inc. data provided by MDA.

Room demand in Mississippi in 2024 has trailed the U.S. In September 2024, room demand in Mississippi was 6% lower than in 2023 compared to the U.S., which stood only 2% below the prior year.

The year-over-year room demand data from August 2023 to September 2024 highlights a contrasting trend between Mississippi and the U.S. overall. Mississippi experienced consistent declines in demand, with the steepest drops in January 2024 (-5.7%), March 2024 (-6.0%), and June 2024 (-6.4%). In contrast, the U.S. market demonstrated greater resilience, showing growth in months like April 2024 (1.7%), May 2024 (2.0%), and August 2024 (1.9%). While both markets saw declines in certain months, the U.S. demand grew more frequently, whereas Mississippi's demand remained largely negative. This comparison suggests that Mississippi faced more persistent demand challenges relative to the broader U.S. market, which managed to achieve periodic growth despite some setbacks.

Exhibit 7 on page 10 illustrates current trends in hotel room demand in Mississippi compared to national trends.

Exhibit 7: Current Trends in Hotel Room Demand in Mississippi vs the U.S., Year-over-year Percent Change



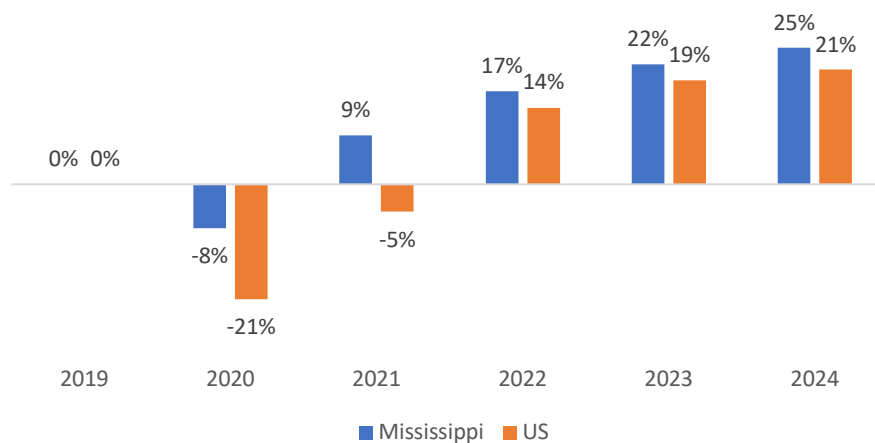
SOURCE: EBP analysis of data from Symphony Tourism Economics.

Mississippi's ADR has increased steadily since 2020, reaching \$106 in 2024, up from \$85 in 2019. Mississippi's ADR resilience highlights regional demand dynamics and the impact of local inflation, with rates climbing faster than the national average in recent years.

The data on the average daily rate (ADR) compared to 2019 shows that both Mississippi and the U.S. have seen growth in room rates since the pandemic lows of 2020. Mississippi's ADR declined by 8% in 2020, which was relatively mild compared to the U.S. average, which dropped by 21%. Starting in 2021, Mississippi consistently outpaced the U.S. in ADR recovery, with increases of 9% in 2021, 17% in 2022, 22% in 2023,

and reaching 25% above 2019 levels in 2024. The US, while also rebounding, saw more modest increases, with 2024 rates 21% higher than 2019. The national trend shows a similar inflation-driven increase, though Mississippi's relatively stronger ADR growth could indicate higher local inflation impacts or regional demand factors that allow for greater rate adjustments. Overall, inflation has been a key factor in boosting ADR across both Mississippi and the US, contributing to higher rates rather than solely reflecting growth in real rates. Exhibit 8 on page 11 shows the ADR in Mississippi vs the national ADR.

Exhibit 8: Historic Annual Trends in Hotel Average Daily Room Rate in Mississippi vs the U.S., Percent Change from 2019



SOURCE: EBP analysis of data provided by STR, Inc. and Tourism Economics.

Short-term Rentals and Home-sharing

Mississippi has sizable short-term rental and home-sharing markets. According to Key Data Dashboard, Inc.,² total room revenue in these market segments tallied \$214.5 million during FY 2023, with 37% occupancy and \$196 ADR, making short-term rentals and home-sharing markets 14% of the state's total overnight room revenue.

Visitor Volume and Spending in Mississippi

Having fully recovered above pre-pandemic levels in 2022, 2023 saw more moderate rates of visitor volume and spending growth, as each increased 1.6% and 6.1%, respectively. Led by relatively stronger growth in day visits, visitor volumes neared 44 million in 2023, increasing more than 660,000 over 2022.

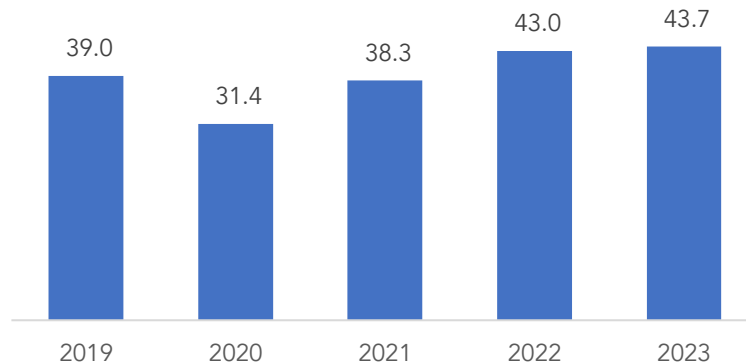
Visit Mississippi tracked its visitor economic performance indicators for over a decade in fiscal year terms and switched to calendar year terms in 2023 through Tourism Economics. The latest 2023 report, provided on September 6, 2024, included visitor volume and spending data from 2019-2023. The last fiscal year report that provided Mississippi visitor volume and visitor spending information in fiscal year terms was published for FY 2022, and visitor volume and spending data for FY 2023 and FY 2024 is unavailable during the writing of this report.

Additionally, previous economic impact reports (prior to CY 2023 report) estimated a lower overall volume of visitors, and hence, lower visitor spending. Visit Mississippi should establish a clear benchmark and document and explain any future revisions in its performance measures and any

² Key Data Dashboard, Inc., is a data provider for short term rentals metrics.

related data. Exhibit 9 on page 12 illustrates volume of visitors to Mississippi from CY 2019 to CY 2023. Exhibit 10 on page 12 illustrates Mississippi visitor spending during the same period.

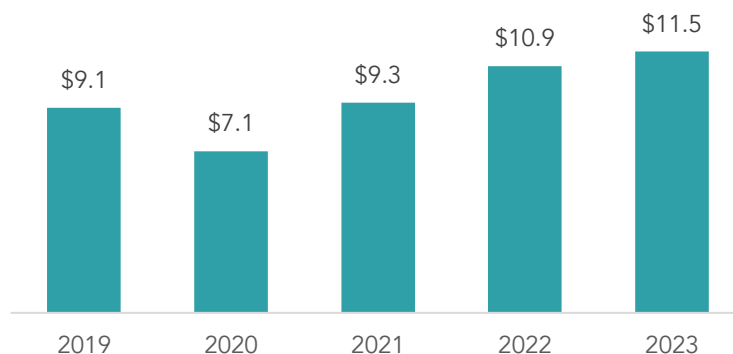
Exhibit 9: Mississippi Visitor Volume, CY 2019 to CY 2023, Expressed in Millions



SOURCE: EBP analysis of data from Longwoods International and Tourism Economics.

