

THE RESEARCHERS

ARIZONA OFFICE OF TOURISM

Researchmania
Arizona Tourism in 2010
Arizona Governor's Conference on Tourism
July 14, 2011

Total Visitation to Arizona

2

<u>2009</u>	<u>2010</u>	<u>10/09 %</u> <u>Change</u>
35.3 million	36.9 million	4.5%

Source: Tourism Economics, 2007-08 Mexican Visitors to Arizona, US Department of Commerce-Office of Travel & Tourism Industries and Statistics Canada



Economic Impact

The Power of Travel

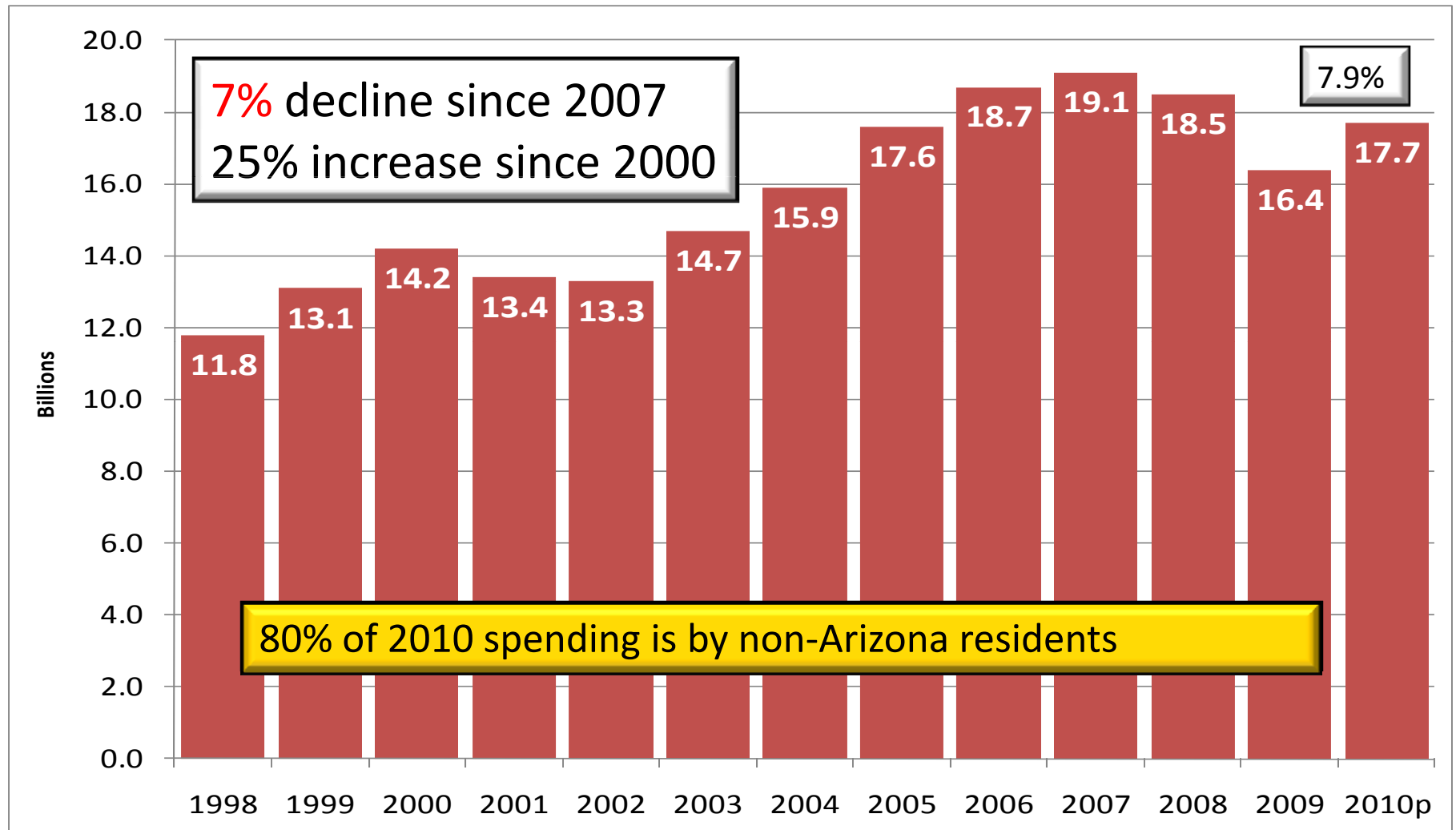
How Travel Dollars Support America



Direct spending of \$17.7 billion generated:

- 152,200 direct jobs
- \$4.9 billion direct earnings
- \$2.5 billion in local, state and federal tax revenues

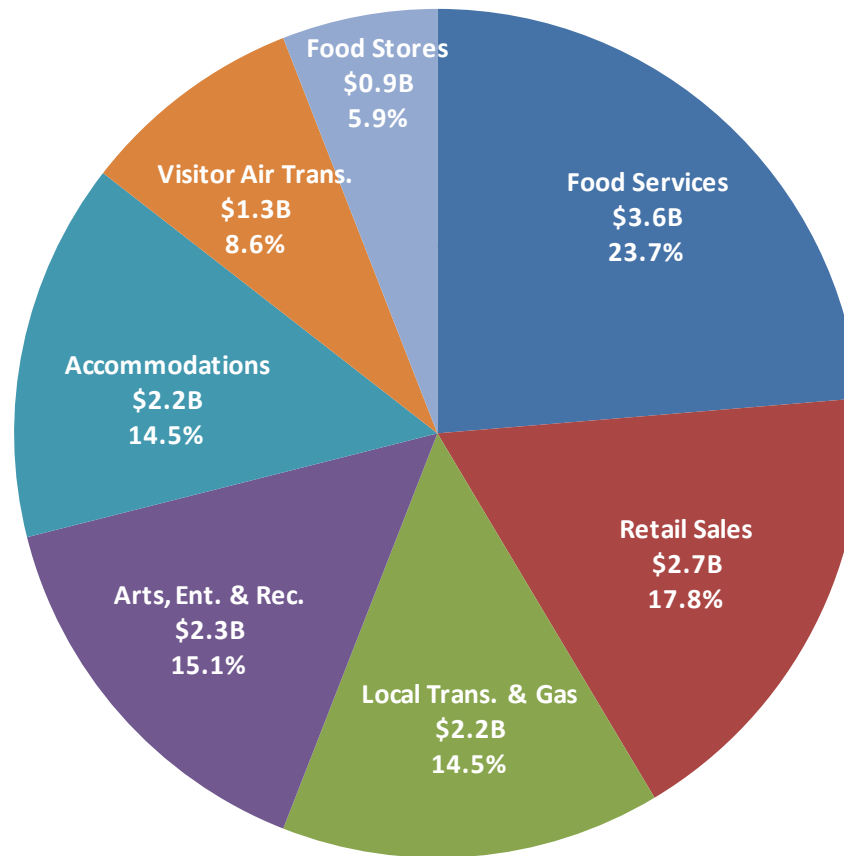
Direct Travel Spending in Arizona



Source: Dean Runyan Associates

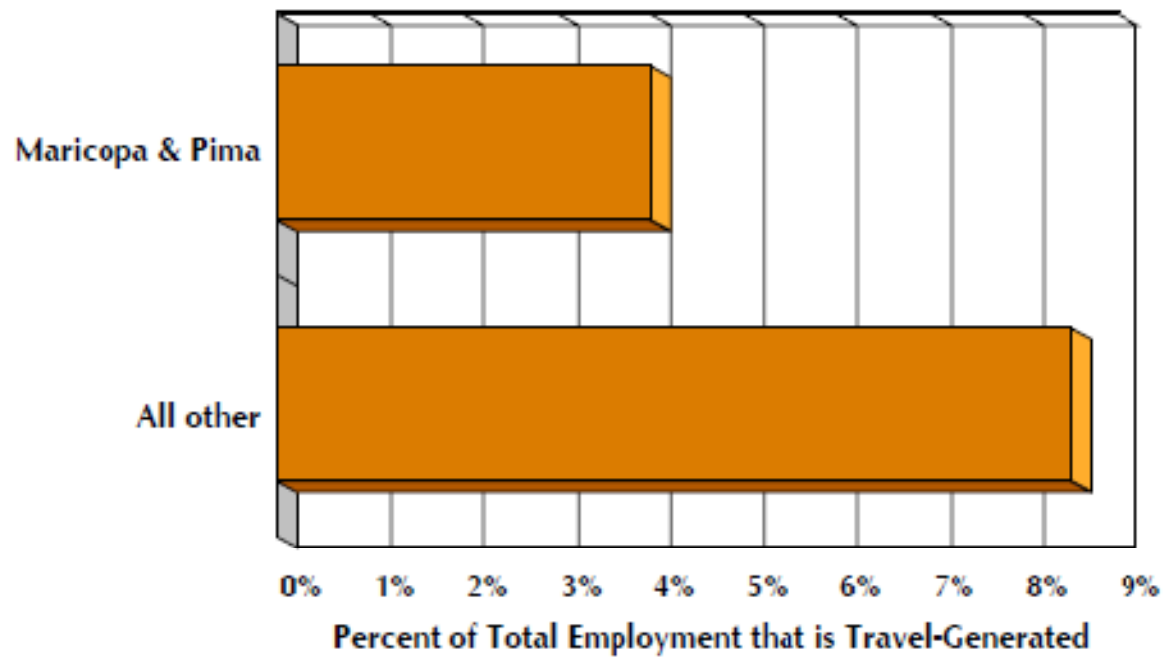


2010 Visitor Spending in Arizona by Commodity Purchased (\$Billion)



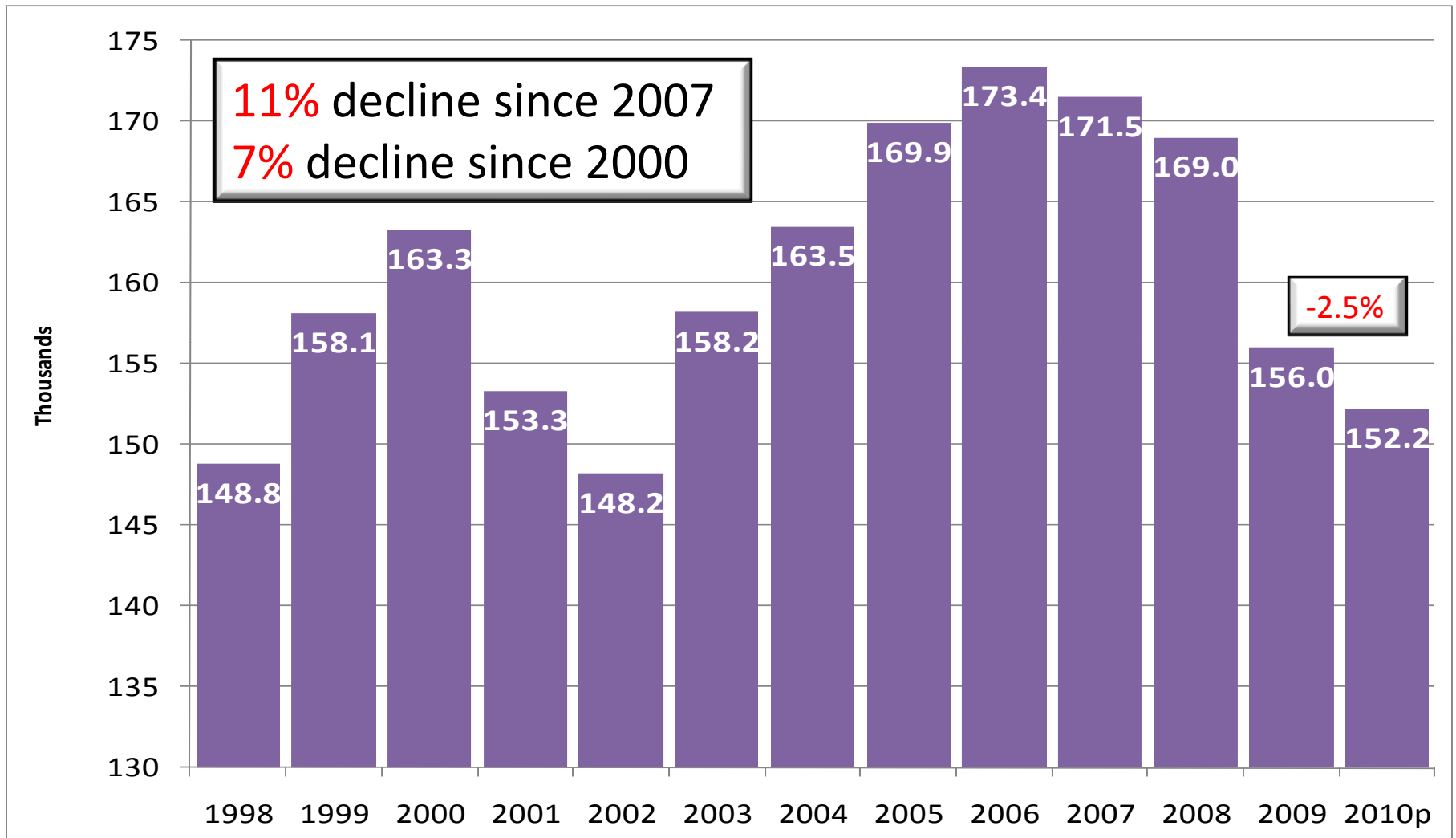
Source: Dean Runyan Associates

Travel-Generated Employment as Percent of Total Employment 2010p



Source: Dean Runyan Associates

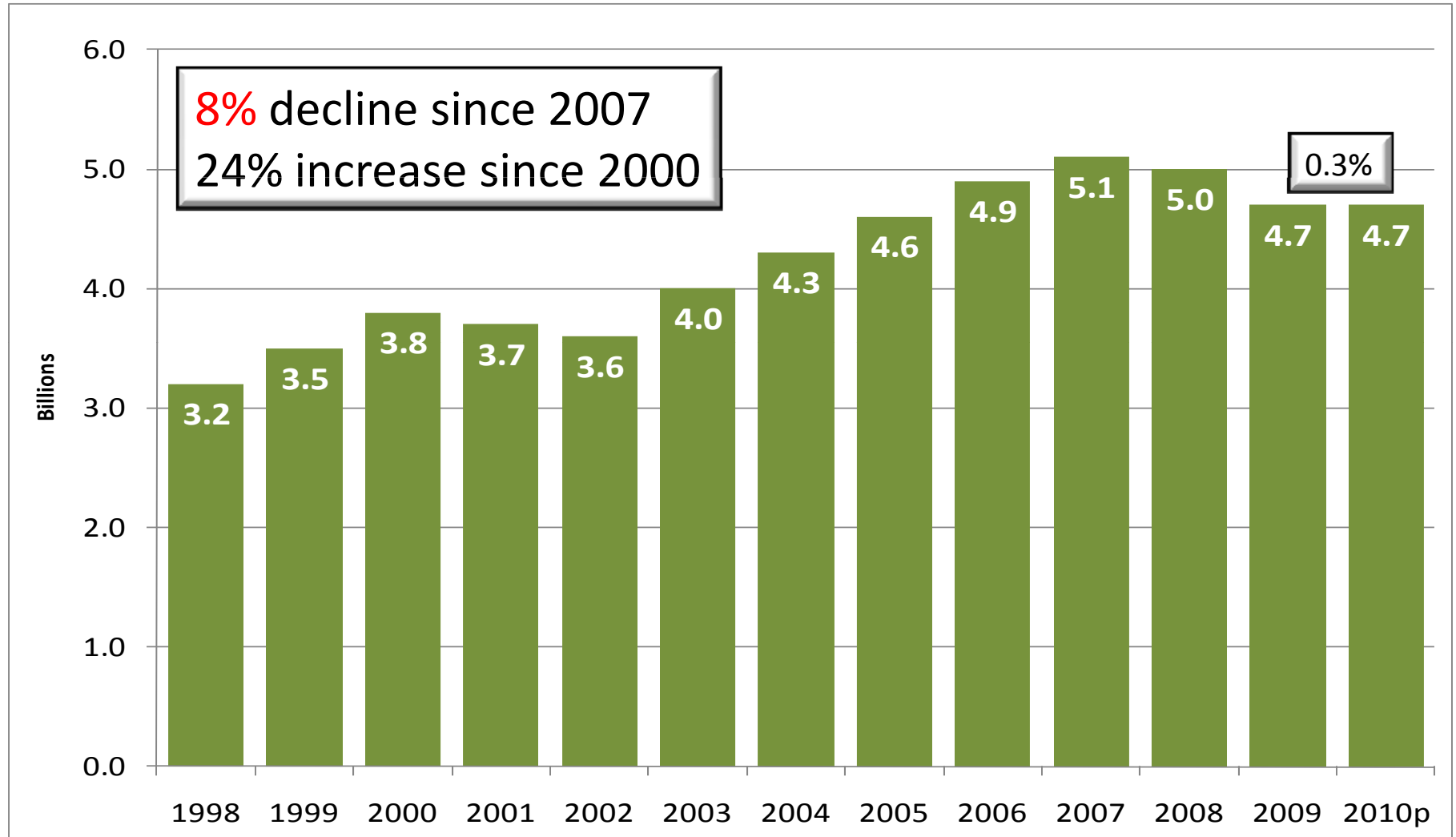
Direct Travel Employment in Arizona



Source: Dean Runyan Associates

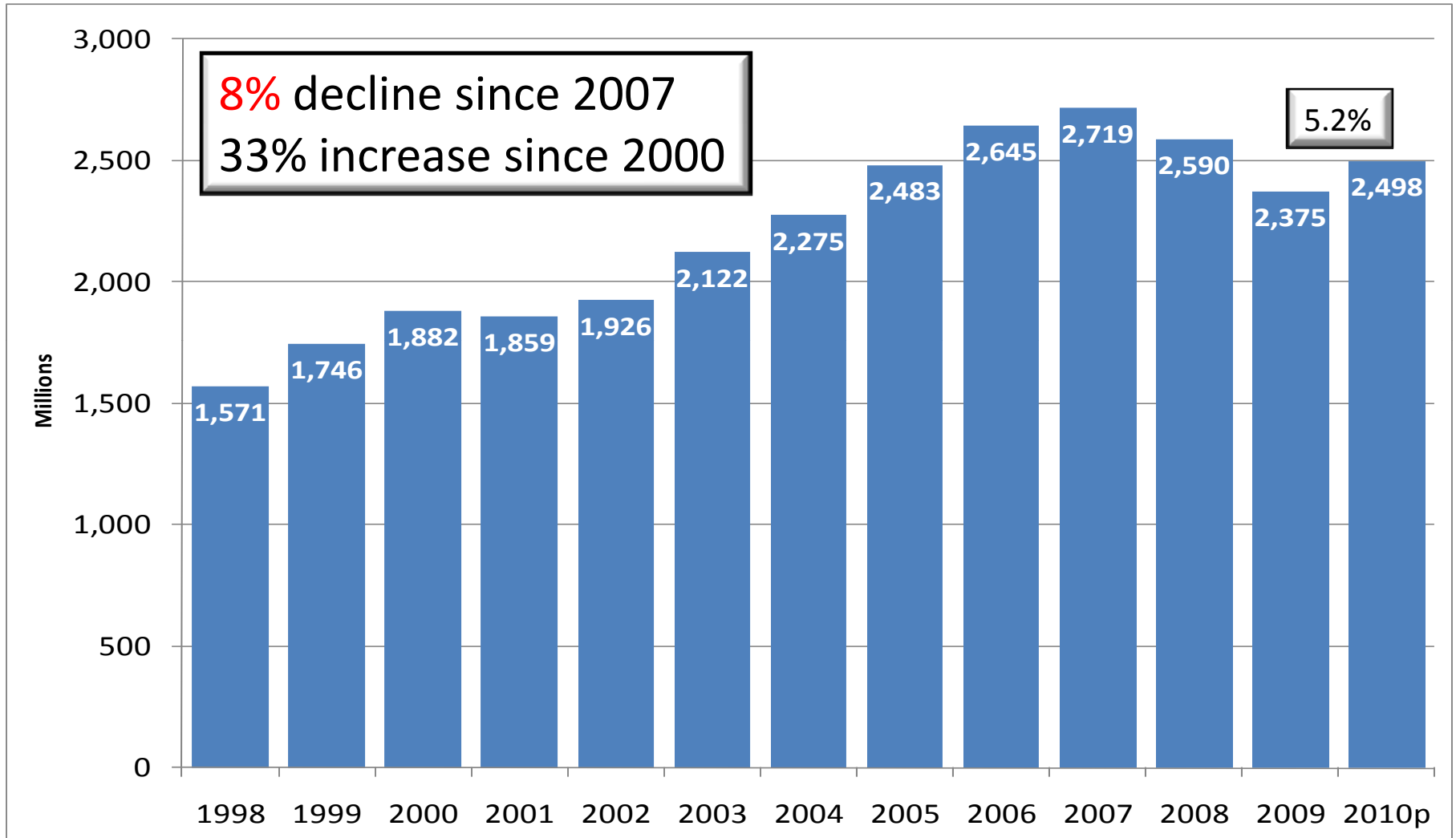
Direct Travel Earnings in Arizona

10



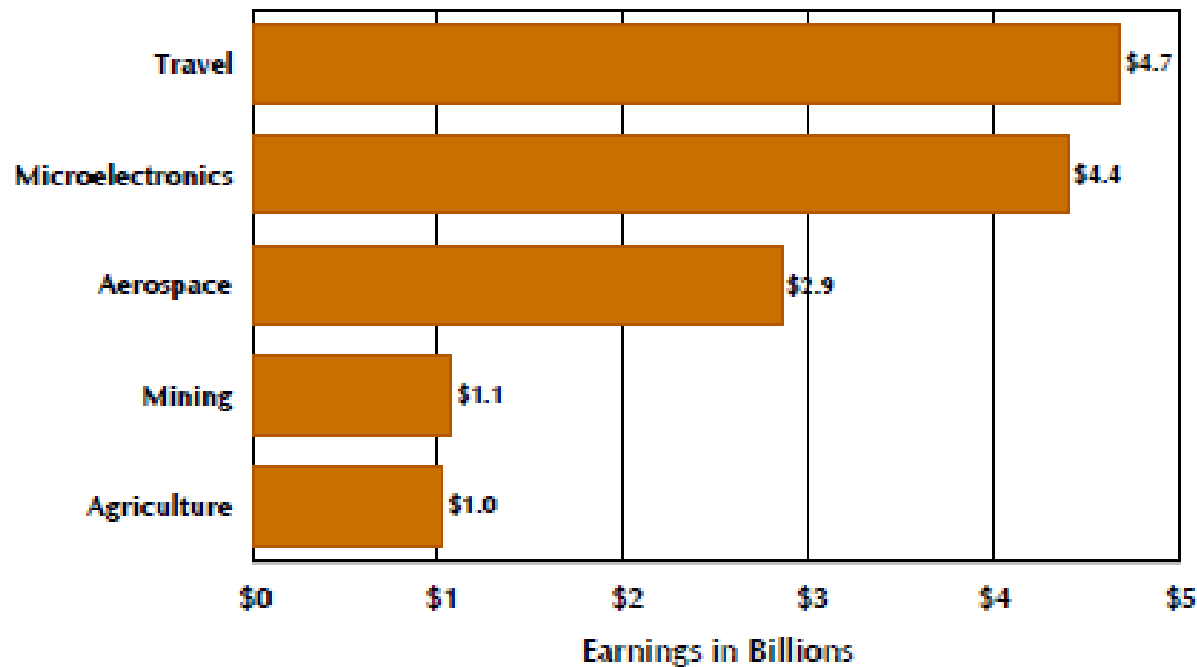
Source: Dean Runyan Associates

Local, State and Federal Tax revenue generated by Direct Travel Spending in Arizona



