



## February 2010 California Travel and Tourism Commission Research Bulletin

**I decided to try something new this month and combine the Research Bulletin and Monthly Tracking Barometer into one document. We'd love to hear your feedback.**

We are finally seeing some year over year increases in the form of California airport traffic (November and December, page 3), overseas point-of-entry arrivals (October and November, page 3), and hotel occupancy rates (January, page 2). Of course, all is relative, and numbers from a year ago were fairly disastrous, but we'll take it.

Consumer confidence continues to rise as well, and was at a 12-month high in December. Also, gas prices on the West coast have remained fairly steady over the last eight months. Still, California Welcome Center traffic was off by about 10% in January, though it was an improvement over the 15-20% declines between July and December.

Travelocity reports brighter horizons (page 12), as a recent poll shows 49% of respondents plan to increase their travel in the year ahead. This finding is especially impressive when compared to the 21% of respondents who reported the same in a survey six months ago. Other interesting tidbits from the trade:

- While there has been an explosion in social media, the number of Facebook users seeking advice about travel from the platform is only about 11%, and just 5% have joined a community with like travel interests (page 10).
- More social media: the number of people who view their friends and peers as credible sources of information about a company dropped from 45% in 2008 to just 25% in a recent survey. Says Mr. Edelman of Edelman's Trust Barometer, "People have to see messages in different places and from different people. That means experts as well as peers or company employees" (page 10).
- Luxury travel: the ultra affluent are back to spending, but the merely comfortably affluent are not (page 10). And a new trend among the rich? Transforccations – travel for life-changing experiences (page 12).
- Why has it been raining in Vancouver when ¾ of the U.S. is under snow? Perhaps it's the newly radiant Canadian consumer. In Q4 of 2009, consumer confidence increased four points over the previous quarter and 14 points since April 2009. Canada is one of only two countries outside of Asia ranking in the top 10 globally – the other is Brazil (page 14).

**Detailed data reports are available at [tourism.visitcalifornia.com/research](http://tourism.visitcalifornia.com/research)**

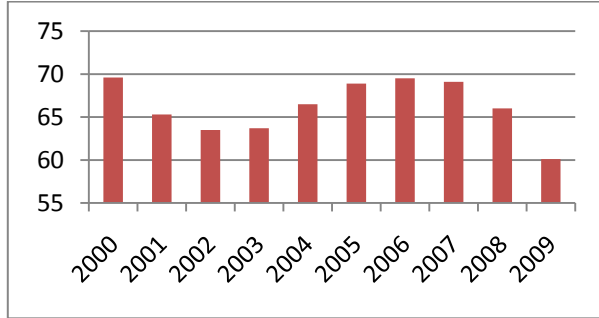
**To unsubscribe, please send a note to [research@visitcalifornia.com](mailto:research@visitcalifornia.com) with "unsubscribe" in the subject.**

CTTC Tourism Monthly Tracking Dashboard

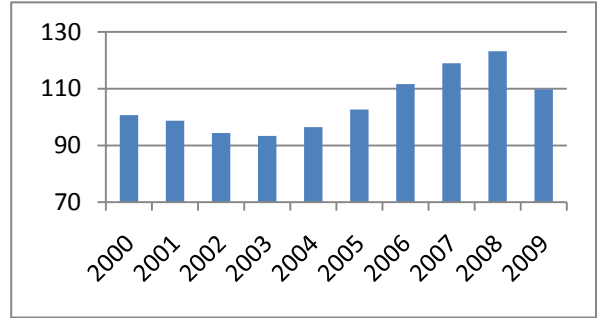
TOURISM INDUSTRY INDICATORS

[Detailed Lodging Tables \(Dec 2009\)](#)