Appendix D on page 24 further discusses Mississippi visitor volume by calendar year.

Exhibit 10: Mississippi Visitor Spending, CY 2019 to CY 2023, Expressed in Billions (\$B)



SOURCE: EBP analysis of data from Longwoods International and Tourism Economics.

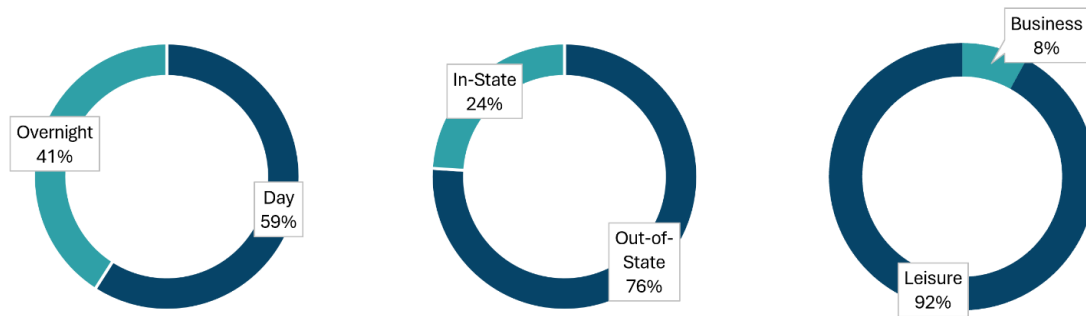
Visitors in Mississippi spent \$11.5 billion across a range of sectors in 2023.

Visitor spending grew 6.1% in 2023. Of the \$11.5 billion spent in Mississippi, food and beverage spending reached \$2.9 billion, 25% of total visitor spending. Lodging totaled \$2.6 billion and captured

22% of total visitor spending. Recreation/entertainment and retail comprised 21% and 17% of total visitor spending, respectively. Transportation accounted for \$1.7 billion, 15% of total visitor spending.

Mississippi draws a larger share of day (59%) than overnight (41%) visitors. Out-of-state visitors account for 76%. Mississippi is predominantly a leisure destination with 92% of all visitors indicating “pleasure” as their purpose of visit. Exhibit 11 on page 13 categorizes types of visitors by category.

Exhibit 11: Mississippi Visitor Segments, CY 2019 to CY 2023



SOURCE: PEER analysis of data provided by the Mississippi Development Authority.

Marketing Performance and Weaknesses

This chapter discusses:

- social media marketing performance measurements;
- advertising performance measurements; and,
- weaknesses in MDA's measurement efforts.

Social Media Marketing Performance Measurements

MDA provided limited information regarding social media statistics such as likes, reach, and engagement rate on social media platforms.

MDA provided limited information regarding social media statistics including:

- likes;
- reach; and,
- engagement rate.

Social media performance is showing mixed results in 2024 with Facebook showing an increase in activity and Instagram a decrease in activity through May 2024.

Likes

On social media platforms, "likes" are a key engagement metric that indicate user approval or interest in a post, image, or video. As a marketing measure, likes provide insight into how well content resonates with the target audience, helping brands gauge the effectiveness of their messaging.

While the number of likes doesn't directly translate to sales, it reflects brand visibility, popularity, and can drive further engagement, such as shares or comments. Businesses use likes as part of a broader strategy to assess audience preferences, optimize content, and strengthen customer relationships.

Reach

Reach refers to the total number of unique users who have seen a post or piece of content. It represents the distinct individuals the content has been exposed to, whether or not they engaged with it through likes, comments, shares, or clicks.

Reach can be divided into several categories:

- organic reach, which includes users who see a post through unpaid distribution like appearing in their news feed;
- paid reach, which comes from users who see a post due to paid promotions or ads; and,
- viral reach, which occurs when others interact with the content, and it appears in their friends' feeds.

Unlike impressions, which count every time the content is displayed (even if the same user sees it multiple times), reach only counts each unique user once. MDA's agency of record currently tracks aggregated impression data.

Engagement Rate

Engagement rate is a metric used to measure the level of interaction that content receives relative to the size of the audience. It indicates how well posts are resonating with users by tracking actions such as likes, comments, shares, and clicks.

The engagement rate is typically calculated as the total number of engagements (likes, comments, shares, clicks, etc.) divided by the total reach (number of unique users who saw the post), often expressed as a percentage. A higher engagement rate indicates that the audience is actively interacting with the content, making it a key performance indicator for social media effectiveness.

MDA Social Media Marketing Performance

MDA's marketing data was available only for selected months in 2023 and 2024. The social media platform data showed mixed results through May 2024. While Facebook has seen increased activity in all three metrics, Instagram's engagement rate increased but likes and reach have fallen close to 50% through May 2024.

Advertising Performance Measurements

MDA's target market audience is defined as an adult out-of-state overnight visitor arriving by car for leisure purposes. MDA's digital marketing performance metrics include impressions and target rating points (TRPs), which are useful for advertising media and planning. Additional data is needed to measure the advertising awareness and lift.

Target Markets

MDA's marketing efforts have been focused on attracting mostly out-of-state visitors. MDA's detailed accounting of its marketing programs shows the following target markets (including several in-state):

- Atlanta, GA;
- Baton Rouge, LA;
- Biloxi-Gulfport, MS;
- Birmingham, AL;
- Chattanooga, TN;
- Chicago, IL;
- Columbus-Tupelo, MS;
- Dallas-Ft. Worth, TX;
- Detroit, MI;
- Forsyth, NC;
- Greenwood-Greenville, MS;
- Houston-Galveston, TX;
- Huntsville, AL (and MS);
- Jackson, TN (and MS);
- Kenner, LA;
- Lafayette, LA;
- Little Rock, AR;
- Mecklenburg, NC;
- Memphis, TN;
- Meridian, MS;
- Mobile, AL;
- Nashville, TN;
- New Orleans, LA;
- Paducah, KY;
- Pensacola, FL;
- Savannah, GA;
- Shelby, TN; and,
- St. Louis, MO.

The target market focus has been the “adult drive leisure” segment as it comprises more than 90% of all arrivals to Mississippi. The main pillars of interest and target market audience include Music, Food & Dining, Arts & Literature, Civil Rights Heritage, Outdoor Adventure, and Gaming.

Digital Marketing and Advertising Performance Metrics

Regarding digital marketing and advertising performance metrics, MDA utilizes impressions and target rating points to measure marketing and advertising effectiveness. MDA currently does not have a way to measure lift in ad awareness making it difficult to measure and assess marketing effectiveness.

Lift in Ad Awareness and Marketing Effectiveness

Lift in ad awareness and marketing effectiveness refers to the increase in a specific metric (such as brand awareness or ad recall) that can be attributed to an advertising campaign. It measures the effectiveness of a marketing campaign by comparing how much more aware a target audience is after being exposed to the ad, versus a baseline or control group that was not exposed to the ad.

In ad awareness, lift refers to the percentage increase in the number of people who recall seeing an ad after the campaign runs, compared to those who didn't see the ad.

Impressions and Target Rating Points

Impressions and target rating points (TRPs) are metrics used in advertising and media planning.

Impressions refer to the total number of times a digital/streaming advertisement is displayed, regardless of whether the viewer interacts with it. Each time an ad appears in front of a person, it counts as one impression, it is not reflective of the unique individual per se, and a user/viewer is served the same campaign multiple times. This provides a raw measure of how often an ad is shown but does not indicate audience engagement.