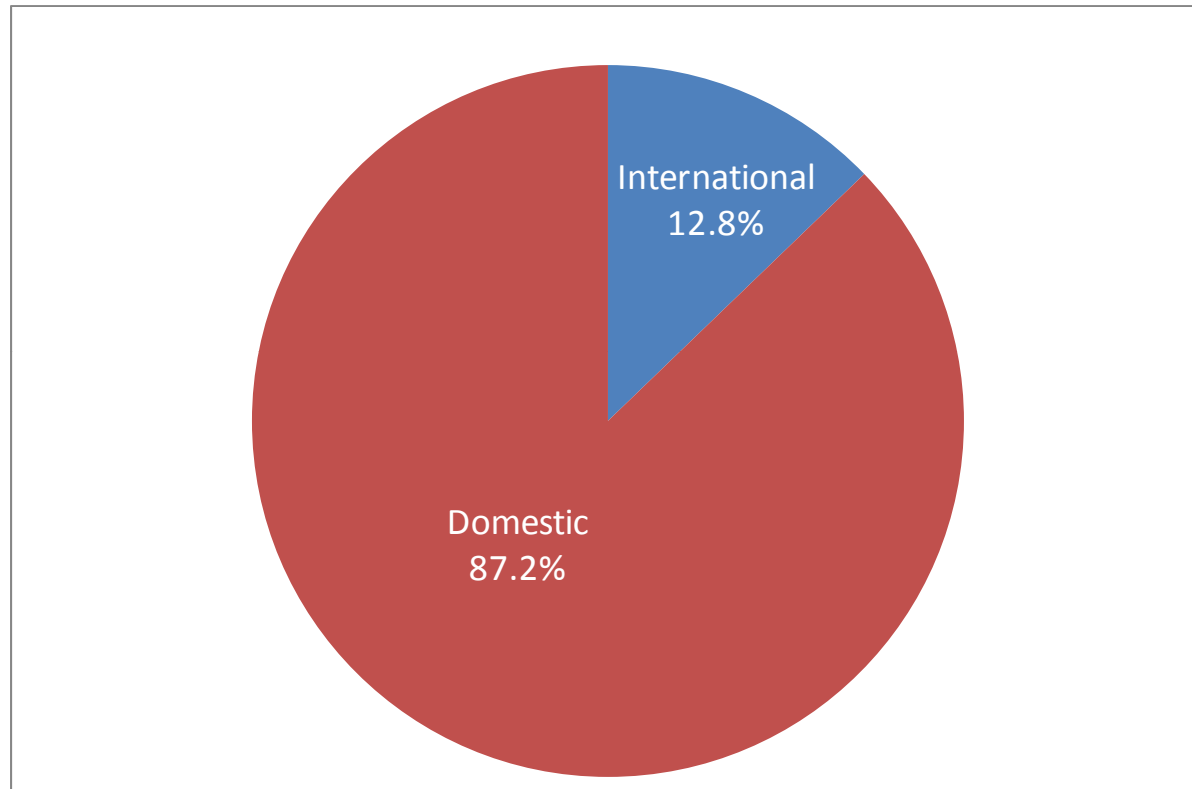
Source: Dean Runyan Associates

Selected Arizona Export-Oriented Industries, 2010p



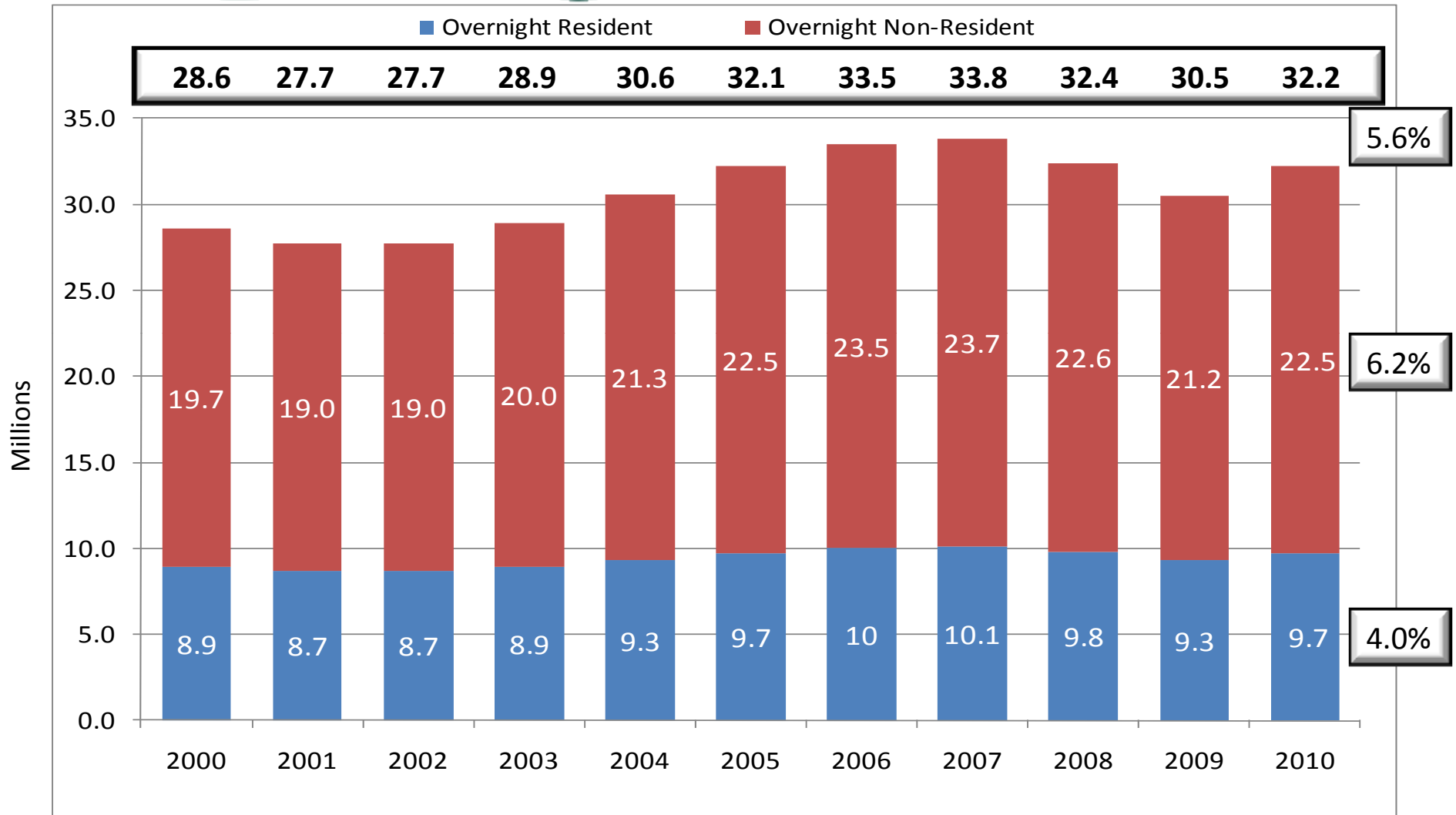
Note: Preliminary 2010 estimates by Dean Runyan Associates.
Agriculture includes food and beverage processing industries.

Domestic & International Visitation



2010 Arizona Domestic Overnight Visitation Volume Resident vs. Non-Resident

15

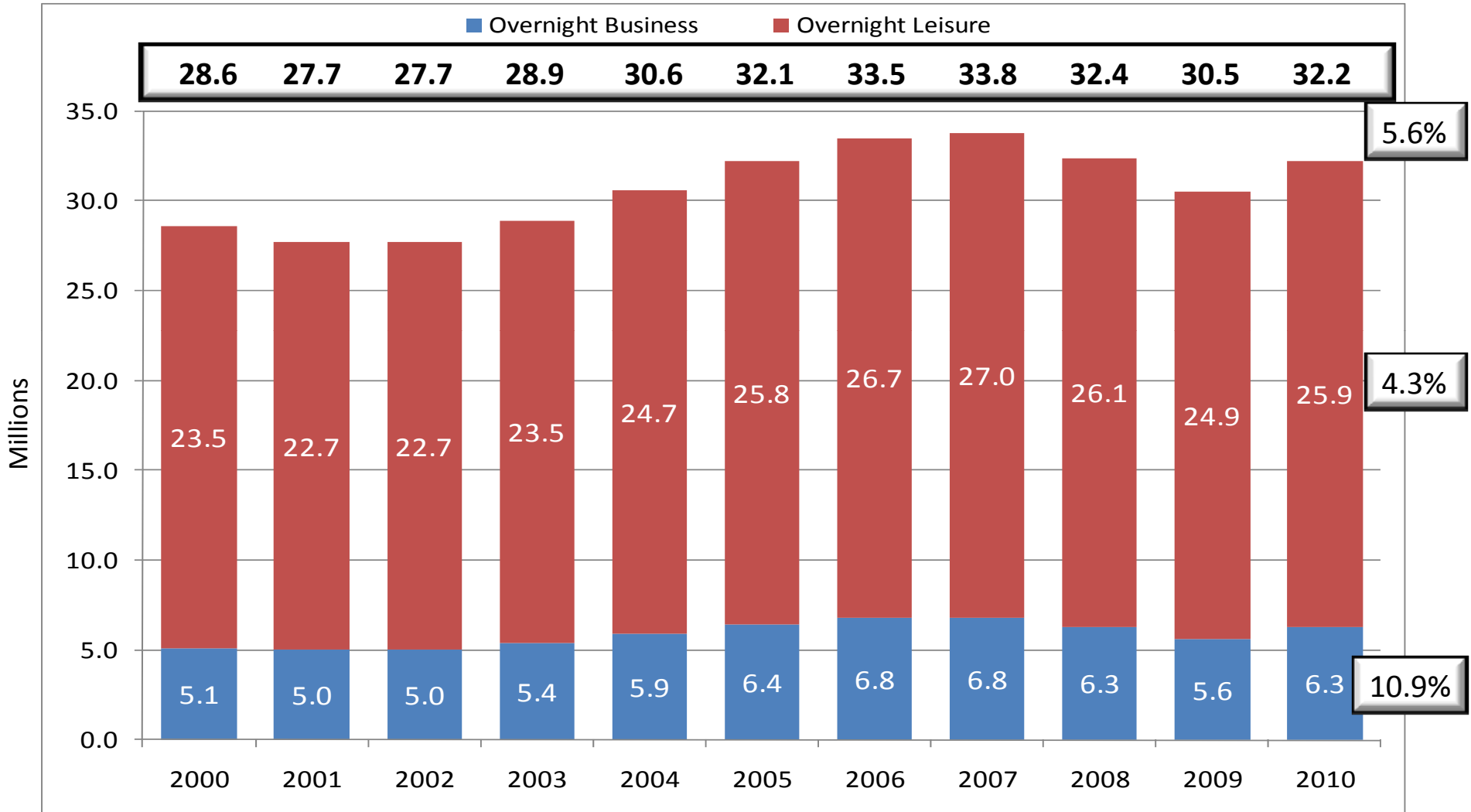


Source: Tourism Economics



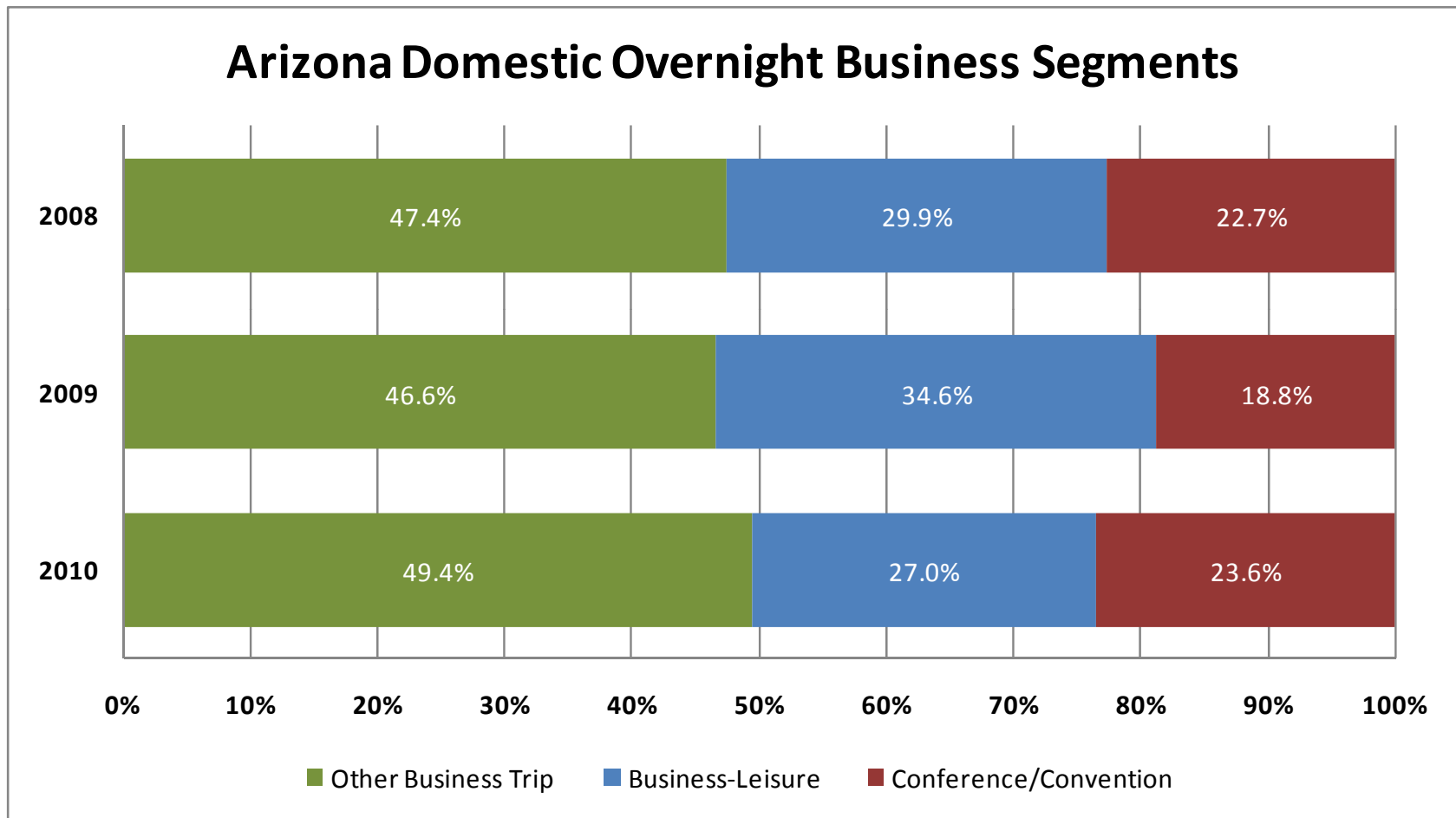
2010 Arizona Domestic Overnight Visitation Volume Leisure vs. Business

16



Source: Tourism Economics

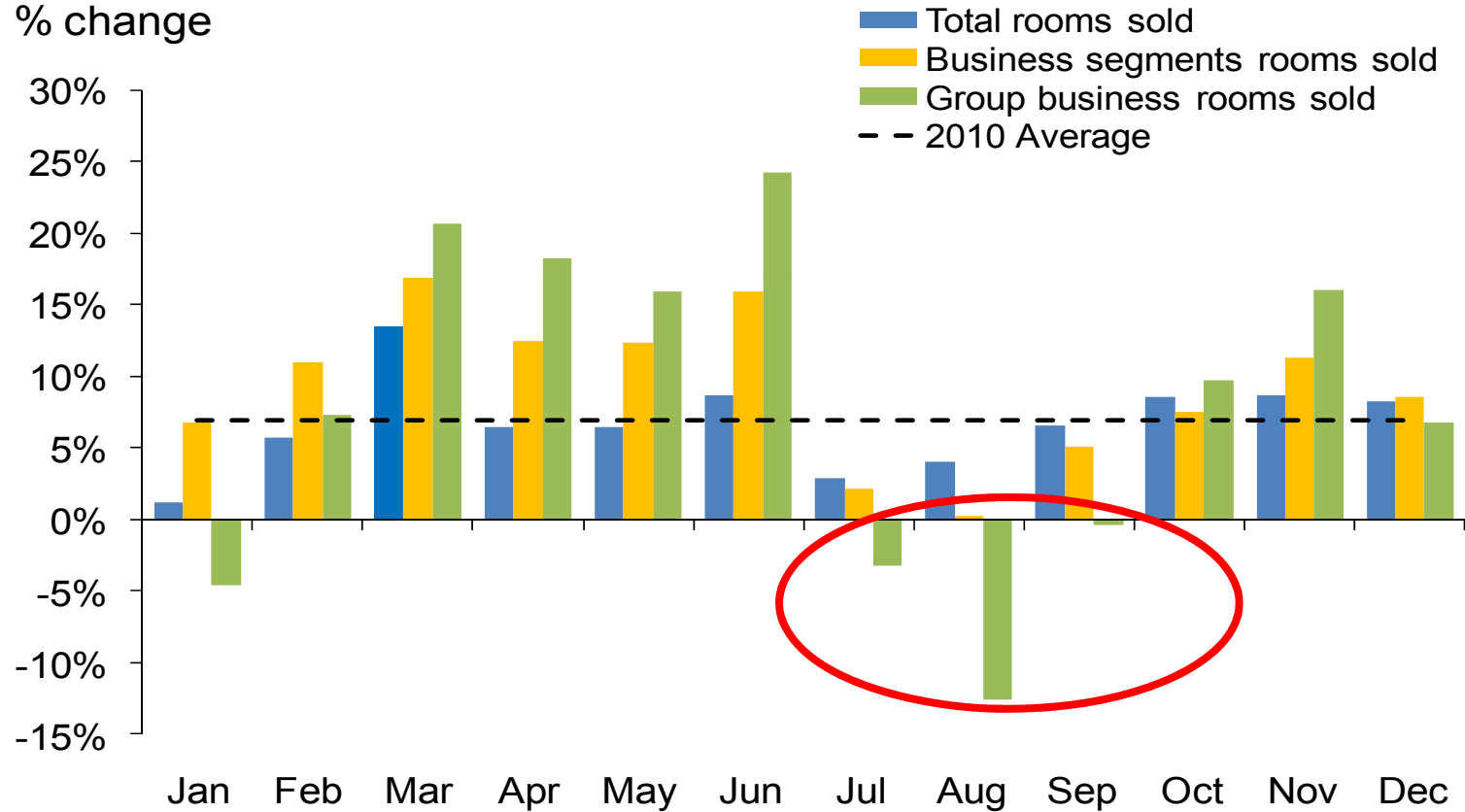




Source: Longwoods International

Arizona hotel rooms sold, 2010

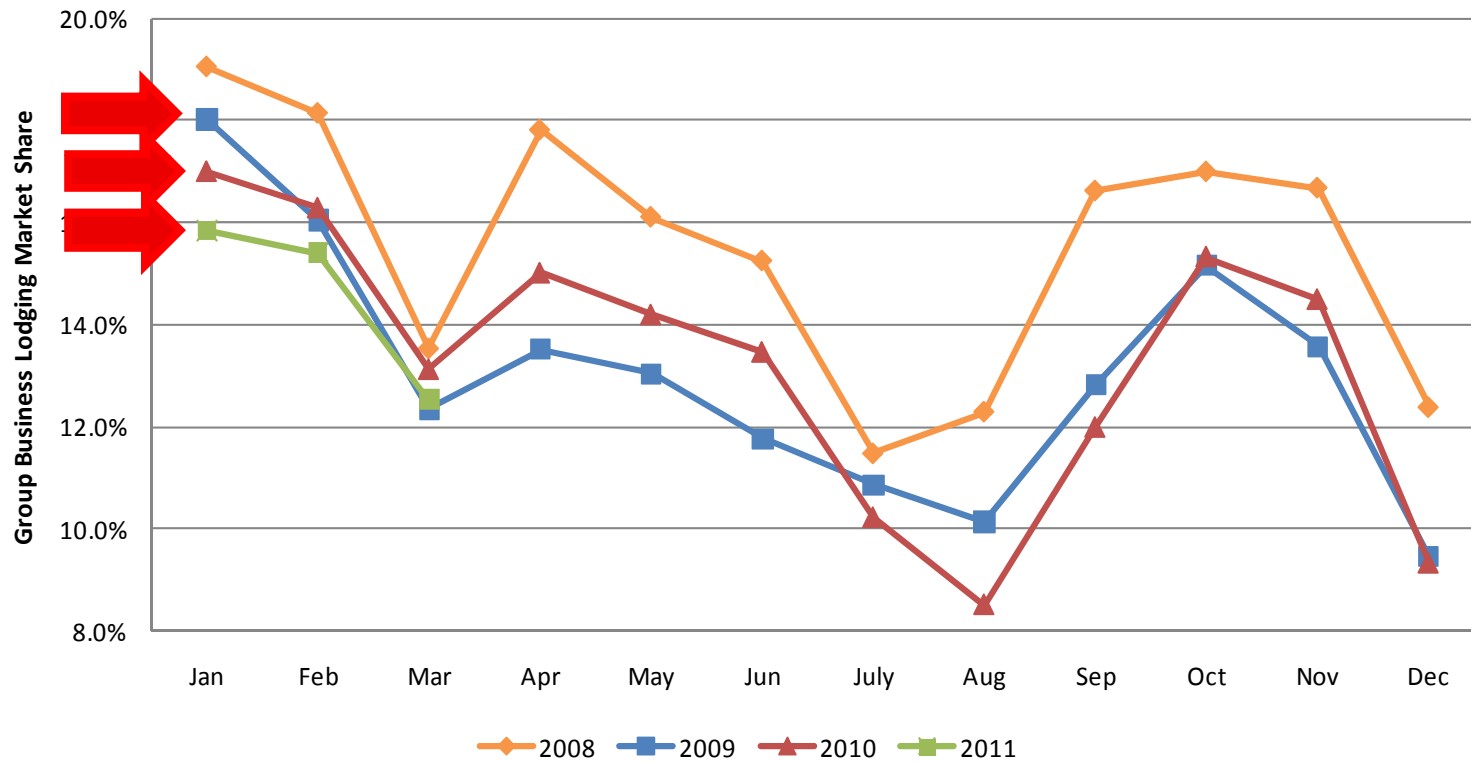
% change



Historical Arizona Group Business Lodging Demand

Average Annual Market Share of Group Business:
2008 - 15.5% 2009 - 13.1% 2010 - 13.2%

