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2005 GREATER PHILADELPHIA TOURISM MONITOR: THE CHANGING LANDSCAPE OF TOURISM MARKETING

PHILADELPHIA AND ITS COUNTRYSIDE™



Greater PHILADELPHIA Tourism Marketing

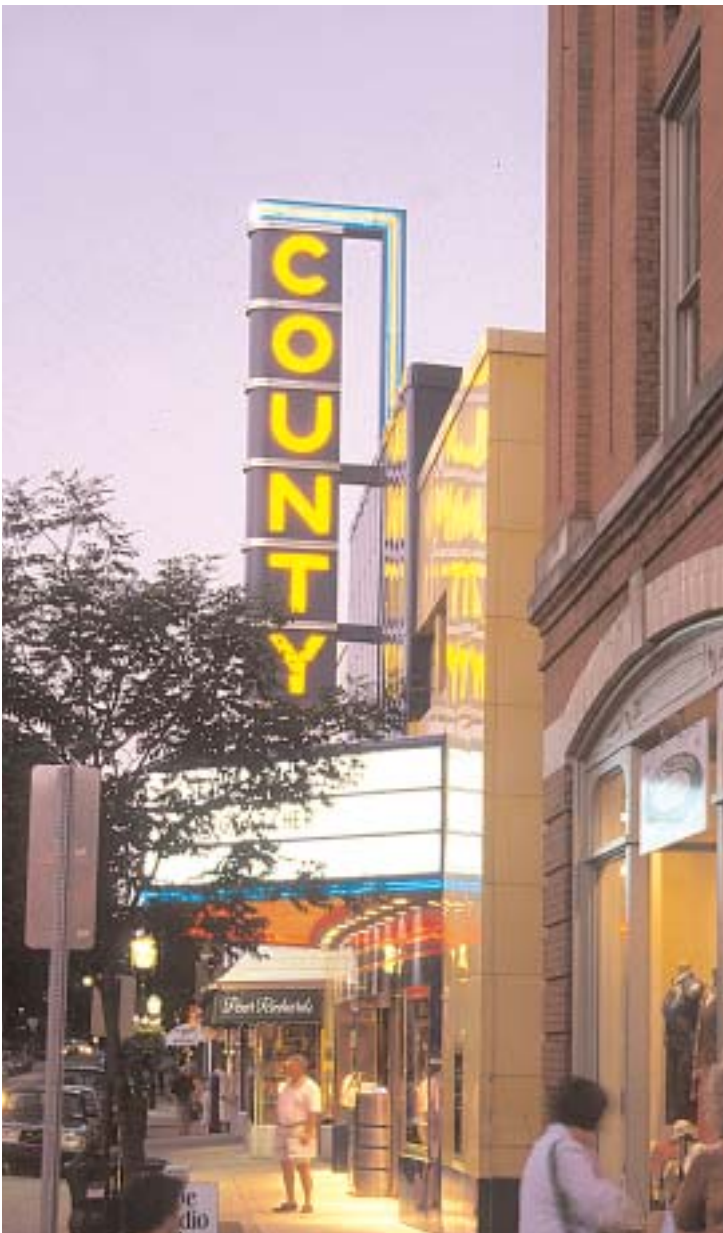
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MISSION STATEMENT



THE GREATER PHILADELPHIA TOURISM MARKETING CORPORATION (GPTMC) BUILDS THE REGION'S ECONOMY AND IMAGE THROUGH DESTINATION MARKETING TO INCREASE THE NUMBER OF VISITORS, THE NUMBER OF NIGHTS THEY STAY AND THE NUMBER OF THINGS THEY DO IN THE FIVE-COUNTY AREA.

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TABLE OF CONTENTS

	PAGE
EXECUTIVE SUMMARY	1
I. INTRODUCTION: THE PARADIGM HAS SHIFTED FOR TOURISM MARKETING.....	6
II. KNOWLEDGE GUIDES STRATEGY	8
<i>The Big Numbers: Visitor Volume</i>	8
<i>The Big Numbers: Economic Impact</i>	10
III. THE HOTEL STORY	12
<i>Big Hotel Numbers</i>	12
<i>Hotel Market Mix</i>	13
<i>Hotel Packages</i>	16
IV. KNOW YOUR NICHEs	19
<i>Who's Coming?</i>	19
<i>Survey Research</i>	20
<i>In-Depth Qualitative Research</i>	23
<i>Multicultural Markets</i>	26
<i>“Culture Vultures”</i>	28
<i>Outdoor Enthusiasts</i>	29
<i>Gay and Lesbian Visitors</i>	30
V. NEW STRATEGIES	32
<i>GPTMC's New Positioning</i>	32
<i>Advertising: Markets, Message and Maximal Flexibility</i>	34
<i>Public Relations Approaches</i>	37
<i>Web Transformation</i>	39
<i>Partnerships</i>	42
VI. HOW DO WE KNOW IT WILL WORK?	43
<i>Monthly Hospitality Snapshot</i>	43
<i>Seasonal Consumer Surveys</i>	46
<i>Mapping Outputs and Outcomes</i>	49
VII. LOOKING FORWARD: SUPPORT FOR TOURISM MARKETING.....	52
VIII. APPENDIX.....	55

EXECUTIVE SUMMARY

The cover of *Business Week* on July 12, 2004 displayed a television set—a huge box, with legs, rabbit ears and a dial. While the image is a recognizable icon to many of us, for the coming generations, this version of a television set might be as strange as a rotary telephone. Not only has the *outside* of the “box” changed. *Business Week’s* cover story, “The Vanishing Mass Market,” detailed how the “*almost-universal audience assembled long ago by network television*” is fragmenting because of new communication and technology vehicles, leaving marketers without a reliable way to communicate with consumers.

The theme of this year’s *Tourism Monitor*—*The Changing Landscape of Tourism Marketing*—describes how recent trends in the world of marketing, the world of tourism, and our own region require a new tourism marketing approach. The 2005 *Tourism Monitor* presents a full picture of the facts, figures and phenomena that ground our revamped strategy, a description of our recent positioning and marketing shift, and the emerging evidence that this shift is already effective.

The Premise

In the 1960s, an advertiser could reach 80% of U.S. women with a spot aired simultaneously on CBS, NBC and ABC. Today, an ad would have to run on 100 TV channels to have a prayer of duplicating this feat. “Monolithic blocks of eyeballs are gone,” declares Eric Schmitt of Forrester Research, Inc. “In their place is a perpetually shifting mosaic of audience microsegments that forces marketers to play an endless game of audience hide-and-seek.”

—“The Vanishing Mass Market” (*Business Week*, July 2004).

The Greater Philadelphia Tourism Marketing Corporation (GPTMC) has always focused on these “microsegments,” realizing that an invitation to visit Philadelphia and Its Countryside™ has to feel personal in order to be effective.

Targeted marketing, however, can only do so much when the marketing vehicles are changing so quickly and when consumer expectations—regardless of demographic segment or areas of interest—are changing as well. GPTMC faces a number of distinct challenges in continuing its successful marketing of the five-county region to tourists.

- 1. Niche segments with the highest potential have to be identified and marketed to correctly.*
- 2. Media vehicles have to match consumers’ changing media habits.*
- 3. Messages to consumers have to tap into what consumers want out of their vacations and what they’re prepared to hear about the region, including what Philadelphia and Its Countryside means as a brand for our visitors and potential visitors.*

The Research

We analyzed data from three categories: traveler data (volume, profiles and economic impact), regional hotel statistics, and niche market attitudes and behaviors. Some examples of the important and startling facts the report contains about our region include:

- Leisure visitor volume to the region increased 16% between 2002 and 2003, significantly more than our other metropolitan competitors (Chicago, up 11%; New York City, up 9%; Boston, up 7%; and Washington, D.C., up 3.8%).
- The economic impact of our business and leisure visitors is also up significantly, from \$5.3 billion in 2001 to \$6.34 billion in 2003, an increase of 19.6%.
- Hotels have experienced one of the best years ever, with regional occupancy up to 68.5% in 2004 (from 64.8% in 2003) and regional average daily rate (ADR) up to \$103.36 (from \$100.79 in 2003).
- Leisure hotel visitors make up 32% (or 2.5 million room-nights) of regional hotel occupancy and 25% (or 687,000 room-nights) of Center City hotel occupancy.
- Though we are known as a family destination with great history, most of our visitors are in households without children, and they love our culture, dining, nightlife and shopping scene.
- What we learn about and from our niche segments helps us to market effectively. Some selected facts from the report regarding our niche segments include:
 - Close to two-thirds (64%) of African-Americans believe that advertising should speak specifically to them, and they are more likely to respond to such advertising. (Source: Market Segment Group)
 - The largest concentration of Hispanic travelers is from New York City, and 73% of them took a trip in the past year. Yet Philadelphia is currently 16th on the list of places that Hispanics from New York travel to and only 6.2% of the New York Hispanic population has been to Philadelphia.
 - Our “culture vulture” visitors have a real impact on the region: A recent GPTMC survey of hotel visitors revealed that 20% of visitor spending is on attractions and performances.
 - Our gay visitors are spending more and love the region. Gay visitor spending is up 30% over 2003, from \$179/day to \$233/day, and the return on investment from GPTMC’s recent gay-friendly advertising campaign is \$153 in direct gay visitor spending for every dollar GPTMC spent in advertising. (This compares favorably to our return on investment (ROI) figure for our general advertising of \$92 in direct visitor spending for each marketing dollar.)

The New Positioning

GPTMC took a complete look at all the research and forged a new positioning for the region. The positioning statement is a touchstone for Public Relations (PR), Web and advertising to use in creating a unified image of Philadelphia and Its Countryside as a desirable tourist destination that speaks to consumer interests and the region's assets. It is being used to shift Philadelphia from a strictly historical destination in tourists' minds to more accurately reflect the reality of a visit to the region: as a "so much to do" destination where visitors can shop, eat, walk and be entertained all the time.

ADVERTISING. The advertising department responded to the new positioning and media shifts by developing a new advertising strategy and new creative. With a \$5.9 million advertising budget, we created new, more flexible 15-second television spots (instead of 30-second ads) to run only on cable, and a stronger presence in print, radio and on the Internet. For the first time, our advertising has a presence in the Boston market, one that is already yielding results.

The ad department created 844,990,384 impressions via broadcast and cable TV, radio, print, Internet and outdoor advertising in 2004. Cooperative advertising—a program where nearly 75 attractions and destinations throughout the five-county region have the opportunity to participate in full-page, four-color print ads under a Philadelphia and Its Countryside banner—created an additional 120,314,231 advertising impressions.

PUBLIC RELATIONS. In 2004, GPTMC's public relations department placed 1,945 travel and related lifestyle/entertainment stories with an advertising value of \$35 million and more than 508 million impressions. Our coverage was found in every media category, including major market daily newspapers, such as *The New York Times*; glossy magazines, such as *Travel + Leisure*; special interest magazines, like *Passport*; national newspapers, like *The Wall Street Journal*; and broadcast and cable television shows, such as ABC's *Good Morning America*, the *Tonight Show* and *The Daily Show with Jon Stewart*.

Of these 1,945 media placements, the most popular topics were *gay-friendly Philadelphia* (465 stories); *general destination* (244 stories); *Fourth of July weekend* (191 stories) and *tourism marketing* (167 stories). A number of stories also focused on specific interests that tourists might have, such as *neighborhood tours* (44 stories) and *dining* (27 stories).

As this list reflects, GPTMC's PR department places general destination stories, but also ensures that our niche segments read about themselves in relation to a Philadelphia and Its Countryside visit and that general audiences read about more than just our history. In this way, PR extends the strategy of positioning the region as a "so much to do" destination and strengthens our advertising invitation to particular audiences.

GOPHILA.COM. As our most effective "tourist conversion" tool—there were nearly three million visits to the site in 2004 from 181 different countries—the look, feel and functionality of the Web site will match our marketing message. This summer, www.gophila.com will change in a big way, with a completely redesigned site. Beautiful images, functional design, global navigation, information architecture and multimedia enhancements will accompany the Web site.

Intuitive navigation, engaging content and vivid regional images will make the homepage more effective. In addition, a new database management tool will allow Web visitors to easily and efficiently sort information based on desired experiences, specific interests and/or geography.

The redesigned site will serve as an online visitor center, filled with the following features:

- Newly designed interactive maps (one of our most requested site features).
- More restaurant, dining and nightlife hotspots (another visitor favorite).
- An itinerary builder, which packs selected sites and activities into a “virtual suitcase” for saving, printing and/or sending to friends.

The Impact

GPTMC has shifted its marketing message from package-based to destination-based (focusing on the reasons why *Philly's More Fun™*). Our concentration on niche markets has intensified and expanded. We are using cable instead of network television, radio sponsorships instead of radio advertising, and targeted marketing for gay audiences, “culture vultures,” outdoor enthusiasts, Hispanic visitors and African-American visitors and others.

The outstanding question for these strategic shifts is: will they be successful in generating more overnight leisure visitation to the region and a greater economic impact on the region from tourism spending?

Although GPTMC’s marketing shift is less than a year old, there is already evidence of impact.

- Monthly Hospitality Snapshots produced by Peter Tyson of PKF Consulting for GPTMC, the Greater Philadelphia Hotel Association (GPHA) and the Philadelphia Convention and Visitors Bureau (PCVB) demonstrate that recently the leisure segment has had some of the best months ever, with attendance up at regional attractions, Saturday night occupancy and rates both increasing, and individual room-night sales through gophila.com up by triple digits.
- GPTMC conducts seasonal surveys of our hotel visitors, and the changes between Summer 2004 and Winter 2005 in our visitor spending and activities indicate that the new positioning and message is getting through.
 - Visitors are spending more on their two-night trips (\$710 in Winter 2005 versus \$651 in Summer 2004).
 - They are coming more for specific attractions and exhibitions than for general getaways (21% in Winter 2005 versus 16% in Summer 2004).

- The fine dining featured in much of our public relations and in our television commercial is something visitors are choosing in increasing numbers (51% in Winter 2005 versus 40% in Summer 2004).
- Internally, GPTMC has instituted an outcomes tracking program, which enables us to look at relationships between marketing impressions (PR and advertising) and marketing outcomes (Web visits, bookings on gophila.com, leisure and general hotel occupancy). This program will allow GPTMC to become even more agile in responding to market trends and identifying what marketing tactics are effective in producing strong outcomes for tourism.

The Conclusion

Last year's *Tourism Monitor* made the case that tourism marketing is an investment, not an expense. Tourism marketing yields a strong ROI—for each dollar GPTMC spent over three campaigns in 2000-2001, \$185 in direct, indirect and induced spending was generated. And tourism products—attractions, hotels, arts and cultural venues—cannot survive, let alone thrive, if no one is telling people they are here and worth the visit.

Successful tourism marketing has increased the number of tourists and the amount they spend in the region, and this, in turn, has attracted more venues, exhibits, retail establishments and hotels to set up shop or expand. GPTMC now has more to market than ever and more opportunity to build on tourism's impact so far.

The final stage in this self-sustaining system is tourism marketing funding. Given tourism's impact on our regional economy, on our residents' quality of life, and on the decisions businesses, students and employees make to settle here, a commitment to fund tourism marketing is one of the most productive commitments the region can make.

**I. INTRODUCTION:
THE PARADIGM HAS SHIFTED FOR TOURISM MARKETING**

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In the 1960s, an advertiser could reach 80% of U.S. women with a spot aired simultaneously on CBS, NBC and ABC. Today, an ad would have to run on 100 TV channels to have a prayer of duplicating this feat. “Monolithic blocks of eyeballs are gone,” declares Eric Schmitt of Forrester Research, Inc. “In their place is a perpetually shifting mosaic of audience microsegments that forces marketers to play an endless game of audience hide-and-seek.”

— “The Vanishing Mass Market” (*Business Week*, July 2004).

GPTMC has always focused on these “microsegments,” realizing that an invitation to visit Philadelphia and Its Countryside has to feel personal in order to be effective. Advertising has focused on sports fans and art lovers, African-American audiences and AAA members. Public Relations has concentrated on placing stories about Philadelphia's restaurant renaissance¹, and on how pet-friendly Philadelphia can be.² In addition, GPTMC's gay marketing campaign received national attention as a model of how to reach this extremely active travel audience.³

Targeted marketing, however, can only do so much when the marketing vehicles are changing so quickly and when consumer expectations—regardless of demographic segment or areas of interest—are changing as well. As the *Business Week* article notes: “*TV's dominance of media is eroding [and] advertising's dominance of marketing is diminishing.*” Marketers have to find ways other than advertising, and particularly advertising on television, to reach consumers who are increasingly relying on wireless technologies and advertising-free entertainment (iPods, TIVO, cable, etc.).

¹“A Dali Dessert that Wants to Persist in Memory,” *The New York Times*, March 2, 2005; “Eat Hearty, It's Restaurant Week,” *USA Today*, January 7, 2005.

²“Hotels Are Putting on the Dog to Welcome Canine Travelers,” *Cleveland Plain Dealer*, February 8, 2004; “2005 Five Dog Bone Awards,” *Animal Fair Magazine*, Travel Issue.

³A poll appearing in *USA Today* reports that 14% of travel agents' special requests are for gay and lesbian travel packages. Source: VAXvacationsAccess.com. GPTMC's gay-friendly ad campaign generated \$9.8 million in PR coverage and 182,815,593 impressions.

Consumer expectations for travel have also shifted. Laila Rach, Associate Dean of the Tisch Center for Hospitality, Tourism, and Sports Management at New York University and the featured speaker at GPTMC's Report to the Industry event in May 2004, described how current trends—more travel options, shorter trips, Internet travel shopping, etc.—have created more demanding consumers. A change in the marketing message has to occur to address these changing visitor expectations.

GPTMC faces a number of distinct challenges in continuing its successful marketing of the five-county region to tourists:

1. Niche segments with the highest potential have to be identified and marketed to correctly.
2. Media vehicles have to match consumers' changing media habits.
3. Messages to consumers have to tap into what consumers want out of their vacations and what they're prepared to hear about the region, including what Philadelphia and Its Countryside means as a brand for our visitors and potential visitors.

Tourism is playing an increasingly important role in keeping our regional economy healthy. A recent report by the Milken Institute noted: "*The city's economy improved over last year largely due to strength in the leisure and hospitality industry, the fastest-growing segment of Philadelphia's vibrant economy this past year.*"⁴ Tourists are coming for two reasons:

1. There are great things to do here...for all ages and all interests, and
2. We are telling people how great it is to visit.

This year's *Tourism Monitor* documents GPTMC's approach to crafting and maintaining a compelling marketing message in the face of changing marketing forces. The result of GPTMC's new strategy is a reinvigorated marketing campaign that includes new target markets, new media vehicles and new creative. But the true result will be felt in the coming months and years as we track the growth of the region's tourism numbers, their impact on our region's economy and the role of marketing in building the tourism industry.

⁴ Best Performing Cities: Where America's Jobs Are Created and Sustained, Ross DeVol and Lorna Wallace, Milken Institute, November 2004, p. 26.

II. KNOWLEDGE GUIDES STRATEGY

The Big Numbers: Visitor Volume

It is important to start with understanding how much tourism matters to the region. The number of visitors who come to the region, not to mention the impact they have on our economy, is staggering.

Total visitation to the region—including business and leisure travelers—totaled 24.2 million person-trips⁵ in 2003, the year for which the most recent trip information is available.

Leisure visitation (day and overnight) to Philadelphia and Its Countryside has grown 16% from 2002 to 2003, from 15.4 million to 17.9 million person-trips. During the same period, leisure visitorship nationally grew only 1.8%, demonstrating the relative strength of Philadelphia and Its Countryside tourism.⁶ Comparative data from other major American cities also indicate that Philadelphia and Its Countryside is doing unusually well in tourism growth:

- Chicago experienced 11% growth in tourism between 2002 and 2003, from 14.86 to 16.51 million leisure person-trips. (Source: Chicago Convention and Tourism Bureau)
- New York City experienced a growth of 9% in total business and leisure travel between 2002 and 2003, from 30.2 million visitors to 33.03 million visitors. (Source: NYC & Company)
- Leisure visitation to Boston grew 7% from 9.20 million in 2002 to 9.86 million in 2003. (Source: Greater Boston Convention & Visitors Bureau)
- Leisure visitation to Washington D.C. grew 3.8% in 2003 to 10.9 million person-trips. (Source: Washington DC Convention & Tourism Corporation)

⁵ A person-trip is one person traveling 50 miles or more away from home or any overnight stay (paid or unpaid). A definition of all tourism and research-related terms used in this report is included as an appendix to the Tourism Monitor.