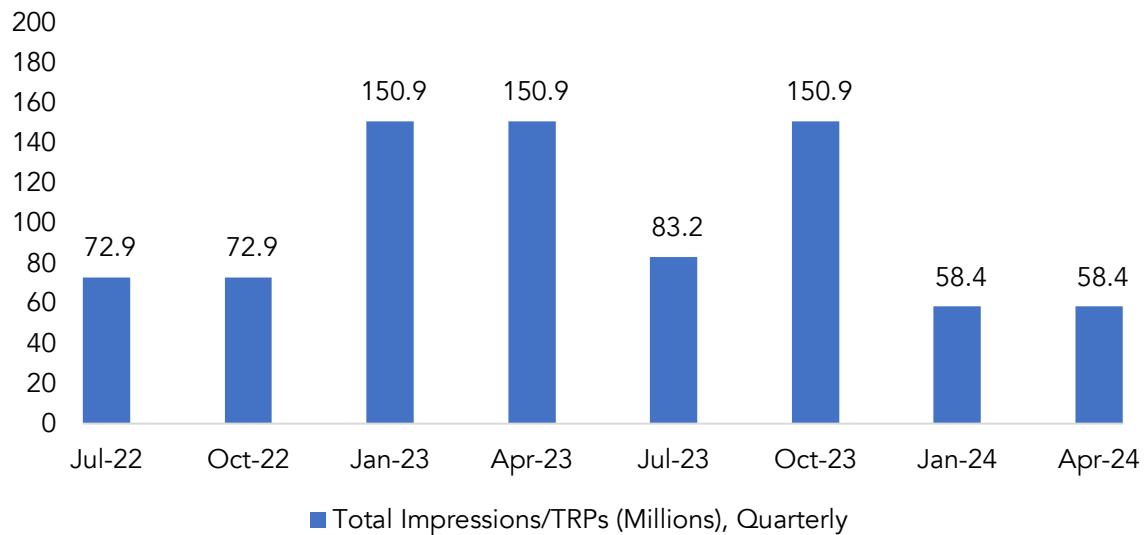
On the other hand, TRPs measure the reach and frequency of an ad within a specific target audience. It reflects the percentage of a target demographic that has seen the ad (reach) multiplied by the number of times they've been exposed to it (frequency).

While impressions and TRPs are common measures used in advertising to assess campaign reach and frequency, there are limitations to measuring the true advertising influence and effectiveness. Impressions show how many times an ad was served or displayed while TRPs provide insight into how many people in a target audience have been exposed to an ad and how frequently. These metrics are valuable for media planning, enabling advertisers to compare the costs of different channels and allocate budgets for maximum exposure. They also help evaluate how well a campaign delivered in terms of reaching the desired audience and media performance.

Digital Marketing and Advertising Performance Data

Exhibit 12 on page 17 illustrates MDA's marketing impressions/TRPs from July 2022 through April 2024.

Exhibit 12: MDA Marketing Impressions/Target Rating Points (TRPs)



SOURCE: EBP analysis of data provided by Mississippi Development Authority/Travel and Tourism Marketing LTD.

However, these metrics fall short when it comes to measuring actual visitor engagement and visitor influence because they reflect the opportunity for the audience to see an ad and not whether they were influenced by it. Neither metric reveals if the ad led to a desired action, which is crucial to measuring advertising effectiveness, nor do they capture how an ad affects brand sentiment and whether the ad improved or harmed consumer perceptions of the destination.

To better understand advertising influence, MDA should consider brand lift and awareness surveys that can offer insight into how well their ads shift visitor awareness, destination favorability, and intent to visit.

Appendix E on page 25 provides an overview of methodology of how ad awareness and lift is used to measure marketing effectiveness or return on investment (ROI) of a hypothetical destination marketing organization.

Appendix F on page 28 provides a sample of destination marketing organizations who measure their ad awareness and lift and use it to measure the effectiveness of their marketing efforts from the resulting overall ROI.

Weaknesses in MDA's Measurement Efforts

MDA faces some challenges in its marketing measurement efforts. While it employs various metrics to assess marketing effectiveness, these metrics do not capture the full spectrum of consumer engagement.

Ineffective Metrics

MDA lacks the necessary methods needed for developing metrics to measure the effectiveness of its marketing efforts and programs. Without proper data collection mechanisms, MDA is unable to evaluate how well its marketing initiatives are performing, which limits its ability to make informed decisions, optimize strategies, and allocate resources effectively. This absence of appropriate metrics makes it difficult to assess the impact of marketing efforts on reaching target audiences and achieving desired outcomes.

Ineffective Tracking Methods

MDA currently lacks a method for tracking and collection of visitor volume and spending data at an appropriate frequency. As of September 2024, no data is available on visitor volume or spending trends for the current calendar year. This absence of timely data hinders MDA's ability to monitor tourism performance, identify emerging trends, and make informed decisions to optimize tourism strategies. Without regular updates, it becomes challenging to evaluate the success of marketing initiatives or respond proactively to shifts in visitor behavior.

Lack of Consistent and Effective Methodology for Estimating Revenue and Expenditures

Previous economic impact reports, prior to Calendar Year 2023, underestimated both visitor volume and spending compared to the latest CY 2023 economic impact report from Tourism Economics, which could lead to inaccurate assessments of tourism performance. Without a clear benchmark or a consistent methodology, MDA risks future inconsistencies in tracking and evaluating visitor data. Additionally, any revisions to performance measures or related data are not currently well-documented, making it difficult to understand the reasons for changes or to compare results over time.

Reporting Inconsistencies

MDA has a long history of providing well-organized economic impact reports that tracked key performance indicators, such as visitor volume and spending per fiscal year. However, since the switch to calendar year reporting after FY 2022, inconsistencies in reporting formats (CY versus FY) have emerged. This creates challenges for evaluating the visitor economy, particularly when comparing data over time or aligning with the state's fiscal processes. The latest 2023 preliminary report provided visitor volume and spending data in calendar year terms, making it difficult to reconcile with previous fiscal year reports, thus complicating the evaluation.

Lack of Short-term Rental and Home-sharing Market Data Tracking

MDA currently does not track data related to the short-term rental and home-sharing markets, despite these segments contributing significantly to the state's tourism economy. In FY 2023, short-term rentals and home-sharing accounted for \$214.5 million in room revenue, representing 14% of the state's total overnight room revenue. Without tracking this data, MDA lacks a comprehensive

view of the state's lodging market, which limits its ability to analyze trends, forecast demand, and measure the full impact of tourism.

Lack of Systematic and Effective Approach to Measure Advertising Campaign Effectiveness

MDA currently lacks a systematic approach to measuring the effectiveness and performance of its advertising campaigns over time. Without ad tracking surveys, there is no reliable way to collect data on brand awareness, ad recall, message retention, or changes in consumer attitudes and behaviors that result from the advertising efforts. This gap in data collection hinders MDA's ability to evaluate campaign impact, make informed adjustments, and optimize future marketing strategies, ultimately reducing the potential return on advertising investments.

Lack of Effective Evaluations of Marketing Initiatives for Out-of-state Visitors

MDA currently does not effectively evaluate the impact of its marketing initiatives aimed at attracting out-of-state visitors due to a lack of geographic data segmentation. Without tracking performance metrics by specific regions, such as top target states versus the rest of the U.S., it is challenging to identify which markets are responding positively to campaigns. This gap in geographic data limits MDA's ability to optimize its strategies and maximize the effectiveness of marketing expenditures.