Arizona Group Business Lodging Demand - Market Share



Source: Smith Travel Research



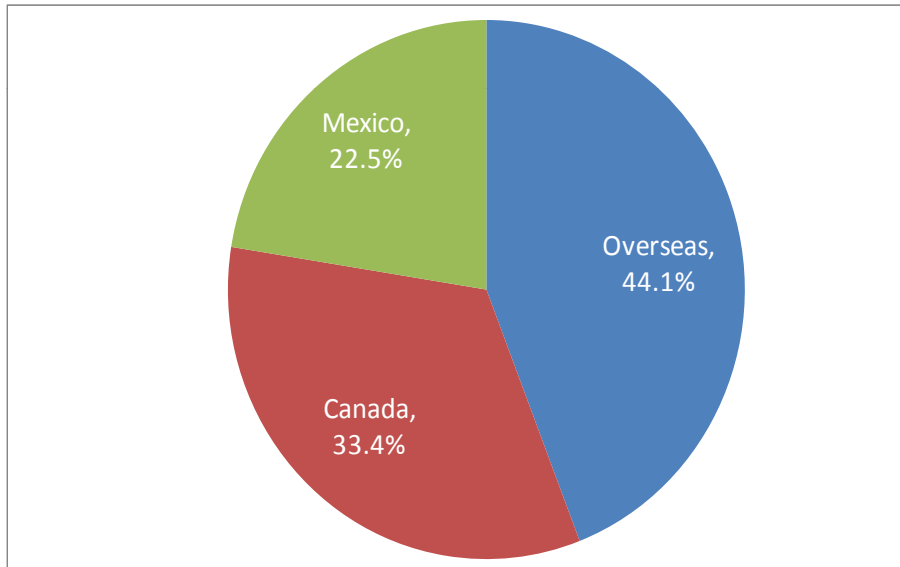
Top Origin Markets for International Travelers to the U.S. (2010 vs. 2009 & 2008)

Origin of Visitor		2010 (mill)	10/09 (% change)	10/08 (% change)
1	Canada	20.0	11%	6%
2	Mexico	13.4	2%	-3%
	Overseas	26.4	4%	4%
3	United Kingdom	3.9	-1%	-16%
4	Japan	3.4	16%	4%
5	Germany	1.7	2%	-3%
6	France	1.3	11%	8%
7	Brazil	1.2	34%	56%
8	S. Korea	1.1	49%	46%
9	Australia	0.9	25%	31%
10	Italy	0.8	11%	8%
International Total		59.7	9%	3%

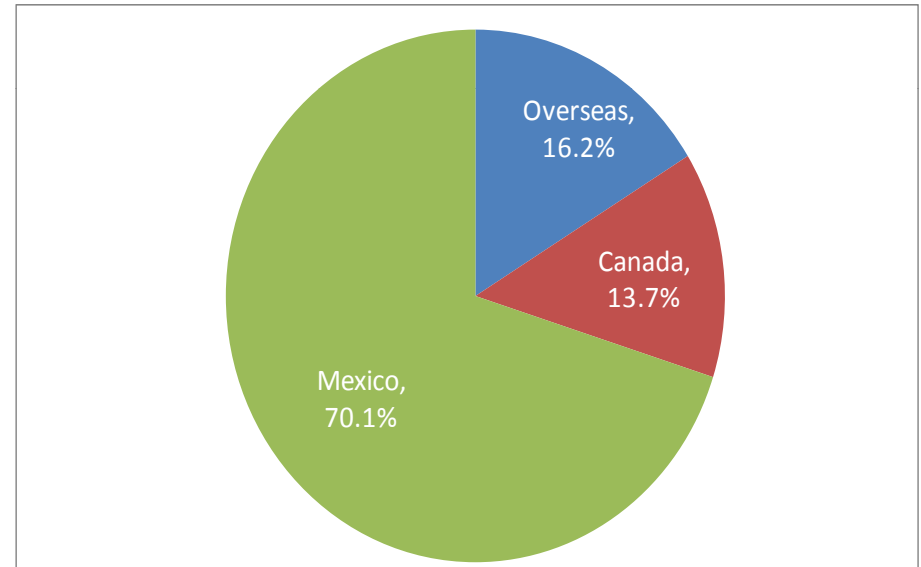
Source: Office of Travel & Tourism Industries - U.S. Department of Commerce; Secretaria de Turismo (Mexico); Statistics Canada



International to U.S
59.7 million overnight visitors



International to Arizona
4.7 million overnight visitors

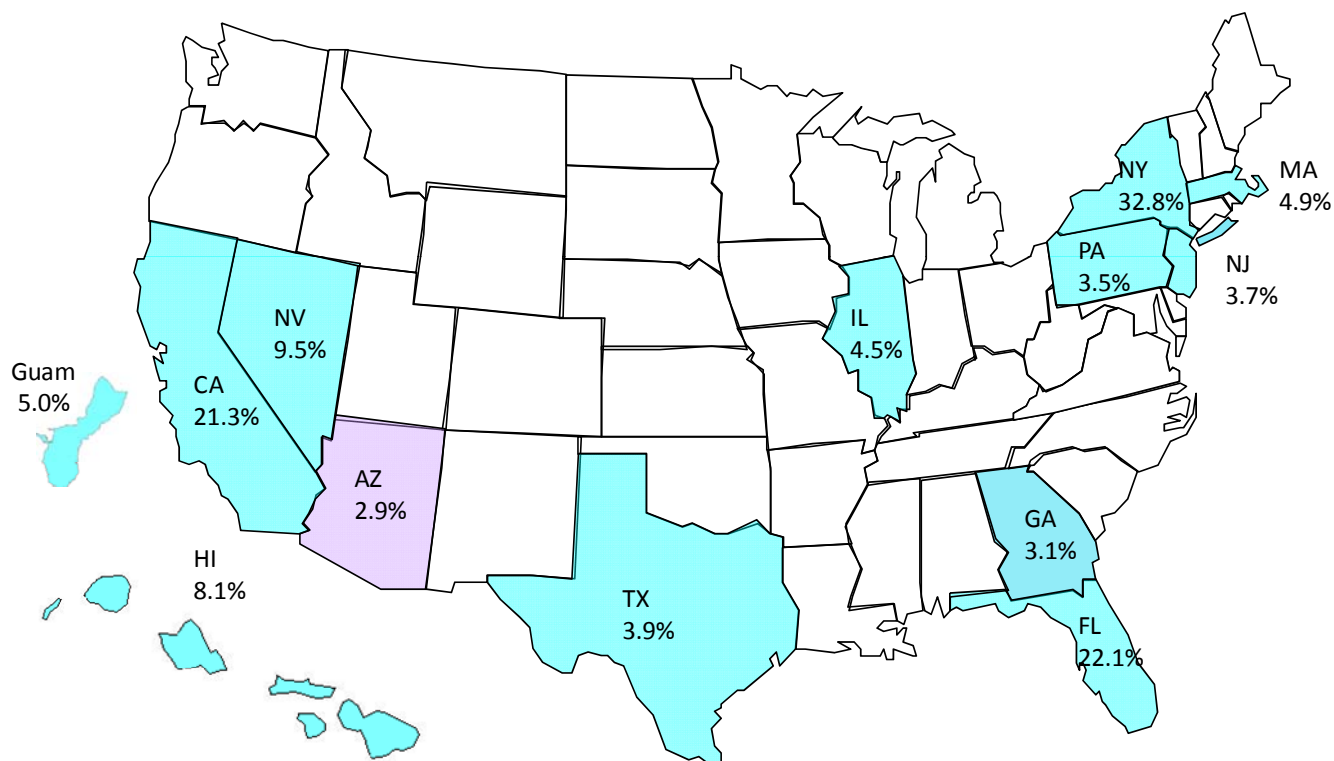


Source: Office of Travel & Tourism Industries - U.S. Department of Commerce, 2007-08 Mexican Visitors to Arizona – University of Arizona, Statistics Canada, Tourism Economics

Arizona had an increase of 15.0% in Overseas Visitation *(excluding Canada & Mexico)*

U.S. Market Share*

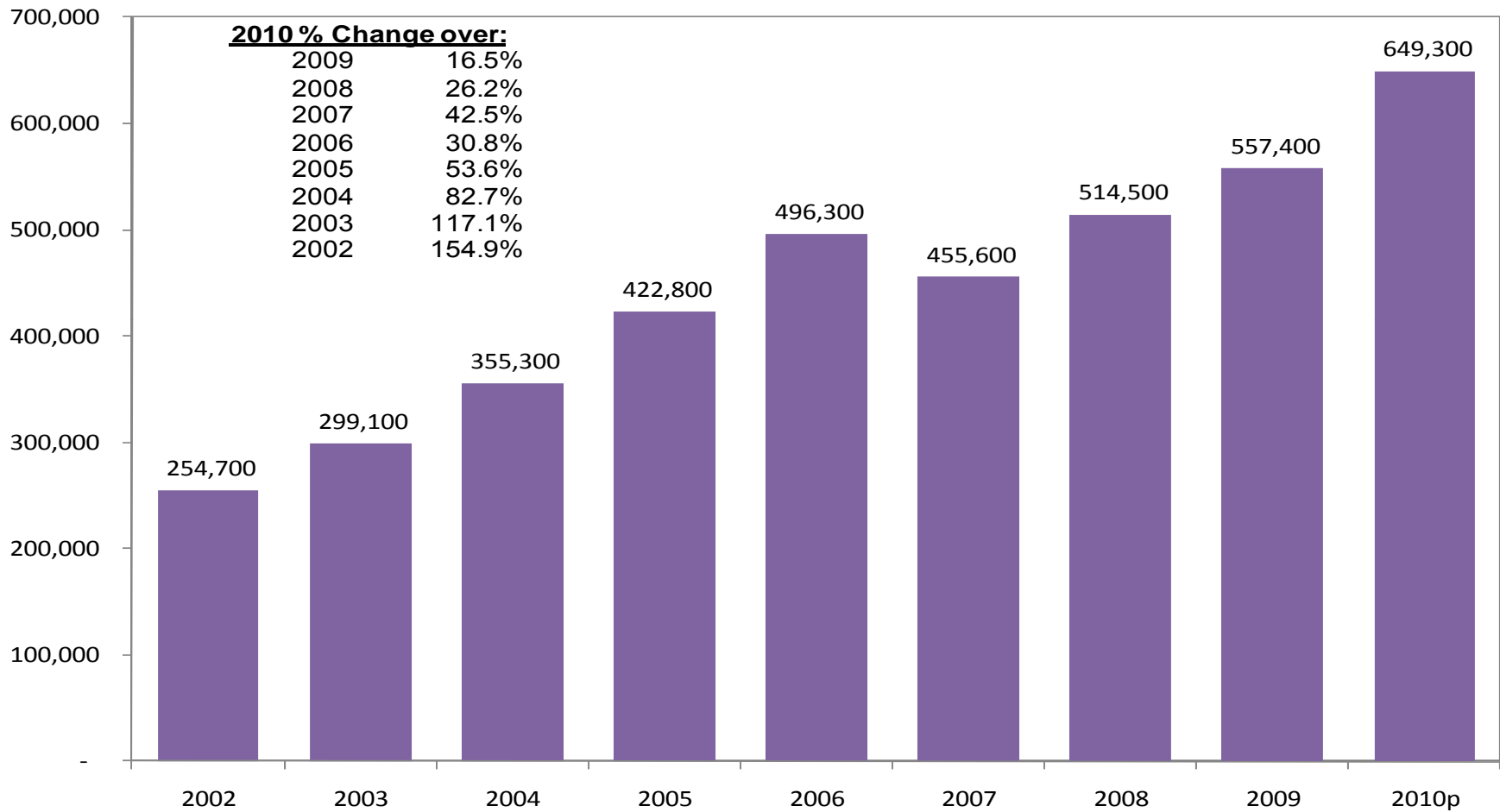
1.	New York	32.8%
2.	Florida	22.1%
3.	California	21.3%
4.	Nevada	9.5%
5.	Hawaii	8.1%
6.	Guam	5.0%
7.	Massachusetts	4.9%
7.	Illinois	4.5%
8.	Texas	3.9%
10.	New Jersey	3.7%
11.	Pennsylvania	3.5%
12.	Georgia	3.1%
13.	Arizona	2.9%



Source: Office of Travel & Tourism Industries, U.S. Department of Commerce

* Based on Overseas Visitors (excluding Canada & Mexico)

2010 Canadian Visitation to Arizona

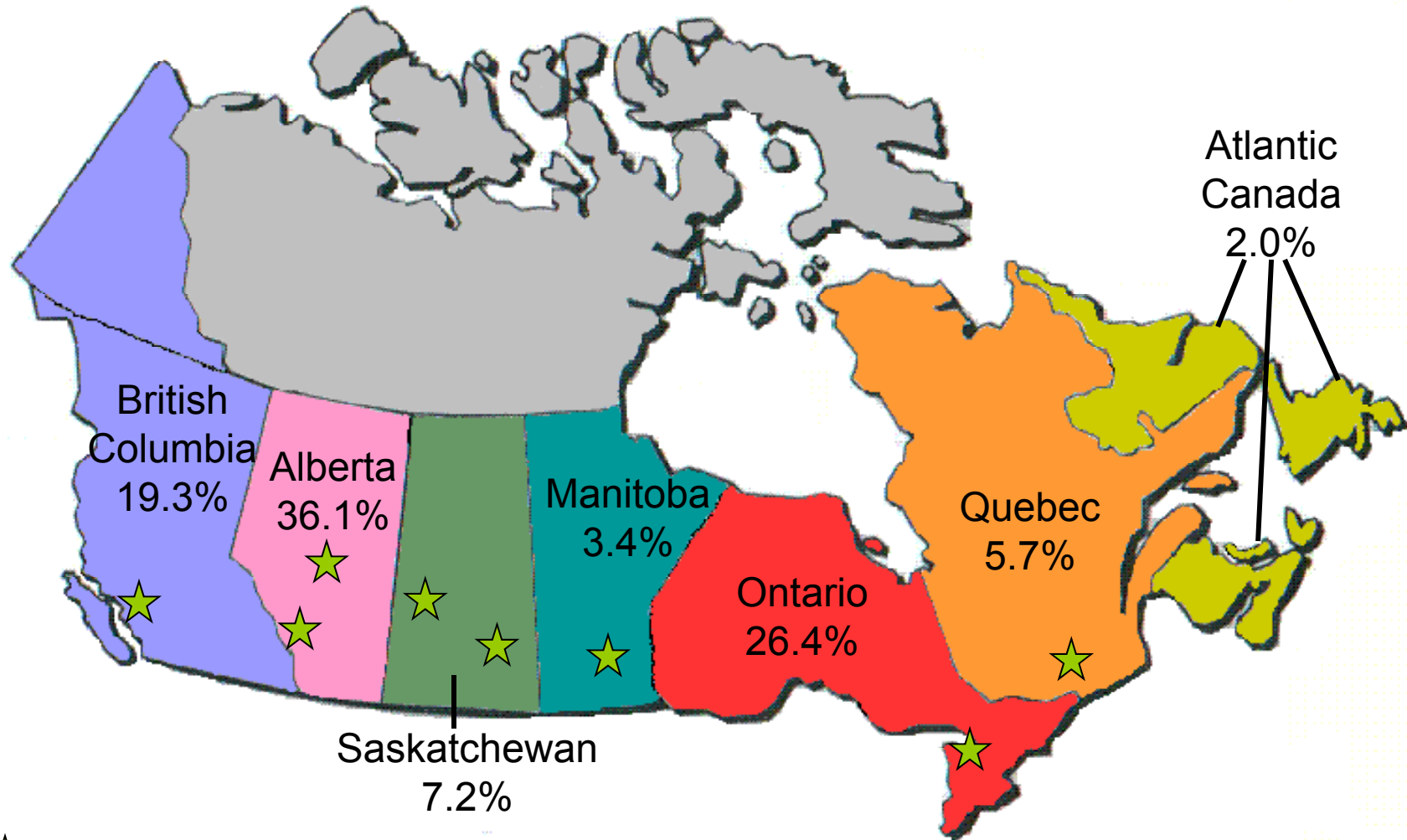


Source: Statistics Canada – 2010 volume is preliminary



2010 Canadian Visitation to Arizona by Province (by Market Share)

24



★ Stars represent air service to Phoenix in 2010

Source: Statistics Canada

2010 Canadian Visitation to Arizona by Province

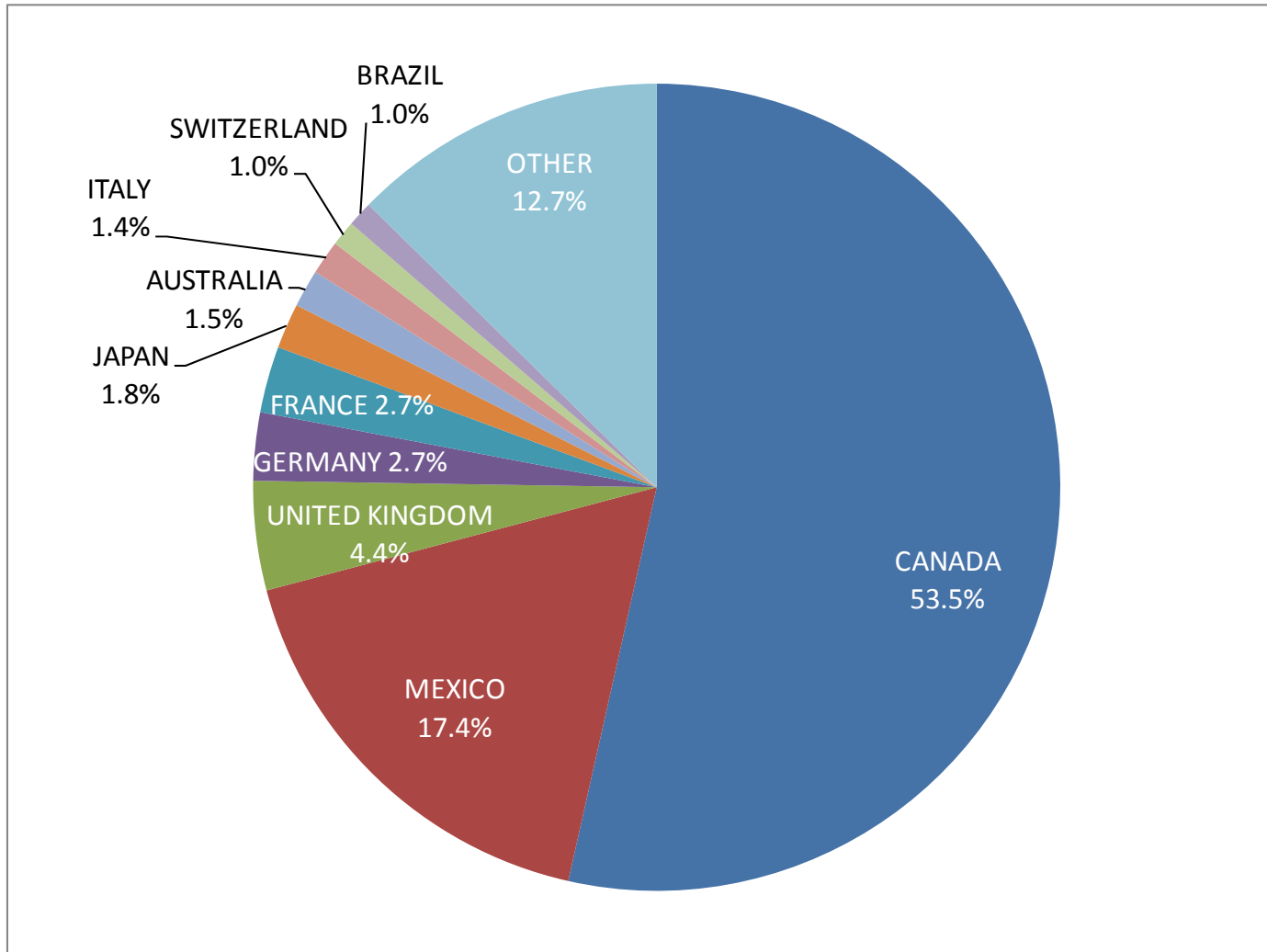
25

Province	2010 (preliminary)	% Change 10/09	% Change 10/07
Alberta	234,200	-1.5%	58.1%
Ontario	171,200	44.7%	29.9%
British Columbia	125,400	16.5%	24.2%
Saskatchewan	46,800	91.0%	165.9%
Quebec	36,700	38.0%	42.2%
Manitoba	22,100	-24.6%	11.6%
Atlantic Canada	12,800	-3.8%	12.3%
TOTAL	649,200	16.5%	42.5%