⁶ Travel Industry Association (TIA). According to TIA, 912.3 million person-trips were taken nationally in 2002 and this rose to 929.5 million in 2003.

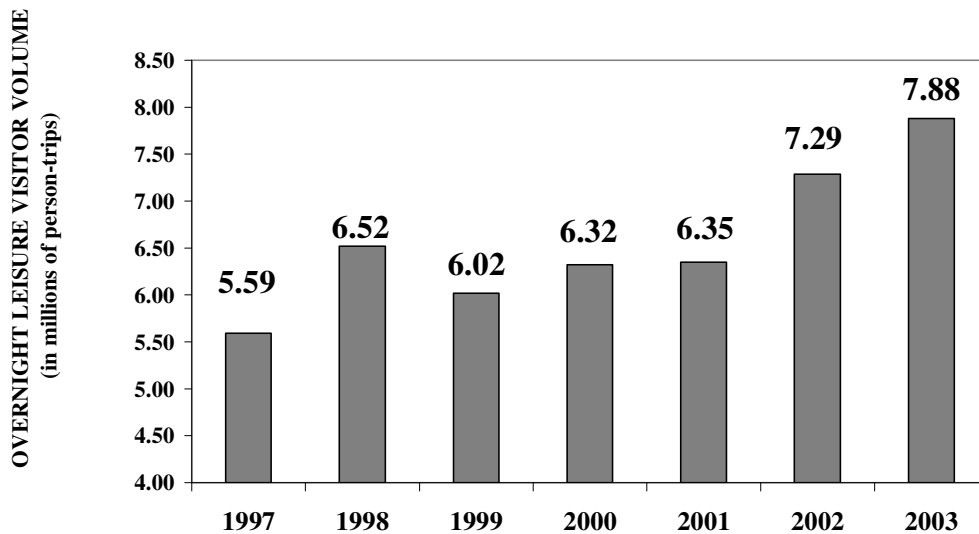
**PHILADELPHIA AND ITS COUNTRYSIDE:
DAY AND OVERNIGHT PERSON-TRIPS
(In millions of person-trips)**

	2002	2003	% Change
TOTAL VISITORS	21.7	24.2	12%
<i>OVERNIGHT vs. DAY TRIPS</i>			
TOTAL OVERNIGHT	10.2	11.0	8%
TOTAL DAY	11.4	13.1	15%
<i>LEISURE VISITORS</i>			
TOTAL LEISURE	15.4	17.9	16%
TOTAL OVERNIGHT	7.3	7.9	8%
TOTAL DAY	8.0	9.9	24%
<i>BUSINESS/CONVENTION VISITORS</i>			
TOTAL BUSINESS/CONVENTION	6.3	6.3	0%
TOTAL OVERNIGHT	2.9	3.2	8%
TOTAL DAY	3.4	3.1	-6%

Source: D.K. Shifflet & Associates

Overnight leisure visitation continues its pattern of growth, with 7.9 million overnight leisure visitors in 2003, a growth of 41% since 1997, when GPTMC was founded.

**PHILADELPHIA AND ITS COUNTRYSIDE
OVERNIGHT LEISURE VISITOR VOLUME 1997-2003**



Source: D.K. Shifflet & Associates

The Big Numbers: Economic Impact

With growth in the number of tourists comes growth in the economic impact of tourism on the five-county region. Traveler (business and leisure) spending grew an impressive 19.6% from 2001 to 2003, rising from \$5.3 billion to \$6.34 billion.

**ECONOMIC IMPACT DATA FOR PHILADELPHIA AND ITS COUNTRYSIDE
2001 AND 2003**

	2001	2003	PERCENT CHANGE
TRAVELER SPENDING	\$5.3 billion	\$6.34 billion	19.6%
SALES – Direct, Indirect, Induced	\$9 billion	\$11.21 billion	25
JOBS – Direct, Indirect, Induced	114,137	150,474	32
FEDERAL, STATE, LOCAL TAXES	\$1.3 billion	\$1.53 billion	18

Source: Global Insight

For the first time, GPTMC is able to track the portion of visitor spending attributable to leisure travelers alone, and the number is impressive: \$3.58 billion was by tourists to the region in 2003, supporting 84,265 jobs and generating \$857 million in federal, state and local taxes.

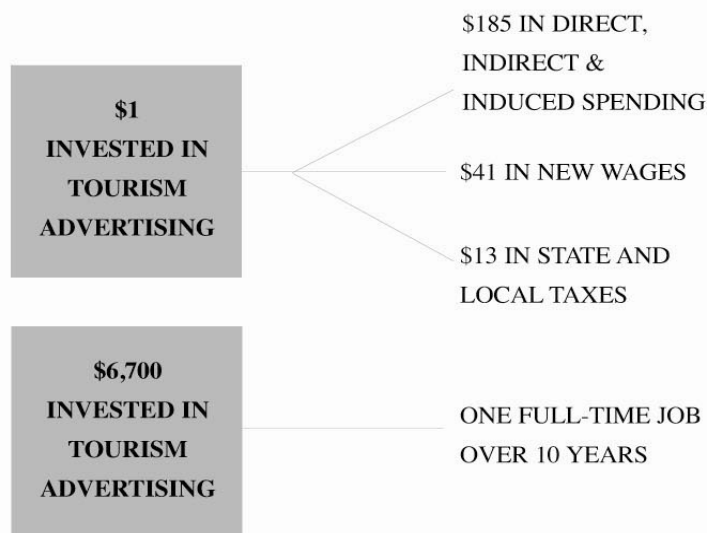
**ECONOMIC IMPACT DATA FOR PHILADELPHIA AND ITS COUNTRYSIDE
BY LEISURE AND BUSINESS TRAVEL SEGMENTS**

	Leisure Impact	Business/Convention Impact	Total Impact
TRAVELER SPENDING	\$3.58 billion	\$2.76 billion	\$6.34 billion
JOBS	84,265	66,208	150,474
FEDERAL, STATE, LOCAL TAXES	\$857 million	\$673 million	\$1.53 billion

Source: Global Insight

While it is crucial to know tourism's economic impact on the region, it is also important to know the role of marketing in generating economic impact. For what portion of regional tourism economic activity is GPTMC's marketing responsible? To document the role of marketing in generating an economic return from tourism, GPTMC commissioned the Econsult Corporation to conduct a study. Econsult's study was the first demonstration that marketing the region's tourism products is responsible for a significant portion of the region's tourism growth and concluded that for every \$1 GPTMC spent on advertising:

- \$185 in direct, indirect and induced regional spending was created.
- \$41 in new wages was generated.
- \$13 in state and local taxes was produced.



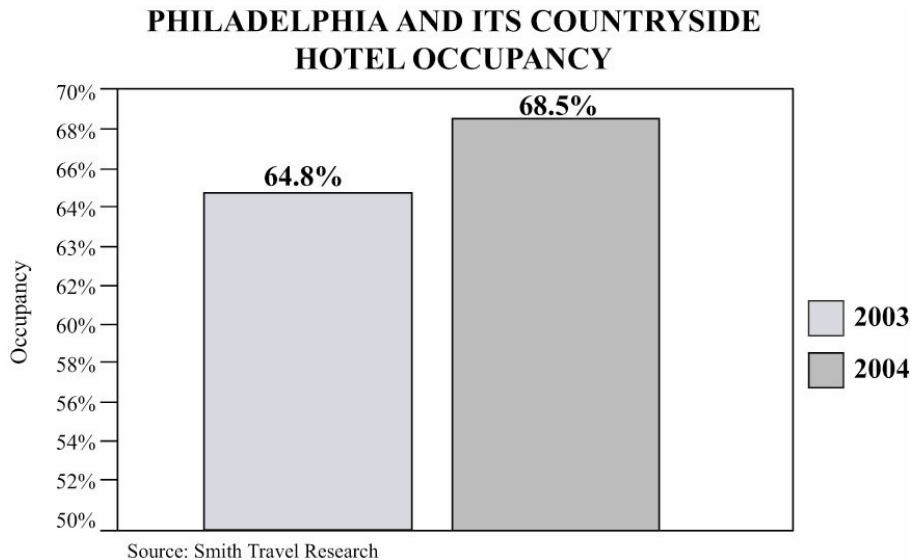
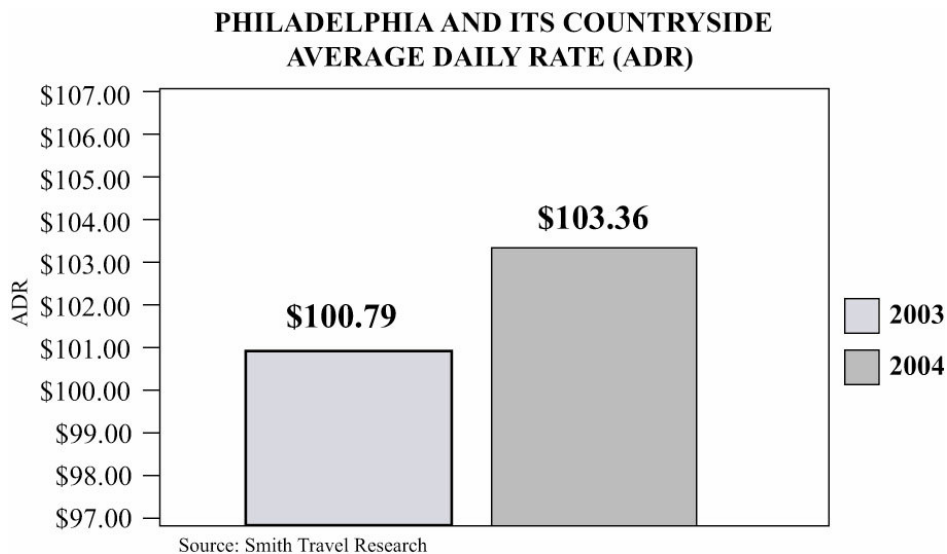
Source: Econsult Corporation

III. THE HOTEL STORY

Big Hotel Numbers

The growing strength of the tourism business in our region plays out dramatically in our regional hotel industry's statistics. This year's data from regional hotels indicates steady recovery for the hotel industry following 9/11 and following the dramatic growth of hotel room supply that the region experienced around the Republican National Convention in 2000 (a 24% growth in hotel room supply between 1998 and 2001).

Hotel occupancy and ADR are both up in 2004 from 2003. ADR is \$103.36, up from \$100.79, and occupancy is up from 64.8% in 2003 to 68.5% in 2004.⁷



⁷ Source: Smith Travel Research

Hotel Market Mix

Leisure has not always been a significant part of the hospitality industry. In 1997—the year GPTMC was founded—only 14% of Center City hotel room-nights were occupied by leisure tourists. Now that figure is 25%. Saturday night hotel occupancy—a night comprised overwhelmingly of tourists—was at 80% in Philadelphia in 2004, higher than any other night of the week. This is higher than it has ever been.

To provide some perspective on how the market mix has changed within the Center City hotel sector, the table below presents hotel demand for commercial, convention and group meeting and leisure segments from 1996 to 2004.

While the commercial, convention and group meeting segments reported eight-year demand increases of approximately 270,000 room-nights each, the leisure segment reported an increase of almost 400,000 room-nights over that period, equal to 43% of the total increase in demand in the entire market.

CENTER-CITY PHILADELPHIA LODGING MARKET HISTORICAL SEGMENT DEMAND LEVELS (ROUNDED) 1996 THROUGH 2004									
Year	Commercial Demand (includes Government)		Convention & Group Meeting Demand		Leisure Demand		Airline Crew Demand		Total Demand
	Amount	Percent change	Amount	Percent change	Amount	Percent change	Amount	Percent change	Amount
1996	613,000	8.1%	771,000	2.3 %	294,000	N.A.	105,000	N.A.	1,783,000
1997	667,000	8.8	769,000	-0.3	254,000	-13.6%	104,000	1.0%	1,794,000
1998	654,000	-1.9	721,000	-6.2	293,000	15.4	88,000	15.4	1,756,000
1999	703,000	7.5	788,000	9.3	386,000	31.7	81,000	-8.0	1,958,000
2000	798,000	13.5	983,000	24.7	418,000	8.3	83,000	2.5	2,282,000
2001	788,000	-1.3	971,000	-1.2	476,000	10.7	105,000	26.5	2,340,000
2002	800,000	1.5	1,116,000	14.9	573,000	20.4	86,000	-18.1	2,575,000
2003	834,000	4.3	985,000	-11.7	675,000	17.8	76,000	-11.6	2,570,000
2004	887,000	6.4	1,035,000	5.1	687,000	1.8	94,000	23.7	2,703,000
CAG%: '96-'04		4.7%		3.7%		11.2%		-1.4	5.3

Sources: Hotels concerned; Smith Travel Research; Tyson Hospitality Consulting, LLC.

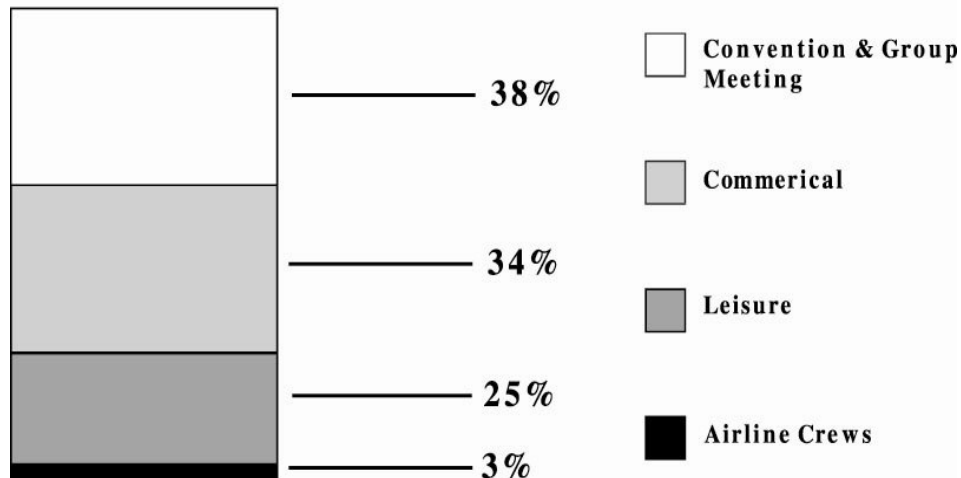
In Center City—an area typically dominated by business and convention travelers—leisure tourists now represent a significant portion of business for hotels. In 2004, 25% of Center City hotel room-nights were occupied by leisure travelers; that percentage translates into 687,000 room-nights.

In fact, the leisure segment is the *only* segment that increased its share of the market over the past few years and this increase was greater than 55 percent.⁸

CENTER-CITY PHILADELPHIA LODGING MARKET HISTORICAL MARKET MIXES 1996 THROUGH 2004					
Year	Commercial	Convention and Group Meeting	Leisure	Airline Crews	Total
1996	34%	44%	16%	6%	100%
1997	37	43	14	6	100
1998	37	41	17	5	100
1999	36	40	20	4	100
2000	35	43	18	4	100
2001	34	41	21	4	100
2002	31	43	22	4	100
2003	33	38	26	3	100
2004	33	38	25	4	100

Source: Tyson Hospitality Consulting, LLC

**CENTER CITY PHILADELPHIA HOTEL DEMAND
by Market Segment 2004**

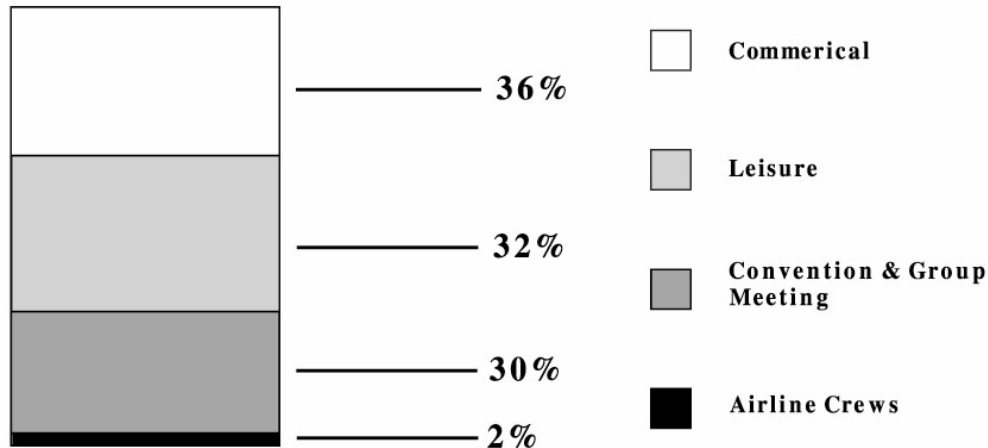


Source: Tyson Hospitality Consulting

⁸ Tyson Hospitality Consulting, LLC.

A third (32%) of hotel room-nights—totaling 2.5 million hotel room-nights—were occupied by leisure tourists in the five-county region in 2004. (Historical market mix data for the five-county region is not available.)⁹

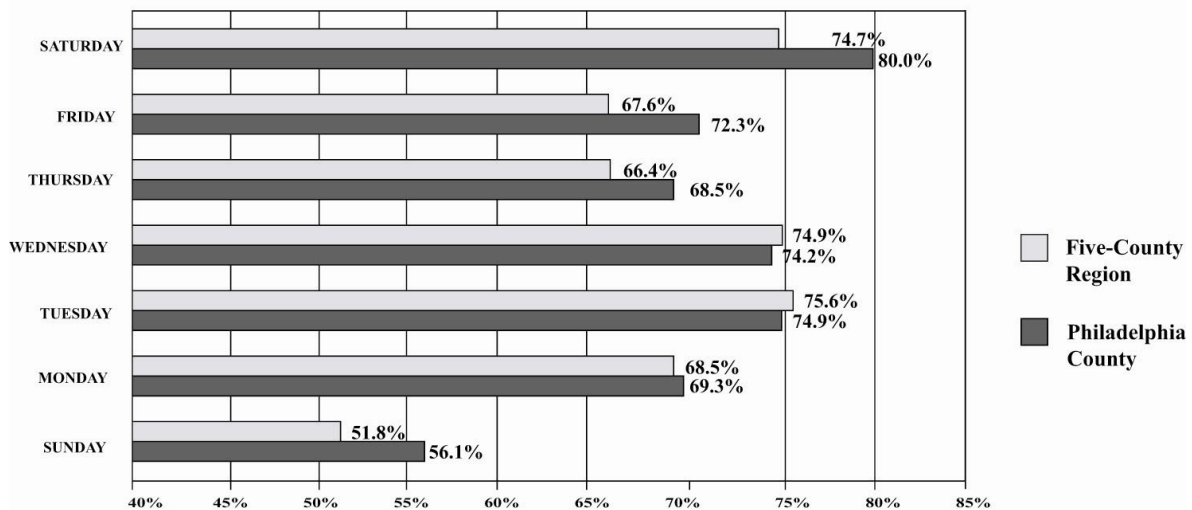
**PHILADELPHIA and ITS COUNTRYSIDE HOTEL DEMAND
by Market Segment 2004**



Source: Tyson Hospitality Consulting

Further evidence of the strength of the leisure segment for hotels is Saturday night occupancy, which is almost exclusively comprised of tourists, not business people. Saturday night is often the strongest night in the region for hotel occupancy.¹⁰

DAY-OF-WEEK HOTEL OCCUPANCY - 2004



Source: Smith Travel Research

⁹Tyson Hospitality Consulting, LLC.

¹⁰Smith Travel Research.