Recommendations

1. In preparation for the review of the effectiveness of expenditures from the Tourism Advertising Fund as required by MISS. CODE ANN. Section 57-1-64.2 (1972), MDA should collect and maintain data on its performance metrics including tracking of its advertising campaigns and associated surveys to assist with evaluating travel intentions and the effectiveness of the associated campaigns. This data can be used to develop an accurate measure of incremental visitation to the state resulting from MDA's advertising campaigns and marketing efforts.
2. MDA should develop and implement a system for more frequent tracking and collection of visitor volume and spending data. This could be achieved through partnerships with local businesses, accommodations, and tourism operators to gather real-time data or by using digital tracking tools like mobile location data and/or online surveys. Establishing a process for quarterly or monthly data collection will provide MDA with more timely insights into tourism performance. This data will enable faster adjustments to marketing strategies and allow MDA to make informed decisions based on current visitor trends, ensuring a more agile and effective approach to tourism management.
3. MDA should establish a clear benchmark for visitor volume and spending to ensure consistency in future economic impact assessments. This benchmark should be based on a robust, transparent methodology that is regularly reviewed and updated as needed. Additionally, MDA should implement a process to document and explain any data revisions. This will provide clarity on how changes are made and ensure that stakeholders understand any discrepancies or shifts in reported outcomes.
4. Moving forward, MDA should request visitor volume and spending data in both calendar year and fiscal year terms. While the detailed annual report in calendar year format is valuable for external stakeholders, partners, and the public, fiscal year reporting will ensure consistency for in-state reporting and alignment with the state's budgeting and procedural timelines. This dual approach will provide greater clarity and continuity, allowing for more accurate assessments of tourism trends and economic impact while meeting the needs of both external and internal stakeholders.
5. MDA should begin tracking data for the short-term rental and home-sharing markets to gain a complete understanding of these segments' contributions to the state's tourism economy. Regularly monitoring this data will allow MDA to more accurately assess overall lodging trends, inform marketing strategies, and adapt policies to better support the growing short-term rental and home-sharing sectors, ensuring a more holistic approach to tourism management.
6. MDA should implement ad tracking surveys designed to assess the effectiveness of advertising campaigns over time. These surveys should be administered at multiple intervals throughout each campaign to monitor changes in brand awareness, ad recall, message retention, and consumer attitudes or behaviors following exposure. By utilizing channels such as email, social media, and pop-up ads, MDA can efficiently gather feedback from target audiences. The insights gained from these surveys will enable MDA to evaluate the impact of its advertising efforts, make data-driven adjustments, and enhance future marketing strategies to ensure greater effectiveness and engagement with target audiences.
7. MDA should implement a system to track key performance metrics—such as visitation numbers and marketing expenditures—by geographic area. This includes measuring ad awareness and visitation lift based on the origin of visits. By focusing on geographic data, MDA can gain valuable insights into which regions are most receptive to its marketing efforts.

Appendix A: Mississippi Tourism Advertising Fund Deposits

CY	Tourism Advertising Fund Deposits (\$M)	% Change
2017	\$ 0.0	
2018	\$ 0.0	
2019	\$ 0.0	
2020	\$ 3.2	
2021	\$ 7.3	128.8 %
2022	\$ 13.0	77.5 %
2023	\$ 14.2	9.4 %
2024	\$ 14.7	3.7 %
Total	\$ 52.3	

FY	Tourism Advertising Fund Deposits (\$M)	% Change
2017	\$ 0.0	
2018	\$ 0.0	
2019	\$ 1.1	
2020	\$ 5.5	400.0 %
2021	\$ 10.3	86.6 %
2022	\$ 13.7	33.0 %
2023	\$ 14.5	6.0 %
2024	\$ 8.6	-40.6 %
Total	\$ 53.7	

Source: EBP analysis of data provided by the Mississippi Development Authority.

Appendix B: Mississippi Marketing Expenditures

CY	Total Marketing Expenditures	Total Marketing Expenditures (% Change)
2019		
2020		
2021	\$ 7,284,578	
2022	\$ 22,292,327	206.0 %
2023	\$ 14,480,622	-35.0 %
2024	\$ 7,545,430	8.0 %

FY	Total Marketing Expenditures (6-Month Rolling Average)	Total Marketing Expenditures (% Change, 6-Month Rolling Average)
2019		
2020		
2021	\$ 867,576	
2022	\$ 1,789,920	115.1 %
2023	\$ 1,159,408	-35.2 %
2024	\$ 1,252,461	8.0 %

NOTE: Data for 2024 is January to June; growth is calculated as year-on-year from January to June.

Source: EBP analysis of data provided by Mississippi Development Authority.

Appendix C: Mississippi Hotel Performance Summary

Calendar Year Levels						
CY	Daily Room Supply	Daily Room Demand	Occupancy	ADR	Revenue Per Available Room	Daily Room Revenue
2017	60,230	33,182	55.1%	\$ 83.29	\$ 45.89	\$ 2,763,682
2018	60,365	33,341	55.2%	\$ 84.96	\$ 46.93	\$ 2,832,735
2019	61,007	34,356	56.3%	\$ 85.32	\$ 48.05	\$ 2,931,344
2020	60,388	28,913	47.9%	\$ 78.26	\$ 37.47	\$ 2,262,743
2021	62,289	36,926	59.3%	\$ 93.19	\$ 55.25	\$ 3,441,218
2022	62,799	35,285	56.2%	\$ 100.23	\$ 56.31	\$ 3,536,468
2023	62,289	34,792	55.9%	\$ 104.26	\$ 58.24	\$ 3,627,515
2024	61,812	34,135	55.2%	\$ 106.43	\$ 58.78	\$ 3,633,096

Calendar Year Year-On-Year Percent Change						
CY	Daily Room Supply	Daily Room Demand	Occupancy	ADR	Revenue Per Available Room	Daily Room Revenue
2017						
2018	0 %	0 %	0 %	2 %	2 %	2 %
2019	1 %	3 %	2 %	0 %	2 %	3 %
2020	-1 %	-16 %	-15 %	-8 %	-22 %	-23 %
2021	3 %	28 %	24 %	19 %	47 %	52 %
2022	1 %	-4 %	-5 %	8 %	2 %	3 %
2023	-1 %	-1 %	-1 %	4 %	3 %	3 %
2024	0 %	-5 %	-4 %	3 %	-1 %	-1 %

NOTE: Data for 2024 is for June year-on-year.

Source: EBP analysis of data from STR, Inc. provided by Mississippi Development Authority.

Appendix D: Mississippi Visitor Summary

Levels (In Millions)								
CY	Total Visitors	Spending	Day Visitors	Overnight Visitors	In-State Visitors	Out-of-State Visitors	Business Visitors	Leisure Visitors
2019	39.00	\$ 9,054	22.0	17.0	8.19	30.81	3.12	35.88
2020	31.40	\$ 7,117	18.4	13.0	7.54	23.86	1.88	29.52
2021	38.30	\$ 9,263	23.9	14.4	9.19	29.11	2.30	36.00
2022	43.00	\$ 10,876	25.1	17.9	9.46	33.54	3.01	39.99
2023	43.70	\$ 11,543	25.8	17.9	10.49	33.21	3.50	40.20
2024								

Year-On-Year Percent Change								
CY	Total Visitors	Spending	Day Visitors	Overnight Visitors	In-State Visitors	Out-of-State Visitors	Business Visitors	Leisure Visitors
2019								
2020	-19.5 %	-21.4 %	-16.4 %	-23.5 %	-8.0 %	-22.5 %	-39.6 %	-17.7 %
2021	22.0 %	30.2 %	29.9 %	10.8 %	22.0 %	22.0 %	22.0 %	22.0 %
2022	12.3 %	17.4 %	5.0 %	24.6 %	2.9 %	15.2 %	31.0 %	11.1 %
2023	1.6 %	6.1 %	2.8 %	-0.3 %	10.9 %	-1.0 %	16.1 %	0.5 %
2024								

Source: EBP analysis of data provided by Mississippi Development Authority (2023 TE Economic Impact Report).

