



## THIS SEASON IN TOURISM SUMMER 2008

### TRENDS:

Summer tourism reports acknowledged underperformance and attributed it to a declining economy. Rising fuel and travel costs were oft-mentioned culprits for the troubles of the industry:

- From Chicagoist.com, "Fewer tourists visited Illinois last year than the year before, down 5 percent to 68.1 million."
- From the LA Times, "Faced with sticker shock at airports and gas pumps, fewer Americans are expected to travel over Fourth of July weekend, marking the first such decline in a decade."
- From the Norfolk-Virginian Pilot, "Virginia Beach's Tourism Had an 'Off Season' in 2008": "Noticing both a decline in tourist traffic and a reluctance among travelers to spend this year, most merchants said their sales have dipped 5 percent to 20 percent from 2007."
- From a July 2<sup>nd</sup> USA Today report on Hawaii's travel figures, "Visitor expenditures dropped 2.9%, or 26.7 million, in May compared to the same month last year because fewer passengers flew to the islands. Arrivals dipped 6.4%, or 549,017 people, last month." Tourism officials cited their respective destination's strengths as equipping them with the ability to recover.
- From a Virginia Gazette headline about Williamsburg, VA, "July occupancy worst in 10 years."

Published reports of destinations that saw increased visitation in summer 2008 were limited to New York and Las Vegas, but there was the occasional positive story:

- Las Vegas' visitation numbers held strong in May with 3.4 million travelers, yet a 15% decline in gambling revenues signaled a tightening of their purse strings according to Las Vegas Convention and Visitors Authority. The decline in the dollar led industry experts to predict an influx of international travelers.
- While pre-9/11 levels are slowly being seen by some destinations, international travelers that do make it to the US are spending more than ever before, \$96.5 billion in 2007 according to TIA.
- From the Pine Bluff daily, "As the daylight hours shorten and the summer travel season winds down, Arkansas tourism officials say early indications are that business was steady despite rising gas prices and a falling economy."

- The Boston Business Journal reports, “A weakening economy isn’t keeping international tourists away from Boston. The Hub has enjoyed an 11 percent increase in foreign visitors for the year through May, according to Inbound, a bi-weekly fax newsletter covering inbound tourism markets.

#### **CAMPAIGNS:**

DMOs focused marketing efforts on “Tourist in Your Own Town” and “Staycation” campaigns:

- The Virginia Tourism Corp. created a website dedicated to “staycations”.
- West Virginia Tourism officials launched an outdoor campaign in Washington, D.C.
- The Michigan State Legislature even unveiled a tourism incentive plan entitled *Made in Michigan, Make it Michigan* calling for residents to submit descriptions of their summer vacation in Michigan entering themselves in a drawing for a free trip.
- Anne Arundel County in Maryland tried to poach some Baltimore and Washington, D.C. tourists with their *Trips on a Tankful* campaign taking advantage of their relative proximity to affluent travelers.
- North Carolina’s state tourism office boosted its \$180,000 in-state campaign with another \$250,000 for creative development, internet and radio presence.
- After an unexpectedly lackluster July 4<sup>th</sup>, San Diego’s 2008 “tourism stimulus” effort includes ads in local media encouraging San Diegans to be tourists in their hometown.

But, a recent TIA study cast doubt on the “staycations” accurately modeling consumer behavior, “A new survey of 2,231 U.S. adults reveals only 9 percent are planning a “staycation,” or home-based vacation, as an alternative to a vacation they otherwise would have taken out of town during the next six months. This represents a significantly lower percentage than expected by industry analysts.”

#### **FUNDING:**

Agencies’ budgets and spending took divergent paths in the wake of gloomy tourism statistics. Some local and state government, recognizing the significance of marketing efforts in a down year, redoubled efforts to attract visitors. Other destinations did little or nothing to counteract economic conditions.

- In June, Hawaii announced a new \$3 million effort funded by a \$5 million dollar emergency fund allocated by the state to help boost tourism. In August, Gov. Lingle recommended the Hawaii Tourism Authority spend \$10M more than the \$54M originally planned.
- Numerous editorials called for increased marketing spending in Florida, New Jersey and North Carolina.

## **ANALYSIS:**

Results are not yet available detailing the success or failure of the trend towards local tourism promotion in summer 2008. However, the industry wide focus on “staycations” and “tourism in your own town” raise the following questions:

- Do these marketing strategies even have an affect? Wouldn't it be the natural consequence of rising energy prices that people spend their leisure dollars closer to home?
- Promoting staycations might prove effective in increasing local attendance at tourism sites and attractions. But, a large segment of the economic benefit of tourism is drawn from the dollars spent on hotels and food and other items a local might not be inclined to purchase. Will local rediscovery of traditional tourist attractions make up the difference economically?
- Will relatively isolated destinations suffer more than those in a more densely populated region or mega-region?

These questions will be answered as GPTMC continues to track trends and results from other destinations for the summer of 2008.