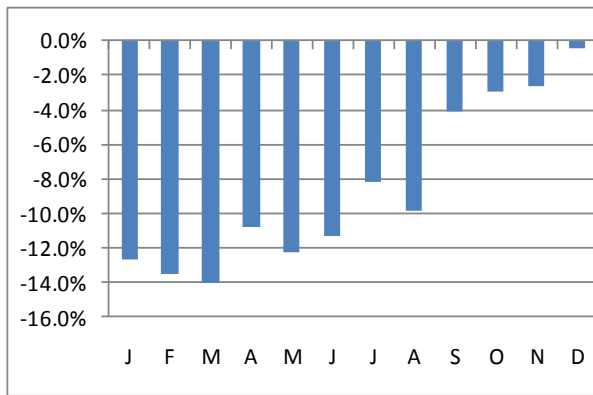
CA Occupancy: 2000-2008



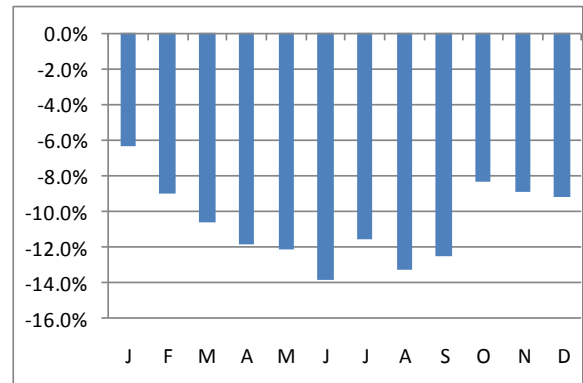
CA ADR: 2000-2008



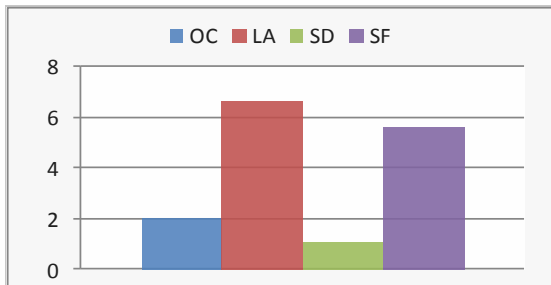
CA Occupancy Yr/Yr Chg: Last 12 Months



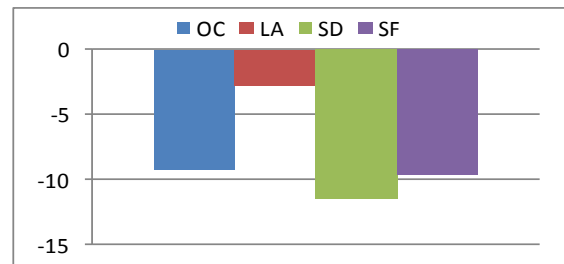
CA ADR Yr/Yr Chg: Last 12 Months



CA Occupancy Yr/Yr Chg: January 2010



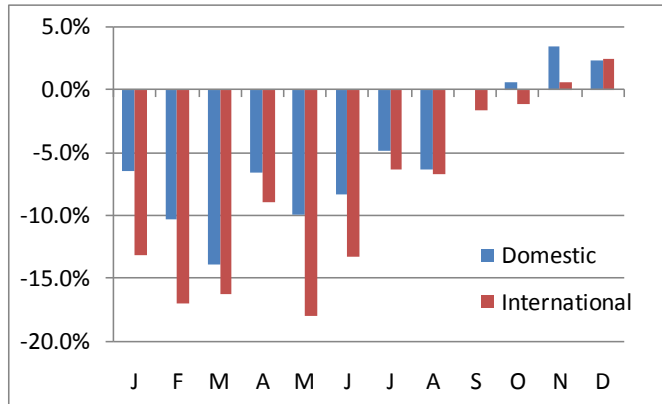
CA ADR Yr/Yr Chg: January 2010



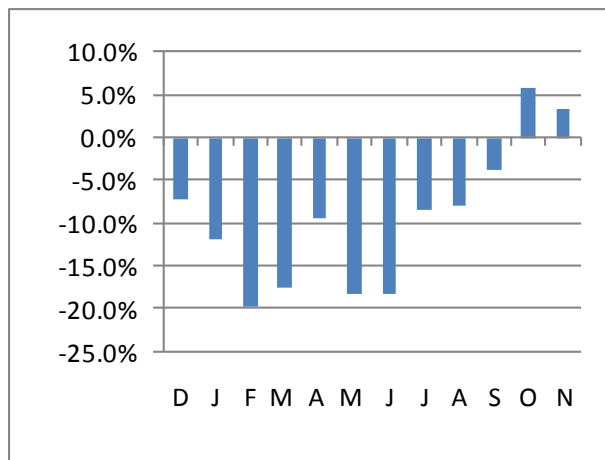
Source: Smith Travel Research

## CTTC Tourism Monthly Tracking Dashboard

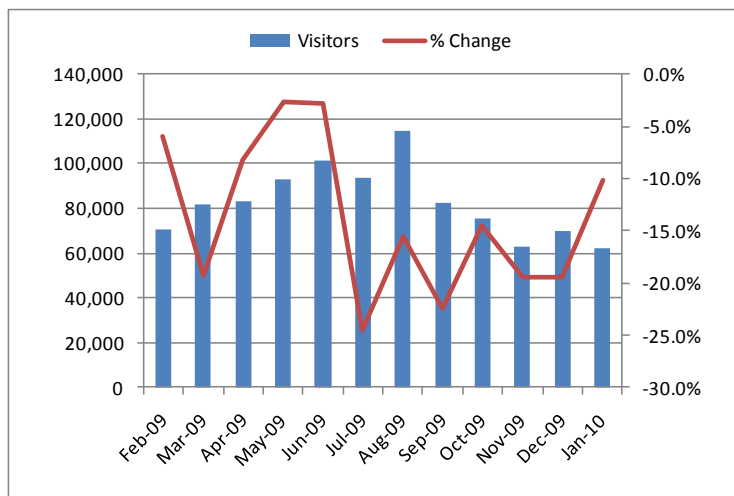
### CA Airport Traffic Yr/Yr Chg: Last 12 months