Appendix E: ROI Methodology

The methodology for measuring the impact and effectiveness of destination advertising begins by establishing a base rate of travel, which accounts for the natural visitation that would occur even without paid advertising efforts as there will always be some level of travel to Mississippi irrespective of advertising. Therefore, not all visitation—especially from households aware of the ads—can be fully attributed to the marketing campaigns. For proper marketing effectiveness evaluation, it is important to distinguish between the baseline travel that would occur among households even in the absence of advertising, and the incremental travel beyond this base from households aware of the ads who are regarded as households influenced by the advertising. The baseline level and influenced visitors make up the total of all Mississippi visitation, as illustrated in Exhibit E1.

Exhibit E1: Measuring Incremental Visitation



Source: EBP analysis.

An ad awareness survey, designed to assess how effectively a marketing campaign has reached its target audience and how well the target audience recalls and recognizes the advertisements, is an effective tool to measure influenced travel. The survey typically asks respondents whether they remember seeing specific ads and/or promotional content across various media platforms such as television, social media, or print. It collects data on key aspects such as ad recall, message recognition, and where the ad was seen, along with demographic information to understand which market segments were reached.

Additionally, it gauges the impact of the ad on consumer behavior, such as whether it influenced the respondent's intent to visit a destination or make a purchase. These surveys are essential for evaluating the reach, memorability, and overall effectiveness of a marketing campaign in influencing awareness and consumer actions.

An ad awareness survey provides information about the share of travelers influenced by advertising, or the 'lift' in arrivals to Mississippi, which is used to estimate total incremental visitation to the state. This total incremental visitation is then multiplied by the average visitor spending to calculate the total incremental visitor spending. Since visitors from farther away tend to stay longer and spend more, it is important that the analysis distinguishes between different travel segments and target market geographies.

Exhibit E2: Measuring Incremental Visitor Spending



Source: EBP analysis.

ROI is measured by dividing total incremental visitor spending by total marketing spending or investment, which indicates how much additional visitor spending was generated for each marketing dollar spent. For example, \$1.5 million of marketing spending that generated \$41.2 million in additional visitor spending would result in an ROI of \$27.50. In other words, a \$27.50 ROI means that for every marketing dollar spent, an additional \$27.50 in visitor spending is generated.

Exhibit E3: Measuring Advertising Effectiveness



Source: EBP analysis.

To accurately measure the ROI of marketing efforts, several key data points are needed on a monthly or quarterly basis, segmented by target market geography. This includes the total number of overnight visitors (A), the influence share (B), which represents the proportion of visitors influenced by the marketing campaign, and the resulting incremental visitors ($A \times B = C$). Additionally, data on the average spend per trip (D) is required to calculate incremental visitor spending ($C \times D = E$). This is then compared to marketing expenditures (F) to determine the ROI ($E / F = G$).

An ROI of \$27.50 means that for every dollar spent on marketing, an additional \$27.50 in visitor spending is generated. This suggests that the marketing efforts are highly effective, as they lead to substantial economic gains relative to the initial investment. For example, if \$100,000 is spent on marketing and the campaign results in \$2.75 million in additional visitor spending, the ROI would be \$27.50. A high ROI like this indicates that the marketing campaign is providing significant returns and value for the money invested.

Special attention should be paid to ensure that data for specific market segments—such as out-of-state overnight leisure visitors—is collected and analyzed. Different market segments may have varying levels of influence and spending patterns, and targeting key groups like out-of-state overnight leisure visitors

can provide more precise insights into campaign effectiveness. This segmentation is crucial for identifying the highest-value visitors and maximizing the impact of marketing efforts. To further enhance accuracy, an ad awareness survey should cover several target markets, and econometric techniques can be used to estimate any missing data where survey information is unavailable. This approach ensures the marketing campaign’s impact is measured comprehensively across different regions and audience segments.

Exhibit E4: An Illustrative Example for Marketing Effectiveness Assessment

Month	Overnight Visitors	Influence Share	Incremental Visitors	Average Trip Spending	Incremental Visitor Spending	Marketing Expenditures	ROI
1/1/2024	A	B	$A \times B = C$	D	$C \times D = E$	F	$E / F = G$
2/1/2024	1,500,000	5 %	75,000	\$ 550	\$ 41,250,000	\$ 1,500,000	\$ 27.50

NOTE: The data in this table are for illustrative purposes only and do not represent actual figures.

Source: EBP analysis.

Appendix F: Examples of Organizations that Track ROI

- **Ashville CVB** ([Ashville CVB ROI](#)) measured influenced trips, incremental visitor spending, media/marketing spending to estimate ROI for three core markets: Traditional (\$65 for every advertising dollar spent), Tier 1 (\$33 for every advertising dollar spent), Tier 2 (\$13 for every advertising dollar spent), and the resulting Total (\$43 for every advertising dollar spent).
- **Visit Denver** ran a campaign in 2019 – the weekend campaign generated strong ad awareness with advertising having a positive impact on Denver’s image and future intent to travel according to Longwoods International. The campaign resulted in an additional 440,000 visitors to Denver who spent more than \$160 million, representing an ROI of \$76 for every advertising dollar spent. ([Visit Denver ROI 2020 Program Update](#)).
- **Tourism Australia's** ROI for its marketing efforts has been tracked closely in recent years. Historically, it has shown a significant return, with some reports estimating an ROI of around \$15 to \$16 for every dollar spent on marketing. However, more detailed or recent figures would depend on specific campaigns, and the effectiveness of these initiatives can fluctuate based on various factors like global tourism trends and economic conditions ([tourism.australia.com](#)).
- **Visit California** reported ROI of approximately \$25.1 billion in incremental visitor spending in 2023, specifically attributed to its paid advertising campaigns. This means that for every dollar spent on marketing, the tourism organization generated significant visitor spending that would not have occurred without its efforts. This ROI showcases the effectiveness of their marketing strategy in driving tourism across the state ([Home](#)).
- **Visit Scotland** has reported a marketing ROI of £20 for every £1 spent. This demonstrates a highly effective return on their promotional activities, particularly in driving tourism to Scotland. Their marketing focuses on reaching international and domestic audiences through digital channels, partnerships with platforms like National Geographic, and engaging influencers to capture pre-arrival decisions, which ultimately impacts visitor spending and the duration of stays ([VisitScotland ROI](#)).
- **Brand USA's** marketing efforts in FY 2023 generated an ROI of \$13.70 for every dollar spent on visitor marketing. This reflects the organization's continued success in attracting international visitors to the United States, contributing significantly to the country's tourism economy. Over 11 years, Brand USA's initiatives have generated \$28.8 billion in incremental visitor spending, supporting more than 36,800 jobs annually and delivering substantial economic benefits across multiple sectors ([Brand USA ROI](#)).
- **Tourism and Events Queensland (TEQ)** reports a strong ROI from its marketing campaigns but does not make the ROI estimate publicly available.