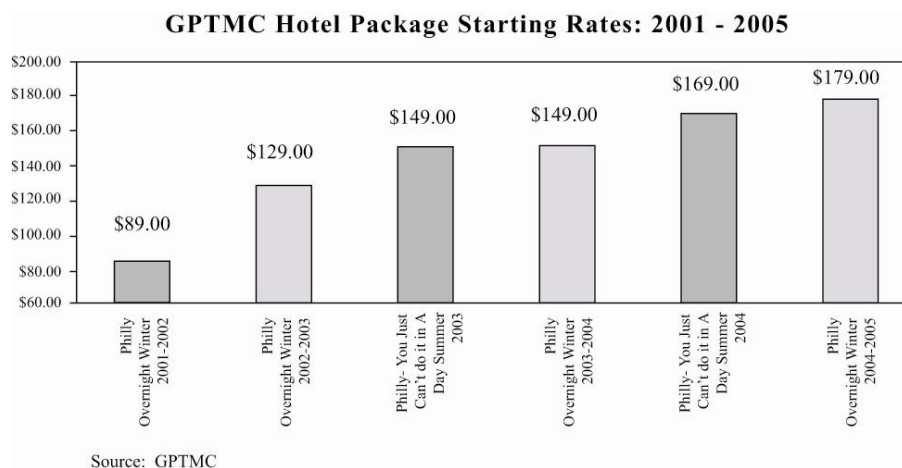
The increase in leisure business for downtown Philadelphia hotels has not gone unnoticed by hoteliers:

“Hotel sales in Center City now depend as much on the leisure segment as they do on convention and group business, which didn't use to be true. Tourists have become big business in Philadelphia.

—Joanne Cunningham, CMP, Director of Sales & Marketing,
Radisson Plaza-Warwick Hotel Philadelphia.

Hotel Packages¹¹

The primary success of the Philly Overnight™ hotel package was its ability to jump-start leisure travel to Philadelphia after 9/11. The hotel packages—introduced in Fall 2001 at a starting price of \$89 for two nights—were billed as “*buy one night, get the second night free*” offers. The starting price of the package rose each season it was offered, a sign that the hotel industry felt that demand for the packages was high enough to command higher price points.



The rising price of the hotel package was a good indicator of the stabilizing regional hotel market. Hotels offering the package felt that interest in coming to Philadelphia and Its Countryside was strong enough that they could raise the package price to nearly that of a full two-night stay, without sacrificing hotel package bookings. Given the rising hotel package price, GPTMC shifted its advertising message in both Spring 2004 and Fall/Winter 2004/2005.

- In Spring 2004, the hotel package was no longer identified as a “*buy one night, get the second night free*” offer. Instead, advertising identified the package as a “*two-night hotel package,*” reflecting the fact that most rates for the package were approaching the rate of two nights at hotels.

¹¹ A report on the role of hotel packaging for destination marketing organizations generally and Philadelphia in particular has been produced by Gary Esolen, PLACES: “Putting Packages in Their Place: The Role of Hotel Packaging for Destination Marketing Organizations.” The report is available at www.gophila.com/research.

- In the Fall/Winter of 2004/2005, GPTMC's marketing shifted again to selling the destination, not the package. While the hotel package remained available in Fall/Winter 2004/2005, advertising focused on positioning the region as a “*so much to do*” destination that requires an overnight stay for the fullest enjoyment.

“It has always been the goal of GPTMC's Philly Overnight™ hotel packages to bolster the hotel business during its weaker seasonal periods and to introduce travel consumers to Philadelphia and Its Countryside as a destination worth their attention, time, and money. The package has clearly achieved these goals.”

—Paul Farnell, General Manager, Omni Hotel

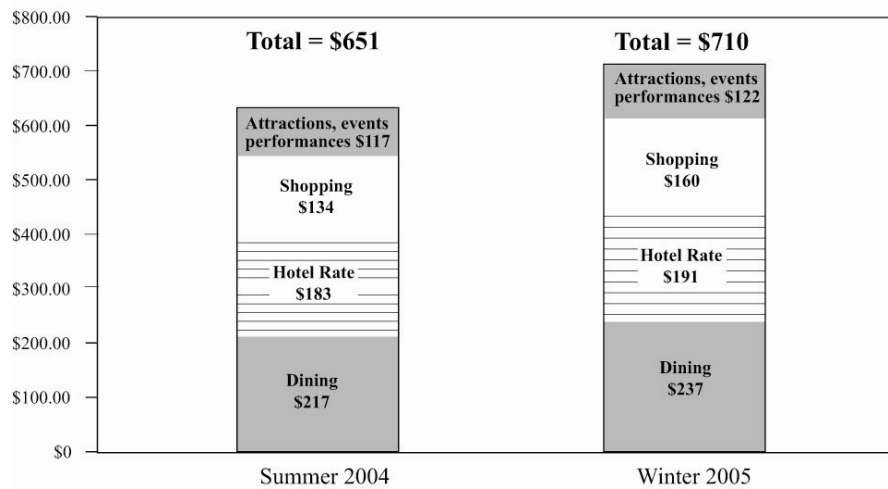
Two recent surveys of hotel package consumers reveal to what extent the package has been successful.¹² As the advertising has shifted from emphasizing a discount hotel rate to promoting all there is to do in the region, visitors have been responding. They tell us they are coming for exhibits and events, sampling the fine dining that the advertising and public relations departments have been emphasizing, and spending more during their trip.¹³

- Over half (51%) of the Winter 2005 hotel package consumers report experiencing the region's fine dining (up from 40% in Summer 2004).
- More visitors are coming for specific exhibits, performances and events than before: 21% in Winter 2005 versus 16% in Summer 2004.
- Visitors are spending more in all categories: dining, shopping, activities, hotels.

¹²In September 2004, GPTMC conducted an online survey of Philly—You Just Can't Do It In A Day™ package consumers to measure the success of the package. E-mails were sent to 3,347 summer hotel package consumers who booked their hotel package directly on gophila.com, inviting them to complete the survey; 954 surveys were completed, for a response rate of 29%. In March 2005, GPTMC repeated this survey with our winter hotel package consumers, e-mailing 3,299 consumers and receiving 904 completed surveys, for a response rate of 27.4%.

¹³Some differences between Summer 2004 and Winter 2005 hotel package survey findings are attributable to seasonal variations in people's travel patterns and activities, rather than changes in consumer behavior due to advertising. With the Summer 2005 hotel package survey (to be completed in September 2005), GPTMC will have a better indication of how effective its marketing is in affecting consumer behavior.

AVERAGE PACKAGE SPENDING



Source: GPTMC Survey

In fact, direct spending on hotels, dining, shopping and attractions totaled \$11.2 million for the 2004-2005 year.¹⁴ Using the regional tourism economic impact multiplier, the 2004-2005 packages had a direct, indirect and induced impact of \$29.7 million in our region.¹⁵

The true economic impact story for the hotel package, however, is that the hotel industry in the region is now healthy enough to consider moving away from discount offers. Strengthened by successful destination marketing, improved tourism products in the region, and improved economic and travel conditions for domestic travelers in the years after 9/11, Philadelphia and Its Countryside does not now need to sell itself as a discount destination through the sale of hotel packages. In an environment of hotel occupancy over 80% and rising average daily rates, GPTMC is now selling the destination, not discounted hotel rooms.

Selling the destination, however, is a more complex marketing challenge than the sale of hotel packages, which has characterized GPTMC's advertising since 9/11. Reaching the right audiences with the right messages about the region requires research on who is coming to the region and who would come if they only knew about it—as well as identifying the best media vehicles with which to communicate.

¹⁴Direct spending for the Summer 2004 package by consumers was \$4.9 million and direct spending by Winter 2005 hotel package consumers was \$6.3 million. GPTMC does not calculate the ROI of the package alone, due to the wide-ranging impact of the package advertising beyond hotel package sales. Consumers see GPTMC's advertising and book directly with hotels, through online travel sites like Expedia and Orbitz and during non-package periods, like weekdays.

¹⁵Indirect impact represents what businesses and hotels spend to serve their customers; induced impact represents what employees from these businesses spend in the regional economy. Indirect and induced impact is derived using a multiplier of 2.65, which Econsult developed for GPTMC. This multiplier represents how tourism dollars spread throughout our region's economy.

IV. KNOW YOUR NICHES

Our hotel data, economic impact assessments and visitor volume studies all indicate that tourism is a growth industry in the Philadelphia region. As the recent Milken Institute report, *Best Performing Cities*, found: “*The city's economy improved last year largely due to strength in the leisure and hospitality industry, the fastest-growing segment of Philadelphia's vibrant economy this past year.*”¹⁶

Building and growing this industry depends on marketing the region to the right audiences with the right messages. This mission has become complicated, however, due to media fragmentation and shifting consumer expectations:

- The rise of new communications channels—from the Internet to “buzz” marketing—erodes television, print and radio's dominance in advertising.
- Consumer expectations have shifted, leading people to tune out advertising messages that contain a general “sell” and pay attention to messages that feel more like personalized invitations: “*An increasingly heterogeneous marketplace requires much more one-to-one communication, instead of one-to-many communication, like advertising.*”¹⁷

GPTMC’s challenge is to reach the right audiences, make its advertising personal and, at the same time, convey the overall appeal of the region. Research into our visitors—why they come and what they enjoy—has been the foundation for building a new marketing approach.

Who’s Coming?

If the invitation to visit the region needs to be personal, GPTMC needs to know what the “touchpoints” for our various visitor segments are. This past year, GPTMC undertook an in-depth look at our visitors through quantitative and qualitative research, which yielded new insight into our consumers and how to reach them.

Our approach was to begin with a broad view, looking at basic demographic data of visitors to our general region of the country. Demographics help us select media markets and vehicles, but we need to know more about people's interests and the types of trips they enjoy in order to create the right marketing message. The next step, therefore, is to focus on our most promising segments and learn more about them.

¹⁶*Best Performing Cities: Where America's Jobs Are Created and Sustained.*

¹⁷ Quoting David Martin, president of Interbrand Corp. in “*The Vanishing Mass Market,*” p. 64.

Survey Research

While the age of travelers to our part of the country is consistent with that of U.S. travelers generally, the household income of our visitors is higher and the point of origin of our visitors is closer to home.

- Visitors to our general region are most likely to drive 500 miles or less when they travel (38.3% report traveling 500 miles or less), as compared to 30.6% of the general travel population who travel this distance.
- The household income of our travelers skews slightly higher than that of travelers generally, with 43.4% reporting household incomes over \$75,000, as compared to 39.8% of general travelers, who report household incomes over \$75,000.

**DEMOGRAPHIC CHARACTERISTICS OF VISITORS TO OUR REGION
AND GENERAL U.S. TRAVELERS: 2003**

	ANY TRAVEL	TRAVEL TO PA/NJ/NY
AGE		
18-24	11.0%	10.4%
25-44	41.6	41.2
45-64	33.9	34.6
65+	13.5	13.9
HOUSEHOLD INCOME		
Under \$50K	37.0	34.3
\$50K-\$75K	23.2	22.4
\$75K-\$100K	16.5	18.0
\$100K+	23.3	25.4
WHERE THEY LIVE		
New England	5.6	9.6
Mid-Atlantic	14.4	43.4
South Atlantic	19.0	19.7
East South Central	5.7	2.3
West South Central	10.5	4.2
East North Central	15.4	8.4
West North Central	6.9	2.3
Mountain	7.5	3.1
Pacific	15.1	7.0
HOW FAR THEY TRAVEL		
Under 500 miles	30.6	38.3
500-999 miles	28.0	24.4
1000 miles and over	35.2	32.7

Source: 2003 MRI Doublebase

Focusing on those markets closer to home, we get an even deeper understanding of our potential consumer through survey research. Data on visitors to Philadelphia from the New York, Baltimore and Harrisburg/York Demographic Metropolitan Areas (DMAs) reveal that our visitors include strong representation of multicultural segments as well as households without children.

In addition, visitors from these key regions are more likely to attend art museums, dance and music performances and live theater than the general population. This helps to define even further our target markets by their areas of interest.¹⁸

**DEMOGRAPHICS OF VISITORS TO OUR REGION FROM
KEY MARKETS -- 2003**

	VISITORS TO PHILADELPHIA FROM:		
	NEW YORK	BALTIMORE	HARRISBURG
Number of visitors	1,279,700	189,900	147,100
Sex			
Male	51.5%	49.2%	47.3%
Female	48.5	50.8	52.7
Ethnicity			
White	69.3	54.8	90.4
African-American	21.8	36.8	8.0
Hispanic	11.3	5.4	6.1
Asian	4.6	3.3	0.5
Other	4.3	5.1	1.2
Children in Household			
Yes	39.3	39.7	36.7
No	60.7	60.4	63.3
% Attending the following (at all in past year)			
Live theater	60.3	40.1	37.5
Art museum	38.3	36.4	20.9
Dance or ballet	21.2	n/a	n/a

Source: Scarborough Research, 2003

¹⁸ Scarborough Research has created an index to designate when an activity occurs more in a target audience than in the general population. An index rating of 100 indicates the general population's participation in these activities. For each of these target audiences, the activities listed occurred significantly more for our visitors than for the general population.

Data from the Commonwealth profiles our visitors more specifically:¹⁹

- Overnight tourist spending is significant in our region and is going up (\$101.30 per person per day in 2003, up from \$98 per person per day in 2002).
- Sightseeing, dining and entertainment are the defining activities of a Philadelphia and Its Countryside vacation.
- Visiting friends and relatives (VFR) continues to be the primary purpose of a trip to Philadelphia and Its Countryside (with 48% of visitors reporting this as the primary motivator of their trip).

VISITOR VOLUME OF OVERNIGHT LEISURE TRAVEL: 7.9 MILLION PERSON-TRIPS	
TRAVEL PROFILE	DOMINANT SEGMENTS
Median Age	40 Years of Age
Median Annual Household Income	\$70,400
Main Type of Traveling Party	Couples
Primary Purpose of Stay	VFR
Average Length of Stay	3.3 Days
Accommodation Preference	Hotel/Motel
Top Activities	Sightseeing, Dining, Entertainment
Secondary Activities	Museum/Art Exhibits, Historic Sites, Theme
Average Expenditures: Per Person Per Day	\$101.30
Average Expenditures: Per Travel Party Per Trip	\$675
Average Satisfaction and Value Ratings	Satisfaction: 7.2 Value: 7.1

Source: 2003 Pennsylvania Travel Profile

Our destination's attractions also contribute to the profile of our regional visitor:

- Philadelphia is a prime destination for couples (even the Franklin Institute is visited more by couples without children in the household than by those with children in their household).
- Visitors to some of our region's premier attractions include strong representation from multicultural segments, with African-Americans, for instance, representing 22% of visitors to the Franklin Institute.

¹⁹2003 Pennsylvania Travel Profile, p. 77.

DEMOGRAPHIC PROFILE OF ATTRACTION VISITORS – 2003

	FRANKLIN INSTITUTE	LONGWOOD GARDENS	SESAME PLACE
Sex			
Male	51.7%	45.2%	29.7%
Female	48.3	54.8	70.3
Age			
18-24	10.1	8.2	11.4
25-44	44.5	28.6	56.0
45-64	32.6	37.2	28.2
65+	12.8	26.1	4.4
Ethnicity			
White	74.4	88.2	61.8
African-American	21.8	8.7	33.9
Hispanic	6.8	3.4	9.6
Asian	1.6	1.1	3.9
Children in Household			
Yes	48.0	27.5	71.5
No	52.0	72.5	28.5

Source: Scarborough Research 2003

In-Depth Qualitative Research

A picture of our visitor profile emerges from this data: *young middle-aged to older couples and families who travel from relatively nearby, have slightly higher than average household incomes, include a diverse ethnic mix and enjoy culture and the arts more than the general population.*

You cannot market to a demographic profile, however. Visitors do not travel as 40-somethings with 2.3 children who have been to a museum in the past year. They travel with interests, motivations and expectations. Crafting a marketing message that feels personal and direct means speaking to consumers' emotions and motivations.

To create such a message GPTMC needed to speak directly to those who had the experience of being here. GPTMC conducted in-depth interviews with visitors to learn why they chose the destination and what they got out of the experience. We were then able to position Philadelphia and Its Countryside in a consistent and compelling way in all of our marketing communications: advertising, public relations and Web.

Researchers from The Wright Group, a national research and positioning firm, conducted 46 in-depth interviews with visitors to Philadelphia and 18 interviews with visitors to Chicago to hear about differences between the two cities. The conclusions from the research focused on shifting the positioning of Philadelphia and Its Countryside to better reflect what visitors value and enjoy while here.

- Visitors choose a metropolitan location for a getaway for many reasons: They seek excitement, a breadth of experiences and a chance to observe and immerse themselves in a new place, with its diversity, activity, dining, shopping, nightlife and education. They want to be part of “the scene.” For many, successful city vacations involve a mix of purposeful pursuits and serendipity. They may plan part of their trip scrupulously, but they allow themselves time to “get lost.”

“You're brought into something and changed.” (Philadelphia visitor)

“I prefer getting lost to knowing where I am.” (Philadelphia visitor)

- Exciting urban destinations are constantly evolving, giving visitors new reasons to return. For those who visit the city, Philadelphia qualifies as an exciting urban destination. Additionally, it is applauded for being a friendly, walkable city with rich historical endowments.

“Philadelphia feels more like a city, not a touristy thing.” (Philadelphia visitor)

- While historical attractions may be a component of Philadelphia’s positioning, they are not the primary driver of a successful position. Rather, the positioning must champion Philadelphia's vibrant, modern side, its thriving neighborhoods and its diverse and vital cultural offerings. Philadelphia history appeals to tourists because it is living history, not static displays of a past time.

“I'm more interested in the future than in the past.” (Philadelphia visitor)

“I'm not a patriotic person, but I was moved. It made me think of my roots.” (Philadelphia visitor)

“You're actually going to see and touch history here.” (Philadelphia visitor)

- While visitors want a large city, they want their destination to be “big-city friendly.” Visitors are looking for comfort and connection, and some also need to be reassured that the city's scale and pace are manageable. Declaring that a city has a broad selection of activities, yet is a “great walking city,” seems to reassure them.

“I sense the integration of the people.” (Philadelphia visitor)

“Philadelphia is an open-armed city...[that says] you can come in and be a part of us...and have a good time.” (Philadelphia visitor)

- “So much to do!” is the gold standard of vacations to metropolitan destinations. Visitors can assume there will be something there for them and that their vacation will satisfy many interests. Restaurants, particularly those featuring unusual, regional or ethnic cuisines, are a very important part of the experience: *“Eating food you can't get at home”* is a constantly cited motivator. Shopping and a vital nightlife scene are also very important parts of a Philadelphia vacation. Unique, one-of-a-kind boutiques make for appealing shopping. A destination's live music offerings are more diverse and accomplished than those available where the average visitor lives.

“On vacation, you want to do different kinds of things. You want to learn something, then enjoy yourself and not think.” (Philadelphia visitor)

“Seeing the skyline at night makes me want to come back, because it says there's a lot to do.” (Philadelphia visitor)

- But to those who have not yet visited, Philadelphia and Its Countryside as a brand is often undefined or even invisible. It may reside in the mists of the distant historical past, and these historical credentials may not be sufficiently compelling to inspire a visit; or it may be suspended in time as a mid-century, blue-collar backwater.

Prospects are not hearing about the region's modernity, cultural diversity or thriving social scenes. A diverse and integrated population, the home of great dining, museums, nightlife and music, and a stirring source of national pride are all cited as Philadelphia surprises. We need to invite visitors to “linger longer, dig deeper, look closer” and discover the richness of Philadelphia's offerings.

“The food here is better than New York.” (Philadelphia visitor)

But visitors to Chicago have a different perspective on Philadelphia: *“A rougher town.” “The shipyard shut down.” “The people are not as friendly.”*

We also conduct and gather research on a number of our niche segments for which we want to create more tailored messages and find just the right media vehicles. Key examples from this past year include: *Multicultural Markets*, “*Culture Vultures*,” *Outdoor Enthusiasts and Gay & Lesbian Travelers*.