Source: Statistics Canada

2010 International Tourism Spending in Arizona

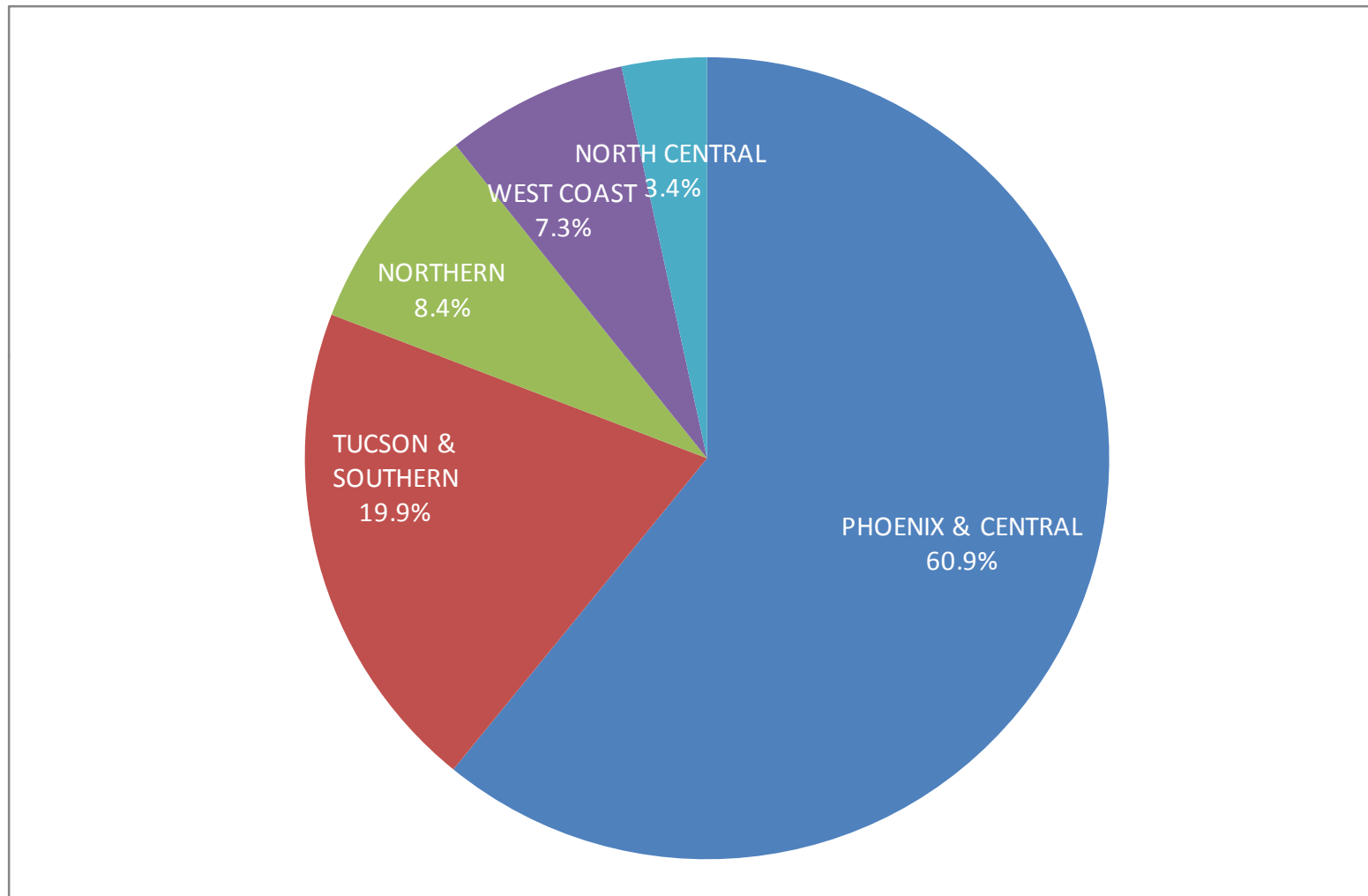
26



Source: The Arizona Office of Tourism estimates based on and extrapolated from aggregate card usage data provided by VisaVue Travel for the period of 2010 and incorporates data from other independent research sources.

2010 International Tourism Spending in Arizona (by Arizona Region)

27



Source: The Arizona Office of Tourism estimates based on and extrapolated from aggregate card usage data provided by VisaVue Travel for the period of 2010 and incorporates data from other independent research sources.

Indicators

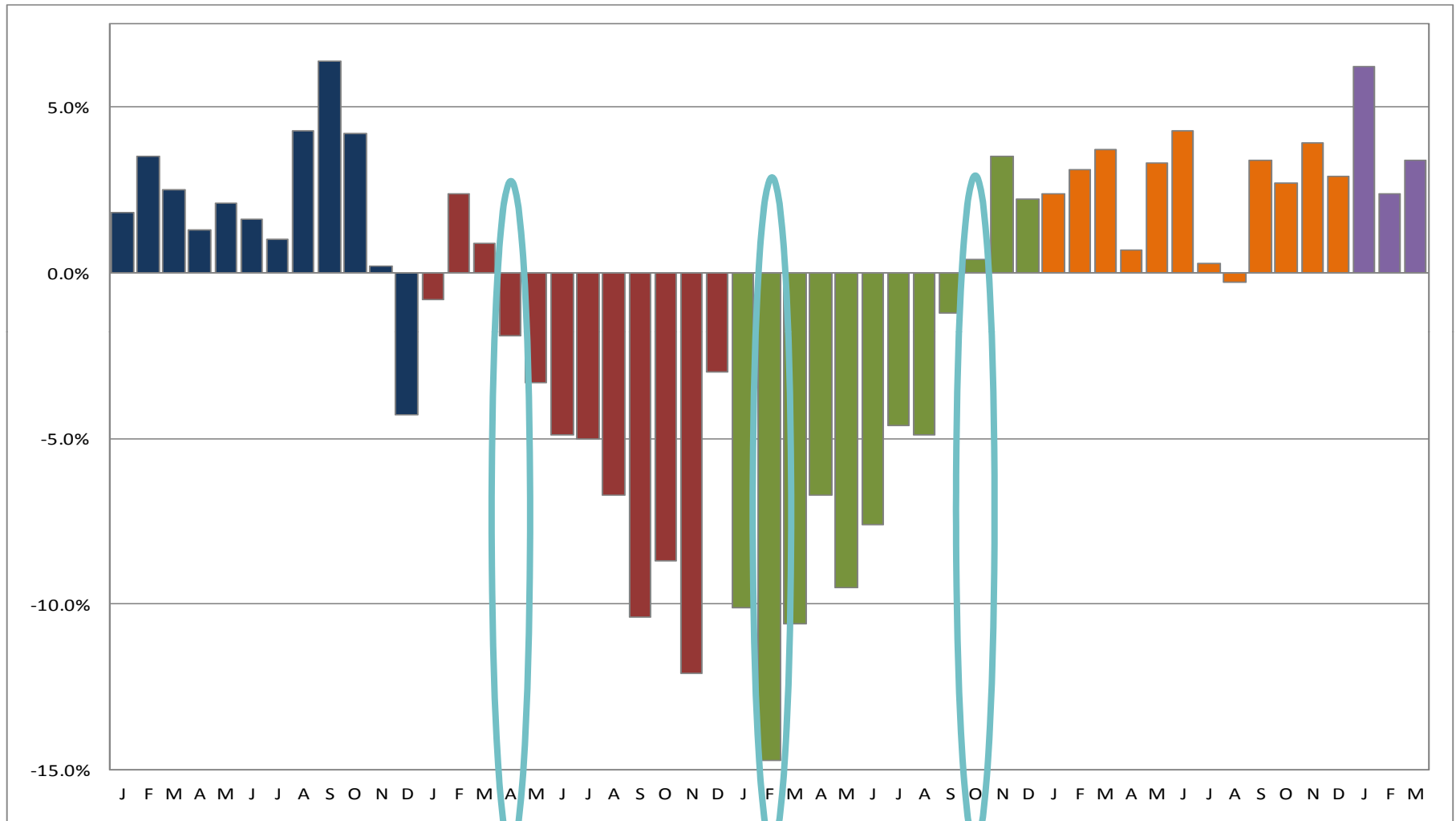
2010 Arizona Tourism Indicators							
Indicator	% Change from 2000		% Change from 2007		% Change from 2009		2010 Volume
Tourism Related Tax	▲	41.4%	▼	-8.1%	▲	10.8%	\$543,921,875
Air Traffic (Non-stop) outside AZ	▲	10.8%	▼	-8.6%	▲	1.3%	8,158,780
State Park Visitation	▼	-9.6%	▼	-5.7%	▼	-7.4%	2,179,684
National Park Visitation	▼	-9.9%	▼	-0.7%		0.0%	11,769,742
Statewide Lodging							
<i>Occupancy</i>	▼	-9.6%	▼	-15.9%	▲	5.7%	55.7%
<i>ADR</i>	▲	6.7%	▼	-12.0%	▼	-3.2%	\$92.80
<i>RevPAR</i>	▼	-3.5%	▼	-25.9%	▲	2.3%	\$51.72
<i>Demand</i>	▲	5.7%	▼	-6.7%	▲	8.0%	22,525,089
<i>Supply</i>	▲	16.9%	▲	10.9%	▲	2.2%	40,416,811

Source: Arizona State Parks, National Park Service, Official Airline Guide (OAG), Arizona Dept. of Revenue, Northern Arizona University and Smith Travel Research

Arizona Airports

% Change by Month: January 2007 – March 2011

30

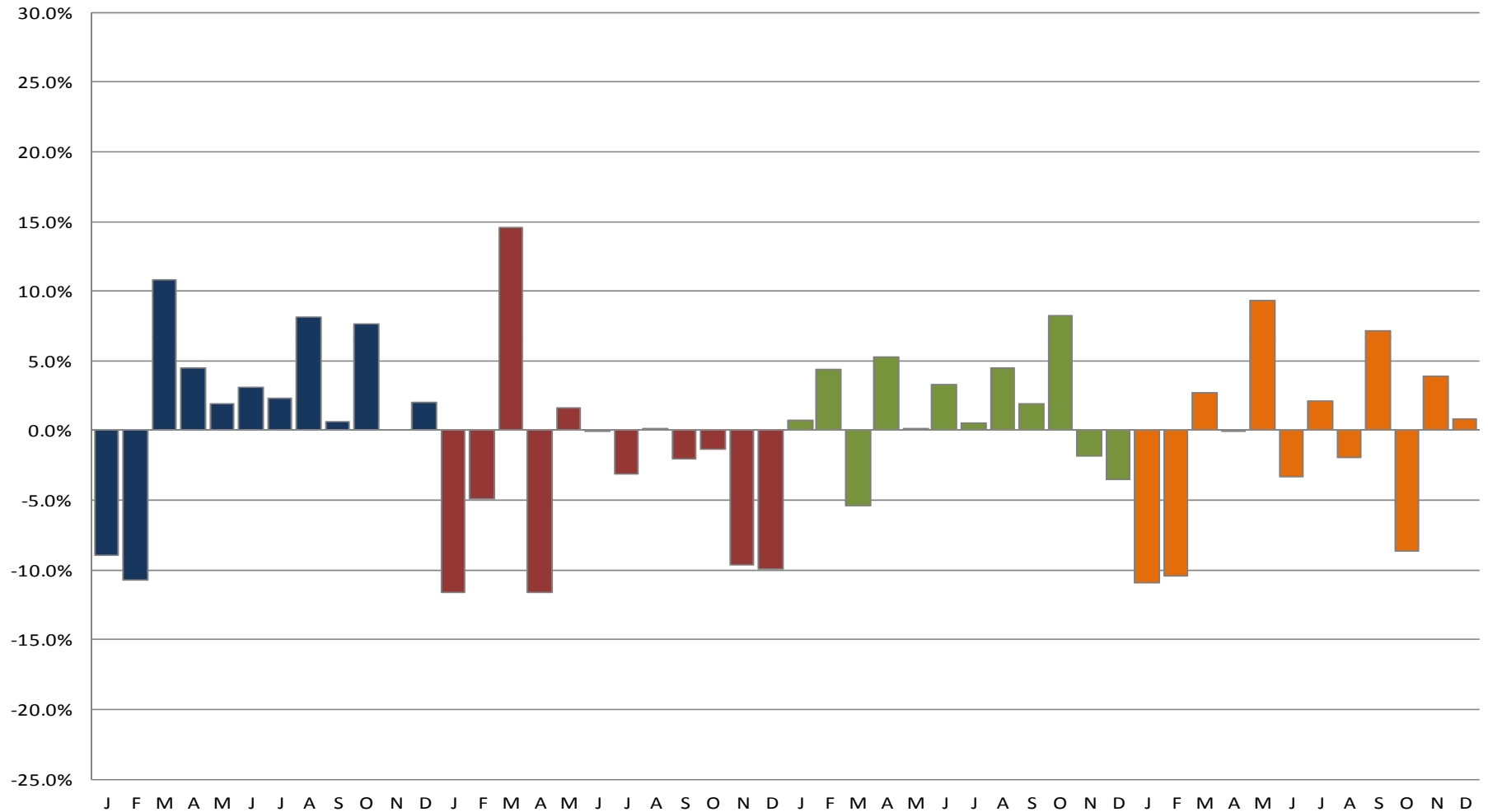


Source: Individual Arizona Airports

Arizona National Park Visitation

% Change by Month: January 2007 – December 2010

32

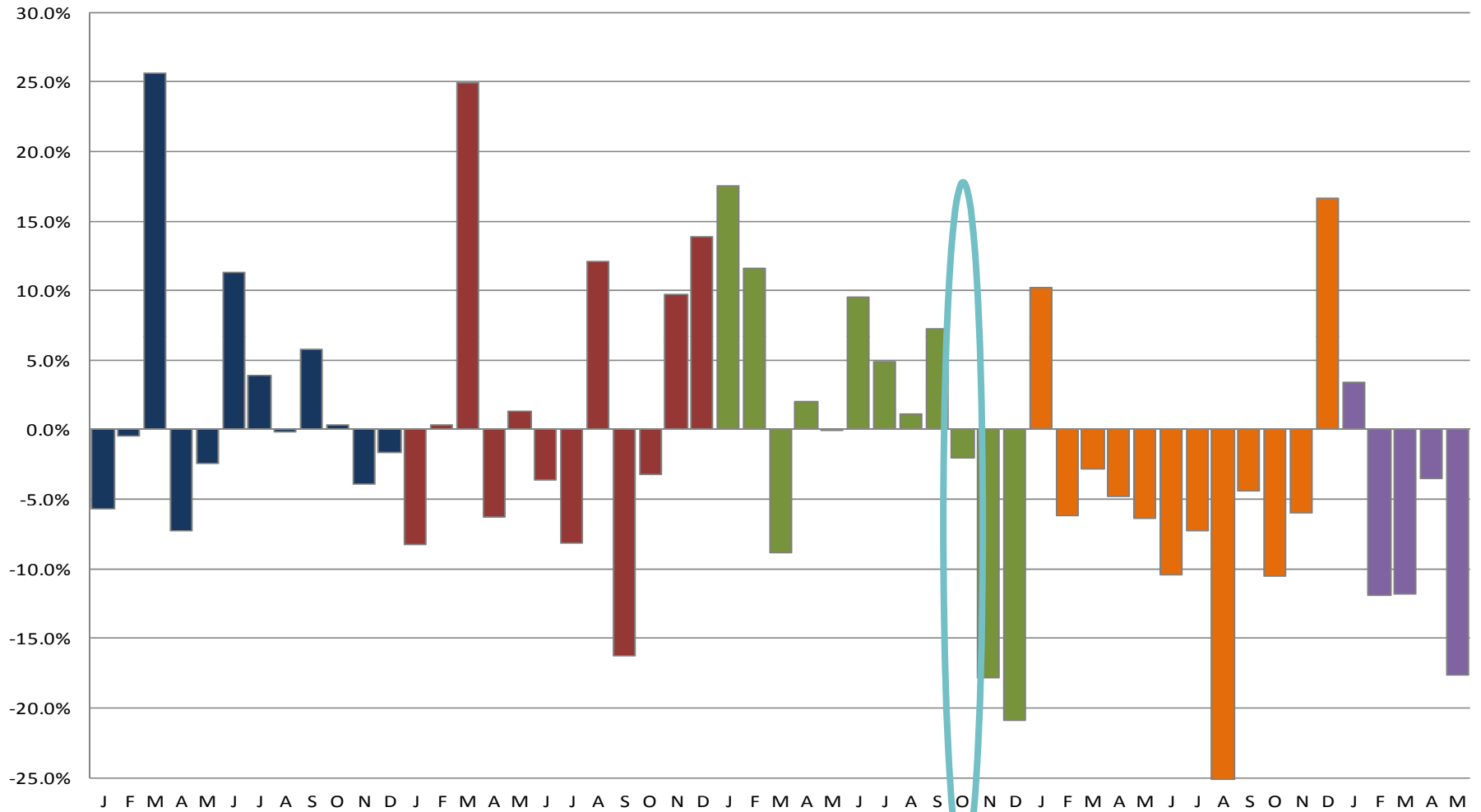


Source: National Park Service



Arizona State Park Visitation

% Change by Month: January 2007 - May 2011



Source: Arizona State Parks

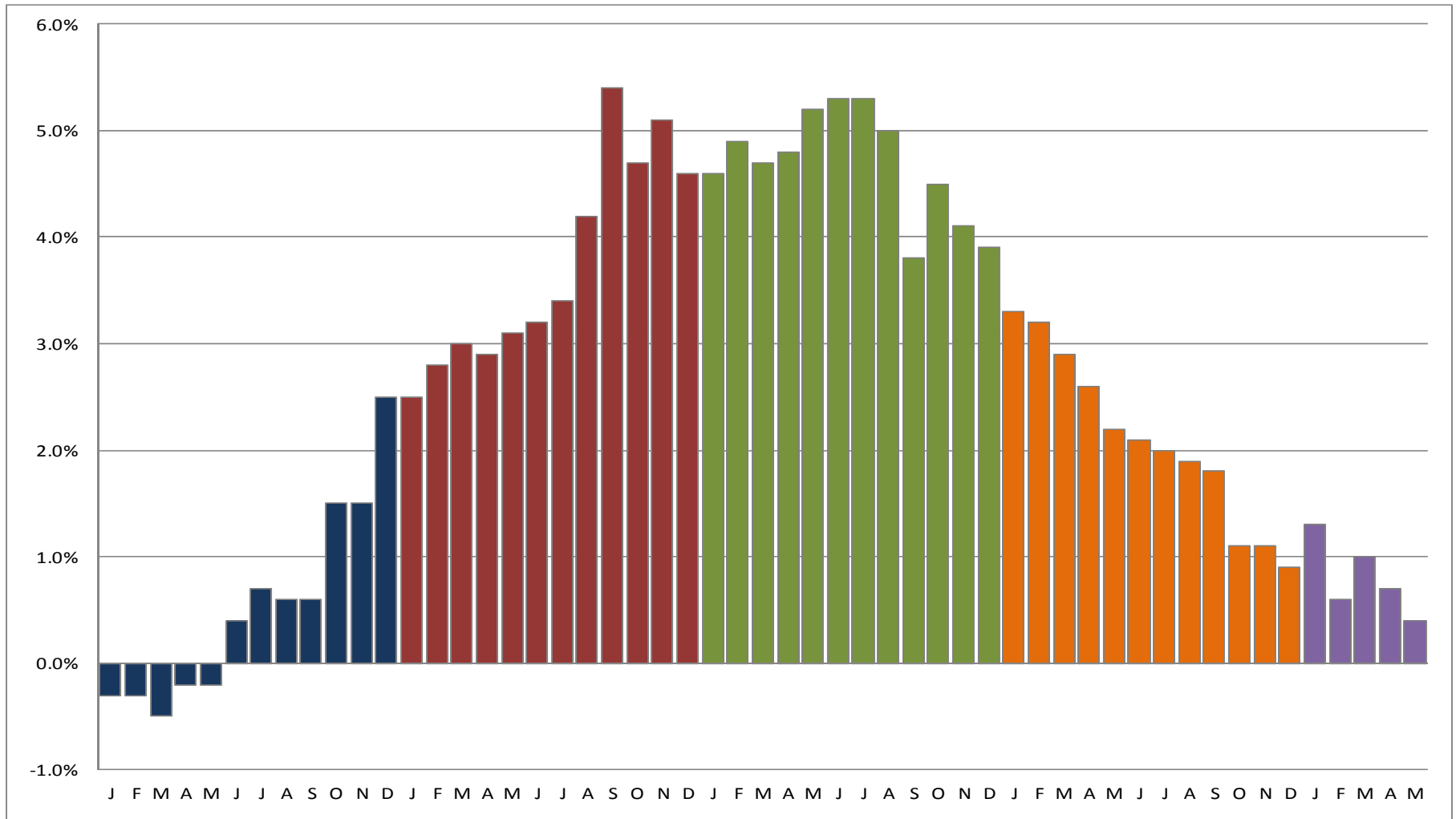
$$\text{Demand} \div \text{Supply} = \text{Occupancy}$$

$$\begin{aligned} &\text{Occupancy} \times \text{Average Daily Rate (ADR)} \\ &= \text{Revenue Per Available Room (RevPAR)} \end{aligned}$$