Source: EBP analysis.

Agency Response



State of Mississippi
TATE REEVES
Governor
MISSISSIPPI DEVELOPMENT AUTHORITY
William V. Cork
Executive Director

November 22, 2024

Mr. Ted Booth
Executive Director
Joint Committee on Performance
Evaluation and Expenditure Review (PEER)
Post Office Box 1204
Jackson, MS 39215-1204
ted.booth@peer.ms.gov

Dear Mr. Booth,

Enclosed/attached is the report containing Mississippi Development Authority's responses to the PEER Committee's recommendations for the Tourism Advertising Fund. This document provides additional context and outlines the strategies Visit Mississippi and its stakeholders will implement to support the continued success of our state's tourism industry.

We appreciate the diligent efforts of the PEER Committee and its third-party contractors in conducting this analysis and look forward to ongoing collaboration to strengthen Mississippi's tourism sector.

Thank you for your continued support of Mississippi's tourism initiatives.

Sincerely,

A handwritten signature in blue ink that reads "William V. Cork".

William V. Cork

Enclosure

Cc: Taylor Burns



Mississippi Development Authority (MDA) recognizes the important work of the PEER Committee and its third-party contractors to analyze and provide recommendations for the Tourism Advertising Fund. MDA has worked with PEER for several months to provide as much information as possible to complete this analysis. The responses included in this document represent our attempt to provide additional context, as well as insights into new strategies that MDA's Tourism Division (Visit Mississippi) will employ to ensure consistent and improved performance.

Visit Mississippi also will continue to work with external stakeholders and contracted data collection services to ensure our combined resources will be utilized for the benefit of the State of Mississippi to ensure our tourism industry is best in the nation.

MDA/Visit Mississippi Response to PEER Effectiveness Study | November 2024

WEAKNESSES:

The majority of the weaknesses noted by the effectiveness study relative to Visit Mississippi's tourism advertising and marketing efforts concern tracking, measurement and forecasting. Most of these points refer to the period prior to the beginning of FY24. Beginning in FY23 and following into FY24, Visit Mississippi made significant investments directly and through vendors in securing visitor attribution, economic impact, visitor sentiment and analytics measurement tools. The following chart (see page 2) highlights the level and type of investments made by Visit Mississippi for these types of tools in FY24 and the types of investments that will be made moving forward.

This investment represents approximately 4% of Visit Mississippi's annual marketing budget expenditures relative to advertising funds.

**Supplied through third-party marketing vendor.*

Fiscal Year 2024 Research/Analytics Spending

RESEARCH OUTLET	TYPE	ANNUAL COST
Arrivalist*	Visitor Attribution	\$ 144,000.00
Tourism Economics	Economic Impact Study	\$ 70,000.00
Tourism Economics	Symphony Dashboard: Visitor Attribution (Annual Subscription)**	\$ 69,000.00
Zartico/KeyData	Visitor Spending & Lodging/STR Data (Annual Subscription)	\$ 155,000.00
Hootsuite*	Social Media Analytics*	\$ 11,000.00
Longwoods	Visitor Sentiment Study	\$ 84,000.00
	TOTAL	\$ 533,000.00

1. Ineffective Metrics

MDA lacks the methods necessary for developing metrics to measure the effectiveness of its marketing efforts and programs. Without proper data collection mechanisms, MDA is unable to evaluate how well its marketing initiatives are performing, which limits its ability to make informed decisions, optimize strategies and allocate resources effectively. This lack of appropriate metrics makes it difficult to assess the impact of our marketing efforts, of reaching target audiences and of achieving desired outcomes.

Response:

As noted in the table on page 1, Visit Mississippi has made significant investments, beginning late in FY23 and following into FY24, in robust, industry-recognized mechanisms for measurements of visitor attribution, visitor spending, economic impact and visitor sentiment. Visit Mississippi continues to have full reporting for website, digital media campaigns and advertising lift.

Since the initiation of the advertising funds, Visit Mississippi has utilized visitor attribution data through third-party vendors like Arrivalist. These data sets combined with website analytics and general digital media engagement influenced Visit Mississippi's marketing strategy prior to FY24 in terms of geographic markets (e.g. the Carolinas were dropped as an area of focus with more emphasis being placed on east Texas, the Florida panhandle and Chicago markets), as well as Visit Mississippi's traditional media strategies.

Visit Mississippi also has utilized visitor attribution data to inform both digital and traditional media placements. For example, attribution data shows an influx of visitors to the state beginning in the fall, specifically to major college markets. Visit Mississippi has used this data to place messaging in sports/football adjacent media, specifically to promote our culinary, outdoor and gaming products.

Visit Mississippi also receives monthly visitor updates from Expedia, the largest OTA in the country, regarding state visitation statistics that have taken place through the platform.

2. Ineffective Tracking Methods

MDA currently lacks a method for the tracking and collection of visitor volume and spending data at an appropriate frequency. As of September 2024, no data is available regarding visitor volume or spending trends for the current calendar year. This absence of timely data hinders MDA's ability to monitor tourism performance, identify emerging trends and make informed decisions to optimize tourism strategies. Without regular updates, it becomes challenging to evaluate the success of marketing initiatives or respond proactively to shifts and visitor behavior.

Response:

Visit Mississippi currently maintains platforms that tracks visitor volume and spending data, with adjustable date ranges available for each. These include:

Symphony: *Symphony is the visitor attribution measurement platform from Tourism Economics, and it is widely used across the industry. Visit Mississippi has a direct subscription with Symphony, and this subscription was in place in September 2024. EBP was given the credentials to login and review this platform.*

Arrivalist: *Arrivalist is another popular visitor attribution platform. Visit Mississippi does not have a direct subscription to Arrivalist but is able to access Arrivalist data via third-party digital media partners. Visit Mississippi also receives a monthly update based on Arrivalist data. EBP was given samples of this data for review.*

Zartico: *Zartico is a leading visitor attribution and visitor spending platform, with partnerships with all major credit card companies. Visit Mississippi utilizes its Zartico subscription to track visitor spending from origin markets, as well as duration in markets, hotel stays, etc. Visit Mississippi's Zartico subscription was in place in September 2024. Through our subscription with Zartico, we receive short term rental market data from Key Data. Key Data is a leading provider of real-time short-term rental market data. EBP was given the credentials to login and review this platform.*

Expedia: *Expedia is the largest online travel agency in the United States. Visit Mississippi runs active campaigns with Expedia and receives monthly reporting regarding visitor attribution, visitor profiles and other data relative to visitation that occurs through the Expedia platform.*

3. Lack of Consistent and Effective Methodology for Estimating Revenue and Expenditures

Previous economic impact reports, prior to calendar year 2023, underestimated both visitor volume and spending compared to the latest calendar year 2023 economic impact report from Tourism Economics, which could lead to accurate assessments of tourism performance. Without a clear benchmark or a consistent methodology, MDA risks future inconsistencies in tracking and evaluating visitor data. Additionally, any revisions to performance measures or related data are not currently well documented, making it difficult to understand the reasons for changes or to compare results over time.

Response:

Prior to FY23, MDA conducted economic impact reporting for Mississippi tourism as an internal function. To align with industry best practices, Visit Mississippi contracted Tourism Economics to conduct the study as a third-party entity implementing best practices utilized for other states. This included moving reporting from a state fiscal year to a standard calendar year. For the initial study, Tourism Economics also was retained to conduct a two-year look back, so a baseline could, and has since, been established and will be consistent moving forward. EBP was given all economic impact studies once they were completed.