Multicultural Markets

Philadelphia is a top destination for African-American travelers from the Baltimore region (see table on page 21) and Baltimore has the highest concentration of African-Americans of all U.S. cities.²⁰ Therefore, GPTMC has invested close to \$200,000 in advertising to African-American audiences in the Baltimore DMA. This targeted media campaign is based on a body of research into the African-American market.

- Most African Americans (64%) believe that advertising should speak specifically to them, and they are more likely to respond to such advertising (Source: Market Segment Group). Therefore, GPTMC has created ads for the Baltimore market that feature Ayoke, an African-American spoken-word artist, introducing Baltimoreans to the “*Sights, Sounds, and Style*” of Philadelphia.
- Most (68%) African Americans said that companies that place ads in ethnic publications are sensitive to their needs and 62% believe those companies really want their business. GPTMC’s ad placements in Baltimore include those in the top African-American newspaper in Baltimore, *Afro-American Times*.
- In our region, we have learned that African-American visitors have a higher tendency than other visitors to go to interactive attractions/museums and science/nature appears to be a stronger interest than art. The following attractions are all statistically more popular with African-American visitors than with white visitors²¹:
 - New Jersey State/Adventure Aquarium 14% versus 9%
 - The Philadelphia Zoo 21% versus 16%
 - Please Touch Museum® 14% versus 9%
 - Academy of Natural Sciences 16% versus 11%

By tracking the experiences that matter most to the African-American traveler, GPTMC is better able to create invitations to visit that are relevant and personal.

²⁰Strategy Research Corporation, 2002; American Demographics, November 2002.

²¹The Independence Visitor Center Corporation (IVCC) conducts seasonal intercept interviews with visitors at a number of sites throughout the city. This data is drawn from 2004 intercept interviews conducted for the IVCC by Eshelman & Townsend.

A new development for GPTMC is its concentration on the Hispanic travel segment. There are a number of good reasons to develop a marketing strategy specifically for this group:

- Hispanic households take more trips than any other multicultural segment tracked—77.1 million trips in 2002 (when data was last captured) versus 75.2 million trips for African-American households and 33.1 million trips for Asian-American households. (Source: TIA)
- Trips by Hispanic households represent \$37.2 billion in spending. (Source: TIA)

GPTMC is already advertising in New York City, which has the largest concentration and population of Hispanic Americans in the Northeast. While Hispanics from New York are traveling a great deal—73% took a trip in the past year and over a third took more than three trips—not that many are coming to Philadelphia yet. Philadelphia is 16th on the list of places Hispanics in New York travel to, and only 6.2% of the New York Hispanic population has been here.

In focus groups with Hispanic publishers from New York and elsewhere, GPTMC has learned how "invisible" Philadelphia is to the New York Hispanic market:

“I, myself, had no idea how close Philadelphia was to New York until I came down for an exhibit at the (Philadelphia) Museum (of Art).”

“This place (Philadelphia) has so much to offer, but everyone knows the Smithsonian and no one knows what's here.”

In order to take advantage of the opportunity that exists with Hispanic New Yorkers, GPTMC has invested almost \$75,000 in print ads in New York and Philadelphia Hispanic publications, and GPTMC's public relations department has begun cultivating relationships with Hispanic publications and writers, primarily those based in New York.

Once again, research grounds the approach to fashioning a message to the Hispanic population, and research has shown that:

- Emphasizing the accessibility of Philadelphia and Its Countryside to the New York Hispanic population is key, because they are unaware of how close it is:

“I live in Northern New Jersey, and it would take me longer to get to parts of New York City or the beaches in New Jersey than to get to Philadelphia. This is a great place to promote. You can come and visit here in a shorter time than it takes to get to other places.” (Hispanic publisher)

- The "hook" for Hispanic visitors does not have to be the "barrio" but rather all the general attractions of a Philadelphia and Its Countryside trip. History, food, festivals and the arts are all considered reasons to travel by Hispanics:

“There's arts and culture; there's so much theater.” (Hispanic publisher)

“We had a 4th of July celebration (in upstate New York), and you would think there would be lots of Anglos there, but it was Hispanics...with food, barbecues, music. The festival doesn't have to be a Hispanic festival for them to come. There just has to be good food and some good music.” (Hispanic publisher)

“First thing my readers are looking for is things they can do with their family; what are the things they can do in a metro area and do with children: that's what they want to know.” (Hispanic publisher)

GPTMC's Hispanic marketing effort will concentrate on the general cultural attractions of the region, along with the entertainment (dining and music, especially) available here. We've learned from visitors who stop at the Independence Visitors Center, for instance, that Hispanic visitors are more active than other ethnic segments in their attendance at cultural attractions in the region.²²

- 36% have visited the Franklin Institute (versus 23% of whites and 25% of African Americans).
- 34% have visited the Philadelphia Museum of Art, (compared to 26% of whites and 21% of African Americans).
- 20% have visited the Academy of Natural Sciences (versus 11% of whites and 16% of African Americans).

“Culture Vultures”

The relationship between arts and culture and tourism is symbiotic: tourists crave and expect to experience art, theater and music on their trip, and venues need tourists to fill their seats. Tourism marketing to “culture vultures” fills both needs by letting tourists and potential tourists know that the region is a cultural haven and by successfully attracting out-of-towners to fill our increasing number of theater and concert seats and museum wings.

The expansion of the Franklin Institute and Pennsylvania Academy of Fine Arts, the birth of The Kimmel Center for the Performing Arts and World Café Live, and the plans for the Boyd and Royal Theaters are infusing new life into arts and culture in the region. They provide tourists with more reasons to visit and return in the future, but they also benefit from GPTMC's marketing the region to out-of-towners, who then fill these venues, which a local market base alone cannot.

²²IVCC intercept interviews, 2004. Conducted by Eshelman & Townsend.

- The Kimmel Center reports that approximately one-fifth to one-quarter of its *Broadway at the Academy* and *Kimmel Center Presents* ticket buyers were from outside the Philadelphia region.
- The Philadelphia Museum of Art (PMA) reports an even higher proportion of out-of-town visitors, with about a third of museum visitors—and up to half for some special exhibits—coming from over an hour away.

For PMA's most recent exhibit, *Salvador Dali*, GPTMC committed staff time and \$800,000 in advertising and public relations to promote—in partnership with PMA and Advanta—the exhibition and the Dali experience. Early reports of impact indicate that marketing worked to create a sold-out show, generate hotel room-nights, and attract visitors from targeted areas like Boston who have not visited Philadelphia before.

Research shows that tourists spend money on arts and culture. A survey of our Winter 2005 hotel guests revealed that almost 20% of visitor spending went to attractions and performances (and these were visitors who were spending on hotel rooms, restaurants and shopping too). Other survey findings include:²³

- Of recent hotel guests, 17% say they attended a concert or musical performance during their stay, and another 9% report attending a play.
- In the same study, 38% of visitors report going to the PMA, and another 13% report visiting other art museums in the region.
- Focus group research with visitors demonstrates that arts and culture often form the cornerstone on which overnight stays are built.

“We always pick an evening show or performance and then build the rest of the weekend around that.” (Winter focus group participant)

Outdoor Enthusiasts

As with all our targeted segments, focusing on outdoor enthusiasts (those interested in or motivated by outdoor recreational activities when taking a vacation) began with research. National parks now top the list of specific destinations of interest to American leisure travelers (66%) and the incidence of beach/lake vacations is rising as well (27% of leisure travelers this year versus 21% last year).²⁴ And outdoor travel is big business: visits to national parks had an economic impact of \$14.2 billion.

In 2003 and 2004, GPTMC commissioned the Osiris Group to conduct research on the region's outdoor resources and our visitors' use of these resources. The research included surveys of more

²³GPTMC conducts seasonal surveys of our leisure hotel guests to learn about their travel habits and motivations. The Summer 2004 survey included 954 respondents and the Winter 2005 survey consisted of 1,047 respondents.

²⁴ 2005 National Leisure Travel Monitor, Russell/Yankelovich Partners.

than 2,100 visitors at 68 different outdoor sites across the five-county region. A third (34%) of visitors to these outdoor sites were tourists, and most of them were staying overnight in the region. They also reported that outdoor-related experiences were “very important” when planning their trip (65%).

GPTMC will be building a marketing campaign to reach these outdoor enthusiasts in the future, and from the research, we know two crucial things about visitors’ favorite activities:

1. The top outdoor activities enjoyed by our visitors are walking, historic landmarks, jogging, biking, picnicking, horticulture, hiking, outdoor events, art and golfing.
2. Visitors like to combine outdoor activities with other traditional visitor activities: 80% with dining, 64% with shopping, and 54% with arts and culture.

The wealth of outdoor activities in the region also provides a strong link between city and suburbs. Philadelphia and Its Countryside can provide the visitor with the rare experience of going from city to woods within a day. The marketing campaign, therefore, will be another opportunity to build on the regional experience our visitors can have.

Gay and Lesbian

Philadelphia's proximity to New York City, our burgeoning restaurant and nightlife scene and a lively “gayborhood” suggested to us that reaching out to gay and lesbian tourists with a personal invitation to visit Philadelphia could yield a strong return. That strategy has worked.

GPTMC, the Philadelphia Gay Tourism Caucus and the Altus Group established Philadelphia as a gay-friendly destination with our *Philadelphia—Get Your History Straight and Your Nightlife Gay™* marketing campaign. Over an eight-month period, we advertised our message in gay and lesbian newspapers in Boston, New York and the Mid-Atlantic states, as well as in national publications such as *The Advocate*. A deal with Orbitz provided increased exposure for the television commercial on cable. Publicity for the two-year-old campaign has been exceptional—with a value of \$10 million—and it received coverage on *Saturday Night Live*, *The Daily Show with Jon Stewart* and the *O'Reilly Factor*.

Research conducted in 2003 by Community Marketing Inc. (CMI) provided a foundation for the initial campaign, and in February 2005, GPTMC again commissioned CMI to survey gay visitors to determine the impact of our gay marketing campaign on their travel decisions. Research was conducted online and through in-person intercepts, with 2,636 completed interviews. Of those, 533 respondents reported having been to Philadelphia in the past year (119 lesbians, 390 gay men, and 34 bisexual/transgender respondents).

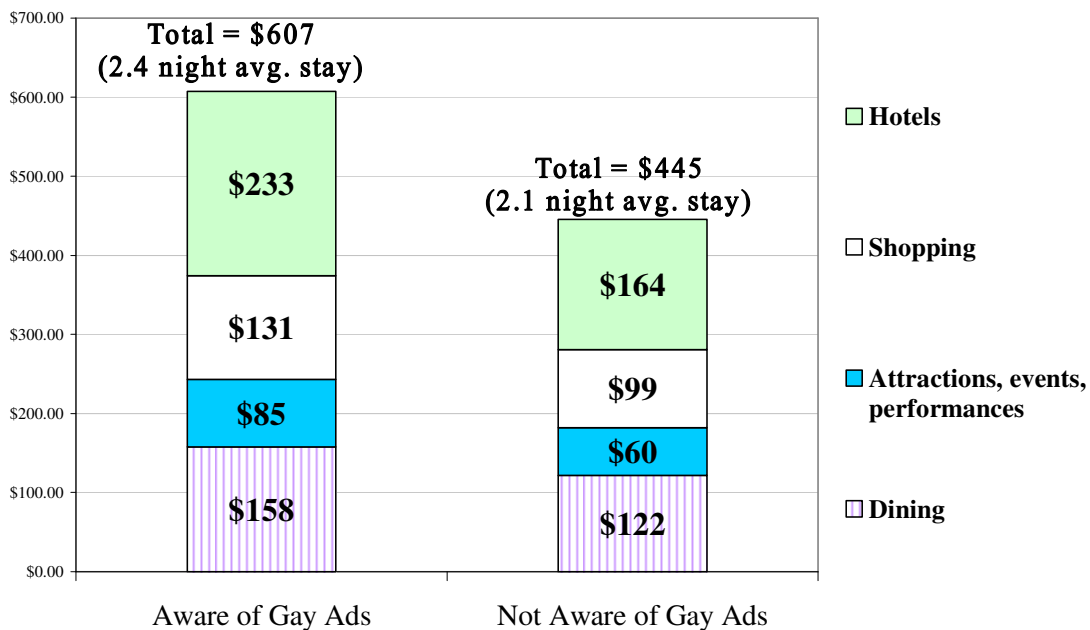
- Average daily spending by the overnight gay traveler is \$233, up 30% over last year’s figure of \$179. Average daily spending by gay visitors is also much higher than that of our general overnight visitor: \$233 versus \$101.

- Primary reasons to visit Philadelphia and Its Countryside are as diverse as the region's offerings. The three primary reasons are: *to visit friends/family (36%), been there before and liked it (34%)* and *to see the gayborhood (27%)*. However, *art exhibits, cultural activities, dining, shopping and sightseeing* are mentioned as well by over 20% of visitors as a reason to visit.
- A third of the entire sample (33%)—and close to half (48%) of recent visitors to Philadelphia—reported that they read an article about Philadelphia as a gay-friendly destination. *Out Traveler* and *The New York Times* were the most frequently mentioned publications.
- Ad awareness is high—of those who could recall any tagline, 27% offered, unprompted, Philadelphia's gay-friendly advertising tagline *Get Your History Straight and Your Nightlife Gay™* when asked what the message of our advertising was.

When shown our gay-friendly ads, 42% of the sample reported familiarity with at least one ad. Close to a fifth (17%) reported that they visited Philadelphia because they saw the gay-friendly advertising, and 57% reported that they are more likely to visit because of the ads.

- The impact of advertising can be seen in visitor spending as well: Those who have seen Philadelphia's gay-friendly advertising stay in the region longer and spend more money. Those aware of the ads stayed an average of 2.4 nights and spent \$607 versus those who had not seen the ads and stayed 2.1 nights and spent \$445.

GAY AD AWARENESS AND SPENDING DIFFERENCES



V. NEW STRATEGIES

GPTMC's New Positioning

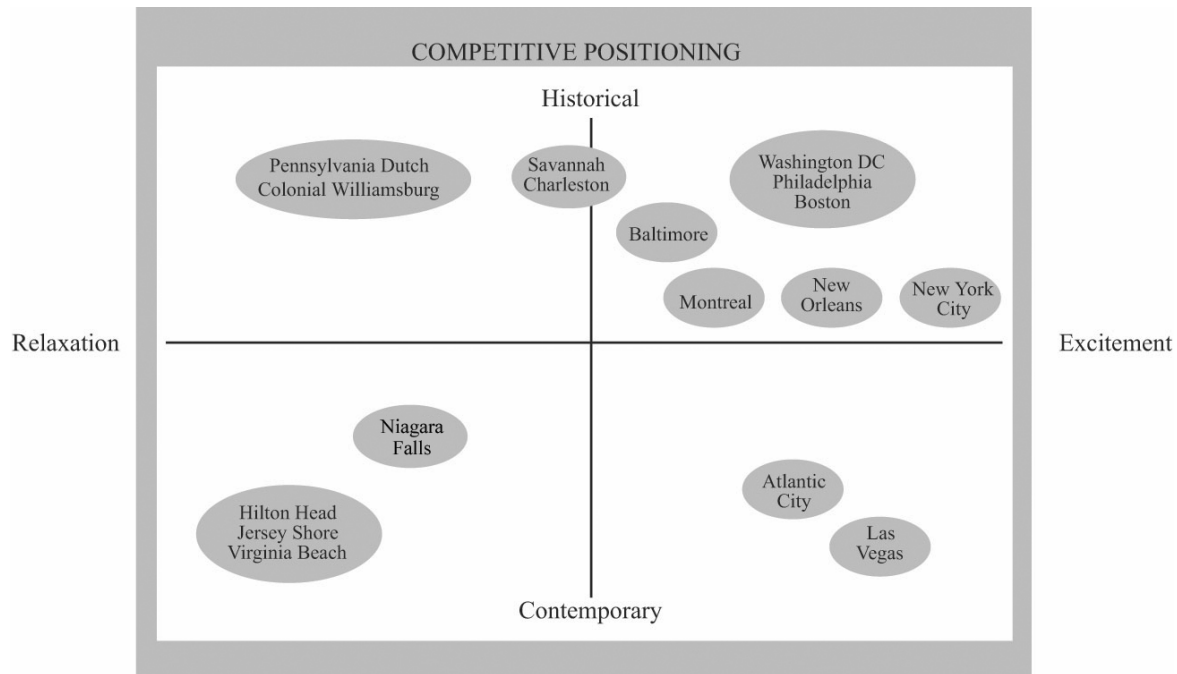
GPTMC took a complete look at all the research just presented and forged a new positioning for the region. The positioning statement is a touchstone for PR, Web and advertising to use in creating a unified image of Philadelphia and Its Countryside as a desirable tourist destination that speaks to consumer interests and the region's assets. It is being used to shift Philadelphia from a strictly historical destination in tourists' minds to more accurately reflect the reality of a visit to the region: as a *so much to do* destination where visitors can shop, eat, walk and be entertained all the time. The new positioning is:

Philadelphia offers an exciting experience where visitors can immerse themselves immediately and easily. By walking our streets, you can stand in places where history was made; soak up the sun at an outdoor café; encounter art at hundreds of museums and galleries; shop in the many boutique districts; experience our restaurant renaissance when you choose a place for dinner; and end the day—any night of the week—at a play, concert or nightclub. There's so much to do, you'll need to sleep over and visit over and over again.

The goal of the new positioning is to take Philadelphia and Its Countryside from where it stands now in visitors' perceptions and relative to other destinations and move the region to where it should be as a tourist destination, increasing interest in and visitation to our region.

This movement is represented in the graph on page 33. Philadelphia and Its Countryside is placed relative to some other competitor destinations and relative to some key dimensions of a vacation: excitement, relaxation, historical and contemporary experiences. These dimensions reflect what kind of experience people have when they get away:

- *Excitement*: So much to do, you can be stimulated day and night, and be going all the time. New York is a prime example.
- *Relaxation*: So little to do, you can disengage and get a break from all you normally do. Beach vacations are an example.
- *Historical*: Destinations where visitors are transported back in time and are educated about another culture and period. Williamsburg and Charleston come to mind.
- *Contemporary*: Destinations where there is always something new to see and do and where there is little value in the old or historical. Las Vegas provides this kind of experience.



Our researchers asked visitors (and non-visitors) where they believe Philadelphia and Its Countryside should be positioned within these four dimensions. Their answers were revealing. To many, Philadelphia and Its Countryside is perceived to be a historical destination, similar to Boston and Washington, D.C. Yet when visitors described what they enjoy about Philadelphia and Its Countryside and when we look at the data of what activities our visitors engage in, the region appears to offer a much more exciting, contemporary experience than visitors' impressions would indicate.

Conclusion: There is a disconnect between perceptions about what Philadelphia and Its Countryside offers as a destination and what the actual visitor experience is like.

Therefore, our new positioning captures what type of shift our marketing must make for consumers: ***Move Philadelphia out of the bubble with Washington and Boston and towards the excitement of New York City.***

- Philadelphia needs to claim a distinctive position apart from any other destination, so that a visit to the region is a “must-do” experience, with no substitute.
- The actual experience visitors describe while here is one of excitement, sophistication and stimulation. Therefore, in moving Philadelphia and Its Countryside out of its existing “bubble,” the direction to go is clearly towards excitement.

Repositioning the region away from its current competition and towards excitement means emphasizing the wide range of activities available, both day and night; touting the varied trip types that are available here (city, countryside, history, shopping, dining, culture, nightlife and so forth); and communicating the vibrancy, vitality and diversity of the region’s offerings.

Advertising: Markets, Message, and Maximal Flexibility

The positioning shift for Philadelphia and Its Countryside is only one of a number of marketing changes for GPTMC and the region. Successful marketing cannot stay the same for long because consumers' needs (what they're looking for and how they choose to get their information) are constantly changing.

GPTMC has shifted its advertising strategy in light of a number of recent phenomena:

- The mass market has disappeared. Article after article notes the end of mass marketing in light of increasing media channels and consumers' ability to tune out advertising through new technologies:

“Today, it would take a hundred and twenty-five CBS, NBC, or ABC ads to reach the percentage of viewers that three network ads once reached.”