### Overseas Arrivals Yr/Yr Chg: Last 12 months



### **California Welcome Centers: Volume and Yr/Yr Change**



Source: Individual CA airports, US Dept. of Commerce, Google Analytics, California Welcome Centers

CTTC Tourism Monthly Tracking Dashboard

**US Travelers: % Who Intend to Travel to Key States in Next 12 Months**

State	Fall	Jan.	Feb.	March	May	Aug.	Oct.
Florida	32%	38%	36%	30%	35%	33%	37%
California	28%	29%	32%	38%	31%	32%	29%
New York	23%	25%	28%	23%	25%	27%	26%
Nevada	21%	20%	23%	25%	22%	16%	21%
Texas	13%	15%	15%	16%	14%	15%	14%
Colorado	13%	13%	13%	17%	12%	12%	14%
Arizona	14%	12%	12%	18%	15%	12%	15%
Hawaii	13%	11%	10%	12%	11%	10%	11%
Washington	11%	10%	9%	17%	13%	10%	11%
Oregon	8%	7%	7%	13%	10%	8%	9%
Utah	7%	7%	5%	11%	6%	6%	7%

**US Travelers: % Who Intend to Travel to California in Next 12 Months, by Geography**

Projected Travel	Spring	Fall	Jan.	Feb.	March	May	Aug.	Oct.
Primary	50%	45%	48%	49%	50%	52%	47%	47%
National	18%	20%	20%	23%	29%	21%	24%	21%
In-State	79%	71%	74%	75%	82%	78%	77%	72%

**Projected Changes in US Traveler Behavior in Next 12 Months**

Activity	Jan.	Feb.	March	May	Aug.	Sept.
Will take fewer trips	25%	29%	21%	22%	17%	17%
Will choose closer destinations	14%	14%	21%	19%	17%	17%
Will take shorter trips	12%	13%	20%	20%	16%	16%
Spend less money on leisure travel	23%	23%	31%	28%	24%	24%
Stay with VFR vs. paid accommodations	22%	21%	24%	23%	22%	22%
Choose to drive vs. fly	24%	24%	25%	30%	24%	28%

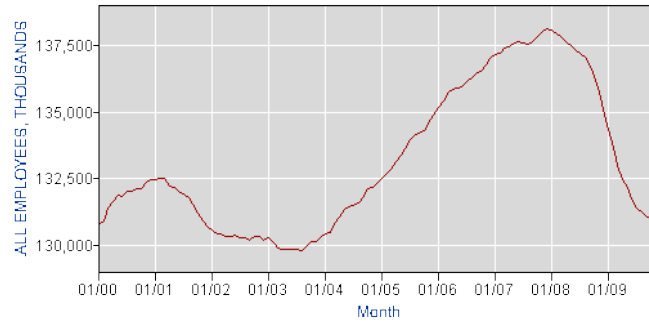
*Source: Strategic Marketing & Research, Inc.*

Note: US travelers surveyed have a HH income of \$50,000+ and have traveled distances of 50 miles or more in the last year

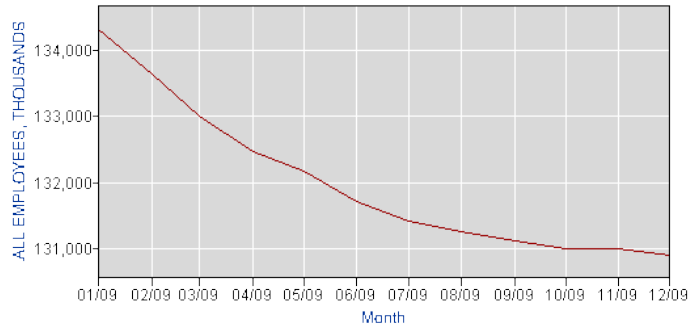
# CTTC Tourism Monthly Tracking Dashboard