4. Reporting Inconsistencies

MDA has a long history of providing well-organized economic impact reports that tracked key performance indicators, such as visitor volume and spending per fiscal year. However, since the switch to calendar year reporting after FY22, inconsistencies in reporting formats (CY versus FY) have emerged. This creates challenges for evaluating the visitor economy, particularly when comparing data over time or aligning with the state's fiscal processes. The latest 2023 preliminary report provided visitor volume and spending data in calendar year terms, making it difficult to reconcile with previous fiscal year reports thus complicating the evaluation.

Response:

After FY22, the decision was made to move Visit Mississippi's economic impact and visitation annual reporting to a third-party function (Tourism Economics) and to a calendar year to align with industry best practices. This will continue to be the case moving forward

to maintain consistency. As part of Tourism Economics' initial study, the firm was commissioned to also do a two-year look back utilizing the same methodologies to address the issue brought forth here. EBP was provided with these impact reports.

5. Lack of Short-term Rental and Home-sharing Market Data Tracking

MDA currently does not track data related to the short-term rental and home-sharing markets, despite these segments contributing significantly to the state's tourism economy. In FY23, short-term rentals and home-sharing accounted for \$214.5 million in room revenue, representing 14% of the state's total overnight room revenue. Without tracking this data, MDA lacks a comprehensive view of the states lodging market, which limits its ability to analyze trends, forecast demand and measure the full impact of tourism.

Response:

Mississippi does not have a statewide regulation or tax-collection system for short-term rentals. However, local jurisdictions within the state may impose their own regulations. As a result, Visit Mississippi has not yet promoted short-term rentals, as it does not have access to this information.

Visit Mississippi does collect short-term rental data through its Zartico subscription. The metrics tracked include paid occupancy (and its percentage change over time), average daily rate (and its percentage change over time), total demand for a given period (and its percentage change over time) and revenue per available room (and its percentage change over time). These metrics can be accessed under the "Lodging Core" tab of the Zartico platform. EBP was provided with login credentials to review this data for the report.

The short-term rental market has experienced significant growth both nationally and in Mississippi in recent years. This has prompted internal discussions aimed at increasing the availability of statewide data on short-term rentals.

6. Lack of Systematic and Effective Approach to Measure Advertising Campaign Effectiveness

MDA currently lacks a systematic approach to measuring the effectiveness and performance of its advertising campaigns over time. Without ad tracking surveys, there is no reliable way to collect data on brand awareness, ad recall, message retention or changes in consumer attitudes and behaviors that result from the advertising efforts. This gap in data collection hinders MDA's ability to evaluate campaign impact, make informed

adjustments and optimize future marketing strategies, ultimately reducing the potential return on advertising investments.

Response:

Given the already significant investment in performance tracking that we are making using external vendors, consultants and in-house staff, the natural question that must be asked is whether it is appropriate to defer additional investment away from the discretionary fund to address costly ad tracking surveys? While MDA/Visit Mississippi have clearly made monumental strides in hiring new leadership, dedicated marketing and analytics staff and using industry best practices for performance tracking and reporting, there comes a point at which cost-benefit becomes a question. MDA/Visit Mississippi will take the addition of ad tracking surveys for explicit and targeted ad campaigns into consideration going forward. However, as for the general brand awareness and focus areas we've developed so far, it is our view that the cost to implement the advertising fund program is hitting a maximum and that the data collected and used to adjust our program is sufficient. Should the legislature desire more data detail, we are open to a discussion with the legislative committees of jurisdiction regarding the levels of investment that best represent a consensus that would satisfy all parties.

7. Lack of Effective Evaluations of Marketing Initiatives for Out of State Visitors

MDA currently does not effectively evaluate the impact of its marketing initiatives aimed at attracting out-of-state visitors due to a lack of geographic data segmentation. Without tracking performance metrics by specific regions, such as top target states versus the rest of the U.S., it is challenging to identify which markets are responding positively to campaigns. This gap in geographic data limits MDA's ability to optimize its strategy and maximize the effectiveness of marketing expenditures.

Response:

Since the initiation of the tourism advertising funds, Visit Mississippi has utilized visitor attribution data through third-party vendors like Arrivalist. These data sets combined with website analytics and general digital media engagement influenced Visit Mississippi's marketing strategy prior to FY24 in terms of geographic markets (e.g. the Carolinas were dropped as an area of focus with more emphasis being placed on east Texas, the Florida panhandle and Chicago markets), as well as Visit Mississippi's traditional media strategies.

RECOMMENDATIONS:

1. In preparation for the review of the effectiveness of expenditures from the tourism advertising fund as required by MIS dot code Ann dot section 57-1 dash 64.2, the MDA should collect data on its performance metrics, including tracking of its advertising campaigns and associated surveys to assist with evaluating travel intentions and the effectiveness of the associated campaigns. This data can be used to develop an accurate measure of incremental visitation to the state resulting from MDA's advertising campaigns and marketing efforts.

Response:

The new Office of Marketing & Communications at Visit Mississippi was established in February 2024. In July, a director of Marketing & Communications was hired, and we are currently in the process of hiring both a marketing manager and a digital content manager. This new organizational structure, along with a dedicated managerial team, will take a proactive approach to collecting and maintaining standardized data and reports in preparation for future effectiveness studies.

2. MDA should develop and implement a system for more frequent tracking and collection of visitor volume and spending data. This could be achieved through partnerships with local businesses, accommodations and tourism operators to gather real time data or by using digital tracking tools like mobile location data and/or online surveys. Establishing a process for quarterly or monthly data collection will provide MDA with more timely insights into tourism performance. This data will enable faster adjustments to marketing strategies and will allow MDA to make informed decisions based on current visitor trends, ensuring a more agile and effective approach to tourism management.

Response:

Visit Mississippi will implement custom monthly and quarterly reports from our research partners to collect timely insights. These will include monthly visitor volume and spend reports by Tourism Economics and Zartico.

3. MDA should establish a clear benchmark for visitor volume and spending to ensure consistency in future economic impact assessments. This benchmark should be based on a robust, transparent methodology that is regularly reviewed and updated as needed. Additionally, MDA should implement a process to document and explain any data revisions. They will provide clarity on how changes are made and ensure that stakeholders

understand any discrepancies or shifts in reported outcomes.

4. Response:

For more than 25 years, Visit Mississippi published its annual Tourism Contribution Report, which was prepared by an in-house economist. Following the retirement of this staff member, Visit Mississippi restructured its economic contribution reporting. Now, Tourism Economics, an Oxford Economics Company, provides best-in class global economic and industry models to deliver unmatched forecasting, economic impact analysis and consulting services.

To align with industry best practices, Visit Mississippi contracted Tourism Economics to conduct the study as a third-party entity implementing best practices utilized for other states. This included moving reporting from a state fiscal year to a standard calendar year. For the initial study, Tourism Economics also was retained to conduct a two-year look back, so a baseline could, and has since, been established and will be consistent moving forward. EBP was given all economic impact studies once they were completed.

5. Moving forward, MDA should request visitor volume and spending data in both calendar year and fiscal year terms. While the detailed annual report in calendar year format is valuable for external stakeholders, partners and the public, fiscal year reporting will ensure consistency for in-state reporting in alignment with the state's budgeting and procedural timelines. This dual approach will provide greater clarity and continuity, allowing for more accurate assessments of tourism trends and economic impact while meeting the needs of both external and internal stakeholders.