—The New Yorker, March 28, 2005

- Philadelphia has emerged as an exciting cultural and cosmopolitan destination, as indicated by our research and in our new positioning. The advertising needed to make the new “so much to do” positioning live and our new television, print and billboard advertising convey the message in an attention-getting way.
- The discount image created by our two-for-one hotel package campaign is fading Philadelphia's recovery following 9/11 was supported by an advertising campaign that promoted two nights and free parking at a Philadelphia hotel for \$89. The price of the hotel package increased each season it was offered, and this past winter, hotel package prices averaged \$215 for two nights, clearly no longer a “buy one, get the second night free” deal.

Instead, a recent poll of hotel package consumers revealed that Philadelphia is seen as a *fun* (65%) and *cultural* (65%) destination, where visitors spend serious money on dining, arts and culture and hotels. (Average spending for a two-night hotel package stay was \$710 for winter 2004-2005.)

- Consumers expect advertising to offer a personal invitation, not an impersonal “sell.”²⁵ GPTMC's advertising needs to reflect the fun and sophistication of the place we are selling and the consumer to whom we are selling.

Our advertising strategy of targeting high-yield niche segments is already in place (with advertising directed to gay audiences, “foodies,” African Americans, and families) and has opportunities for expansion (to include “culture vultures,” outdoor enthusiasts and Hispanics).

²⁵A recent survey by Yankelovich Partners reports that 69% of consumers say they look for ways to block, skip or opt out of being exposed to advertising.

“Make ads more relevant to the lives of viewers, so that they might just stick around to watch. Instead of commercials being an annoyance, they become information a viewer needs, perhaps even craves.”

—*The New York Times*, March 27, 2005

A closer look at our research and market trends indicated that we had the opportunity to reach some new audiences with our advertising...something that was going to be necessary in order for the double-digit leisure tourism growth in the region to continue.

- Adults (not just families) stood out as a market we had to focus on, with close to two-thirds of consumers in our key feeder markets (New York, Harrisburg and Baltimore) reporting that they had no children in their households.²⁶
- Geographically, Boston showed a lot of promise as a new market. Boston residents resemble New Yorkers along many dimensions, and we have been successful in marketing to the New York market. Boston represents a fly and drive market, and Boston residents have been hearing a lot from Southwest Airlines about opportunities to fly Southwest to Philadelphia: \$1.3 million was spent by Southwest advertising in Boston in 2003, much of that with a “fly to Philadelphia” message.

GPTMC’s approach to these changing phenomena was to develop a new advertising strategy and new creative. With a \$5.9 million advertising budget, we crafted new, more flexible 15-second television spots (instead of 30-second ads) to run only on cable and a stronger presence in print and radio and on the Internet.

The ad department generated 844,990,384 impressions via broadcast and cable TV, radio, print, Internet and outdoor advertising. Cooperative advertising—a program where nearly 75 attractions and destinations throughout the five-county region have the opportunity to participate in full-page, four-color print ads under a Philadelphia and Its Countryside banner—produced an additional 120,314,231 advertising impressions.

- The television spots featured destination-definers, like dining, shopping and culture, and tagged the ads with the *Philly’s More Fun When You Sleep Over*TM message. We thereby retained the equity in the brand that got us on the map as a destination—the *Philly’s More Fun When You Sleep Over* campaign after 9/11—but focused on the destination’s assets and not its affordability as the reason to visit.
- Our radio advertising shifted from 60-second advertisements to 10-second traffic sponsorships that allow us to highlight specific events and reasons to visit with increased frequency. Traffic sponsorships over the past year have featured the following events and themes (among others): *Escape New York during the Republican National Convention (summer '04) with a visit to Philadelphia; The Philadelphia Flower Show; and the Salvador Dali exhibit at the PMA.*

²⁶See the table on page 21.

- GPTMC has strengthened its presence in print by adding Boston newspapers to the media plan and continuing advertising in New York and Philadelphia papers. Magazine advertising has gone national, with half-page ads in *Cooking Light*, *Art & Antiques*, and *Art News*. Regional buys in magazines (targeting the entire Northeast Corridor) included *Oprah* and *Endless Vacation*.

Finally, working with our transportation partners Southwest, US Airways and Amtrak we reached audiences while they were en route, via *Attaché*, *Spirit*, and *Arrive*. Using print advertising in these publications allowed us to connect with people who travel and seek the kinds of experiences Philadelphia and Its Countryside has to offer.

- Internet advertising was based on two primary strategies this past year: search engine optimization and ad placement on high-traffic, geo-targeted Web sites. By carefully crafting our homepage content, we have been able to come out on top with the most popular search engines used by consumers. In May 2005, for instance, gophila.com appeared first on the MSN search engine and second on Yahoo when a consumer searched for Philadelphia.
- To complement and strengthen our “traditional” media buy, our online advertising appeared on the following sites: www.mapquest.com, www.zagat.com; www.nytimes.com, www.washingtonpost.com, and www.boston.com. A yearlong sponsorship of www.philly.com provided run-of-site ad placements, including the homepage.

This is an example of our new advertising in print:

**STEPPING OUT
IN PHILLY? YOU'LL NEED**

Nothing beats a day in Philadelphia, unless it's a fun-filled night. This summer, there is plenty to keep you busy. Want to swim with the sharks? Head to the **NEW Adventure Aquarium**. Interested in history? Listen closely to Philadelphia's many stories, and you'll find yourself in the heart of one -- all part of the **NEW Once Upon a Nation**, opening Memorial Day weekend. Need a break? Indulge at a bustling **outdoor cafe**.

BOOK YOUR HOTEL, AND GET SET TO GO AT WWW.GPHILA.COM.

THESE
AND THESE
AND THESE
AND THESE.

**PHILLY'S MORE
FUN WHEN YOU
SLEEP OVER**

GPHILA.COM

Experience Philadelphia with Your American Express® Card

The new campaign, rolled out in November 2004, has already yielded impressive results.

- Our visitors report coming to Philadelphia increasingly for the events and performances, fine dining and shopping that we have been telling them about in our advertising. This winter, 21% of hotel visitors reported coming because of an event, exhibit or performance, up from 16% who reported this during the summer of 2004.
- The percentage of those who enjoyed fine dining while they were here rose from 40% this past summer (2004) to 51% during the winter.
- Visitor spending was up in all categories after our campaign broke in November 2004. Spending on shopping was up 19%; dining was up 9%; and hotel and attraction/performance spending was up 4% each.²⁷
- Ad recognition is strong. A third (32%) of those who availed themselves of our winter hotel package said they learned about the package from a television advertisement (up from 26% during the summer 2004 who report learning about the package through a television ad).
- For our gay-friendly advertising campaign, over a third (36%) of a national sample of gay travelers reported seeing at least one of our ads and 17% of those reported that they came to Philadelphia because of the gay-friendly advertising.

PR Approaches

The public relations department is charged with earning media exposure that communicates the breadth and depth of the visitor experience in Philadelphia and Its Countryside. To that end, the department reaches out to media in our key markets and beyond to broaden advertising's reach geographically and in special-interest media. We are continuing to build coverage in African-American and gay media and are more aggressively placing coverage in Canada, Boston and Chicago.

In 2004, GPTMC's public relations department placed 1,945 travel and related lifestyle/entertainment stories creating advertising value of \$35 million and more than 508 million impressions. Our coverage was found in every media category, including major market daily newspapers, such as *The New York Times*; glossy magazines, such as *Travel + Leisure*; special interest magazines, like *Passport*; national newspapers, like *The Wall Street Journal*; and broadcast and cable television shows, such as ABC's *Good Morning America*, the *Tonight Show* and *The Daily Show with Jon Stewart*.

Of these 1,945 media placements, the most popular topics were *gay-friendly Philadelphia* (465 stories); *general destination* (244 stories); *Fourth of July weekend* (191 stories); and *tourism marketing* (167 stories). A number of stories also focused on specific interests tourists might have: *neighborhood tours* (44 stories) and *dining* (27 stories).

²⁷ Visitor spending on our seasonal hotel packages is outlined in the table on page 18.

As this list reflects, GPTMC's PR department places general destination stories, but also ensures that our niche segments read about themselves in relation to a Philadelphia and Its Countryside visit, and that general audiences read about more than just our history. In this way, PR extends the strategy of positioning the region as a "so much to do" destination and strengthens our advertising invitation to particular audiences.

Both visiting journalist programs and road shows ensure that journalists hear the messages about Philadelphia and Its Countryside that our consumers are hearing in advertising. This year, we took the Philadelphia story on the road to major feeder markets, and we attended important media marketplaces to sell our top regional stories.

- GPTMC-hosted media briefings in New York, Chicago, Boston and Washington D.C.
- The Society of American Travel Writers' (SATW) annual convention of 300 writers and editors in St. Moritz, Switzerland
- Public Relations Society of America (PRSA)/SATW Travel and Tourism Conference in Oakland, California
- The Mid-Atlantic Tourism Public Relations Alliance's Media Marketplace in Washington, D.C.
- The *Unity Conference*, held every four years and attended by 5,000 members of Asian-American, African-American, Hispanic-American and Native-American journalist associations

Many of the most important, multiple-page feature stories about Philadelphia's dining, art, culture or neighborhood scenes have resulted from our ongoing Visiting Journalist Program, which invites journalists to experience Philadelphia firsthand. Our assistance ranges from suggesting story angles and sources to putting together complete itineraries for individual journalists and/or groups of journalists. During these visits, we also learn about what the media is looking for, which helps us with planning. Last year, we hosted more than 100 visiting media and designed trips around:

- Salvador Dali exhibition at the PMA and *Surreal Philadelphia: The Dali Experience*
- Real Fun/Real Young Philadelphia, to coincide with MTV's *The Real World*
- Art/Jazz weekend
- Family-friendly Philadelphia
- Gay-friendly Philadelphia
- Pet-friendly Philadelphia
- CruisePhilly (based on overnight stays in the region built before and after leaving the Port of Philadelphia for a cruise vacation)
- Philadelphia and Its Countryside's dynamic dining scene
- Arts and culture in Philadelphia and Its Countryside

Key to getting good coverage for Philadelphia and Its Countryside in the press is having the most beautiful—and representative—photography of people, places and events that comprise the regional visitor experience. Today, we archive 15,000 images and in 2004, we created 15 different CD-ROMs to promote key themes.

GPTMC's photo library and b-roll help eradicate negative perceptions of the region by presenting beautiful images full of real people enjoying all the region has to offer, and these resources makes it easier for journalists and editors to cover the region.

- GPTMC's photography has appeared in 525 media outlets, including *The New York Times*, *USA Today*, *The Boston Herald*, *New York Daily News*, *AAA Traveler*, *Endless Vacation* and *Saveur*.
- We continue to host television crews and create broadcast-quality video b-roll to share with television programs. Just a sample of subjects about which we have supplied footage includes the Philadelphia Zoo for NBC's *Today Show*; Philadelphia brownstones for the History Channel; pretzels on the street for the Food Network; icons of American history for the Discovery Channel; general destination footage for Black Entertainment Television (BET); and the National Constitution Center for CBS Newspath (the national feed).

Just as we track advertising success, we learn about the impact of public relations as well:

- Public perceptions of the Philadelphia and Its Countryside are changing, as the emphasis of our public relations has changed. In a recent survey of hotel visitors, more than three-quarters of respondents identified the city as *historic* and *walkable* and two-thirds said the region was fun and cultural. No one said we were a *boring* place, and only 1% called the city *depressing*.
- A third of a national sample of gay travelers read an article or heard a news segment about Philadelphia as a gay-friendly destination, and close to half (48%) of recent gay visitors who read or heard a news story came because of that story.

Web Transformation

Our Web site, www.gophila.com, is the call to action for GPTMC's advertising campaigns and public relations messages. The ubiquity of the Web as a preferred travel planning tool and its ability to deliver information on demand makes a destination Web site a lifeline for the World Wide Web of travelers. The ability to market person-to-person with the Web makes it the premier marketing tool in a world where consumers are turning away from mass messages and mass media.

The Web site, for instance, provides advertising "on demand." Our gay-friendly television advertisement, *Pen Pals*, is available on the Web site and has been viewed more than 6,000 times in the past five months (January through May) by gophila.com visitors who are clearly seeking out the message.

Gophila.com is the region's Web site for tourists, and in 2004, the site had nearly three million visits from 181 different countries. The Web site has always been a favorite with tourists, with visits growing in double-digits each year since it was created. Hotel bookings on the site have increased, and our search engine optimization strategy means that gophila.com is the first site to appear when consumers search for tourist information on Philadelphia.²⁸

As our most effective "tourist conversion" tool, the look, feel and functionality of our Web site will match our marketing message: this summer, www.gophila.com will change in a big way.

Beautiful images, functional design, global navigation, information architecture and multimedia enhancements will accompany the Web site. Intuitive navigation, engaging content and vivid regional images will make the homepage more effective. In addition, a new database management tool will allow Web visitors to easily and efficiently sort information based on desired experiences, specific interests and/or geography.

The redesigned site will serve as a one-stop online visitor center, filled with the following features:

- Newly designed interactive maps (one of our most requested site features)
- More restaurant, dining and nightlife hotspots (another visitor favorite)
- An itinerary builder, which packs selected sites and activities into a "virtual suitcase" for saving, printing and/or sending to friends

As always, the Web site will provide an expansive selection of itineraries, online hotel booking capabilities, along with links to hundreds of regional Web sites. And our strong online partnerships with *phila.gov*, *PhillyFunGuide.com*, *OneBIGCampus.com* and *regional convention and visitors bureaus* will be represented on the site as well, allowing visitors to connect to all the region has to offer: from tourist activities and information on conducting business and meetings in Philadelphia to finding a college here.

Web promotions, e-newsletters and hotel reservation services allow GPTMC to build our database of consumers, and these are potential visitors to whom we can market directly and cost-effectively. These visitors who have "opted in" to learn more about the region constitute an especially valuable audience. Marketing to them through the Internet is:

- Cost-effective (we save on mailing and media costs)
- Personal (we can target a message based on the itineraries they choose and the parts of the Web site they enjoy the most) and,

²⁸When visitors search for "Philadelphia," Gophila.com comes up first on MSN's search engine and second on Yahoo's, April 2005.

- Timely (we can offer a recent visitor a “come back” message, providing reasons to visit the next season, month or week)

The Web also provides the ultimate tracking tool, allowing us to obtain up-to-the-minute data on the success of our campaigns, interest in our destination, and consumer response through surveys. Later in this report, we demonstrate how gophila.com is being used to track advertising and public relations success with consumers.

This is how the new home page (with a rolling billboard) will look:

Official Visitor Site for Greater Philadelphia gophila.com Search [GO](#)
Advanced Search

PHILADELPHIA
& Its Countryside™ [BUCKS](#) • [CHESTER](#) • [DELAWARE](#) • [MONTGOMERY](#) • [PHILADELPHIA COUNTIES](#) [PRESS ROOM](#)

THINGS TO DO | PLACES TO STAY | SPECIAL OFFERS | TRAVEL TOOLS | PHILLY FAVORITES | YOUR PHILADELPHIA

July 4th | Dining & Nightlife | Museums & the Arts | Shopping | History | Sports & Outdoors | Events Calendar | All

WHAT'S NEW | EVENTS CALENDAR | ITINERARIES & TOURS | COUNTRYSIDE | PHOTOS & MULTIMEDIA

Welcome to Philadelphia and its Countryside. Gophila.com is your official online visitor guide to Greater Philadelphia. Gophila.com is your official online visitor guide.

Hotels & Packages
Dining & Nightlife
Newsletter Signup
My Trip

Spotlight

- Elton John's 4th of July Concert on the Parkway
- Philadelphia CultureFiles
- Noches de Arte en el Barrio
- Tax-free Shopping
- Once Upon A Nation™
- Manayunk Arts Festival
- Ben Franklin 300 Philadelphia
- Wireless Philadelphia

Neighborhood Guide
Northern Liberties. In Philadelphia we love our neighborhoods.
[See More](#)

Longwood Gardens
Chester county's jewel blooms brilliantly year-round.
[See More](#)

Summer Festivals
Street fairs, concerts, movies under the stars—our summer activity guide.
[See More](#)

[Vacation Guides](#) | [Maps & Directions](#) | [Postcards](#) | [Weather](#)

Stop by the Visitor Center | See more of Pennsylvania | Plan a meeting in Philadelphia | Learn more about GPTMC

[Independence VISITOR CENTER](#)
1.800.537.7676

[PA](#)
1.800.VisitPA

[PHILADELPHIA CONVENTION & VISITOR BUREAU](#)
www.pcvb.org

[GPTMC](#)
Greater Philadelphia Tourism Marketing Corporation
www.gophila.com

[Home](#) | [About Us](#) | [Privacy](#) | [Site Map](#) | [Contact Us](#) | [Spanish](#) | [French](#) | © 1998-2005, Greater Philadelphia Tourism Marketing Corporation. All Rights Reserved.

Partnerships

In many cases, the best way to reach an audience to offer them a direct and personal invitation is to work with corporate partners who are already linked to the people we want to reach. Connecting with an affinity group that already exists is less expensive and more effective than trying to create one from scratch through marketing. GPTMC's partnerships reflect this philosophy. A sample of our partnerships demonstrates that effective marketing is cooperative.

- **Orbitz.** Orbitz signed on as a partner and contributed media dollars on cable networks to air the gay-friendly television commercial, "*Pen Pals.*" All spots were tagged with Orbitz as the call to action for people to book their trip to Philadelphia.
- **Comcast.** Working with Comcast has allowed GPTMC the opportunity to extend our advertising message to more people and more markets and make sure that more people know that "*Philly's More Fun When You Sleep Over.*"
- **American Express.** This partnership ties American Express into GPTMC's advertising and encourages consumers to "*Experience Philadelphia with Your American Express Card.*"
- **Amtrak.** Our partnership with Amtrak provides 50% off the best available rail fare for one companion traveling with a paid regular (full) adult, senior citizen or disabled discounted rail fare ticket on Amtrak travel to Philadelphia. The special fare code for this discount is provided on gophila.com as well as in our visitor newsletters and collateral materials.
- **Cooperative Advertising.** GPTMC's Cooperative Advertising Program enables area attractions, cultural institutions, accommodations and other destination marketing organizations to reach large regional magazine audiences at a fraction of the normal cost. In addition, they receive the benefit of sustained and effective branding of Philadelphia and Its Countryside because all cooperative advertising is tagged with the "*Philadelphia's More Fun When You Sleep Over*" brand message.
- **Major League Baseball.** GPTMC partnered with Major League Baseball to invite fans from other cities to see their home teams play in Philadelphia's new Citizen's Bank Park. Major League Baseball sent an e-mail blast to fans (ticket buyers) of the Houston Astros, Florida Marlins, Chicago Cubs and New York Mets, with a link to a dedicated section of gophila.com to book a stay in Philadelphia and see their home team play the Phillies in our great new Park.
- **Neighborhood Tourism Network.** GPTMC leads a partnership of nearly 20 community-based arts and cultural organizations and community development corporations to produce the Philadelphia Neighborhood Tours. These tours highlight the history, culture and vibrancy of Philadelphia's neighborhoods and offer our visitors an immersive, participatory experience. The tours, available to all visitors, are also being marketed by the Philadelphia Convention and Visitors Bureau to some group and motorcoach segments.

VI. HOW DO WE KNOW IT WILL WORK?

GPTMC has shifted its marketing message from packaged-based to destination-based (focusing on the reasons why *Philly's More Fun*). Our concentration on niche markets has intensified and expanded, using cable instead of network television, radio sponsorships instead of radio advertising, and targeted marketing for gay audiences, “culture vultures,” outdoor enthusiasts, Hispanic and African-American visitors and others.

The outstanding question for these strategic shifts is: will they be successful in generating more overnight leisure visitation to the region and a greater economic impact for the region from tourism spending?

Although GPTMC’s marketing shift is less than a year old, there is already evidence of impact. A number of new, key programs have enhanced GPTMC’s ability to measure marketing impact on an up-to-the-minute basis, enabling the organization to revise marketing initiatives in response to marketing effectiveness.