## ECONOMIC INDICATORS: *DOMESTIC*

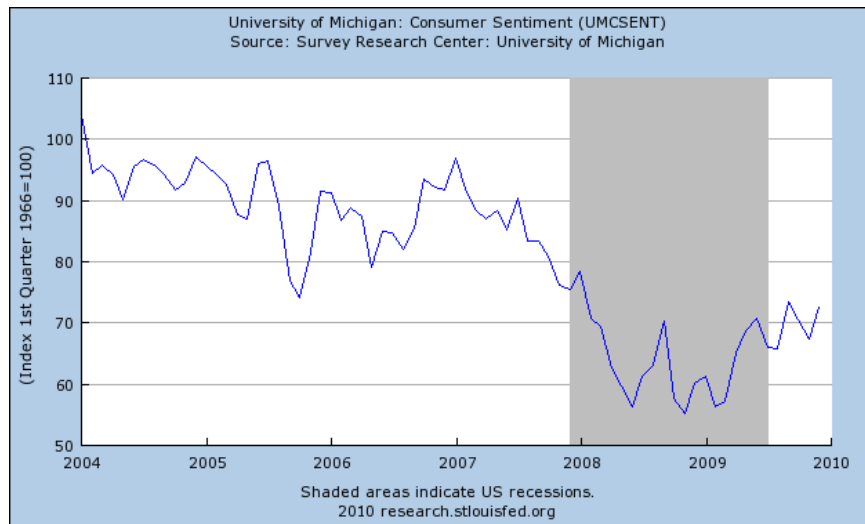
### US Work Force: 2000 - 2009



### US Work Force: Last 12 Months



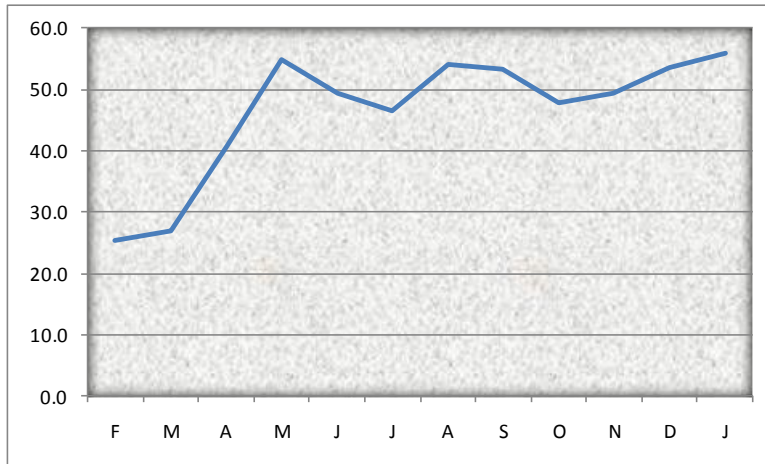
### US Consumer Confidence: 2004-2009



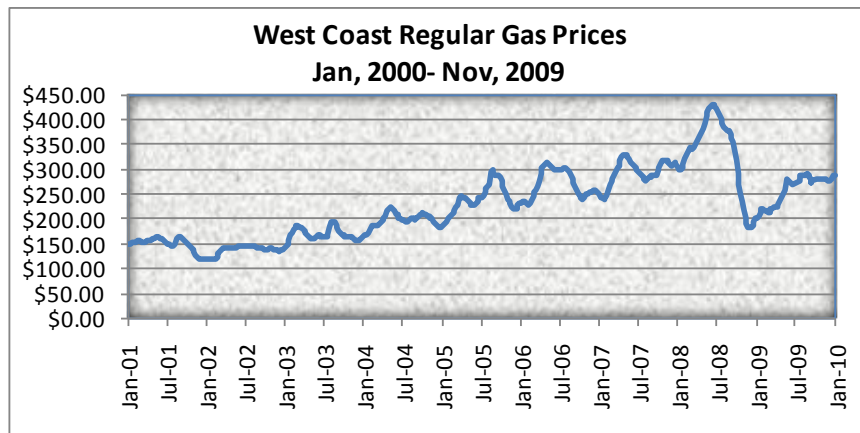
Sources: Bureau of Labor Statistics; Survey Research Center: University of Michigan

# CTTC Tourism Monthly Tracking Dashboard

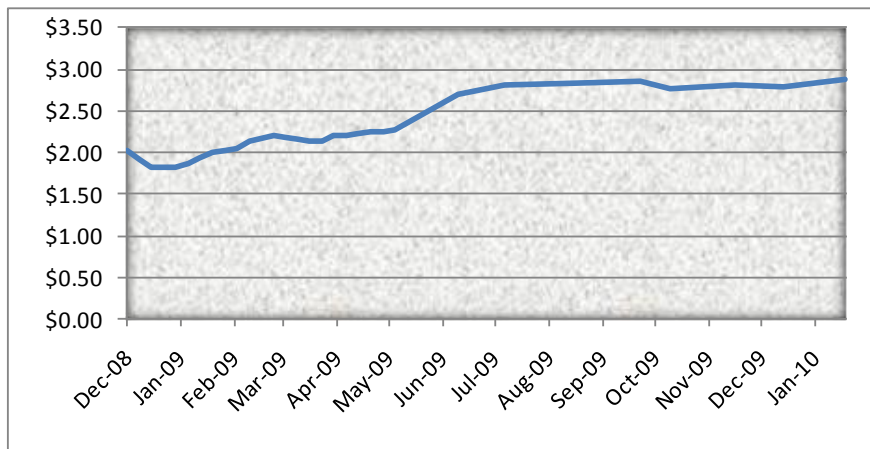
## US Consumer Confidence Last 12 months