Response:

This new approach marks a pivotal shift from the previous fiscal year reporting to a calendar year reporting model, enabling Visit Mississippi to better align its data and methodology with southeastern competitors and national standards. The updated collection and reporting process delivers more accurate data on the economic impact of tourism, supporting more informed decision-making and more effective resource allocation. By utilizing advanced analytics and a broader array of economic indicators, this enhanced reporting will offer a clearer, more measurable picture of tourism's value to Mississippi. The report and new process also were distributed to media and stakeholders through a press release and posted on www.visitmississippi.org in October 2024.

6. MDA should begin tracking data for the short-term rental and home sharing markets to gain a complete understanding of these segments' contributions to the state's tourism economy. Regularly monitoring this data will allow MDA to more accurately assess overall lodging trends, inform marketing strategies and adapt policies to better support the growing short-term rental and home-sharing sectors, ensuring a more holistic approach to tourism management.

Response:

Visit Mississippi has committed to a partnership with Key Data through Coastal Mississippi to increase short-term rental data by adding missed revenue reporting.

7. MDA should implement ad tracking surveys designed to assess the effectiveness of advertising campaigns over time. These surveys should be administered at multiple intervals throughout each campaign to monitor changes in brand awareness, ad recall, message retention and consumer attitudes or behaviors following exposure. By utilizing channels such as e-mail, social media and pop-up ads, MDA can efficiently gather feedback from target audiences. The insights gained from these surveys will enable MDA to evaluate the impact of its advertising efforts, make data-driven adjustments and enhance future marketing strategies to ensure greater effectiveness and engagement with target audiences.

Response:

Given the already significant investment in performance tracking that we are making using external vendors, consultants and in-house staff, the natural question that must be asked is whether it is appropriate to defer additional investment away from the discretionary fund to address costly ad tracking surveys? While MDA/Visit Mississippi have clearly made monumental strides in hiring new leadership, dedicated marketing and analytics staff and using industry best practices for performance tracking and reporting, there comes a point at which cost-benefit becomes a question. MDA/Visit Mississippi will take the addition of ad tracking surveys for explicit and targeted ad campaigns into consideration going forward. However, as for the general brand awareness and focus areas we've developed so far, it is our view that the cost to implement the tourism advertising fund program is hitting a maximum and that the data collected and used to adjust our program is sufficient. Should the legislature desire more data detail, we are open to a discussion with the legislative committees of jurisdiction regarding the levels of investment that best represent a consensus that would satisfy all parties.

8. MDA should implement a system to track key performance metrics such as visitation numbers and marketing expenditures by geographic area. This includes measuring ad awareness and visitation lifts based on the origin of visits. By focusing on geographic data, MDA can gain valuable insights into which regions are most receptive to its marketing efforts.

Response:

Since the initiation of the tourism advertising funds, Visit Mississippi has utilized visitor attribution data through third-party vendors like Arrivalist. These data sets combined with website analytics and general digital media engagement influenced Visit Mississippi's marketing strategy prior to FY24 in terms of geographic markets (e.g. the Carolinas were dropped as an area of focus with more emphasis being placed on east Texas, the Florida panhandle and Chicago markets), as well as Visit Mississippi's traditional media strategies.

Timeline of the Tourism Advertising Fund

FY19

Visit Mississippi's marketing and advertising efforts are managed by Mississippi Development Authority's Marketing and Communications Division.

Senate Bill 2193 passed during the 2019 Regular Session of the Mississippi Legislature. Section 2, Subsection 23(a) of Senate Bill 2193 required a percentage of each month's sales tax collections from restaurants and hotels to be distributed to and deposited into the Mississippi Development Authority Tourism Advertising Fund.

The bill required a set percentage of such sales tax collections to be distributed as follows:

- For the period August 15, 2019, through July 15, 2020: 1% of total sales tax revenue collected from restaurants and hotels;
- For the period August 15, 2020, through July 15, 2021: 2% of total sales tax revenue collected from restaurants and hotels; and,
- From August 15, 2021, and each month thereafter, 3% of total sales tax revenue collected from restaurants and hotels.

The bill also stated that revenue diverted to the fund could not be available for expenditure until February 1, 2020.

No tax revenue was collected for the Tourism Advertising Fund in FY19.

FY20

Visit Mississippi's marketing and advertising efforts are managed by MDA's Marketing and Communications Division.

AUGUST 2019:

One percent sales tax collection begins. During FY20, the MDA Tourism Advertising Fund received approximately \$3.2 million in restaurant and hotel sales tax revenue.

JANUARY 2020:

The COVID-19 outbreak was declared a Public Health Emergency of International Concern in January 2020 and a worldwide pandemic in March 2020.

SPRING 2020:

As stated, Senate Bill 2193 prohibited the expenditure of proceeds from restaurant and hotel sales tax collections deposited into the Tourism Advertising Fund until February 1, 2020. MDA complied with this restriction.

May 2020:

Visit Mississippi accepted a proposal from Longwoods International to conduct a custom overnight visitation study for Visit Mississippi. The projected cost of the study was \$39,500, to be paid from the Tourism Advertising Fund.

Although the Tourism Advertising Fund had a substantial cash balance remaining at the end of FY20, MDA staff anticipates expending more than \$2.5 million from the fund during FY21 on tourism promotion efforts.

FY21

Visit Mississippi's marketing and advertising efforts are managed by MDA's Marketing and Communications Division.

FY22

Visit Mississippi's marketing and advertising efforts are managed by MDA's Marketing and Communications Division, and Maris, West & Baker is contracted as Visit Mississippi's agency of record.

FY23

Visit Mississippi's marketing and advertising efforts are managed by MDA's Marketing and Communications Division, and Maris, West & Baker remains Visit Mississippi's agency of record.

MAY 2023:

Lou Hammond Group began managing and reporting on social media accounts. The first report was delivered June 2023. Previously, organic social media was managed by MDA's Marketing and Communications Division.

FY24

Visit Mississippi's marketing and advertising efforts are managed by MDA's Marketing and Communications Division, and Maris, West & Baker remains Visit Mississippi's agency of record.

Lou Hammond Group continues managing and tracking organic social media.

AUGUST 2023:

Rochelle Hicks (Director, Visit Mississippi) hired

OCTOBER 2023:

Teresa Matthews (Deputy Director, Visit Mississippi) hired

FEBRUARY 2024:

Visit Mississippi establishes its Office of Marketing & Communications. Visit Mississippi staff become primary contacts for Maris, West & Baker and assume all tourism marketing responsibility for the Tourism Advertising Fund.

JUNE 2024:

Katie Coats is hired as director of Marketing & Communications.

James F. (Ted) Booth, Executive Director

Reapportionment

Ben Collins

Administration

Kirby Arinder

Stephanie Harris

Gale Taylor

Quality Assurance and Reporting

Tracy Bobo

Hannah Jane Costilow

Performance Evaluation

Lonnie Edgar, Deputy Director

Jennifer Sebren, Deputy Director

Taylor Burns

Emily Cloys

Kim Cummins

Matthew Dry

Rucell Harris

Matthew Holmes

Drew Johnson

Chelsey Little

Billy Loper

Debra Monroe

Meri Clare Ringer

Sarah Williamson

Julie Winkeljohn

Ray Wright



Project Manager

Emina Cardamone, Ph.D.

Senior Consultant

Brett Piercy

Senior Analyst

Dilara Sisman