



THIS SEASON IN TOURISM: September and October 2008

NATIONAL TRENDS:

Fall tourism reports were gloomy in the wake of a deteriorating economy. Few destinations touted encouraging performance metrics:

- From USA Today, "Even before the economy reached the current crisis level, the Hawaii Department of Business, Economic Development and Tourism estimated in August that the number of visitors would decline by more than half a million this year, from a 2007 peak of 7.63 million to 7.12 million. It also forecast that visitors, who spent \$12.81 billion in the state in 2007, would spend \$11.99 billion in 2008."
- From a Myrtle Beach Sun News interview with Brad Dean (President of the Myrtle Beach Area Chamber of Commerce): "Q: What do you expect for the area in the next year? A: The early indicators are that the number of trips taken will be down next year, and hiring levels will be much lower. I think clearly that indicates 2009 will be a challenging year and perhaps even more challenging than 2008 in some respects."
- Arizona, like many destinations, automatically experiences a decrease in tourism marketing funding when hotel tax revenue goes down. From azcentral.com, "Budget and tourism officials say they are already seeing drop-offs in visits to Arizona. City of Phoenix statistics show hotel tax collections for July, August and September 2008 are four percent lower than the same time period for 2007. The Arizona Office of Tourism's research shows air passenger volume has dropped nearly seven percent statewide, comparing August 2008 to the prior August."

CAMPAIGNS IN OTHER DESTINATIONS:

Destination marketing organizations (DMOs) are primarily focused on finding new ways to brand their destinations as unique in an industry saturated with choices and deals:

- From eturbonews.com, "The HVCB is spending \$4.5 million on the winter campaign, with \$1.5 million coming from the **Hawaii Tourism Authority** and \$1.6 million from hotels and other industry members. The campaign follows a similar \$4 million fall marketing push that began in August. 'We're raising the noise level in the marketplace,' said HVCB President and CEO John Monahan."

- From the Orlando Sentinel, "JetBlue Airways and the Orlando/Orange County Convention & Visitors Bureau recently joined together in a marketing partnership to promote vacations to Orlando. According to the visitor's bureau, the two designed a September online-advertising campaign targeted at couples, 'girlfriend getaways', and golf vacations. "
- From TampaBayOnline.com, "Tampa Bay & Co. and Visit St. Petersburg/Clearwater have collaborated to launch the Travelocity Experience Finder, an interactive vacation planning tool for visitors to map out Tampa Bay area vacations. The Web site, www.Travelocity.com/experiencefinder, allows Internet users to browse activities and hotels based on four themes: adventure, beach, family and culture, a release by the Hillsborough County visitors' industry marketing agency said."
- From the Palm Beach Post, "... the Convention and Visitors Bureau undertakes a 'radically different plan' to attract tourism dollars. Although the county hasn't ditched its old slogan, '47 miles of beach,' it's now embracing '20 distinct towns - one Palm Beach County.' The bureau will unveil its new marketing campaign at the end of the month. Jorge Pesquera, who took over as tourism chief a year ago after running the Aruba Hotel and Tourism Association, is pushing for the county to emerge as an international destination for more than just the elite and wealthy who visit Palm Beach."
- The Reno Gazette Journal reported, "The Reno-Sparks Convention & Visitors Authority plans to spend up to \$150,000 to hire a marketing firm to develop a plan to better market Reno-Tahoe in Northern California. The tourism agency board of directors unanimously agreed Thursday on the expenditure after hearing results of a telephone survey directed at Reno-Tahoe's 'drive-in' market of Sacramento, San Francisco and surrounding communities...The message for those who need reintroduction to the area should be that Reno is fun and easy to reach, according to the RSCVA. The message for the first-timers should be that they can have a lot of fun in Reno without spending a lot of money."
- From a Pacific Business News article titled *Hawaii pushing value, but not forgetting image: On TV, online and in print, a closely coordinated campaign shows off fresh approach*, "Facing aggressive competition from similar but cheaper and closer destinations in Mexico and the Caribbean, Hawaii's visitor industry is emphasizing value and a unique range of experiences in its latest marketing campaigns. Television, print and Internet advertising are full of images of hikers skirting oozing lava, divers swimming with manta rays, kayakers paddling blue waters beneath rugged cliffs, tourists snapping photos in rain forests, chefs whipping up ready-to-eat Pacific Rim cuisine, and whales and dolphins breaking the ocean surface."

TOURISM MARKETING FUNDING FOR OTHER DESTINATIONS:

Fall reports of funding changes varied as they did in summer 2008. Some civic leaders, such as Gov. Lingle of Hawaii and Mayor Gavin Newsom in San Francisco, recognized the importance of funding tourism marketing even more in this less than favorable atmosphere.