## West Coast Gas Prices: 2000-2009



## West Coast Gas Prices: Last 12 Months

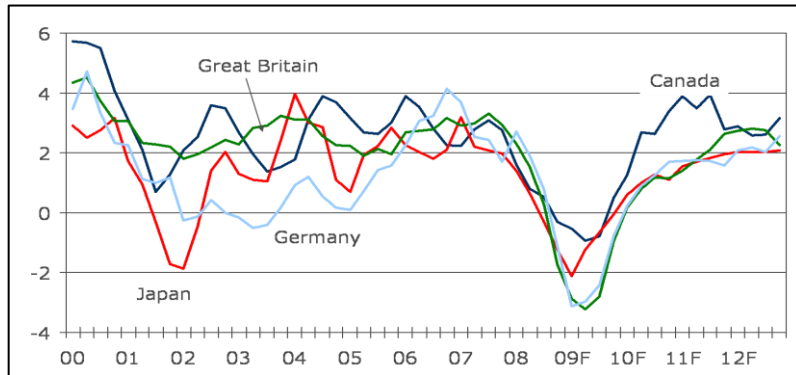
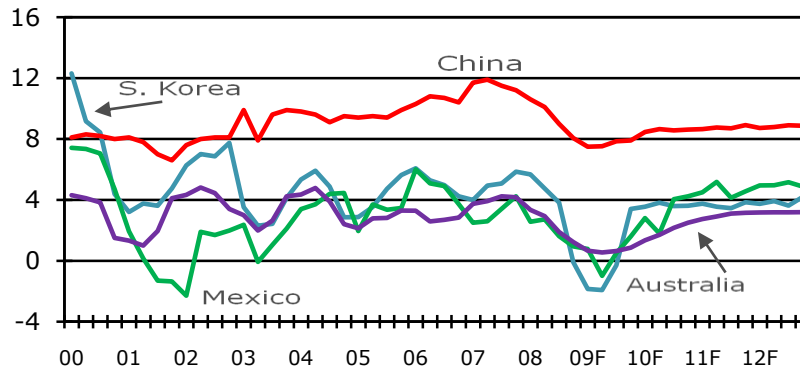


Sources: The Conference Board, Energy Information Administration

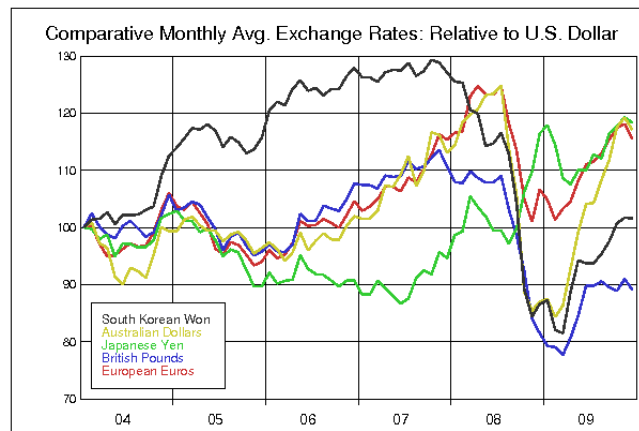
# CTTC Tourism Monthly Tracking Dashboard