Monthly Hospitality Snapshot

Tourism is a component of a larger hospitality industry, and it is impossible to understand one without the other. Therefore, GPTMC has joined with the PCVB and the GPHA in a first-ever combined project to track the entire hospitality industry each month.

Peter Tyson, Vice President, PKF Consulting, conducts and analyzes monthly assessments of group, convention, transient business and leisure activity in Philadelphia and Its Countryside.²⁹ The monthly reports contain:

- The hotel market mix for Center City and the five-county region (i.e., what percentage of hotel occupancy is business, leisure, group and convention for that particular month);
- Hotel sales through *gophila.com*—both hotel packages and individual room-nights;
- The impact of key events (like the Dali exhibition at PMA, the Flower Show, etc.) on leisure tourism each month;
- The impact of convention and group meeting activity on the hotels and businesses in the region; and,
- Competitive information presenting hotel statistics for Philadelphia, New York, Boston, Washington, D.C., and Baltimore.

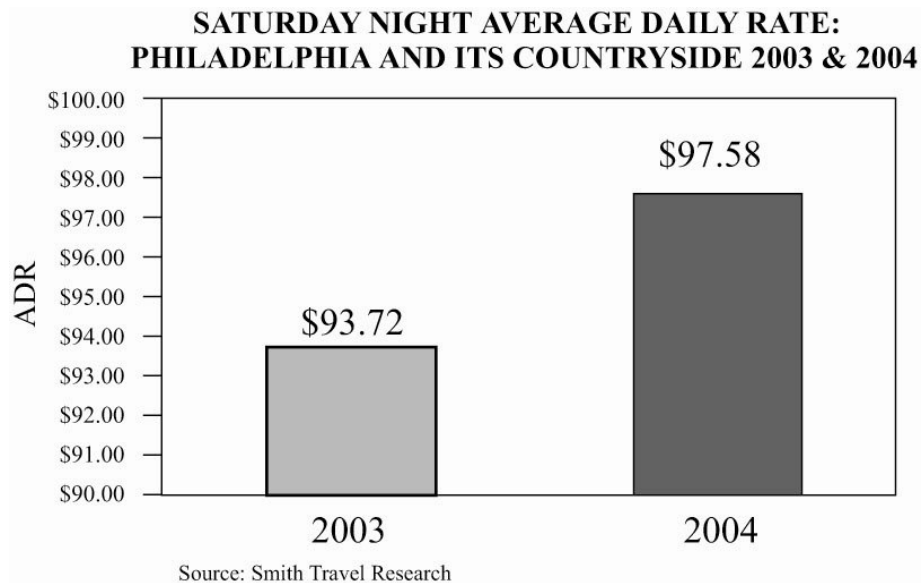
²⁹A sample of the March 2005 Hospitality Snapshot appears in the Appendix to this report.

Since GPTMC’s marketing shift in the fall of 2004, findings from the *Hospitality Snapshot* report tell us the following:

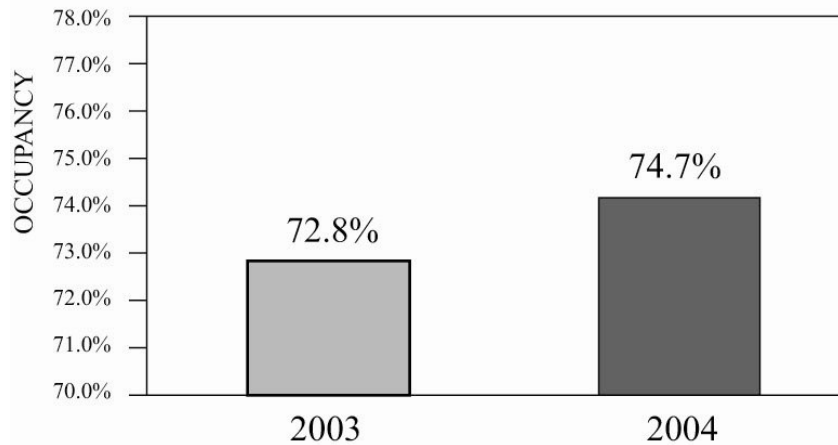
- With the move away from hotel package advertising, hotel package sales declined for the first time ever. This was an expected and deliberate outcome of the advertising shift, given the strengthening health of the hotel industry in our region and the leisure segment in particular. GPTMC anticipated that leisure visitors would be willing to pay for retail-level hotel room-nights without discount packaging and, naturally, hotels prefer to sell their room-nights in that way as well.
- While hotel package sales declined—by 33% from the 2003/2004 season to the 2004/2005 season—hotel package rates increased. The ADR for the hotel package was up 15.5% between the 2003/2004 and 2004/2005 season, from \$92.97 to \$107.34. Clearly, at \$107.34/night the hotel package is less of a discount package and more of a “package of convenience,” combining a good hotel rate with free parking. In such a case, it would be expected that consumers regard the hotel package as competitive with other hotel rates and offers and they often choose those other options.

We know from our *Snapshot* reports that visitors are choosing other ways to book their leisure trip to Philadelphia, even more expensive options than the *Philly Overnight* hotel package. Online sales at gophila.com of individual room-nights (not discounted) were up 192.3% between Winter 2004 and Winter 2005.

- Saturday night occupancy and ADR—a good measure of the strength of the leisure segment—were both up in the region and in Philadelphia between 2003 and 2004.



**SATURDAY NIGHT HOTEL OCCUPANCY:
PHILADELPHIA AND ITS COUNTRYSIDE 2003 & 2004**



Source: Smith Travel Research

- Finally, with the advertising message focusing on “so much to do you have to sleep over,” the *Snapshot* report monitors the attendance at some traditional leisure attractions, creating a barometer of how effective our messaging is.

There has been a cumulative affect on the consumer now that so many in Philadelphia and Its Countryside are marketing their attractions, destinations and hotels. GPTMC ties it all together with a strong sleep over in Philadelphia and Its Countryside message and the result has been a significant rise in attendance at key visitor attractions.

SELECTED ATTRACTION ATTENDANCES MARCH AND JAN-MARCH 2005				
Attraction	March 2005		Jan-March 2005	
	Attendance	% Chg.	Attendance	% Chg.
Liberty Bell Center	138,266	31.8	270,825	44.9
Independence Hall	46,659	-2.5	102,677	9.5
National Constitution Center	74,900	85.9	159,307	72.2
The Franklin Institute	76,914	54.0	220,477	42.3
Academy of Natural Sciences	25,997	31.0	60,618	24.3
Totals	<u>362,736</u>	<u>38%</u>	<u>813,904</u>	<u>41%</u>

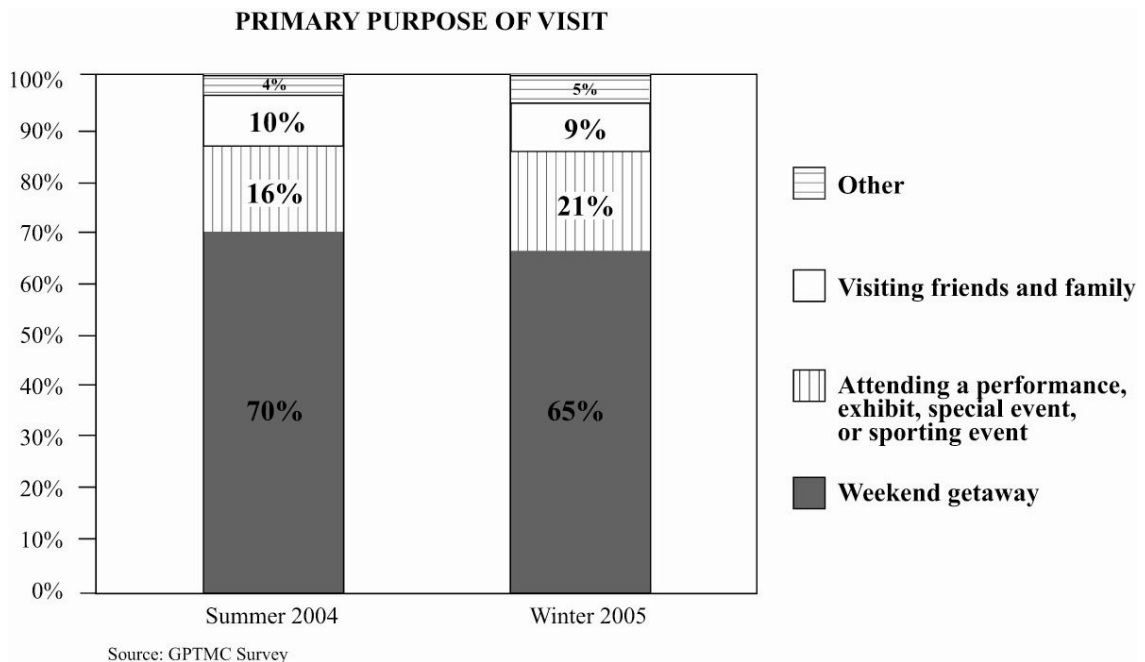
Source: Tyson Hospitality Consulting, LLC.

Seasonal Consumer Surveys

GPTMC now surveys hotel guests seasonally, providing timely “reads” on what our visitors like to do, what they are spending and why they come to Philadelphia for a leisure trip.

With two seasonal surveys under our belts, we have been able to track shifts in leisure hotel visitors’ activities, spending and reasons for visit. According to these survey findings, visitors are doing precisely what our marketing is asking of them:

- Visitors are focusing their visits more on fine dining, museums and cultural events. Destination-definers—not a discount package—are driving their visits.
- Spending in all categories is up, with shopping and dining leading the way.
- More visitors in our Winter 2005 survey than in our Summer 2004 study express an intention to come back for another visit within the year (demonstrating that there really is “too much to do”).
- Performances, events and exhibits were a larger driver of visitation this winter than previously. A fifth (21%) of visitors came because of a performance, event or exhibit this winter, as compared to 16% the summer before.³⁰



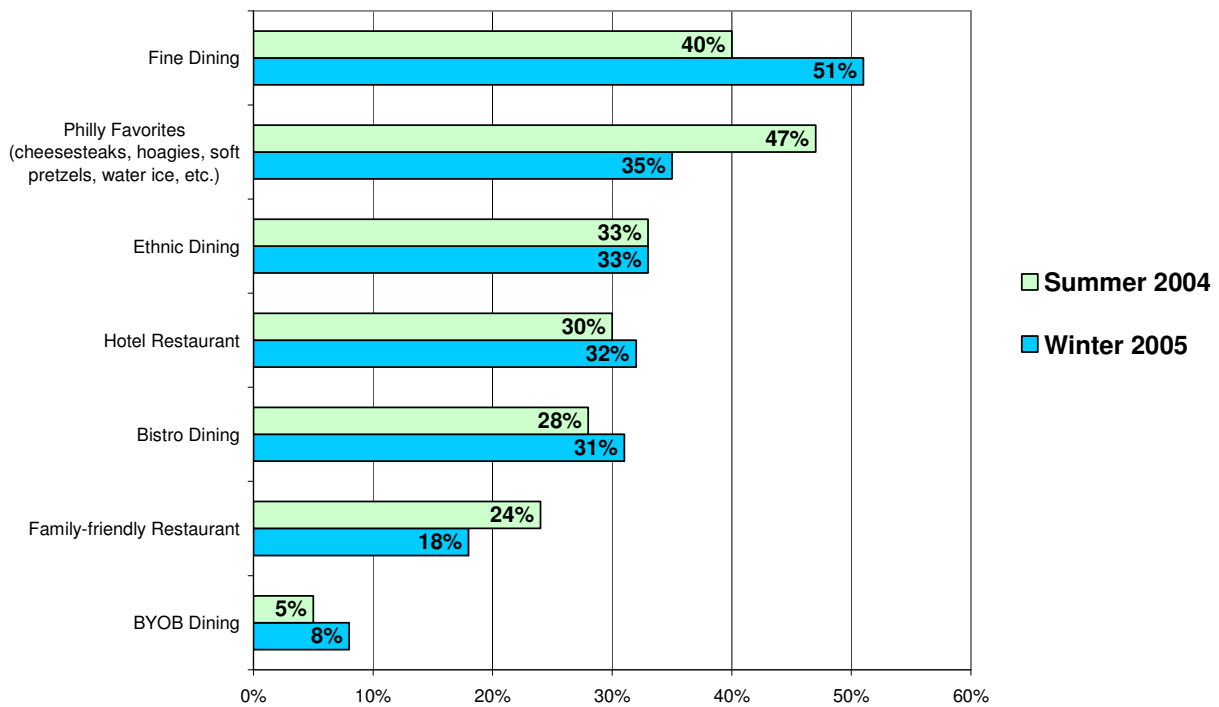
³⁰ It should be noted that those purchasing hotel packages as part of a trip to see the blockbuster Salvador Dali exhibition at the Philadelphia Museum of Art were surveyed separately. Findings from that survey are not included here, making the increase in “event” visitors even more pronounced.

- Fine dining was the focus of both public relations and advertising this fall, and visitors appear to have responded. Fine dining got a big boost this winter, with 51% of visitors enjoying that experience, compared to 40% the summer before.

GPTMC's public relations department placed 27 stories about the Philadelphia dining experience in national publications over the past year, and one of GPTMC's 15-second advertising spots featured dining.

- Other dining experiences that are part of our restaurant renaissance also became a part of visitors' experiences: BYOB dining was up 3% this winter and Bistro dining up 3%.

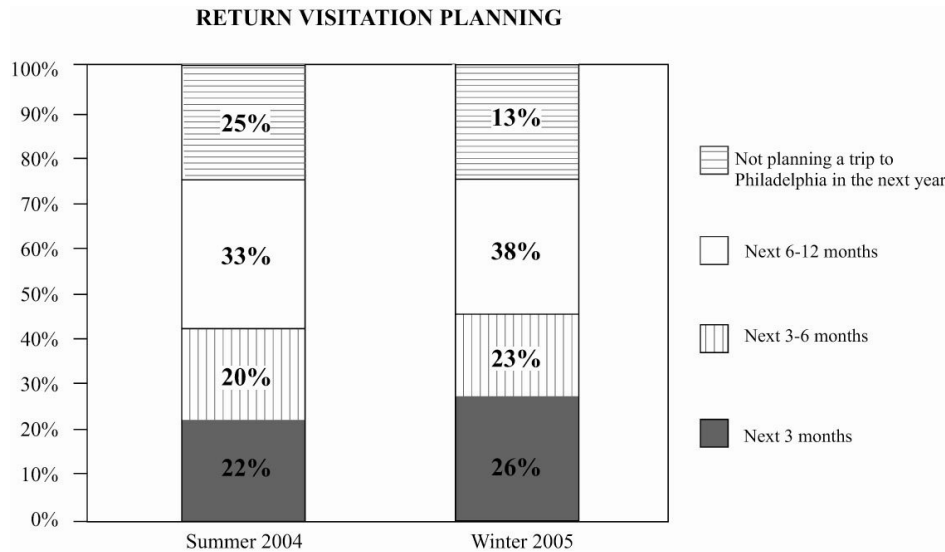
MOST POPULAR DINING EXPERIENCES



Source: GPTMC Survey

It is easier to get a repeat visitor than a new visitor, provided a destination can deliver a good experience.

- Most (87%) of winter hotel visitors are planning to return to Philadelphia in the coming year (up from 75% who said this after a Summer 2004 visit). The “so much to do” message turns into a “too much to do” experience, and visitors want to come back.



Source: GPTMC Survey

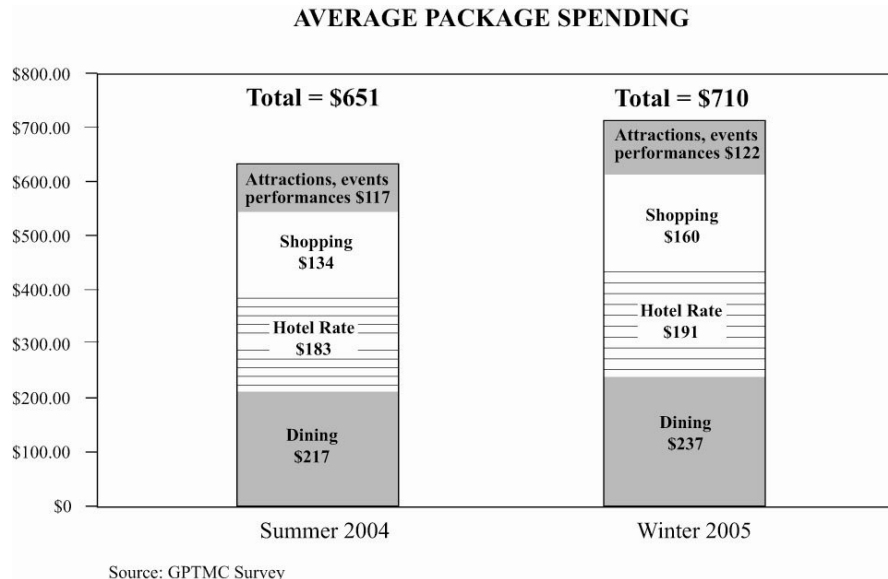
The underlying basis of tourism marketing is to generate an economic benefit for the region. Visitors doing more means visitors spend more and our regions’ hotels, restaurants, retail shops, attractions and all the industries that support them should feel that impact.

While our visitor spending figures have gone up each year they have been measured, we now have more current and detailed information on what our visitors spend and what they spend on.

- Average daily spending by overnight leisure visitors to the five-county region—both those who stay in hotels and those who stay with friends and family—has gone from \$78 (in 2001) to \$98 (in 2002) to \$101 (in 2003).³¹
- Total spending by travelers to Philadelphia and Its Countryside was up 19.6% between 2001 and 2003, from \$5.3 billion to \$6.34 billion. Leisure visitor spending represented 56% of total visitor spending in 2003 or \$3.58 billion.³²
- Average hotel visitor spending went up an extraordinary 9% between Summer 2004 and Winter 2005, from \$651 over a two-night stay to \$710. Shopping and dining saw the largest increases (shopping up 19% and dining up 9%).

³¹ 2003 Pennsylvania Travel Profile, p. 77.

³² 2003 Pennsylvania Economic Impact Report, Global Insight.

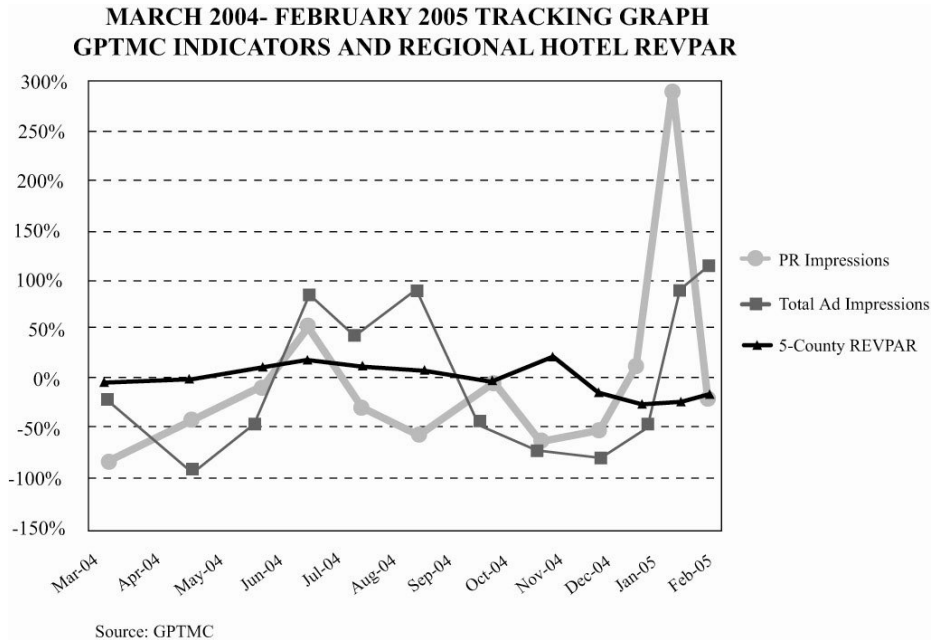


Mapping Outputs and Outcomes

The Monthly Hospitality Snapshot and seasonal hotel package surveys provide up-to-the-minute data on how well the tourism sector is doing. GPTMC has developed an additional tracking program that allows us to see variations in the tourism sector as a function of tourism marketing.