- A Honolulu Star Bulletin article outlined Gov. Lingle's plan to compete for tourists, "Gov. Linda Lingle is looking to alleviate the state's budget problem with a five-point plan to both beef up tourism and construction while exploring new foreign tourism

markets. 'We are not just sitting around waiting for things to get better. We have a plan to deal with the economic impacts,' Lingle said."

- A Pacific Business News article reported on a new proposal in San Francisco, "San Francisco Mayor Gavin Newsom has proposed a new assessment on hotels that would help pay to promote tourism in the city. Newsom's proposed Tourism Improvement District could generate \$27 million in its first year alone." "Of that \$27 million...almost \$18 million would be spent marketing and promoting San Francisco and its hotels."

Other destinations were less fortunate:

- A report in the Baltimore Business Journal noted recent cuts in tourism marketing funding, "Cuts in tourism funding will put the state back at least 10 years in its spending level and be 'devastating' to its efforts in luring visitors...With more than \$5 million in funding cuts, the tourism industry was among the hardest hit."
- From Fredericksburg.com in Virginia, "The Greater Fredericksburg Tourism Partnership's budget fell from \$738,000 in fiscal 2007 to \$550,000 in fiscal 2008, said Fredericksburg Tourism Manager Karen Hedelt. More cuts could lie ahead. Hedelt said tourism officials are using more electronic marketing, which is less expensive."

ANALYSIS:

Philadelphia, like most cities in the fall of 2008, saw some tourism declines. These declines should be judged with the knowledge that 2007 was an extraordinarily strong year for tourism in Philadelphia. With the confluence of King Tut at The Franklin, a strong year for conventions, numerous other events (such as Olympic trials in gymnastics, a national chess tournament, etc.) and favorable economic conditions, tourism for 2007 in Philadelphia was the strongest in history. Even before the current economic downturn, 2008 was expected to face challenges and we have.

Hawaii's case is worth noting; visitation for the first half of 2008 decreased 6.7% over the first half of 2007, while tourism spending decreased by 7.1% in the same period. This pattern is not unique to Hawaii; there tends to be a greater decrease in overall spending than overall visitation in a downturn.

Increasingly, customers are seeking an inimitable vacation experience. Reacting to a market that rewards the distinctive, DMOs have been focused on innovative strategies for branding their destinations as unique. Two noteworthy examples of this trend include Palm Beach County's new slogan *20 distinct towns – One Palm Beach County* and Hawaii's decision to highlight indigenous nature scenes in their advertising. Multiple DMOs have also forged partnerships with private industry in the fall. Tampa Bay and Co. and Visit St. Petersburg partnered with Travelocity to create a vacation planning tool that allows potential tourists to scope out hotels and activities based on four features: adventure, beach, family and culture. JetBlue and Orlando CVB partnered for an online advertising effort promoting "girlfriend getaways" and golf vacations.

Changes in tourism funding were mixed in the fall. Some DMOs, like those in Hawaii and San Francisco, benefited from civic leaders that recognized the importance of tourism marketing funding, especially in a difficult climate. Other DMOs have seen their budgets slashed with state and local governments looking to cut funds from all but the most essential programs.

An informal poll of DMO researchers revealed that the recent slump in tourism figures is a widespread phenomenon in the US tourism industry. It's notable that the only two destinations reporting increases – Texas and Vermont – have yet to see statistics from Q3. YTD refers to year-to-date as of October 31st:

Destination	Time Period (vs. same period 07)	Result
States and Provinces		
<i>Arizona</i>	08 YTD	4% decline in hotel demand
<i>Florida</i>	08 Q3	3% decline in total visitation
<i>Hawai'i</i>	Sept. 08	19% decline in total visitation, 9% decline YTD
<i>Illinois</i>	08 YTD	1% decline in hotel demand
<i>Iowa</i>	08 YTD	3% drop in total visitation
<i>Massachusetts</i>	Sept. 08	4.5% decline in room nights sold
<i>Michigan</i>	Sept. 08	9% decline in hotel occupancy
<i>Minnesota</i>	08 YTD	0.5% decline in hotel demand
<i>Missouri</i>	08 YTD	3% decline in hotel occupancy
<i>North Carolina</i>	Sept. 08	10% decline in hotel demand
<i>Pennsylvania</i>	Sept. 08	5% decline in hotel demand, 0.2% increase YTD
<i>Prince Edward Island</i>	08 Q3	1% decline in tourism index, continuing 3 year trend
<i>Texas</i>	08 Q2	5% increase in room nights sold
<i>Vermont</i>	July and Aug 08	2% increase in room nights sold
<i>Washington</i>	Sept. 08	2.5% decline in hotel demand, YTD up 1%
Cities		
<i>Baltimore (metro)</i>	08 YTD	5.7% decline in hotel occupancy
<i>Boston (metro)</i>	08 YTD	1.8% decline in hotel occupancy
<i>Detroit</i>	Sept. 08	10% decline in hotel occupancy
<i>Florida Keys</i>	08 YTD	2% decline in hotel occupancy, ADR down 5%
<i>Las Vegas</i>	Sept. 08	10% decline in total visitation, 2.5% decline YTD
<i>New York (metro)</i>	08 YTD	0.4% decline in hotel occupancy
<i>Philadelphia (metro)</i>	08 YTD	5.3% decline in hotel occupancy
<i>Washington, DC (metro)</i>	08 YTD	1.5% decline in hotel occupancy