Arizona Lodging - Supply

% Change by Month: January 2007 - May 2011

36

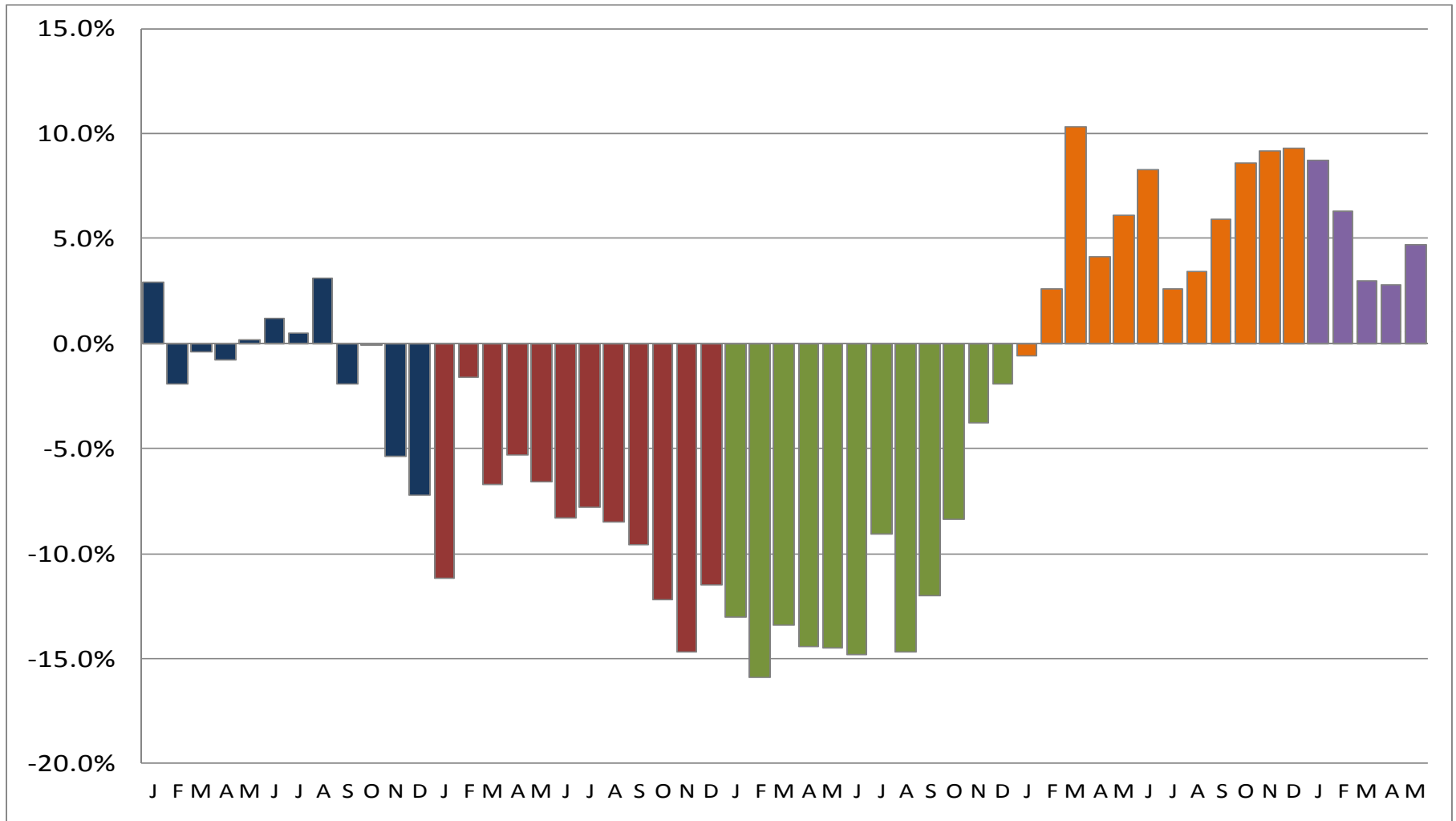


Source: Smith Travel Research



Arizona Lodging by Month - Occupancy

% Change by Month: January 2007 - May 2011

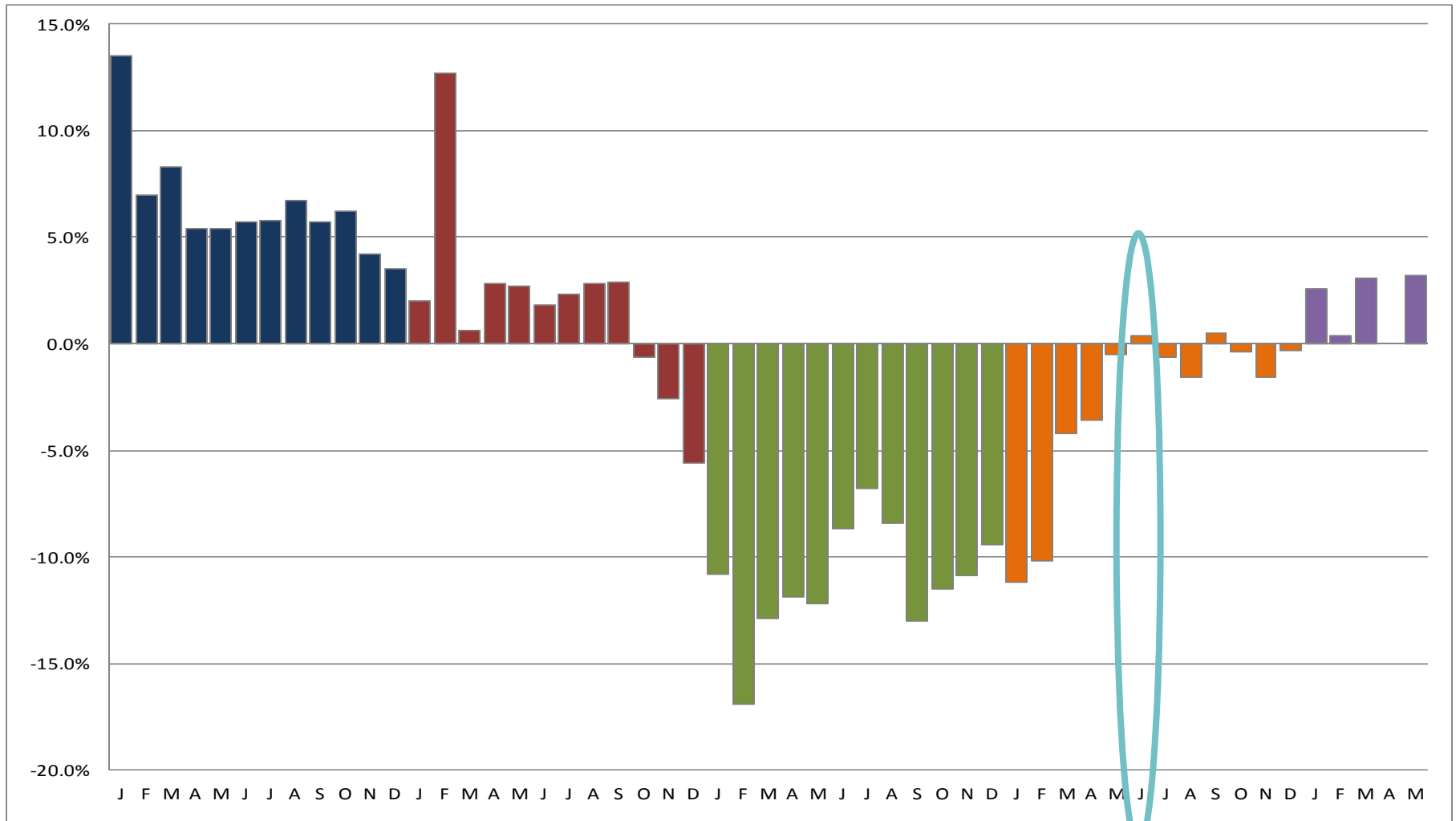


Source: Smith Travel Research

Arizona Lodging by Month – Average Daily Rate

% Change by Month: January 2007 - May 2011

38



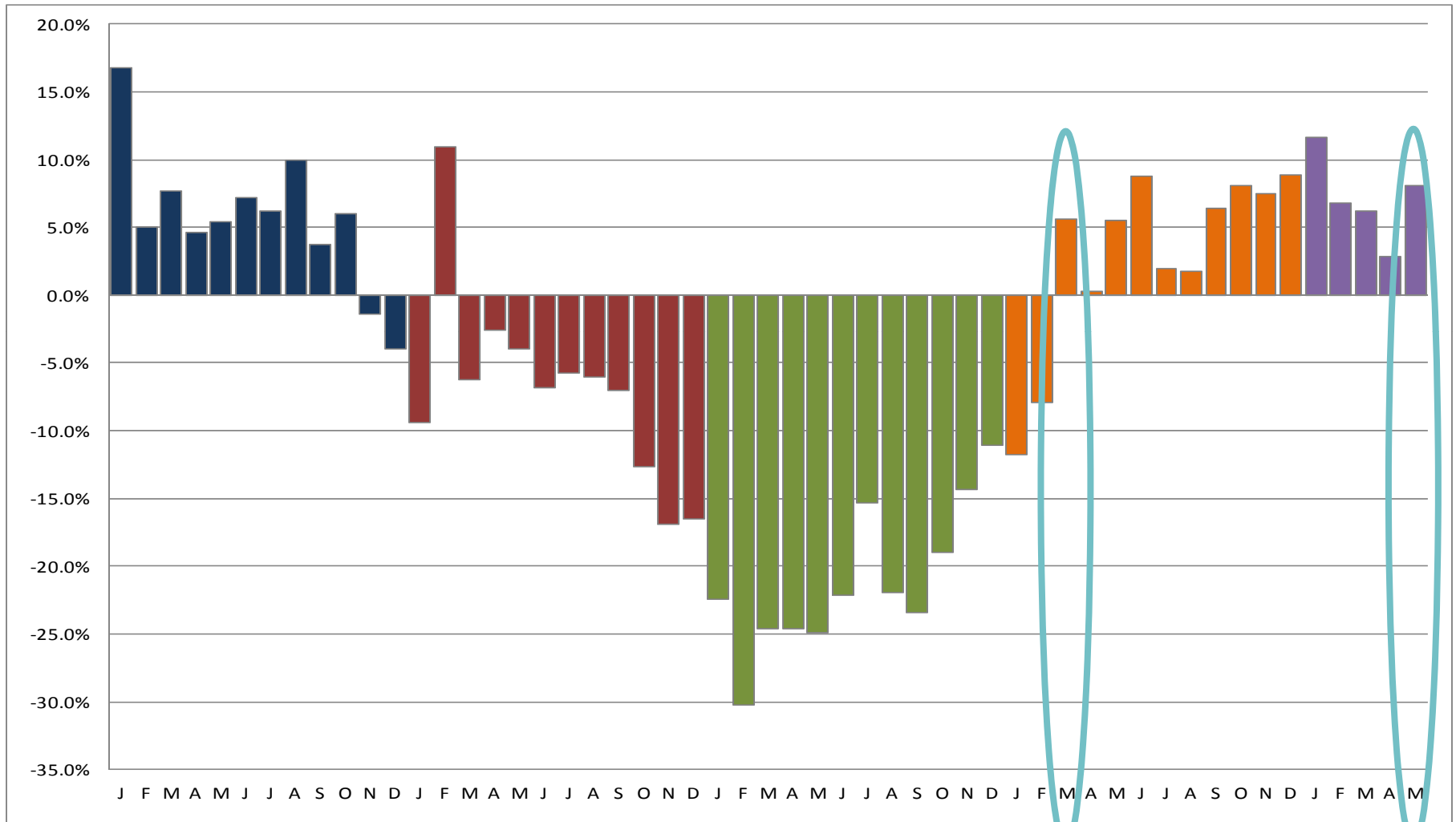
Source: Smith Travel Research



Arizona Lodging by Month – Revenue Per Avail Room

% Change by Month: January 2007 - May 2011

39



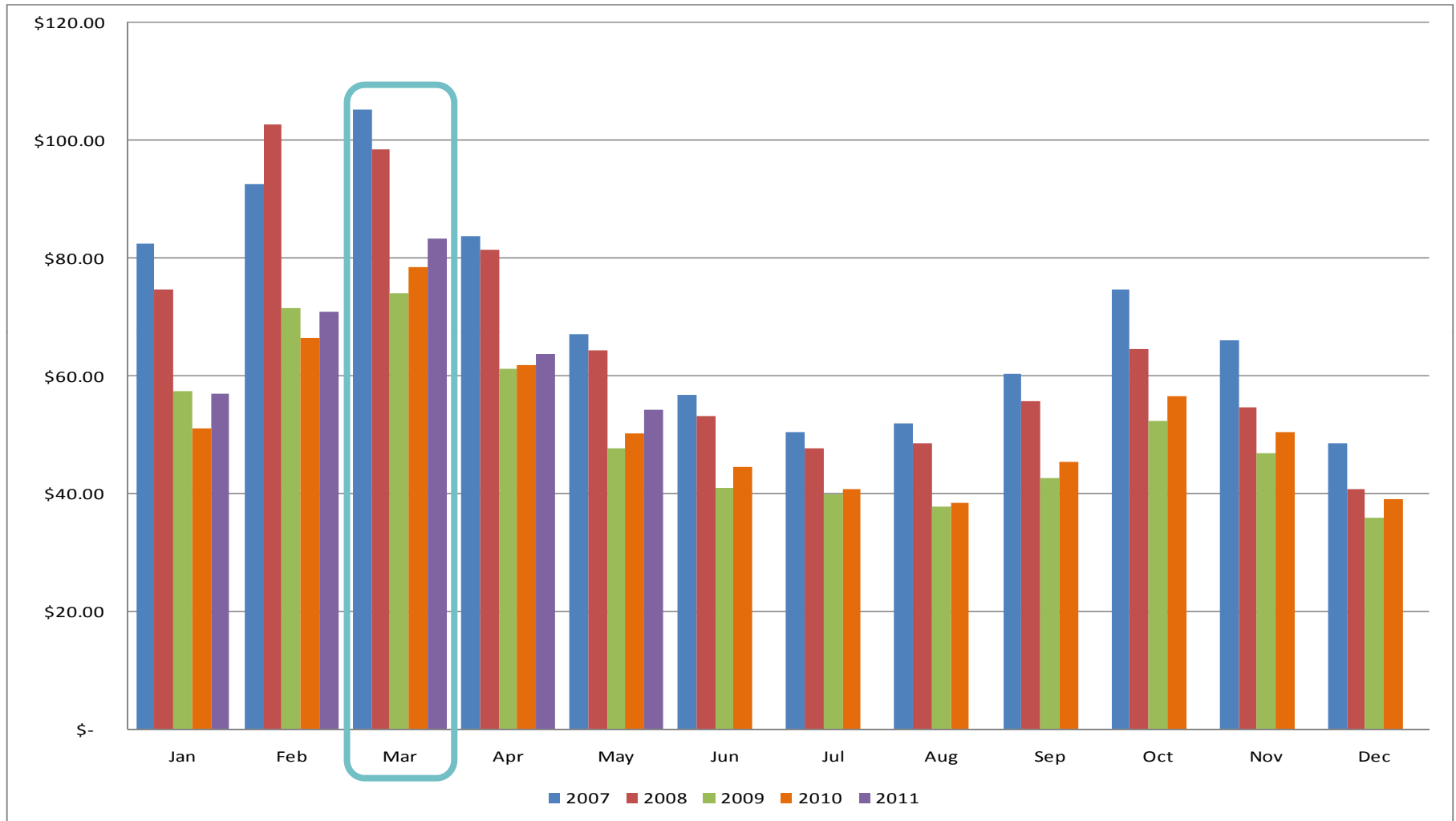
Source: Smith Travel Research



Arizona Lodging by Month - Revenue Per Avail Room

Volume by Month: January 2007 - May 2011

40



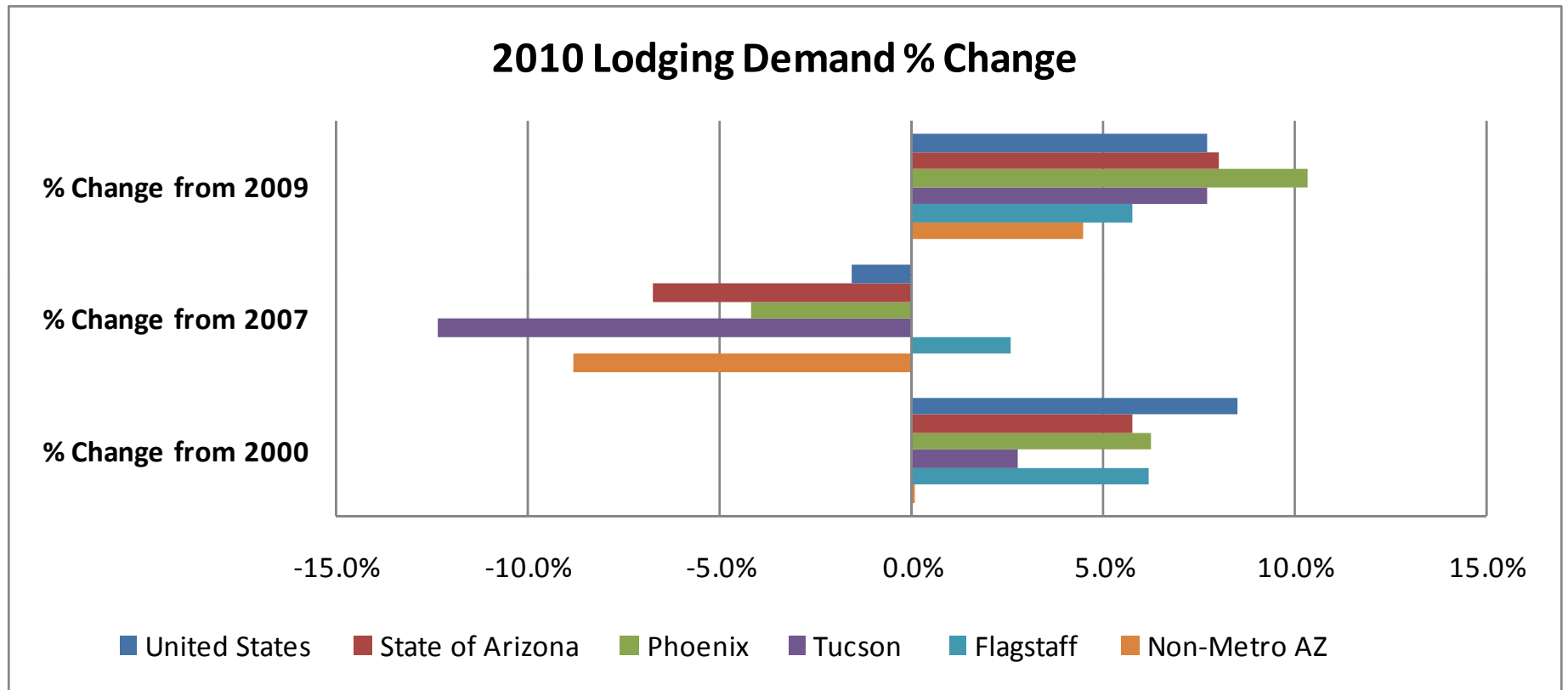
Source: Smith Travel Research



Arizona Lodging - Demand

2010 % Change over 2009, 2007, and 2000

41



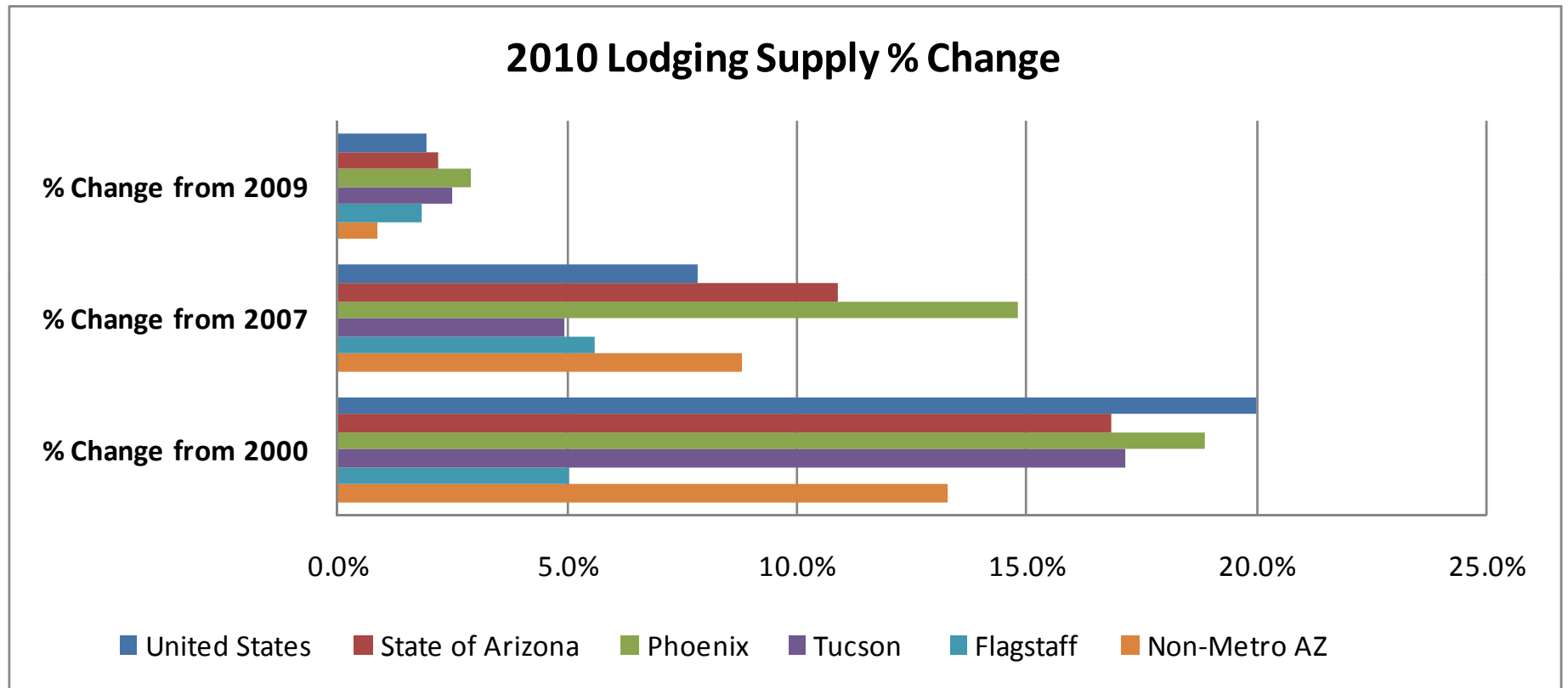
Source: Smith Travel Research



Arizona Lodging - Supply

2010 % Change over 2009, 2007, and 2000

42



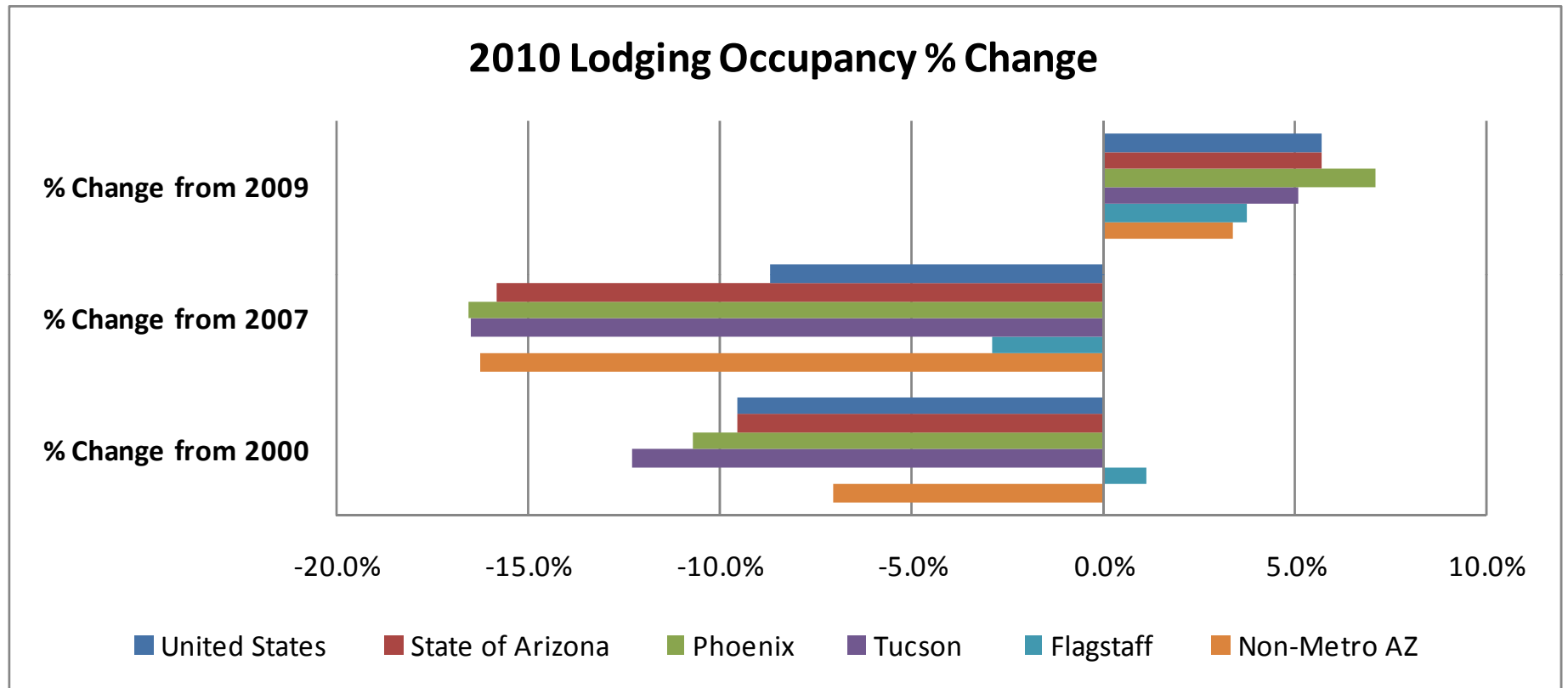
Source: Smith Travel Research



Arizona Lodging - Occupancy

2010 % Change over 2009, 2007, and 2000

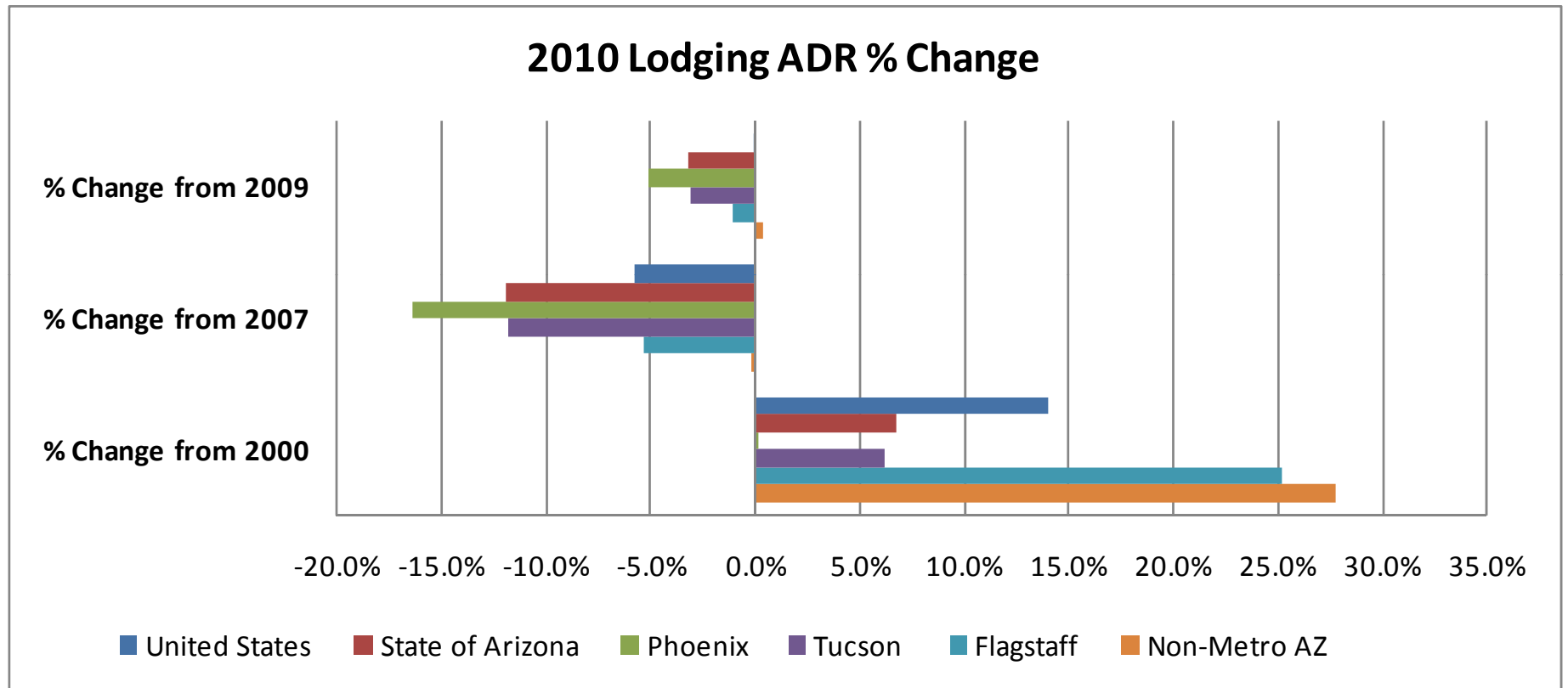
43



Source: Smith Travel Research

Arizona Lodging – Average Daily Rate

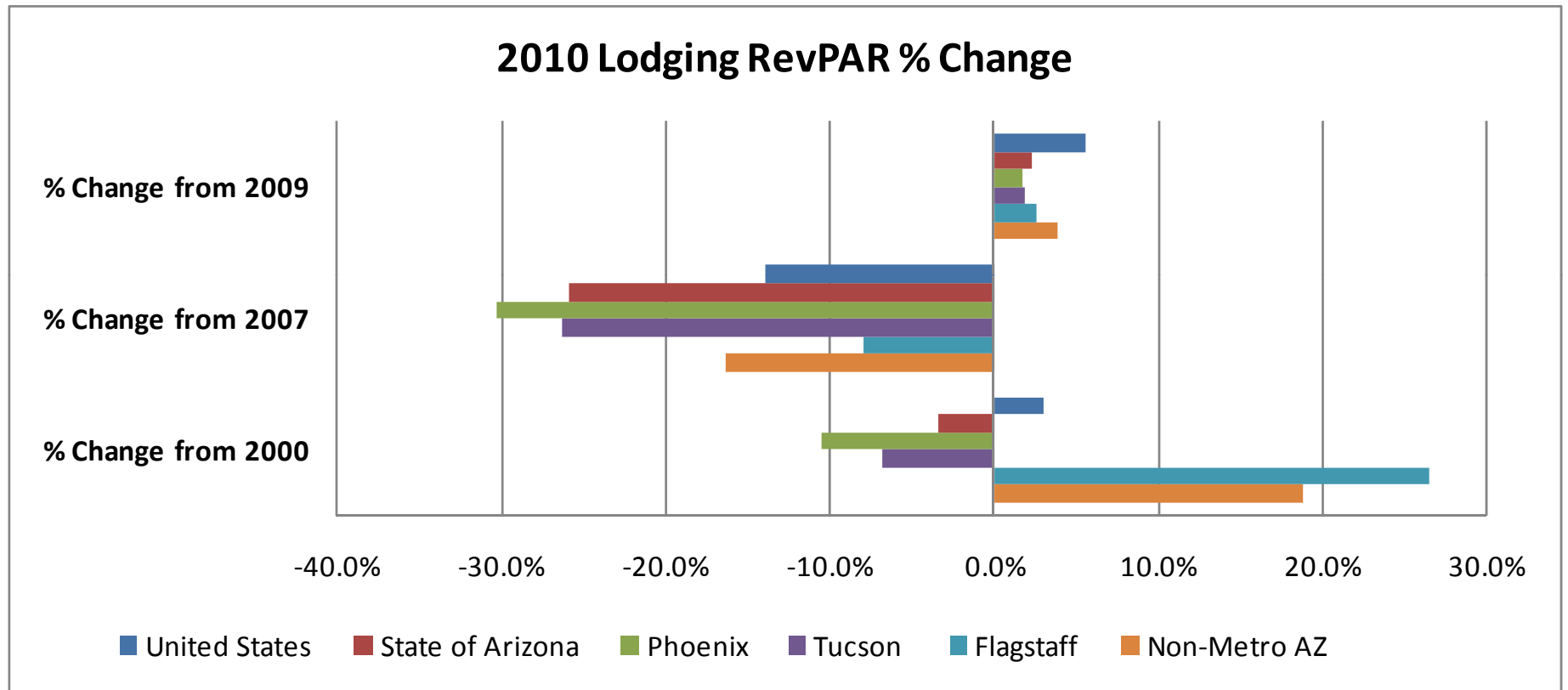
2010 % Change over 2009, 2007, and 2000



Source: Smith Travel Research

Arizona Lodging – Revenue Per Available Room

2010 % Change over 2009, 2007, and 2000



Source: Smith Travel Research

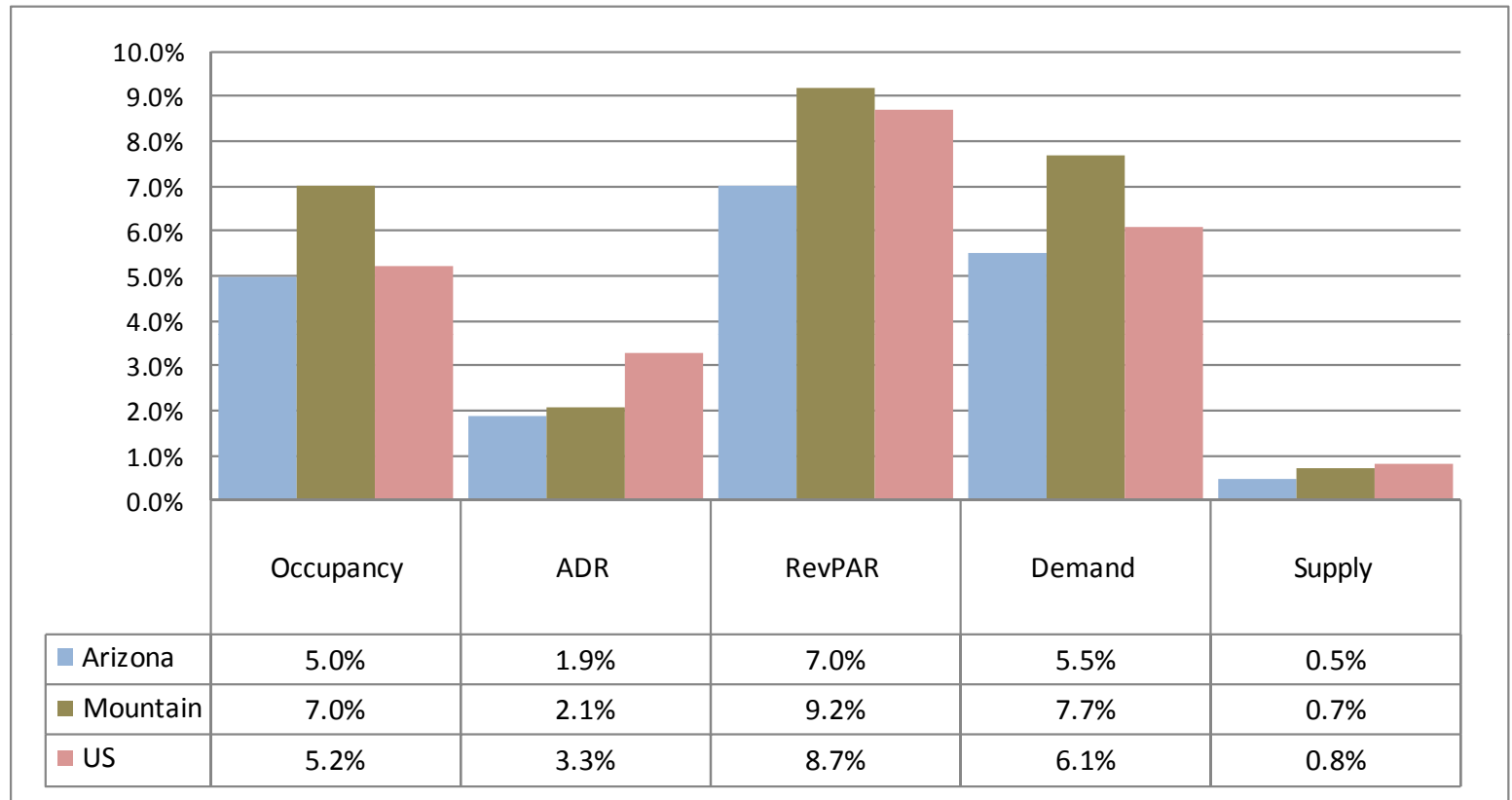
Arizona Lodging – Comparison to U.S & Mountain Region

% Change YTD: May 2011

46



Mountain Region



Source: Smith Travel Research



AOT Partnerships and Community Research Projects

- A “Primary Destination” for two-thirds
- Unique local product – History & Culture
- 2/3rds visit Yuma’s Historic Downtown
- 1/4th AZ, 3/4th out-of-state (47 U.S. states)
- Canadians dominate foreigners (70%)



A study in contrasts:

- Kingman a pass-thru vs. GCW a destination
- Kingman older (52 yrs) vs. GCW younger (46)
- Kingman overnights vs. GCW day visits
- Different products – Route 66 & Skywalk
- Both closely linked to Vegas & Grand Canyon
- Opportunity to attract each other's visitors and *grow the region*

- Survey of visitors to Arizona's wine regions
- Southern - Sonoita, Elgin, Cochise County
- Northern - Verde Valley, Page Springs, Cottonwood & Jerome
- 45 licensed wineries
- 10 licensed tasting rooms
- More than 650 acres of vines
- 66,000 gallons & 21,000 cases of wine/year
- *Award-winning wines*



- “Export” activity brings “new money” to rural agricultural areas
- Wine visitors have higher annual incomes
- 60% in-state, 40% out-of-state
- 60% day trips, 40% overnight trips