Our marketing outputs include PR and advertising impressions, and this is what the consumer is exposed to. Each month, GPTMC maps these ad and PR impressions on graphs and shows their relationship to our desired marketing outcomes, such as visits to gophila.com, hotel bookings on gophila.com, and demand and RevPAR for hotels. Graphing the changes month-to-month across all of these measures allows us to see what the most effective marketing strategies are and what needs improvement.

Representatives from interactive, public relations and advertising departments meet once a month to dissect and discuss graphs that map our marketing outputs and our marketing outcomes. These graphs show relationships between advertising and PR, and between ad and PR impressions and hotel bookings and gophila.com usage.



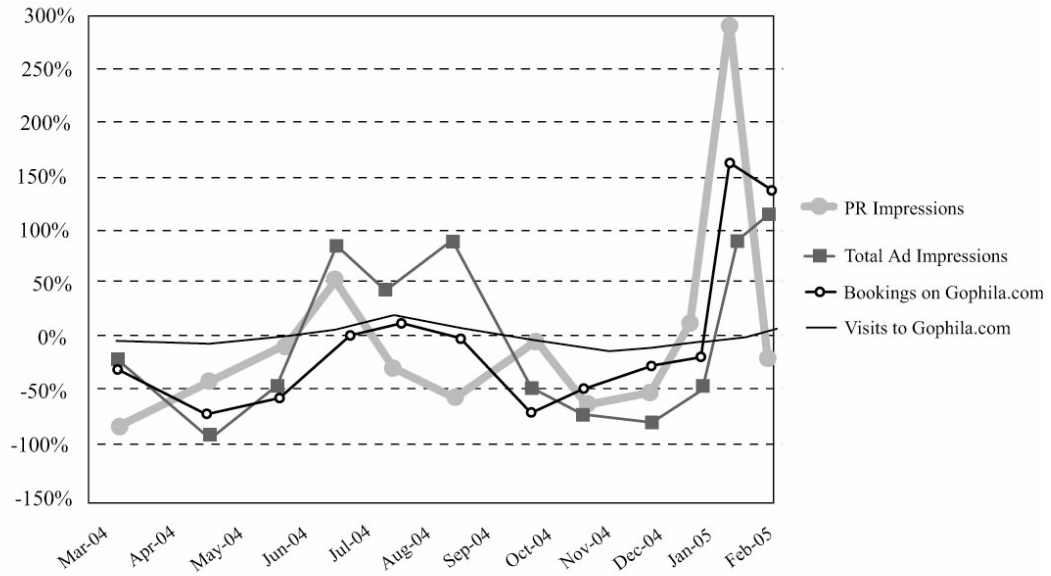
In order to see the impact of advertising and PR on hotels, we look at shifts in RevPAR in the region over the year in the graph above. RevPAR appears to respond more to seasonal travel variations (high in summer and lower in winter) than to marketing. RevPAR in 2004, as the graph shows, was lowest in December, for instance. At the same time, the graph shows that visitors were not hearing much about visiting Philadelphia either in advertising or the news during the fall months of October and November, when both PR and ad impressions dip below the average. The question, therefore, is: can we reduce the dip in winter RevPAR through stronger fall marketing?

Advertising’s call to action is: “*Book your hotel and plan your visit at gophila.com.*” In addition, Public Relations encourages editors and journalists to refer readers to gophila.com for more information about a trip to Philadelphia and Its Countryside. Measuring gophila.com visitation and bookings, therefore, is a key determinant of the effectiveness of our marketing. The following graph maps gophila.com activity in relation to our PR and advertising impressions.

- Visitation to gophila.com rose dramatically when GPTMC’s winter advertising began (December 2004) and PR increased. The ad campaign’s call to action—book a hotel room on gophila.com—appears to have had the desired impact.
- Visits to gophila.com rise slightly as advertising and PR rise. (Bookings on gophila.com for 2004: 14,149; unique visits for the year: three million.)

These findings keep us on track, confirming that the Fall 2004 message to book a hotel room through gophila.com is working and should be continued.

MARCH 2004- FEBRUARY 2005 TRACKING GRAPH
GPTMC INDICATORS AND HOTEL BOOKINGS



Source: GPTMC

VII. LOOKING FORWARD: SUPPORT FOR TOURISM MARKETING

Last year's *Tourism Monitor* made the case that tourism marketing is an investment, not an expense. Tourism marketing yields a strong ROI—for each dollar GPTMC spent over three campaigns in 2000-2001, \$185 in direct, indirect and induced spending was generated.³³ And tourism products—attractions, hotels, arts and cultural venues—cannot survive, let alone thrive, if no one is telling people they are here and worth the visit.

Yet funding for tourism marketing is not growing, despite the increased cost of getting the message out and the increased need for generating more visitors. Some reasons the costs of marketing the region are going up include:

- Our most successful markets (New York, increasingly Boston) are the most costly to advertise in. This is a feature of Philadelphia's location, which will always require advertising in some of the most expensive markets in the country.
- Tourism marketing has been wildly successful, but generating incremental visitation on top of the double-digit growth in tourism in the region is going to be more challenging.
 - Saturday nights are almost fully occupied in the region and that means marketing has to encourage visitors to think about Friday and Sunday nights...a new and more challenging sell to consumers that will have additional costs.
- Competition for tourists is tough and other regions are doing more and more to lure visitors. New Hampshire, for instance, has recently targeted Philadelphians as a "high-income" market to target for overnight stays.³⁴ When other regions up the ante on their tourism marketing, Philadelphia needs to increase its marketing efforts as well, just to maintain a competitive position.
- Ongoing capital campaigns by some of our region's most attractive and important visitor sites mean that regional foundations and philanthropies are being called on to fund the destination-definers, not the marketing that will sustain these incredible institutions. (The expansion and renovation of the National Museum of American Jewish History and the move of Please Touch Museum[®] to Memorial Hall in Fairmount Park are two prominent examples.)

Tourism's success in the region adds to everyone's bottom line: from the taxes generated for our federal, state and local economies (\$857 million in 2003) to the tickets our venues sell to out-of-towners (a quarter of *Kimmel Center Presents* ticket buyers were from outside the region, and the PMA reports that up to half of attendees at some special exhibitions have been from out of town).

³³ See *Greater Philadelphia Tourism Monitor: Making the Case for Investing in Tourism Marketing, 2004*, available at gophila.com/research.

³⁴ "N.H. tries luring affluent tourists-especially from Philly," AP News, April 26, 2005.

As a thriving tourist destination, Philadelphia and Its Countryside generates more than tax revenues, occupied hotel room-nights and ticket sales. All of the features that characterize a rich tourism environment benefit other sectors of our region as well.

- Colleges and universities have an easier time attracting students when the amenities of the region include great hotels, wonderful entertainment venues and fantastic restaurants.

“This year, Penn Law experienced a tremendous increase in applications at a time when applications nationwide are declining. We have an exceptional cross-disciplinary program and a collegial atmosphere, both of which are great attractions to top law students. As these students are making their final decision about law school, we are able to show them the advantages of living and working in Philadelphia.”

—Derek Meeker, Associate Dean for Admissions and Financial Aid.

- The City, our surrounding counties, businesses and economic development organizations have an easier time attracting new businesses and workers when all the amenities available here are described to prospects.
- And our residents benefit most of all, with more to do, enjoy and value in their hometown. Civic pride, quality of life and resident satisfaction all go up when Philadelphia and Its Countryside appears on top 10 lists of places to visit, and new retail establishments and attractions are added to the region’s offerings.

The system is self-reinforcing: With the region improving for tourism, universities, businesses and residents, more amenities that serve these sectors become interested in coming to our region.

- Tour companies are clamoring to enter the market, with the knowledge that there is a market here to serve. IGlide Corporation began offering tours by Segway this Spring in the historic district; Ride the Ducks is facing competition from Super Ducks in offering visitors and residents a chance to tour the city by land and water; and there are trolleys, carriages and walking tours in abundance.
- There has been growth in all areas of the Center City retail sector, from the phenomenal jump in arts, antiques and collectibles shops (56% between 2003 and 2004) to more modest growth in the numbers of bars and nightclubs (4% between 2003 and 2004).³⁵
- The region has been successful in attracting high-profile and one-of-a-kind exhibitions and performers, including the Salvador Dali exhibit at the PMA; *Ben Franklin: In Search of a Better World* at the National Constitution Center; and King Tut, coming to the Franklin Institute in 2007.

³⁵ State of Center City 2005, Center City District, p. 15

These additional amenities and attractions provide even more for GPTMC to market and more opportunities to segment our marketing in ways that we know are effective. For example:

- We can target the Hispanic market, in part, because *the Latin Soul, Latin Flavor* tour of the Neighborhood Tourism Network program adds a dimension to the general historic and cultural attractions we have to offer.
- We will have even more to tell our family visitors when Please Touch Museum® moves to Memorial Hall, with Once Upon a Nation™ here, and with all the new touring options.
- Our “culture vultures” will have the opportunity to combine history, art and science when the Ben Franklin 300 celebration begins (in December 2005), combining the exhibition at the National Constitution Center, performances by the Philadelphia Orchestra and the Pennsylvania Ballet, and the Franklin Institute’s exhibition, *Ben’s Electrical Spectacular*.

Successful tourism marketing has raised the number of tourists and the amount they spend in the region and this, in turn, has attracted more venues, exhibits, retail establishments and hotels to set up shop or expand. GPTMC now has more to market than ever and more opportunity to build on tourism’s impact so far.

The final stage in this self-sustaining system is tourism marketing funding. Given tourism’s impact on our regional economy, our residents’ quality of life, and on the decisions businesses, students and employees make to settle here, funding tourism marketing is one of the most productive investments the region can make.

APPENDIX

CREDENTIALS

Community Marketing, Inc.

Community Marketing, Inc. has been helping tourism industry leaders master the subtleties of the gay and lesbian market since 1992. They have helped grow gay market recognition through research, media relations and education and have brought marketing opportunities to the world's leading gay-welcoming destinations, suppliers and travel agents. Community Marketing produces the "Gay & Lesbian World Travel Expo," the "International Conference on Gay & Lesbian Tourism," and the "Best Practices in Gay & Lesbian Tourism Workshop." They also operate the Travel Alternatives Group (TAG) travel agent membership program and the TAG Approved® Accommodations program and publish *Gay Travel News* and the *Annual Gay & Lesbian Travel Industry Directory*.

D.K. Shifflet & Associates Ltd.

D.K. Shifflet & Associates Ltd. (DKS&A) is a privately held corporation specializing in conducting marketing research and providing consulting services to the travel and tourism industry. Established in 1982, the company is located in Falls Church, Virginia, a suburb of Washington, D.C. DKS&A has over 30 full-time employees and a professional ratio approaching 1:2. During the past two decades, DKS&A has accumulated extensive travel and tourism research and consulting experience. DKS&A has a large client base, is recognized as the leading travel and tourism research company, and has extensive destinations-related research and consulting experience.

Econsult Corporation

Founded in 1979 in Philadelphia, Pennsylvania, for the purpose of providing high quality economic research and statistical analysis in support of litigation, Econsult has grown to offer a wide range of management consulting services and products. Econsult combines economic and financial analysis with expertise in litigation and regulatory support, business planning and strategy, state and local public policy analysis, and market and demand forecasting. The firm is a recognized leader in the application of economic tools and concepts to complex litigation, public policy and business strategy issues. Over the years, Econsult has distinguished itself in numerous engagements by its dedication to providing clients with leading edge insights and responsive, top-quality economic and analytic consulting support.

Global Insight

For nearly 30 years, Global Insight has worked with companies, governments and destinations around the world to size markets, project sales, assess the feasibility of large investments and quantify the potential impact of regulatory and policy changes. Global Insight is DK Shifflet's (see above) partner in producing economic impact reports for destinations. Global Insight provides GPTMC with economic impact data that includes visitor spending; leisure visitor spending; job creation from travel and tourism; tax generation from travel and tourism; and direct, indirect and induced impact from travel and tourism and from leisure travel.

Mayo Seitz Media

GPTMC relies on its media buying agency, Mayo Seitz Media to gather the latest in demographic and psychographic data from our key feeder markets. Founded in 1997, MayoSeitz Media has quickly become one of the largest and fastest growing media agencies in the Mid-Atlantic region. Their mission is to provide the highest level strategically focused media programs to its clients to help them achieve their sales goals.

Mediamark Research Inc (MRI)

Mediamark Research Inc. is a leading provider of multimedia audience research data in the United States. Founded in 1979, the company collects and analyzes data on consumer demographics, product and brand usage, and exposure to all forms of advertising media. MRI is part of NOP World, a wholly owned subsidiary of United Business Media, a U.K.-based news and information company.

The Osiris Group

Osiris Group is a full-service business strategy and communications firm that can help corporations, organizations and causes get noticed. The biggest value we provide our customers is the ability to bring clarity to complexity. Founded in early 2000 by Jeremiah J. White and Heseung Ann Song, Osiris is built around a talented and diverse team of professionals—each with a wealth of experience in multiple fields, including marketing, resource development, public relations, market research, graphic design, Web site and digital media production, strategic planning and management consulting. Osiris is certified by the City of Philadelphia as a minority and woman-owned business.

PLACES, Gary Esolen

Gary Esolen is a principal of PLACES, a division of TravelPlace.com Inc. in New Orleans, which consults in the design, development and marketing of places, including tourism destinations. Esolen has been an academic (Assistant Dean at Cornell University's College of Arts and Sciences, where he ran the college's interdisciplinary programs), a journalist (founder and publisher of an award-winning weekly newspaper in New Orleans and a stringer for *Newsweek* and the *New York Times* wire services), and a tourism marketer (founder, and for more than a decade, the executive of the New Orleans Tourism Marketing Corporation). With his business partner, Valeri LeBlanc, he has consulted for GPTMC since its inception.

Scarborough Research

Scarborough Research was founded in 1975 as a newspaper measurement tool. The company, a joint venture between Arbitron Inc. and VNU Media Measurement & Information, expanded in the early 1990s to include broader media and lifestyle research. Today, Scarborough's core services include 75 local market studies and a national database covering 1,700 categories and brands, including comprehensive retail shopping behaviors, lifestyle characteristics, in-depth consumer demographics and media usage patterns.

Smith Travel Research

Smith Travel Research (STR) is the preeminent source of performance information for the lodging industry. Over the past 20 years, STR has evolved to the point where it collects data from over 23,000 hotels on a weekly basis while maintaining the total confidentiality of each hotel's information. STR data is universally used and relied upon by hotel owners, operators, lenders, appraisers and publications.

Peter R. Tyson, PKF Consulting

Peter R. Tyson, now Vice President PKF Consulting, has also conducted research for GPTMC through his own consultancy, Tyson Hospitality Consulting, LLC. A hotel consultant based in the Philadelphia area for some 30 years, Peter worked on most of the major hotel projects in the area over that period, consulted for the Greater Philadelphia Hotel Association and the Philadelphia Convention & Visitors Bureau and continues to assist the GPTMC. PKF Hospitality Research (PKF-HR) manages an extensive database of hotel property income statements and sale prices. These data provide the foundation for e-business product and custom research relationships with all who have an interest in hotel property financial performance. As the research affiliate of PKF Consulting, PKF Hospitality Research possesses the expertise to analyze data in a variety of ways to best serve customers.

The Wright Group

The Wright Group is a marketing consultancy with an expertise in finding innovative solutions through the use of qualitative research and brainstorming. They have a wealth of experience in positioning, new product development, attitudinal segmentation and brand equity, extension, and revitalization work in packaged goods, emerging technology and applications, the automotive and retailing sectors, travel and tourism, and financial services.

RESEARCH DICTIONARY

Travel & Hotel Terms:

ADR – Hotel industry term, which refers to the “average daily rate” a property charges for a hotel room.

Average Daily Rate – See ADR listing above.

Business Travel – An individual or small group visiting a destination to conduct business, whether it is a sales call, a training session, an interview, a consulting assignment, an audit, etc. This segment includes small groups (fewer than 10 rooms) gathering/traveling for a common business purpose.

Convention Travel – Any group, whether it is a corporation, association, fraternity, etc., requiring 10 hotel rooms or more.

Hotel Demand – The number of hotel rooms occupied during any given period of time. (e.g., in 2003, hotel demand was 7.5 million room nights during that particular 365-day period).

Hotel Package – A special hotel offering, including a room-night and at least one other amenity that is usually themed around an event or designed to appeal to a specific market.

Hotel Occupancy – Also referred to as “occupancy,” this refers to the number of hotel rooms occupied out of some total number available—either within a given hotel, group of hotels or a region. Occupancy is always given as a percentage because it represents what portion of hotel rooms are occupied out of the established total number.

Occupancy – See Hotel Occupancy listing above.

Person-trip – One person traveling 50 miles or more away from home or any overnight stay (paid or unpaid).

Revenue Per Available Room – See RevPAR listing below.

RevPAR – A performance metric in the hotel industry, which stands for “revenue per available room.” This figure is typically calculated by multiplying a hotel’s average daily rate (ADR) by its occupancy rate. It may also be calculated by dividing a hotel’s total guestroom revenue by the room count and the number of days in the period being measured.

Room-night – One night occupied in a hotel room (regardless of how many people stay in the room).

Special Rate – A discounted price for a hotel room. A special rate does not include any special amenities.

Spending:

Direct Spending – What visitors buy/spend during their stay

Indirect Spending – What businesses spend to operate to accommodate visitors

Induced Spending – What tourism/hospitality employees then spend in their daily lives

Tourism – The practice of traveling for pleasure; the business of providing tours and services for tourists. This word should only be used to refer to the leisure segment.

Tourist – A person traveling for pleasure/leisure. This word never refers to a business traveler.

Transient – A hotel guest who is not part of a large group (more than 10 rooms) and may be traveling for business or pleasure. Usually used in contrast to convention visitors when describing hotel occupants. (GPTMC prefers not to use this term in our materials.)

Travel – To go from one place to another. When presenting research, this word must be qualified (e.g., leisure travel, convention/business travel). The word “travel” is interchangeable with the word “visit.”

Traveler – Someone here (either overnight or for the day) for business or pleasure. When presenting research, this word must be qualified (e.g., leisure traveler, convention/business traveler). The word “traveler” is interchangeable with the word “visitor.”

Visit – To go to see or spend time in a specific place for leisure or business purposes. When presenting research, this word must be qualified (e.g., leisure visits, convention/business visits). The word “visit” is interchangeable with the word “travel.”

Visitor – Someone here (either overnight or for the day) for leisure or business purposes. When presenting research, this word must be qualified (e.g., leisure visitor, convention/business visitor). The word “visitor” is interchangeable with the word “traveler.”

Statistics/Research Terms:

Average – The value obtained by adding all the measurements together and dividing the total by the number of measurements. It is also referred to as the “mean.”

Benchmark – Used as a verb (“to benchmark”) or a noun (e.g., a benchmark study), this term refers to research that sets a standard that can be measured again in the future. Benchmark studies are typically repeated in subsequent years to see change over time. The term should be reserved for the first time a study is conducted.

Confidence Interval – The confidence interval describes how certain it is that a statistic is true for a total population.

Confidence intervals for survey findings are typically 90% or 95%, which means that you can be 90% or 95% certain that the given statistic (plus or minus the given error rate, a term described in detail below) accurately describes the entire population.

Error Rate – The error rate (also called “standard error”) indicates a range of accuracy of a given statistic. It explains how much has to be added to or subtracted from a given statistic in order for that statistic to be true of a given population. For instance, if 40% of 500 people are “very satisfied” with a product and there’s an error rate of +/- 4% associated with a sample size of 500 individuals, it means that somewhere between 44% and 36% of the entire population are “very satisfied.”

Error rates are determined by the size of a random sample in relation to the size of the population. Error rates decline as random sample sizes grow in relation to the population being studied.