## ECONOMIC INDICATORS: *INTERNATIONAL*

### GDP, Change: 2006- 2011(f)

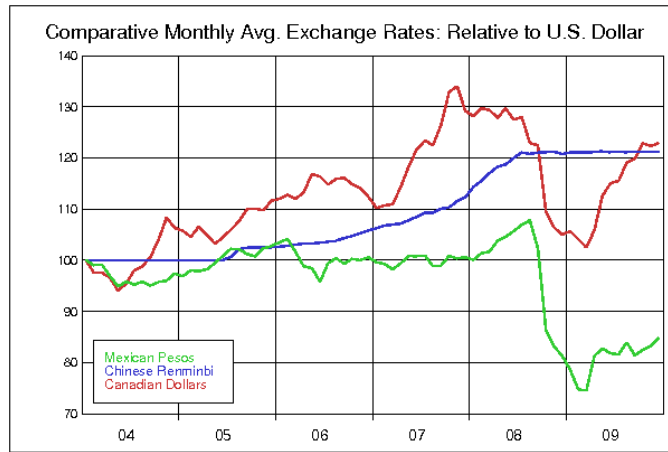


### Exchange Rates: Relative Change since January 2004

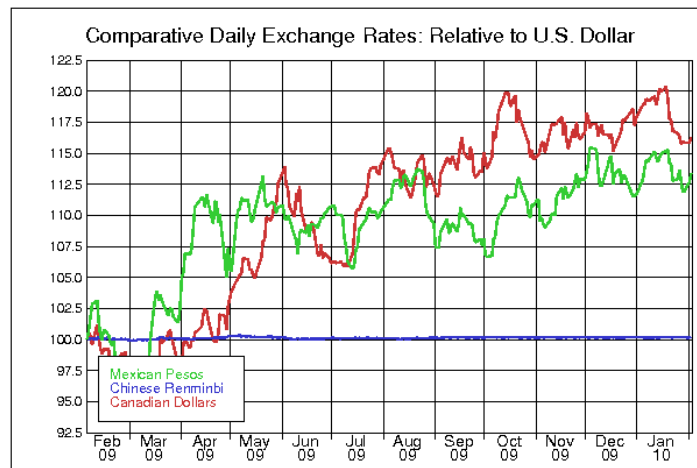
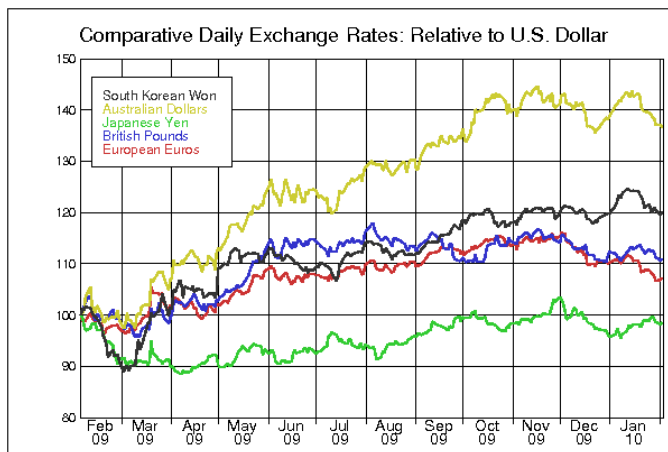


# CTTC Tourism Monthly Tracking Dashboard

## Exchange Rates: Relative Change since January 2004



## Exchange Rates: Relative Change Last 12 Mos.



Sources: Moody's Economy.com, Pacific Exchange Rate Service Prof. Werner Antweiler

CTTC Tourism Monthly Tracking Dashboard

International Non-Stop Flights and Seats

Monthly Totals, CTTC Primary Target Markets

Monthly Air Service into California, February 2010	Australia	Canada	China	Germany	Ireland	Japan	Mexico	New Zealand	Switz.	S. Korea	UK
<b>Non-Stop Flights</b>											
LAX	207	639	127	48	0	195	1,076	73	28	124	176
SFO	44	504	187	76	0	132	242	20	0	80	109
SAN	0	68	0	0	0	0	56	0	0	0	0
<b>Total CA</b>	<b>251</b>	<b>1,311</b>	<b>314</b>	<b>124</b>	<b>0</b>	<b>327</b>	<b>1,602</b>	<b>93</b>	<b>28</b>	<b>204</b>	<b>285</b>
<b>Non-Stop Seats</b>											
LAX	77,477	74,553	43,649	15,920	0	68,073	142,177	27,667	6,384	38,364	52,512
SFO	16,536	49,402	60,041	26,392	0	47,384	34,458	6,080	0	22,720	31,695
SAN	0	6,670	0	0	0	0	7,868	0	0	0	0
<b>Total CA</b>	<b>94,013</b>	<b>145,095</b>	<b>103,690</b>	<b>42,312</b>	<b>0</b>	<b>115,457</b>	<b>213,887</b>	<b>33,747</b>	<b>6,384</b>	<b>61,084</b>	<b>84,207</b>
<b>Non-Stop Seats: Yr/Yr % Chg</b>											
LAX	31%	7%	10%	11%	0%	-12%	0%	-4%	12%	0%	-4%
SFO	-4%	0%	2%	-8%	-100%	-16%	6%	-15%	0%	-17%	-24%
SAN	0%	218%	0%	0%	0%	0%	0%	0%	0%	0%	0%
<b>Total CA</b>	<b>23%</b>	<b>9%</b>	<b>5%</b>	<b>-1%</b>	<b>-100%</b>	<b>-14%</b>	<b>5%</b>	<b>-6%</b>	<b>12%</b>	<b>-7%</b>	<b>-13%</b>

Data as of February 10, 2010

Note: Seats and flights for total California may be greater than sum of rows because of international air service into other California airports.

Source: OAG

AdvertisingAge

2/08/10

## In Age Of Friending, Consumers Trust Their Friends Less

“...According to Edelman's latest Trust Barometer, the number of people who view their friends and peers as credible sources of information about a company dropped by almost half, from 45% to 25%, since 2008.