- Enjoy tasting wine, socializing with friends, and the beauty of rural Arizona
- High satisfaction - 83% said experience was “better than expected”

- 70% make purchases at the winery they visit
- Average \$70 on wine/ 3.3 bottles
- \$41 spent on food
- \$30 on other merchandise
- Direct spending = \$23 million
- Indirect & Induced spending = \$15 million
- Total Economic Impact = \$38 million
- \$6 million in state and local taxes
- 400+ jobs



Purpose:

- Current state of sustainable development in Arizona's tourism industry /Baseline data
- Benchmarks to measure future progress



- 2,140 survey sample
- 574 online completed – 26% response rate
- All 15 AZ counties represented
- Industry sectors:
 - Lodging
 - Restaurants/Bars
 - Attractions
 - CVBs/DMOs
 - National and State parks/RV parks
 - Travel agents, tour providers & others

Developed a comprehensive sustainability strategy?

Yes	32%
No, but in process of doing so	28%
No	40%

Three out of five tourism organizations in Arizona have developed or are developing a comprehensive sustainability strategy.

Responsible person assigned to implement strategy?

Yes	51%
No	49%



Half of tourism organizations have a person assigned to implement sustainability programs.

- Availability of Funds 66.4%
- Cost/perceived lack of ROI 43.8%
- Lack of staff 43.4%
- Complexity of implementation 36.2%
- Lack of education/training 25.3%
- No significant business driver 19.1%
- Senior manager indifference 5.9%



Recycling waste (staff & guests)	92%
Reduced use of materials	73%
Donation of used items	55%
Buy products w/recycled material	48%
Reusable/biodegradable serveware	34%
Compost kitchen/landscape material	32%
Other (grey water, rain water, etc.)	19%



Arizona Sustainable Tourism Study - Other sustainable practices? 59

Great progress:

	YES	NO
Reduced Energy Usage	80%	20%
Water Conservation	68%	32%
Monitoring Energy/Water Use	48%	52%

More to do:

Air Quality Measures	24%	76%
Noise Reduction Measures	22%	78%
LEED Certified Building	14%	86%

- Water conserving, low-flow fixtures 80%
- Guest amenities purchased bulk 79%
- Linen reuse option 78%
- Leak detection systems 74%
- Furniture donated to non-profits 71%
- Appliance preventive maintenance 66%
- Refillable amenity dispensers 30%
- Bicycles for guest use 16%



- Recycle Cardboard 86%
- Energy Star™ Kitchen equipment 54%
- Recycle Cooking oil 54%
- Biodegradable compostable take-away containers (not Styrofoam) 39%
- None of the above? Only 8%

- Cultural Heritage programs 82%
- Art walks/ Historic walks 80%
- Bird/ Wildlife watching 68%
- Historic preservation 62%
- Farmers' markets 56%
- Ecotourism programs 44%
- Dark Sky programs 44%
- Locally-grown/Organic programs 41%
- Sustainability events 41%

and more. . . .