THIS SEASON AT GPTMC: September and October 2008

GPTMC CAMPAIGNS:

GPTMC extended its partnership with Southwest Airlines by purchasing a Featured Destination page on southwest.com. The Featured Destination page ran from August 5-11 and included Philadelphia and The Countryside® information, deeply discounted air fare, car and Philly-centric hotel specials only available on southwest.com. With over **11 million unique visitors** per month to southwest.com, it is estimated that **3 million unique visitors** saw the *Featured Destination* spot that week. In total, **9 million** plus customers were exposed to the Philadelphia *Featured Destination* page.

For the first time ever, GPTMC's cooperative ads are online. The co-op program, which offers 40% discounts to partners, was previously available only for print publications. GPTMC's co-op ads can be seen on GoodHousekeeping.com, TownAndCountry.com, LadiesHomeJournal.com, NYTimes.com, WashingtonPost.com and PhillyMag.com.

GPTMC launched an October marketing program around Halloween related attractions and hotel packages by leveraging our partnerships with Fox Philadelphia, Southwest Airlines, The National Park Service, The Park Hyatt Hotel and Eastern State Penitentiary to create a demand to sleep over Halloween weekend. Movie and television celebrity, Elvira (the Dick Clark of Halloween) was in Philadelphia on Halloween to kick off the 200th Anniversary celebration of Edgar Allan Poe's birthday. A street team promoted the regional events, such as the Scarecrow Festival in Peddler's Village.

In October, Philadelphia was roused from Championship deprivation with the Phillies World Series victory. This welcome surprise brought a spike in hotel performance, with the massive influx of fans and support personnel flocking to the city. Philadelphia's hotels also had the good fortune of inclement weather forcing visitors to stay longer than they originally planned. Game 5 was supposed to have been completed on Monday, October 27th. Yet, it was suspended midgame by the Commissioner's office and did not resume until Wednesday, October 29th when the Phillies finished off the Tampa Rays. Day of week hotel data from *Smith Travel Research* revealed that the Tuesday and Wednesday following the suspension of the Series saw 97.7% and 93.4% Center City hotel occupancy, a 30% and 54% increase, respectively, over same day 2007 figures!

Fall 2008 saw planning continue for The Philadelphia **Towns of the Countryside** program. This program aims to promote Philadelphia and the charming historically and culturally rich towns in and around the city as destinations for unique experiential travel opportunities. Dinners with regional visitors bureaus and legislators are being planned for the four surrounding counties to begin program discussions.

Two additional marketing campaigns are currently underway for winter 2008-2009: 2008 marks year two for **Philly's More Holiday Fun**, GPTMC's award-winning campaign to promote the region's seasonal experiences. A specialized microsite, gophila.com/holidays, features ideas for maximizing a holiday trip to Philly without breaking the bank, including 25 gifts under \$25, 25 festive experiences for under \$25, itineraries, shopping discounts, hotel packages and more. The public relations push focuses on local, regional and national media; and the advertising campaign is running online and in print in Philadelphia, New Jersey, Central Pennsylvania and the Lehigh Valley. The call to action is the re-designed micro-site: gophila.com/holidays. The campaign runs through January 10, 2009.

Following *Philly's More Holiday Fun*, our spotlight shines on *Philly Overnight* our famous two-night hotel stay with free parking. The hotel offer is our most successful and advertising,

public relations and gophila.com will all devote substantial resources from January through March on this promotion.

GPTMC AWARDS:

***Travel Weekly* - Silver Magellan Award**

Gophila.com, the Official Visitor Website for Greater Philadelphia, was recently awarded a Silver Magellan Award in the Destinations/City category by *Travel Weekly*, one of the most influential trade publications for the travel industry. Magellan Awards honor “the best in travel and salute the outstanding travel professionals behind it all.”

International Academy of Visual Arts – Silver Davey Award

Gophila.com was also recently honored with a Silver Davey Award in the Travel category. The Davey Awards is judged and overseen by the International Academy of Visual Arts and by Advertising Age Small Business Network and is presented as an international creative award focused exclusively on honoring creative work from the best small firms worldwide. Over 4,000 entries were submitted across all categories this year alone.

GPTMC FUNDING:

In November, Philadelphia’s City Council passed Bill 080744, raising Philadelphia County’s hotel tax 1.2%. Philadelphia’s hotel community was on board with this effort, the second time in the last twelve years they have supported a hotel tax increase. Both GPTMC and the PCVB will receive an estimated \$2 million dollars from the tax in 2009.