Social networks may be contributing to the decline in trust. Platforms such as Facebook and Twitter have allowed people to maintain larger circles of casual associates, which may be diluting the credibility of peer-to-peer networks. In short, the more acquaintances a person has, the harder it can be to trust him or her. Mr. Edelman believes the Facebook component has "absolutely" played a role in diluting trust levels.

"The events of the last 18 months have scarred people," Mr. Edelman said. "People have to see messages in different places and from different people. That means experts as well as peers or company employees. It's a more skeptical time. So if companies are looking at peer-to-peer marketing as another arrow in the quiver, that's good, but they need to understand it's not a single-source solution. It's a piece of the solution...."

[Full Article](#)

J.P.Morgan

 u UNITY MARKETING

1/15/10

## Luxury Consumer Market

“...One of Unity Marketing's recent consumer surveys in the US suggests that the ultra-affluent (2.5million households) is back to spending but not the comfortably affluent (21million households).

The biggest change is the demographics and concerns the aging of the Baby Boomers. The key spender on luxury goods is the 30-60 year-old in the US. Above 60 the consumer turns less materialistic and more experiential (favoring services over goods). The aging of the baby boomers that have now reached 60 is a critical change for luxury.

Minorities are growing in the US and aspire to luxury, but they are still young and not affluent. It will take to 2040 before they become a key luxury spender. Before this, the next deadline is 2015 when the Millennial generation reaches affluent age. The jury remains out as to whether this generation will spend on luxury like the generations that preceded them. 2010-2015 is a relative void...."

[Full Article](#)



1/28/10

## Going Social

"...The usage of "social media" has undergone explosive growth in recent months driven by what appears to be an almost insatiable desire to "stay connected".

But to what extent does the content found on these sites influence consumer choice when it comes to the evaluation and selection of travel service suppliers? Right now, not much, because site visitation for travel planning purposes remains quite low. By way of illustration, only 1 in 10 Facebook users seeks advice about either destinations or travel service suppliers, and just 1 in 20 has joined a community of users who share common travel interests:

- 11% ask advice about a destination
- 8% ask advice about a travel supplier
- 6% learn about travel deals
- 5% get updates on destinations and travel suppliers
- 5% have joined a community with like travel interests

That's today, however. How quickly this may change is a matter of considerable speculation given the remarkable rate of penetration these sites have achieved in such a short period of time. Yet, for now, consumers continue to seek and respond to information about travel services and suppliers from more established offline and online media sources..."

[Full Article](#)



2/8/10

## Wall Street Journal Launches Online Travel Agency

"...In a move to broaden its subscriber base and drive new e-commerce revenue streams, the Wall Street Journal launched its own online travel agency, WSJtravel, on Jan. 28 with an inventory of planned trips to 50 destinations around the world.

WSJtravel offers two levels of vacation experiences, Froelich said. Its WSJtravel Signature packages offer what the company calls a "unique combination of destinations, activities and sensory experiences."

WSJtravel's initial destinations include Africa, Australia, Europe, Vietnam, South America and California.

For example, one nine-day air-and-land escorted package, priced from \$5,699, features accommodations at a 1,000-year-old castle in Tuscany owned by a rare-book dealer who will offer private viewings of rare texts.

"Food is a highlight of our 12-day Vietnam trip, where our guests will literally go into the fields, work on a farm and dine with locals as part of the itinerary," Froelich said. This trip is priced from \$4,299, including air and land.

The nine-day California winery trip, another Signature package, features top restaurants in the Napa Valley and access to private vineyards and wineries not usually open to visitors. The land-only price starts at \$1,999 per person, double..."

[Full Article](#)



2/11/10

## Traveler Confidence Report Shows Significant Increase In Intent To Travel In 2010

"... Travelocity's most recent poll shows a dramatic increase in travel intentions, indicating traveler confidence is on the rise.

Traveler Confidence Report Highlights:

- **Travel Intentions Up:** Significantly more respondents (49 percent) plan to increase their travel in the year ahead, compared to 21 percent six months ago and just 10 percent in 2009. Another 44 percent plan to travel "about the same" as compared to last year. The number of travelers planning to decrease travel is down significantly to 7 percent, from 34 percent one year ago and 24 percent six months ago.
- **Decreased Hotel Rates Have Positive Impact:** When asked how lower prices would impact travel plans, 33 percent said they would stay in a higher star-rated hotel; 30 percent said they would take a trip they had not expected to take; and 18 percent said they would extend their stay.
- **Travel Budgets on the Rise:** The majority of respondents (56 percent) did not have a predetermined travel budget for 2010. Of those with a predetermined travel budget, 34 percent plan to increase that budget.
- **Travelers Committed to Saving Money:** An overwhelming 76 percent of respondents are at least somewhat likely to book a vacation package as a way to save money..."

