

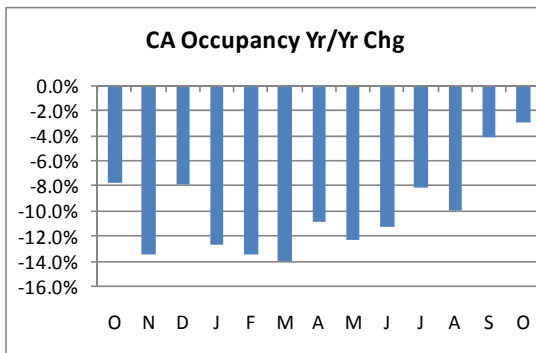


December 2009 California Travel and Tourism Commission Research Bulletin

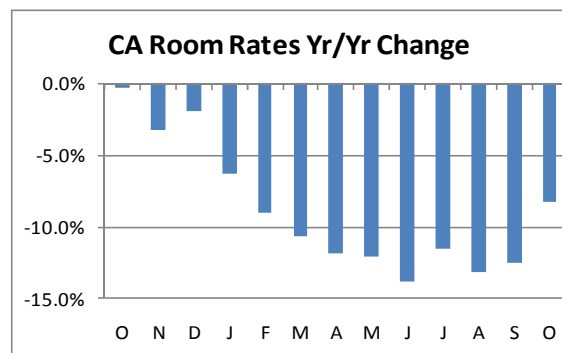
Holiday Travel and Airline Fees – Market research company TNS included questions about holiday travel and consumer attitudes toward airline fees in their last two monthly omnibus surveys. The results of the former show that December travel appears to be less negotiable than leisure travel in general, with 80% of travelers saying that the economy will not affect holiday plans. A relatively low 11% said that they will cut back on travel expenses (down from 15% a year ago), and just 5% said they are canceling all plans. Of those who said they are cutting back on spending, the bulk is for dining and entertainment – 68% – with cutbacks in lodging expenses predicted by just 6% of those surveyed, which is also down from 13% last year. And when it comes to airline fees, it may come as no surprise that 55% of those surveyed say that either it “bothers me quite bit” or “I hate it.” Over half surveyed have changed behavior in response to the fees, with 34% trying to switch to carriers that have fewer or no fees, 18% trying to take a car or train instead of flying, and over 1 in 10 (12%) saying they are cutting back on travel altogether – not an insignificant number. Still, given the choice, 77% of consumers prefer having the option of paying for services rather than having them bundled into higher ticket prices. They may dislike the fee structure, but ultimately dislike the cost even more.

California Lodging Report (click for full report) – California occupancy measured 63.9% in October, down 2.9% from last year. Year to date occupancy was down 10.0%. In October, room rates averaged \$113.60, off 8.3% from October 2008. Year to date, room rates are 11.1% lower than 2008. Early November data suggests rate declines are up again, but declines in occupancy remain moderate.

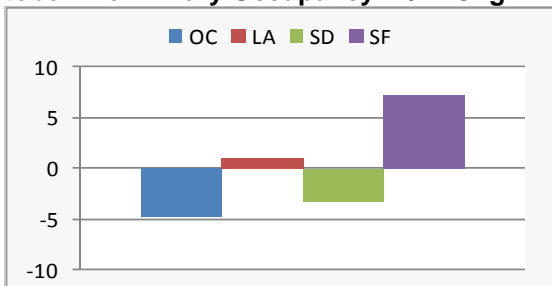
California Occupancy, Yr/Yr Chg.



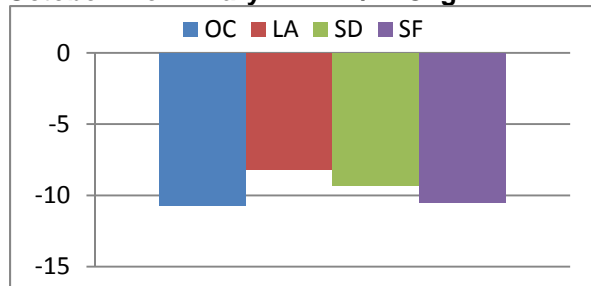
California Average Room Rates, Yr/Yr Chg.



October Preliminary Occupancy Yr/Yr Chg.