- Cost to implement 66.7%
- Time to implement 58.3%
- Lack of expertise to market 37.5%
- Lack of understanding benefits 33.3%
- Lack of local interest 31.3%
- Never considered 29.2%
- Lack of interest w/in destination 29.2%
- Unsure how to develop 27.1%



Will destination develop sustainable tourism programs in next 12 months?

Likely or Very Likely	32.0%
Undecided	39.6%
Unlikely or Very Unlikely	28.3%

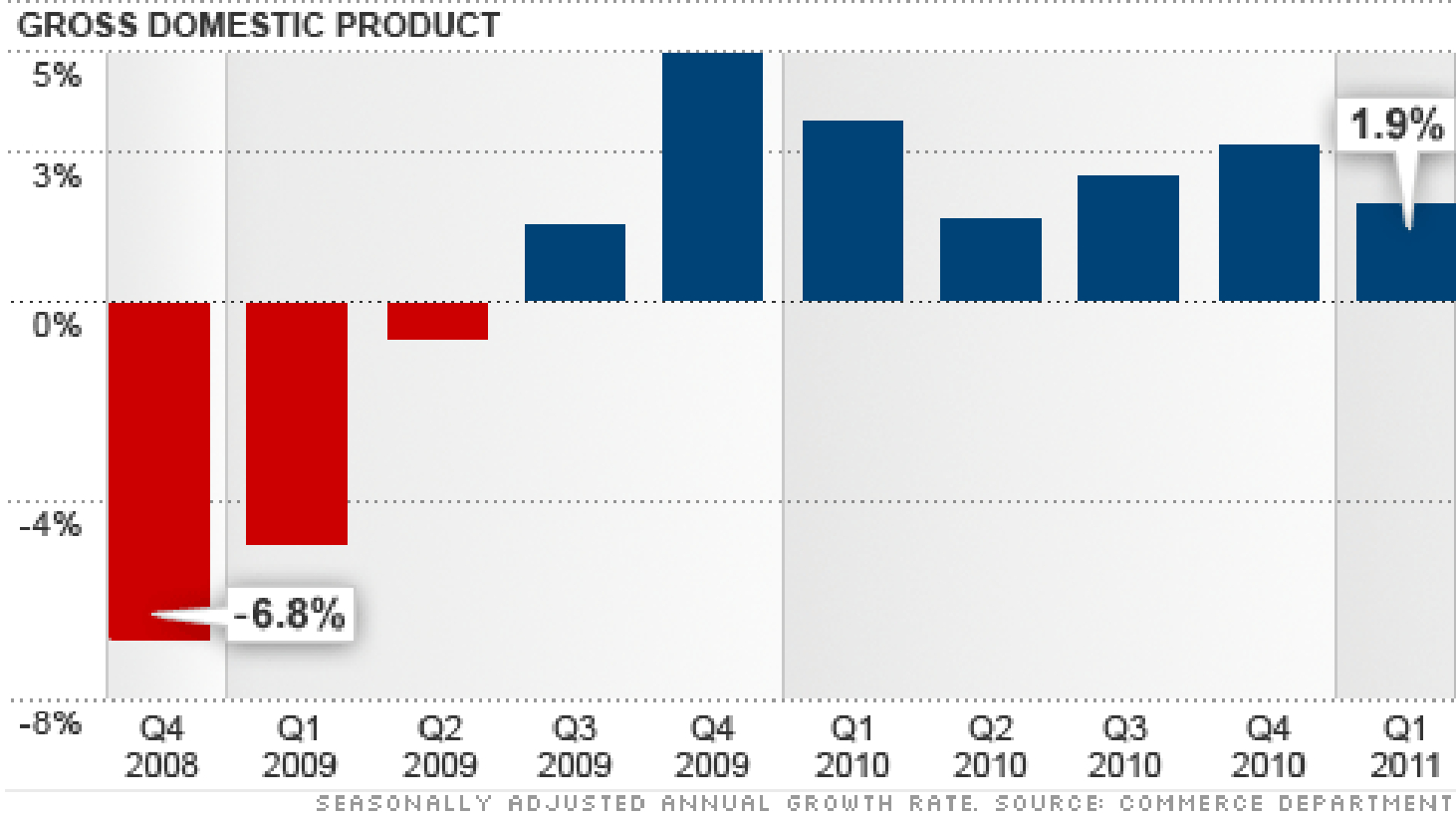
- **Historic Tourism**
- **State & National Parks**
- **Adventure Tourism**
- **Art galleries/Art walks**
- **Agricultural Tourism**
- **Scenic Rivers & Lakes**
- **Indigenous Tourism**
- **Ecotourism**
- **Geographic Wonders**
- **Wine Tourism**
- **Alpine Tourism**

- Arizona's tourism industry is doing a great deal to promote sustainable tourism
- Much has been accomplished, but much remains to be done. . .
- Biggest barriers are cost, time, staff and expertise.



Outlook/Trends

Lackluster recovery.....

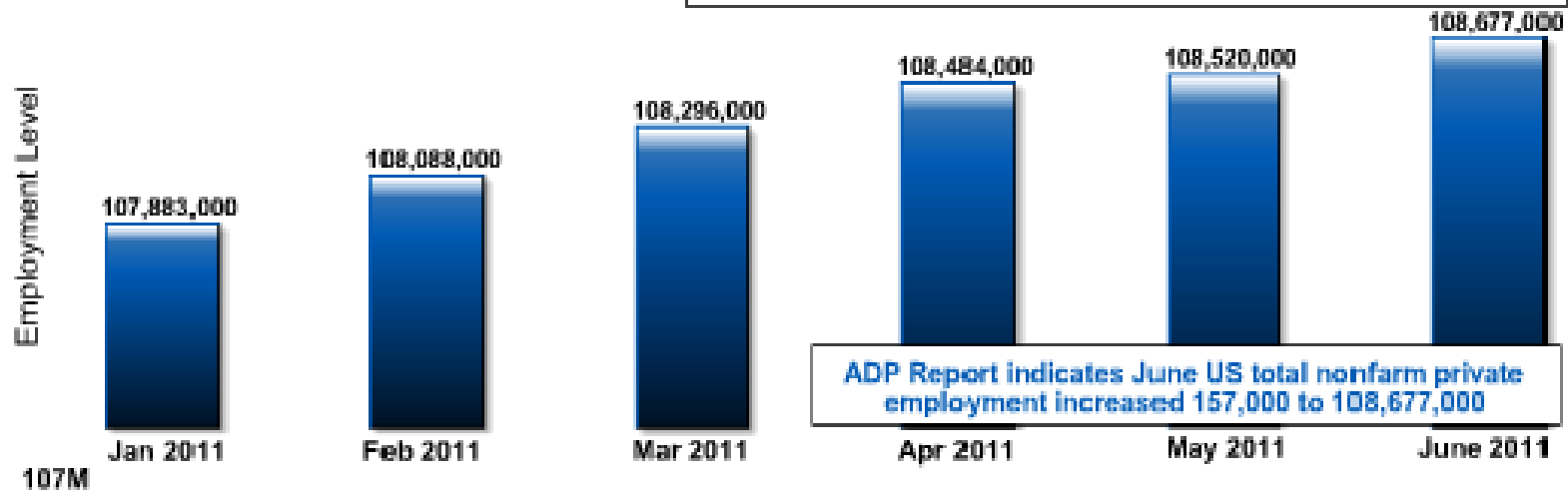




National Employment Report

109.2M US Total Nonfarm Private Employment

June 2011 change in employment +157,000

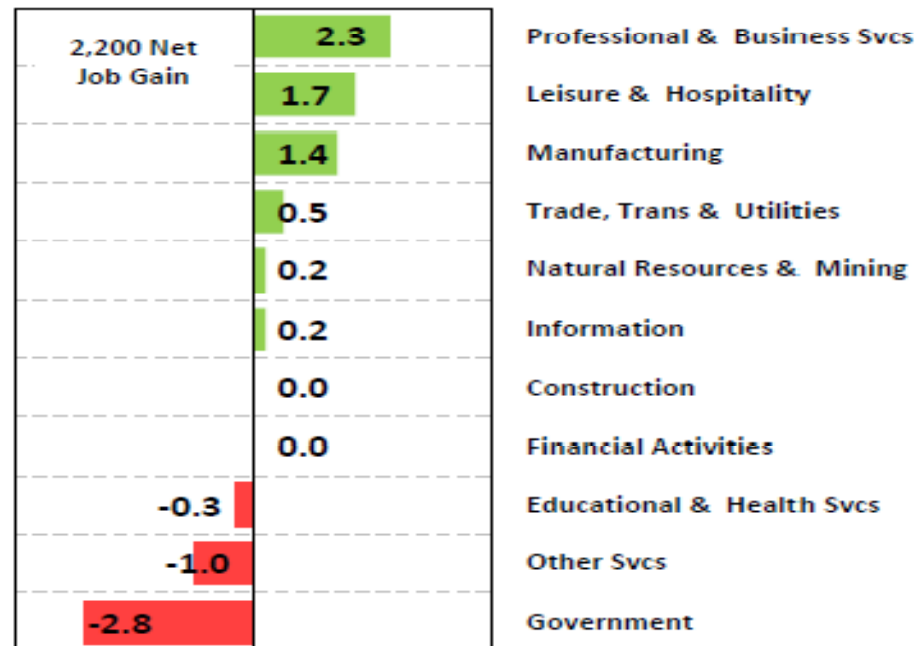


Source: The ADP National Employment Report, June 2011 Report

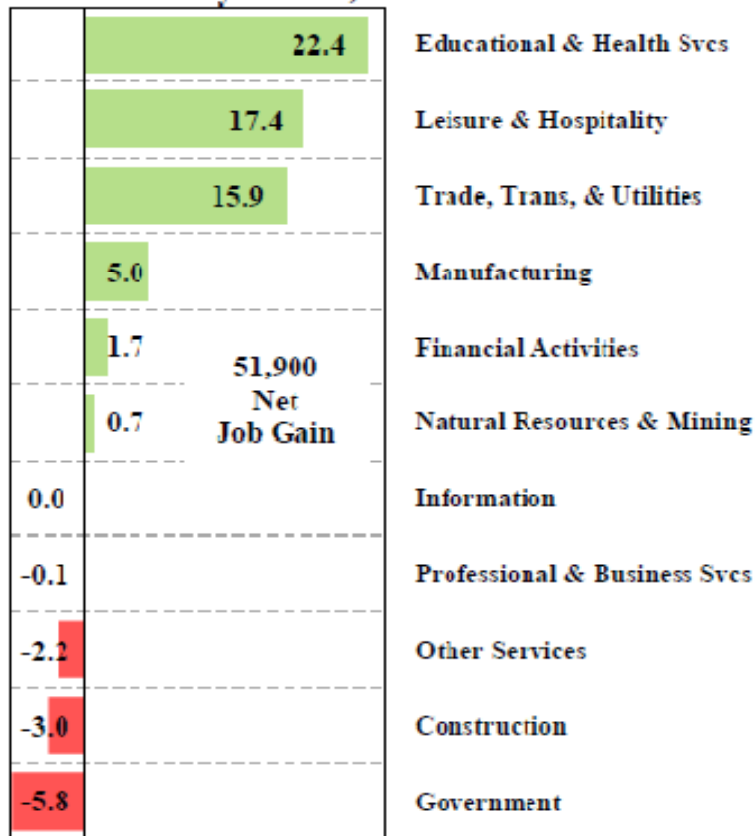


Unemployment Rate (Seasonally Adj.)			
	<u>May '11</u>	<u>Apr '11</u>	<u>May '10</u>
United States	9.1%	9.0%	9.6%
Arizona	9.1%	9.3%	10.0%

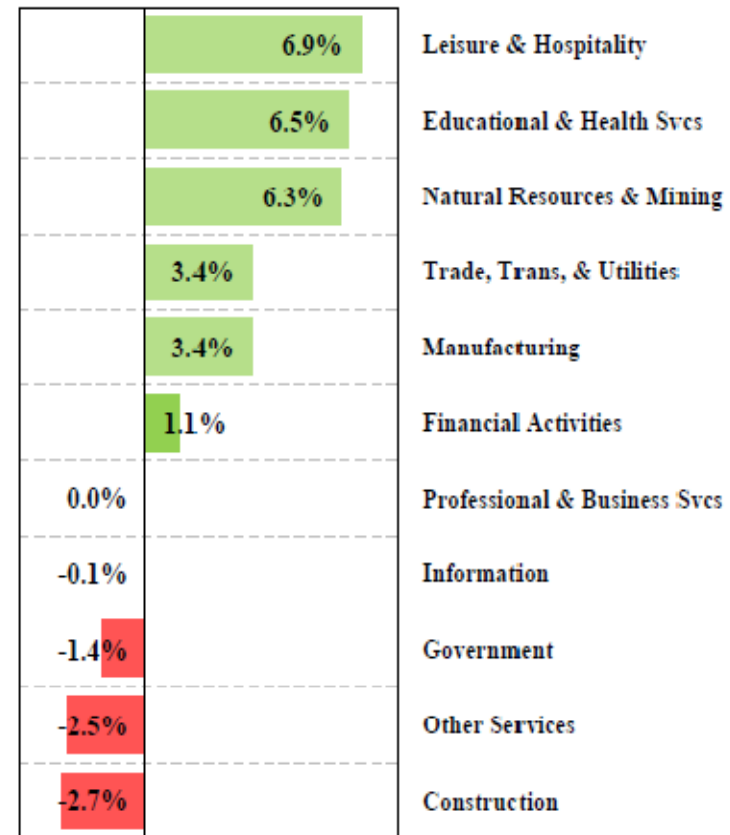
May 2011 Over-the-Month Job Gain or Loss by Sector, in thousands



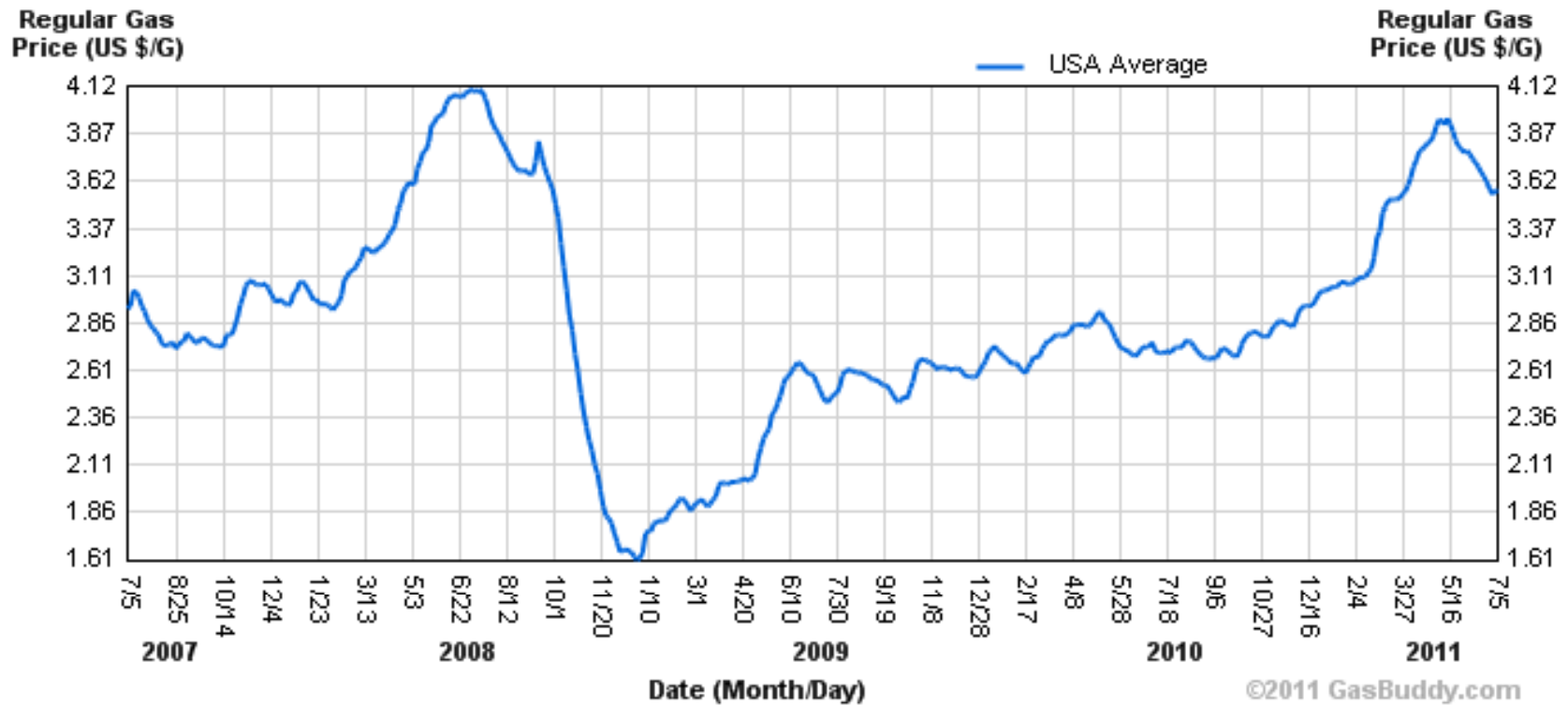
**2010 to 2012 Job Gain or Loss
by Sector, in thousands**



**2010 to 2012 Job Gain or Loss
by Sector, percentage**



48 Month Average Retail Price Chart



Source: GasBuddy.com

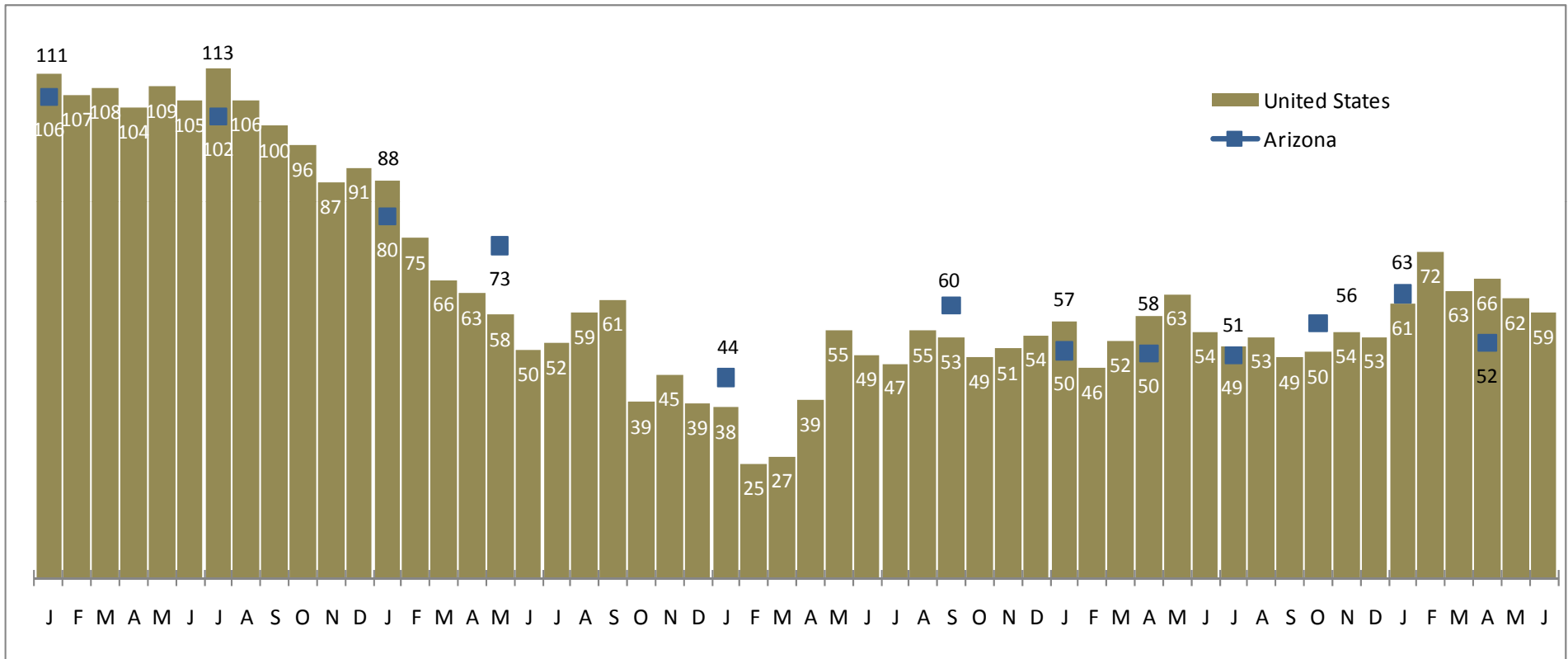


Consumer Confidence – U.S & Arizona

Index by Month: January 2007 - June 2010

73

As a result, consumers remain pessimistic.....

