

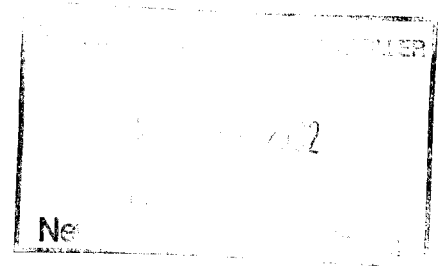


GEORGE E. PATAKI
GOVERNOR

STATE OF NEW YORK
DEPARTMENT OF ENVIRONMENTAL CONSERVATION
ALBANY, NEW YORK 12233-1010


ERIN M. CROTTY
COMMISSIONER

MEMORANDUM



MAR 27 2002

TO: THE GOVERNOR

FROM: Erin M. Crotty 

SUBJECT: Comptroller's Audit Report 2001-S-37, State Agency and Authority Advertising Practices

The New York State Department of Environmental Conservation has reviewed the State Comptroller's Audit Report 2001-S-37 entitled *State Agency and Authority Advertising Practices*. Pursuant to the provisions of Section 170 of the Executive Law, we enclose our comments in response to the Comptroller's report.

Enclosure

cc: Honorable Sheldon Silver
Speaker of the Assembly

Honorable Joseph L. Bruno
Senate Majority Leader

Honorable Martin Connor
Senate Minority Leader

Honorable Paul A. Tokasz
Assembly Majority Leader

Honorable John J. Faso
Assembly Minority Leader

Honorable Herman D. Farrell, Jr.
Chairman of the Assembly Ways and Means Committee

OFFICE OF THE STATE COMPTROLLER

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ROBERT H. ATTMORE
DEPUTY COMPTROLLER

Honorable John J. Flanagan
Ranking Minority Member, Assembly Ways and Means Committee

Honorable Ronald B. Stafford
Chairman of the Senate Finance Committee

Honorable William T. Stachowski
Ranking Minority Member, Senate Finance Committee

Honorable H. Carl McCall
State Comptroller

Honorable Nicholas Spano
Chairman, Senate Committee on Investigations, Taxation, and Government Operations

Ms. Andrea Zaretzki
Executive Director, Assembly Committee on Oversight, Analysis and Investigation

**NEW YORK STATE
DEPARTMENT OF ENVIRONMENTAL CONSERVATION**

**Response to the Office of State Comptroller's
Audit Report 2001-S-37:
State Agency and Authority Advertising Practices**

The Department of Environmental Conservation (Department) has reviewed Audit Report 2001-S-37 (Report) submitted by the State Comptroller and here offer our responses to the findings and the recommendation that pertains to the Department. We comment on those findings with which we disagree or believe that additional information or explanation is necessary and respond to the Report's **Recommendation #2**, which is addressed "To State Agencies and Public Authorities."

The second paragraph on page 14 of the Report states that, "DEC officials provided us with no formal marketing plans or analysis of marketing results." This does not accurately portray the information that was provided nor the manner in which it was requested. Department staff met with the Comptroller's audit team, described our formal marketing plans, and explained in some detail how the plans were developed.

Similarly, Department staff provided the audit team with our analysis of marketing results. For example, the Department had determined that promotion and advertising of our Belleayre Mountain Ski Center increased revenues by 38% and 32%, respectively, over the last two years. Some of our competitors' revenues had increased by an average of only 8% during the same period. Staff described to the audit team how the Department tracked ticket sales of different types and tracked sales by different methods. Our process for tracking the regions from which our patrons travel in order to determine the effectiveness of our advertising in different venues was also described. The Report appears to contradict itself in this regard when it points out that the Department does, in fact, utilize an advertising agency to develop marketing plans and to analyze marketing results.

We agree with the Report where it states that, "Advertising expenditures should be based on detailed marketing plans" and there should be "measurable results (that) the advertising is expected to achieve . . ." We believe that this Department is conducting its business in a manner consistent with these principles. It is difficult, however, to decipher just how detailed the audit team believes these

“detailed marketing plans” should be. Similarly, it is difficult to determine how extensive the “actual performance data” needs to be (in their opinion) in order to “evaluate which methods produce the best results . . . ” The Department’s Belleayre Mountain Ski Center has an advertising budget of \$186,000 while its two closest competitors have advertising budgets of more than \$1 million each. When advertising resources are limited, there should be a corresponding limit to the amount of detail contained in, and the resources devoted to, the development of the marketing plan. Likewise, the measuring of that plan’s performance should be kept simple and achievable. It makes no sense to do otherwise. The level of effort that appears to be expected by the terms of the Audit Report could consume the Department’s entire advertising budget before there are any results to measure.

Indeed, the Report implies that the Department should use its resources to actually implement multiple promotional methods for the purpose of being able to compare and contrast which ones work best in any given market. We believe that the Department has taken a more rational approach. The Department determined that it would be better to retain the advice and assistance of experts in this field who already have knowledge as to which promotional methods will best accomplish our objectives.

RESPONSE TO THE RECOMMENDATION

Recommendation:

Develop and use marketing plans for advertising programs and measure the effectiveness of those programs in achieving stated performance goals.

Department Response:

We agree with this recommendation. As explained above, we believe that the Department is already conducting its business in a manner consistent with this recommendation.