[Full Article](#)



1/29/10

## "Transforactions" A New Luxury Travel Trend

"...If one image encapsulates the bling, pre-economic crisis holidaymaker, it is the picture of rap millionaire Sean "Diddy" Combs wafting about St. Tropez in 2001 with a huge full-time entourage, including a butler who followed Diddy around with a parasol.

Whatever the economic climate, some rap millionaires may always dedicate themselves to conspicuous consumption in the sun, but the trend for travel in 2010 is toward more discreet luxury, with a focus on the "transforaction" holiday, where travelers improve or change...."

[Full Article](#)



1/21/10

### Traveler Poll: Location Trumps Price For Travelers' Hotel Stays, Despite Bad Economy

"...Despite how frugal people are *trying* to be right now, 43% said that location tops their list, vs. 39% who declared price their top concern.

But that's not the end of the story. Travelocity dug deeper and found that respondent's answers depend on a couple of factors. The results here aren't as surprising, but interesting nonetheless...

- **Income level:** According to polling data, higher- income respondents were significantly more likely to rank location No. 1, while lower-income respondents voiced greater concern for price. Nearly two thirds of the respondents who said they make less than \$24,000 a year said price is their top concern.
- **Frequency of travel:** People who don't travel often ranked price and location evenly, but frequent travelers were more likely to vote location as their top concern. This could be because they've taken more trips and so they have a certain location in mind, said Travelocity's Brown. "They know how important the location is to the enjoyment of their trip."

[Full Article](#)



2/9/10

### Visitors Spending Less To The Tune Of 1.8 Billion A Month

Confirmation that the United States tourism market is still struggling to lure high yielding tourists came with the confirmation that November recorded nearly US \$800 million less in tourism-related spending than the same month in 2008.

For the first 11 months of 2009, tourists spent an average US \$1.8 billion less than the corresponding month in 2008, and while latter months showed some recovery, growth still appears far on the horizon.

"Total international visitor spending is down \$19.3 billion (15 percent) year to date (January-November)," said Office of Travel & Tourism Industries (OTTI) in a statement.

"November 2009 marks the thirteenth consecutive month in which U.S. travel and tourism-related exports were lower when compared to the same period of the previous year."

US \$10.2 billion was spent on the United States travel sector last November, with US \$2.3 billion spent on travel on US carriers, and a further US \$7.9 billion on tourism expenditure receipts within the country.



1/25/10

## Canadian Consumers Confident As 2010 Gets Underway

"...Around the world, consumers are increasingly convinced that the recession has ended. But while their willingness to spend may remain cautious, their overall optimism about the state of their finances and the economy has increased in most countries. Nowhere is this more pronounced than in Canada, where in the fourth quarter of 2009, consumer confidence increased four points over the previous quarter and 14 points since April 2009, boosting the country into the top ten, according to the latest edition of the Nielsen Global Consumer Confidence Index.

With an index score of 98, Canada beats the global average by 11 points and bests its southern neighbor by 16 points. In fact, Canada is one of only two countries in the top ten outside of Asia (the other being Brazil)..."

[Full Article](#)



1/25/10

## U.S.-Bound Fliers Required To Register

"...Citizens from 35 countries could be barred from boarding U.S.-bound flights starting in March if they don't register online before flying, according to the Homeland Security Department.

The government hopes that registration will flag visitors with criminal records or immigration problems before they enter the USA.

Travel groups worry that thousands of people could be kept from the country because they don't know about the requirement.

In recent months, about 91% of the people flying to the USA without visas had enrolled online, Customs figures show. Even with that compliance rate, travel-industry groups note that more than 4,000 people a day had not.

Those people have been allowed to board flights to the U.S. But starting March 21, Customs said it may start fining airlines up to \$3,300 for each passenger who has failed to register and is allowed on a U.S.-bound flight. That will likely result in airlines barring such passengers, Freeman said..."

[Full Article](#)



1/26/10

### Travel Leaders Unveil Top Business Travel Trends for 2010

Today, Travel Leaders unveiled the top business travel trends for 2010 based on findings from their annual Travel Trends Survey. The survey shows 67% of Travel Leaders' business-focused travel agents are forecasting that business travel for 2010 will match or exceed their total bookings for last year.

"We dove deeper into our annual roll-up results for both corporate and leisure travelers to specifically examine what 2010 has in store for business travel in particular. We're also seeing a noteworthy percentage of Travel Leaders business travel experts indicating a fair number of their clients are now starting to fly in business or in first class, signifying that some business clients are starting to loosen their travel policies. That being said, many clients are still opting for economy class airline tickets as they seek to maximize value at every turn."

[Full Article](#)