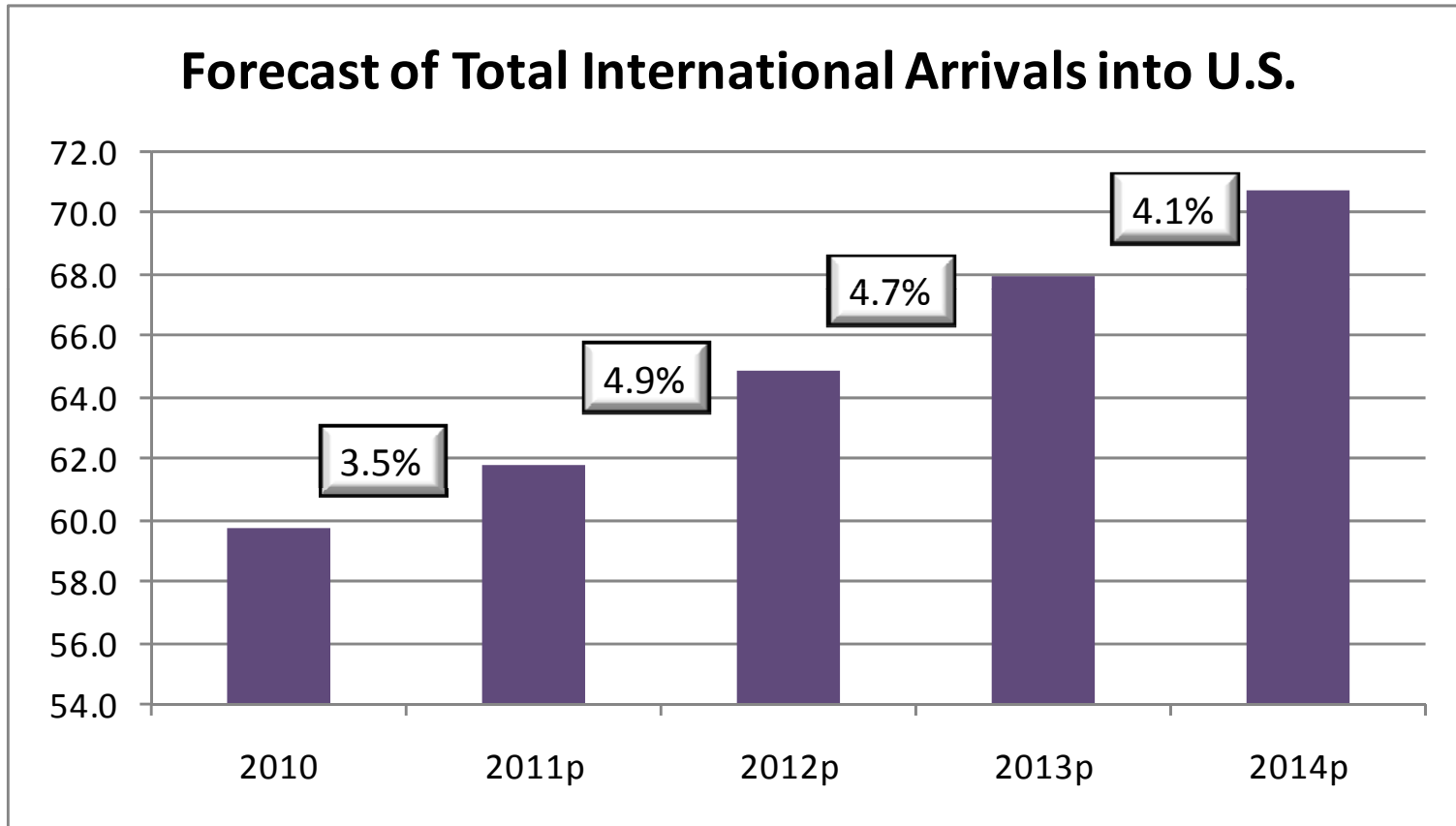


Source: U.S. Conference Board, Behavior Research Center – Rocky Mountain Poll



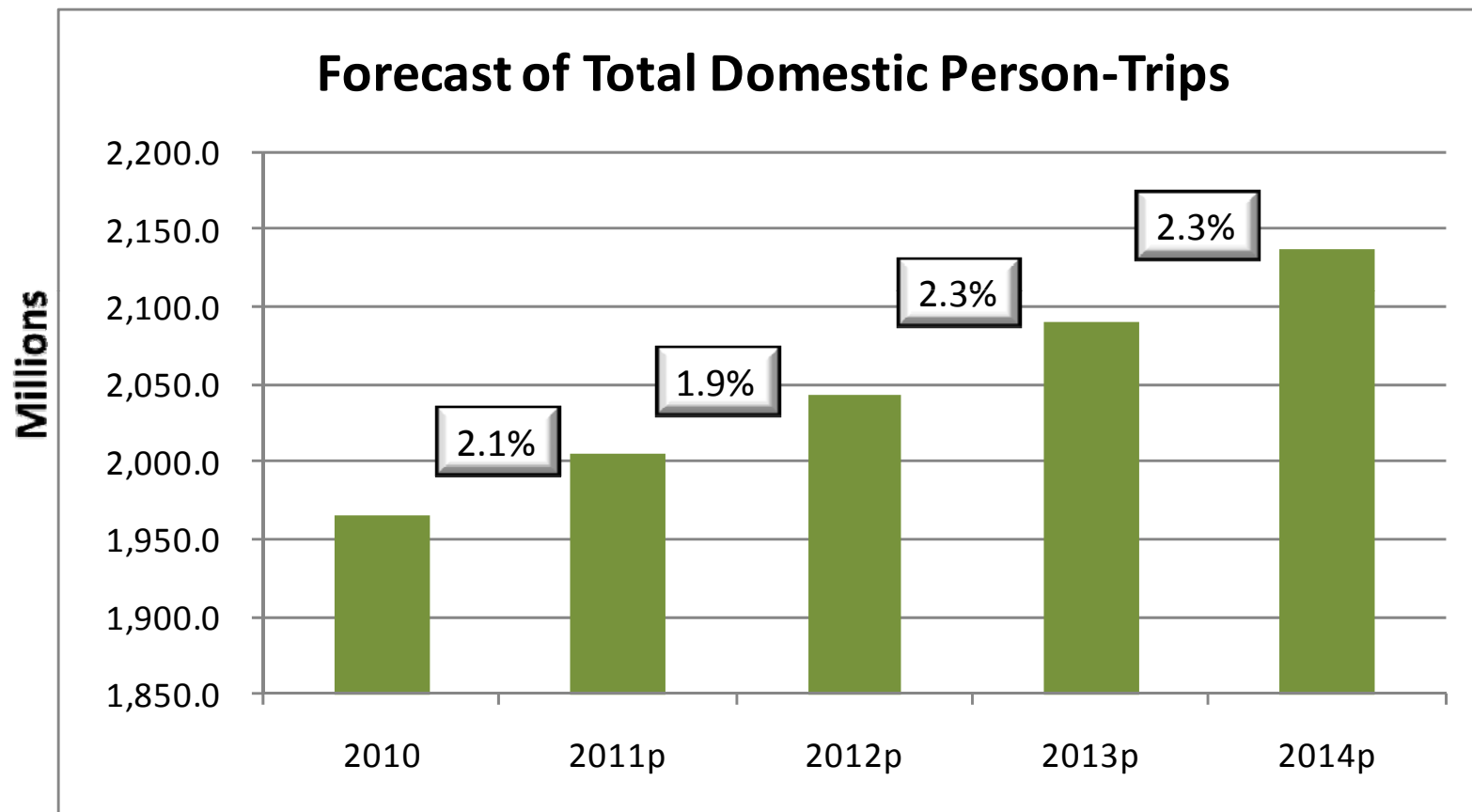
People are starting to travel again!!



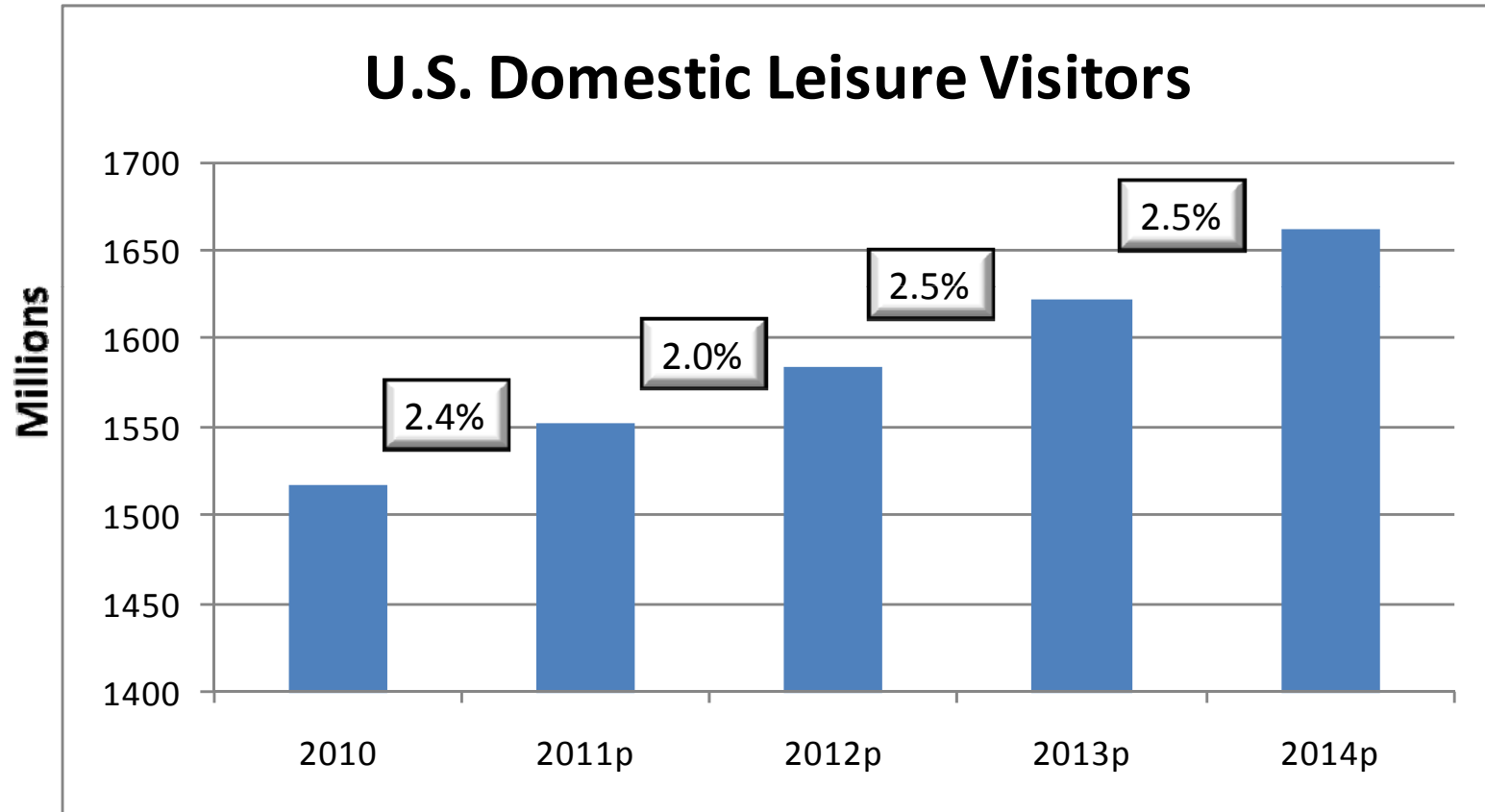


Source: U.S. Travel Association, Office of Travel & Tourism Industries - U.S. Department of Commerce

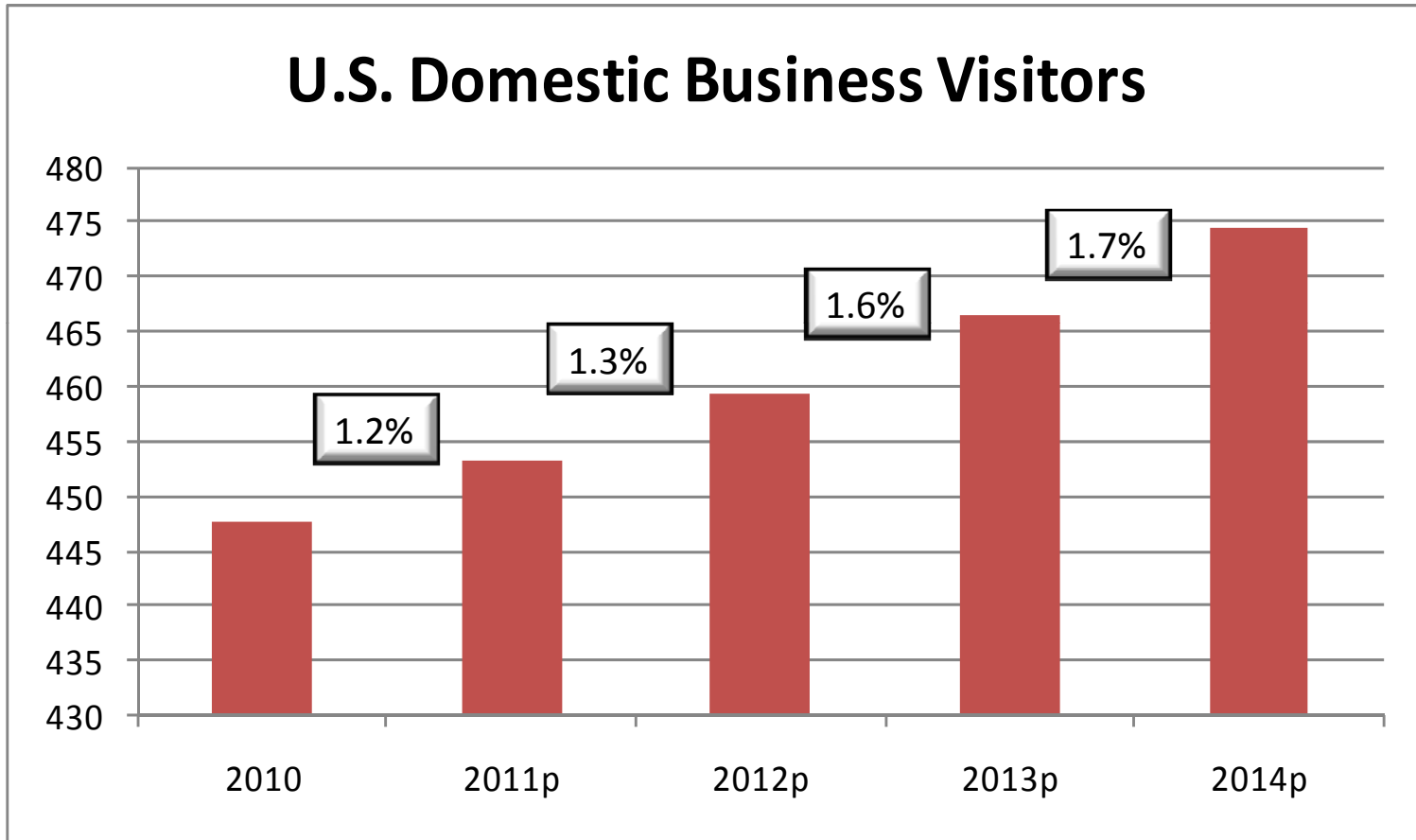




Source: U.S. Travel Association



Source: U.S. Travel Association



Source: U.S. Travel Association

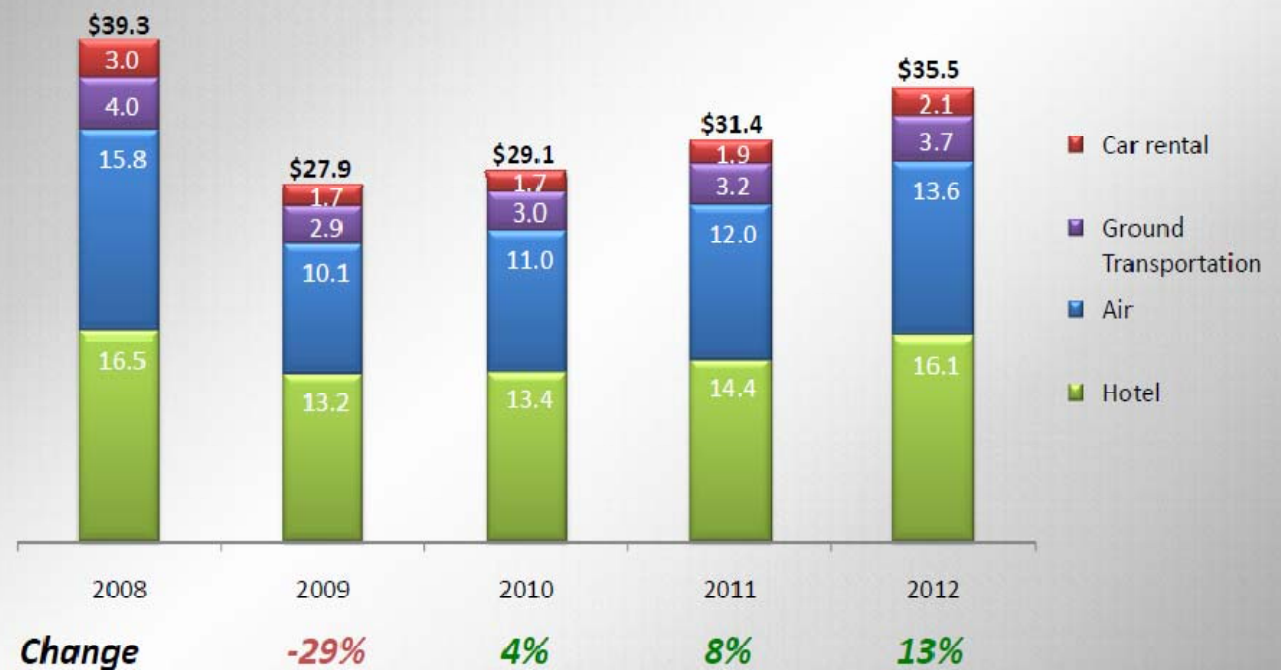


Corporate Meeting Industry As We Know It Is Forever Changed

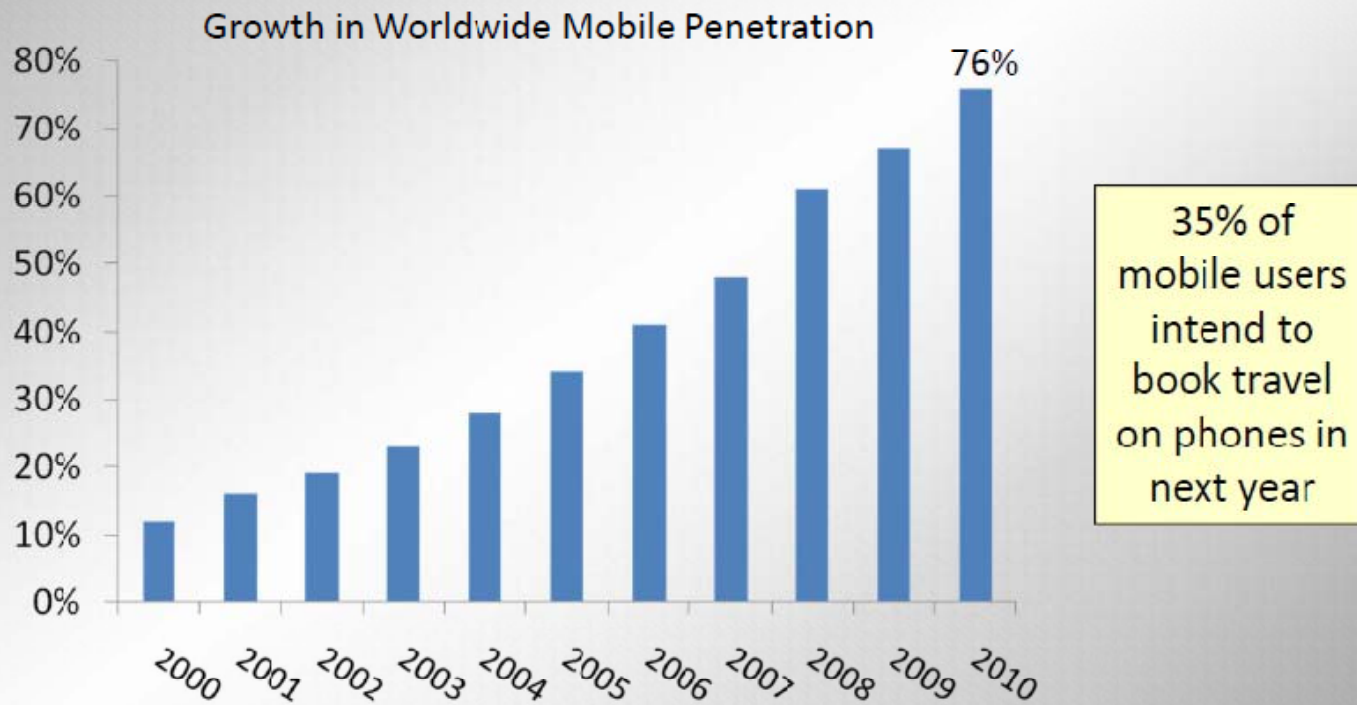
- How meetings are managed
 - Design of meetings
- Who attends meetings
- Location of meeting
- Location of attendee
 - Design of hotels
- Content of a meeting
- Start and end of a meeting
- Definition of a meeting

Corporate Meetings Will Not Achieve 2006-2008 Levels by 2012, Despite Strong Growth in 2011-12

Corporate Meetings Travel Gross Bookings, 2008-2012 (\$B)



Mobile is Trusted “Personal” Staple and Primary “Enterprise” Platform for Internal Processes and Service



Future of Traveler Communications and How Internet is Used



Social Media Serves as Extension of Travel Buyer's Influence



Tablets will Proliferate Over Next Two Years

Travel Planning and Purchasing Habits – Technology

82



Source: Ypartnership, Various Travel Websites



Mark Stanton
Deputy Director

mstanton@azot.gov
(602) 364-3704

Melissa Elkins
Research Manager
melkins@azot.gov
(602) 364-3716

Glenn Schlottman
Community Development Manager
gschlottman@azot.gov
(602) 364-3727

To learn more about AOT, visit www.azot.gov

To download this presentation, go to www.azot.gov, click on Research & Statistics, then go to Arizona Research Reports & Presentation and you will find the link under the presentation tab