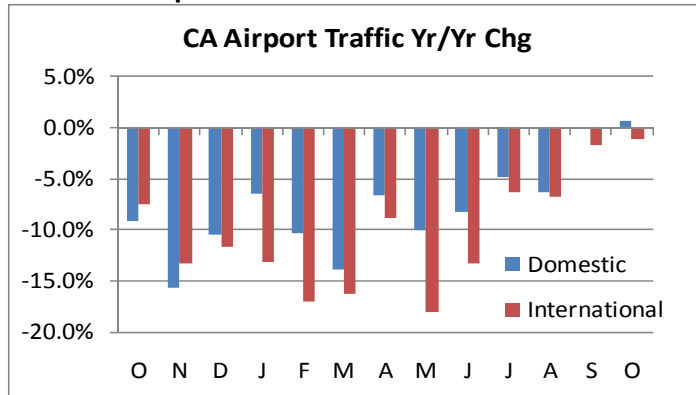


October Preliminary ADR Yr/Yr Chg.



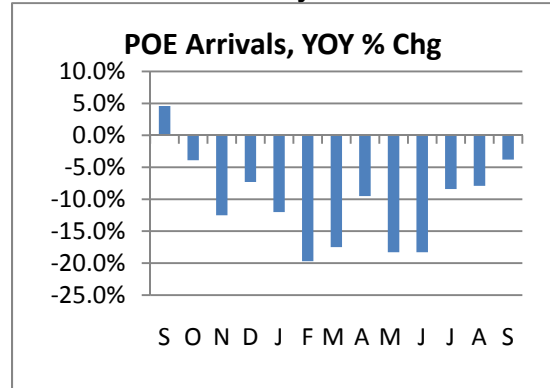
California Airport Passenger Traffic (click for full report) – Traffic at California airports increased 0.3% year over year in October, with domestic traffic up 0.6% compared to 2008 and international off 1.1%. Overseas point-of-entry arrivals, a measure of foreign resident customs processing at California airports, were down 4% in September, and were down 12.5% for the first nine months of 2009 combined.

California Airport Traffic



Source: Individual airports, CTTC

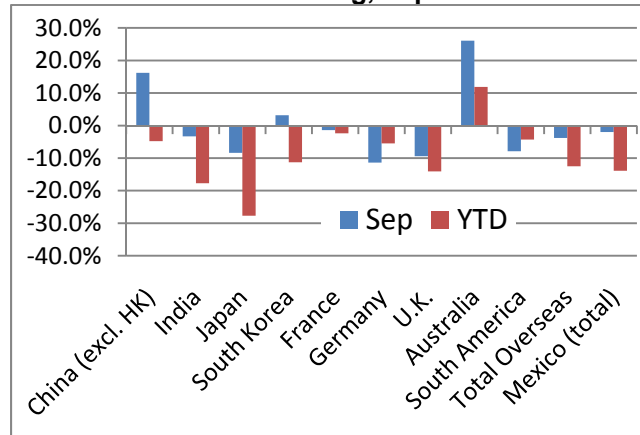
Overseas Point-of Entry Arrivals



Source: US Dept. of Commerce

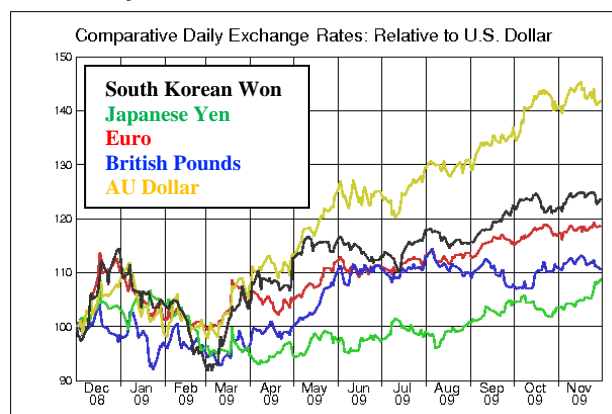
Overseas and Mexican Port of Entry Arrivals (click for full report) – In September, point-of-entry arrivals from all of California’s top overseas markets declined year over year with the exception of China (+16%), South Korea (+3.2%) and Australia (+26%). Currency values from most of California’s largest visitor origins continued to gain in October, a positive indicator for travel demand.

2009 POE Arrivals Yr/Yr Chg, Top CA Markets



Source: US Dept. of Commerce

Currency Values, 12 Month Trend



Source: University of British Columbia

Outlook – GDP grew in the 3rd quarter, but unemployment remains over 10% nationally and over 12% in California. Travel volume should grow moderately in 2010 – about 2% – and travel spending should grow a bit more – about 4%. Still, we likely won’t reach 2007 levels of visitation and spending until 2011.

Detailed data reports are available at tourism.visitcalifornia.com/research.

To unsubscribe, please send a note to research@visitcalifornia.com with “unsubscribe” in the subject.

Dan Mishell; Director, Research; California Travel & Tourism Commission
 Ph: (916) 319-5413; Fax: (916) 444-0410; dmishell@visitcalifornia.com