Mean – Same as “average.” See above.

Median – The median is the middle measurement in a set of measurements. When offering the median, half of what is being measured will fall below the median and half of what is being measured will be above the median. The median is not the same as the average or mean.

Primary Research – This is research commissioned by a client to answer specific questions and contains information that is not otherwise publicly available. GPTMC’s surveys are an example of primary research.

Qualitative Research – Research that is conducted with a small number of people (under 100) and allows for in-depth conversations and probing follow-up to respondents’ answers. In-depth interviews and focus groups are examples of qualitative research.

Quantitative Research – Research that is conducted with a larger sample of respondents (more than 100), in a standardized format (like a survey or questionnaire) that does not allow for probing follow up to respondents’ answers.

Sample – A sample is a limited number of individuals from a population, chosen to represent an entire population in a research study.

Secondary Research – This is research that is not client-specific and is publicly available. Examples include U.S. Census Bureau data and Scarborough Research Data (used by media-buying agencies to learn about specific markets.)

Standard Error – See Error Rate listing above.

Statistically Significant Differences – These are differences between two measures that cannot be explained by chance alone, but have to be explained by some other factor or hypothesis.

For instance, if 40% of men, but 45% of women are “very satisfied” with a product, this difference could be accounted for by chance or because there are real differences between men and women that lead to this difference in opinion. “Significance testing” allows the researcher to determine when a percentage difference between men and women is due to chance and when a percentage difference is due to some other reason. If the difference is larger than chance would predict, it is a statistically significant difference.

Marketing Terms:

Designated Market Area – See DMA listing below.

DMA – Nielsen Media Research’s “designated market area” codes. This information is used by media companies and others interested in defining market areas for every continental U.S. country. The Philadelphia DMA consists of:

- Pennsylvania – Philadelphia, Delaware, Chester, Montgomery, Bucks, Northampton, Lehigh and Berks counties
- New Jersey – Burlington, Camden, Gloucester, Salem, Cumberland, Atlantic, Cape May and Mercer counties
- Delaware – New Castle and Kent counties

Metropolitan Statistical Area – See MSA listing below.

MSA – Used by the U.S. Census Bureau, the term “metropolitan statistical area,” commonly referred to as MSA, refers to a core, high-population area that is economically and socially connected to the smaller surrounding communities. The Philadelphia-Wilmington-Atlantic City, Pennsylvania-Delaware-New Jersey-Maryland MSA includes Bucks, Chester, Delaware, Montgomery and Philadelphia counties in Pennsylvania; Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem counties in New Jersey; New Castle County in Delaware; and Cecil County in Maryland. (The MSA is also sometimes called the Consolidated Metropolitan Statistical Area or CMSA.)

Philadelphia Region – A five-county area consisting of Philadelphia, Bucks, Chester, Delaware and Montgomery counties.

***Philadelphia-Area
Hospitality Industry “Snapshot”
March 2005***



Welcome to the fifth monthly “snapshot” report for the Philadelphia-area hospitality industry jointly sponsored by the Greater Philadelphia Tourism Marketing Corporation (www.gophila.com), the Philadelphia Convention & Visitors Bureau (www.pcvb.org) and the Greater Philadelphia Hotel Association (www.philadelphiahotelassoc.org). These organizations and their members recognize that **Better Information = Better Decisions!** Please visit each organization’s website to get the latest news concerning its activities!

The Snapshot remains a work in progress....your comments and suggestions are therefore requested and appreciated. Changes/additions to the content and format of the Snapshot will continue to be made as warranted, particularly as additional data sources arise.

The data presented in the accompanying table at this time come from a number of sources: Smith Travel Research; the hotels in Center City; the GPTMC; the PCVB; the Pennsylvania Convention Center; various attractions in Center City; and the Division of Aviation. A glossary of terms is included at the conclusion of this report for your reference.

AREA SUPPLY, DEMAND, OCCUPANCY, ADR AND MARKET MIX

The table on the following page presents selected supply, demand, occupancy and average daily rate (“ADR”) data for the five-county suburban Philadelphia region in Pennsylvania in aggregate, for each of the counties individually and for two key geographic sub-markets for March 2005. The data indicate the following:

- Supply levels again remained virtually unchanged except in Philadelphia County and Center City (due to Center City hotel closings/conversions) and in Montgomery County (several hotel openings).
- Demand and occupancy levels increased most dramatically in Delaware and Montgomery Counties and in the Airport/Stadium sub-market. Portions of these increases could be attributed to:
 - Delaware County and the Airport/Stadium sub-market (which, in part, is in Delaware County) experienced extraordinary percentage increases in part due to the snowstorms at the end of the month and continued demand generated by Delaware River oil-spill clean-up crews in the area (expected to continue through the spring into the summer).
 - Chester and Bucks Counties continued to benefit from room demand generated by Verizon contractor crews in the area building its fiber-optics network. These efforts will continue for some time and eventually move into other counties in the Philadelphia area.

Greater Philadelphia Tourism Marketing Corporation

- Montgomery County had a strong month, with some of the substantial increase in demand related to the new supply in the area.
- Average room rates increased at reasonable rates and well above inflationary levels in almost every locale.

GEOGRAPHIC AREA OCCUPANCY AND ADR DATA MARCH 2005						
Area	% Change vs. March 2004		Occupancy		Average Room Rate	
	Supply	Demand	Percent	% Δ	Amount	% Δ
5-County Totals	<u>-0.3%</u>	<u>2.9%</u>	<u>70.0%</u>	<u>-3.2%</u>	<u>\$106.31</u>	<u>3.6%</u>
Phila. Co.	-2.8%	-1.2%	74.9%	1.7%	\$123.41	4.4%
Bucks Co.	0.0%	-8.3%	57.8%	-8.3%	\$78.05	6.7%
Chester Co.	0.0%	4.8%	66.3%	4.8%	\$94.19	0.8%
Delaware Co.	0.0%	19.0%	73.5%	19.0%	\$76.68	2.3%
Montgomery Co.	5.0%	13.0%	67.2%	7.6%	\$98.15	4.1%
Sub-markets:						
Center City	-0.3%	-0.6%	74.9%	-0.3%	\$133.16	3.1%
Airport/Stadium	0.0%	10.3%	81.2%	10.3%	\$88.24	4.6%

The following table compares March 2005 and year-to-date occupancy and average room rate data reported by Smith Travel Research for the MSAs deemed most competitive with the Philadelphia MSA for convention, group meeting and leisure/tourist demand. (Note: The Philadelphia MSA data include the results for the South Jersey market.)

COMPARATIVE RESULTS								
SELECTED COMPETITIVE MARKETS								
MARCH AND YEAR-TO-DATE 2005								
Metro Area	March 2005				Year-to-Date 2005			
	Occupancy		ADR		Occupancy		ADR	
	Percent	% Chg.	Amount	% Chg.	Percent	% Chg.	Amount	% Chg.
Philadelphia	68.1%	1.8%	\$98.85	4.2%	63.3%	5.7%	\$95.86	4.7%
Baltimore	67.0	-2.2	102.93	2.5	59.4	-1.0	97.42	2.2
Boston	57.7	1.4	118.80	5.3	52.8	3.1	114.71	5.8
New York	84.3	3.7	183.80	9.9	77.1	6.1	175.61	8.6
Washington	75.5	-0.5	131.81	7.2	65.5	2.0	130.37	12.4

Both the March and year-to-date occupancy data for March indicate that the Philadelphia MSA (again, all figures include the suburban areas around each city) trailed New York and Washington, but led Baltimore and Boston.

In terms of average room rate, however, Philadelphia’s MSA trailed all of the other included MSAs, both for the month of March and on a year-to-date basis.

MARKET MIX AND SEGMENTS – CENTER CITY

Market mix estimates were received from approximately 96 percent of Center City’s rooms for the month of March. Based on the hotels that contributed their data for the month, we believe that these results reasonably reflect the Center City market mix as a whole.

The results for those hotels that submitted data are summarized in the following table. Included for comparison purposes is our estimate of the market mix for the five-county Philadelphia area for March based on the data submitted for the Center-City hotels, our discussions with the suburban CVBs regarding the annual county market mixes and our experience with the hotels in these markets. (Government travelers are included in “Commercial Travelers” for the five-county area.)

ESTIMATED MARKET MIXES FIVE-COUNTY AREA AND CENTER CITY MARCH 2005			
Market Segment	Five-County Percentages of Occupied Rooms	Center-City Hotels	
		Percent of Occupied Rooms	Average Room Rate
Commercial travelers	41%	30%	\$158
Government travelers	In above	4%	\$116
Convention & group meeting attendees	30%	38%	\$141
Leisure travelers	27%	24%	\$123
Airline crews	2%	4%	\$55
Total/Average	<u>100%</u>	<u>100%</u>	<u>\$137</u>

When compared to the Center City market mix for February, the above mix estimates indicate that convention and group meeting demand begins to pick up in March once the Flower Show exits the Convention Center and the convention/group meeting “season” builds momentum.

Convention and Group Meeting Comments

Traditionally, group business utilizing the Pennsylvania Convention Center (“the Convention Center”) begins to build once the Flower Show vacates the Center in mid-month.

The **table on the following page** presents information on the groups utilizing the Convention Center in both March 2004 and March 2005.

GROUPS UTILIZING THE PENNSYLVANIA CONVENTION CENTER MARCH 2004 AND MARCH 2005				
Month/Group	Nights	Attendance	Room-Nights Consumed	
			Peak	Total
March 2004:				
Snack Food Association	3	3,000	1,175	4,070
SunGard SCT	3	<u>6,000</u>	3,705	<u>16,649</u>
Totals		<u>9,000</u>		<u>20,719</u>
March 2005:				
International Society of Acoustics, Speech & Signal Processing	6	2,000	525	2,644
EMS Today	3	2,500	1,125	4,170
National Catholic Education Assoc.	7	<u>7,000</u>	3,635	<u>13,714</u>
Totals		<u>11,500</u>		<u>20,528</u>

The PCVB has provided delegate spending and economic impact data for March, which is shown below along with the data reported for January and February 2005 and year-to-date totals. Definitions of “delegate spending” and “economic impact” are included in the glossary at the conclusion of this letter.

MONTHLY AND YEAR-TO-DATE DELEGATE SPENDING AND ECONOMIC IMPACTS—2005		
Period	Delegate Spending	Economic Impact
January 2005	\$3,706,328	\$7,041,851
February 2005	4,413,015	8,384,729
March 2005	<u>14,202,579</u>	<u>26,984,897</u>
Year-to-date	<u>\$22,321,922</u>	<u>\$42,411,477</u>

The delegate spending estimate reported for March 2005 represented a 9.5 percent increase over the March 2004 estimate.

The web site for the Philadelphia Convention & Visitors Bureau again reported substantial increases in web site visitation in March, with both “user sessions” and “page views” setting all-time records. The recent increases in visitation/viewing are due in part to the redesigning of the site’s homepages and improved search engine placement.

Leisure Demand

The major events and happenings in March that could have had an impact (either positive or negative) on tourism levels in the area included the following:

- The continuation of the Dali exhibit that opened on February 16th.

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- The Annual Flower Show during the first two weeks of the month.
- Easter fell in March in 2005 versus April in 2004.

The number of “Philly Overnight” packages and room-nights reportedly consumed by hotels (occupied) in both Center City and the suburbs in March declined some 28 percent from March 2004 levels, but its effective nightly average rate increased 15.5 percent (to \$107.38). However, individual room sales on gophila.com continued their steady increase, rising 181 percent in March, again reflecting GPTMC’s advertising shift away from package sales and towards a general “sleep over” message.

The following table compares the “Philly Overnight” package consumption figures for the “Winter” seasons (November through March) in 2003/2004 and 2004/2005. As the numbers indicate, even without targeted package advertising/promotion for most of the 2004/2005 Winter season, the package continued to be popular.

GPTMC “PHILLY OVERNIGHT” PACKAGE CONSUMPTION WINTER SEASONS: 2003/2004 & 2004/2005			
	2003/2004	2004/2005	% Change
Packages Consumed	13,251	8,859	-33.1%
Room-nights Consumed	26,502	17,718	-33.1%
Average Nightly Rate	\$92.97	\$107.34	15.5%
Package Revenues	\$2,463,891	\$1,901,869	-22.8%

The table below presents attendance data for the major attractions in the Independence National Historical Park, the Academy of Natural Sciences and The Franklin Institute for March 2005 and the first three months of 2005. As the data indicate, except for the Independence Visitor Center, which experienced a slight decline in attendance year-to-date in 2005, all of the attractions experienced double-digit percentage increases in attendance through the first three months of the year.

SELECTED ATTRACTION ATTENDANCES MARCH AND YEAR-TO-DATE 2005				
Attraction	March 2005		Year-to-Date 2005	
	Attendance	% Chg.	Attendance	% Chg.
Independence Visitor Center	145,881	14.9%	258,094	4.4%
Liberty Bell Center	138,266	31.8	270,825	44.9
Independence Hall	46,659	-2.5	102,677	9.5
National Constitution Center	74,900	85.9	159,307	72.2
The Franklin Institute	76,914	54.0	220,477	42.3
Academy of Natural Sciences	<u>25,997</u>	<u>31.0</u>	<u>60,618</u>	<u>24.3</u>
Totals	<u>508,617</u>	<u>30.5%</u>	<u>1,071,998</u>	<u>30.1%</u>

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The preceding attendance data generally indicate significant increases this year, both in March and year-to-date, and, when compared to the attendance figures for January and February, signal the end of visitor hibernation from the winter months. Again, we are hoping that additional attractions will begin to contribute data in the coming months.

It should be also noted that the room-night data shown in the table accompanying this report for AAA, overseas visitors and group motor coach visitors are contributed almost entirely by Center-City hotels and, thus, should not be construed as representing the results for the entire five-county area.

SPECIAL ANALYSIS

The following is a special analysis performed for this month's Snapshot.

Comparative Occupancies and ADRs for the Month of March

The following table presents the comparative occupancies and average room rates for the month of March for the counties in the Philadelphia area and two major sub-markets going back to 1999.

MARCH OCCUPANCIES AND AVERAGE RATES 1998 THROUGH 2005								
	Total 5 Counties	Individual Counties					Sub-Markets	
		Phila- delphia	Bucks	Chester	Delaware	Mont- gomery	Center City	Airport/ Stadium
Occupancies:								
1999	68.9%	70.9%	62.0%	67.3%	71.4%	68.8%	71.4%	72.7%
2000	67.3	68.1	61.5	69.7	67.8	67.7	68.3	73.1
2001	64.1	64.3	61.3	63.9	67.9	63.8	62.2	74.1
2002	59.7	62.3	54.6	58.2	61.3	56.5	63.0	65.4
2003	63.1	65.8	58.2	59.9	60.9	62.0	67.4	66.0
2004	67.9	73.6	63.0	63.2	61.8	62.4	75.1	73.6
2005	70.0	74.9	57.8	66.3	73.5	67.2	74.9	81.2
Average Rates:								
1999	\$103.07	\$121.01	\$69.73	\$99.54	\$76.24	\$99.40	\$139.48	\$88.07
2000	106.36	124.68	71.29	97.65	78.93	101.00	138.89	88.17
2001	104.36	119.79	73.28	95.26	78.22	99.33	130.17	90.78
2002	100.82	113.64	76.77	95.30	73.53	96.38	122.17	83.32
2003	100.02	115.13	72.83	92.64	71.70	92.38	123.83	81.69
2004	102.62	118.19	73.13	93.43	74.92	94.25	129.16	84.33
2005	106.31	123.41	78.05	94.19	76.68	98.15	133.16	88.24

The above data generally indicate declines/troughs in occupancy during the years 2000 through 2004 due to a combination of increased room supplies, economic softness and the effects of 9/11. Many of the counties/areas also felt declines in ADR for the same reasons with only Bucks County reporting a substantially higher ADR in March 2005 than for March 1999.

The following table presents the comparative RevPARs (occupancy times average rate) for the selected areas for March 1999 and March 2005 to show how most areas have barely caught up to the room revenue-per-available-room levels experienced some six years ago and some are still not yet there.

MARCH RevPARs 1999 AND 2005								
	Total 5 Counties	Individual Counties					Sub-Markets	
		Phila- delphia	Bucks	Chester	Delaware	Mont- gomery	Center City	Airport/ Stadium
RevPARs:								
1999	\$71.02	\$85.60	\$43.23	\$66.99	\$54.44	\$68.39	\$99.59	\$64.03
2005	74.42	92.43	45.11	62.45	56.36	65.96	99.74	71.65
% Difference	+4.8%	+8.0%	+4.4%	-6.8%	+3.5%	-3.6%	+0.1%	+11.9%

Airport Traffic Levels

While we don't have any type of special analysis relating to traffic volumes at the Philadelphia International Airport, notice should be taken of the continuing substantial increases in passenger traffic at the Airport. Most observers credit the increasing numbers of flights scheduled by the low-cost carriers as the primary reason for these increases.

ADDITIONS TO DATA WORKSHEET

Make sure you take a look at the graphs and other "sheets" in the "Data" file accompanying the Snapshot...hopefully they will be of interest!

* * * * * *

Again, this "Snapshot" is an evolving work in process...please continue to send us your comments and suggestions! To all those who are contributing data to this effort...thanks so much...we'll make every effort to bring you more meaningful output each month!

Please note my new contact information:

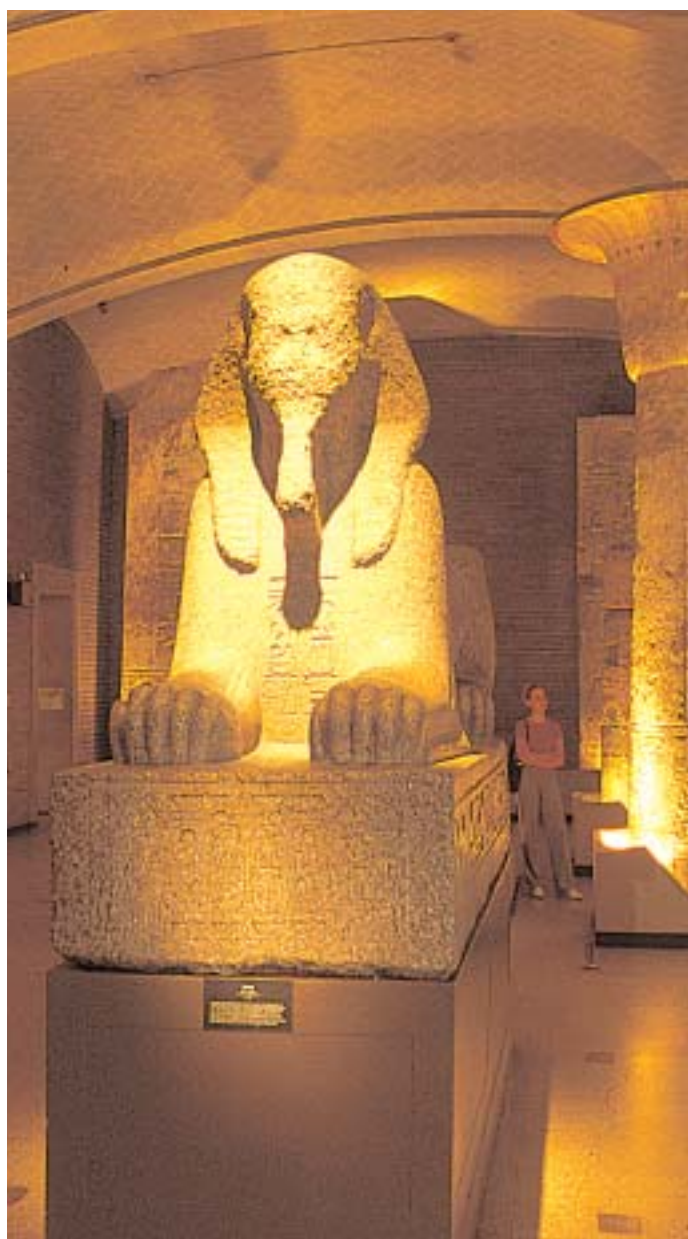
Peter R. Tyson, Vice President
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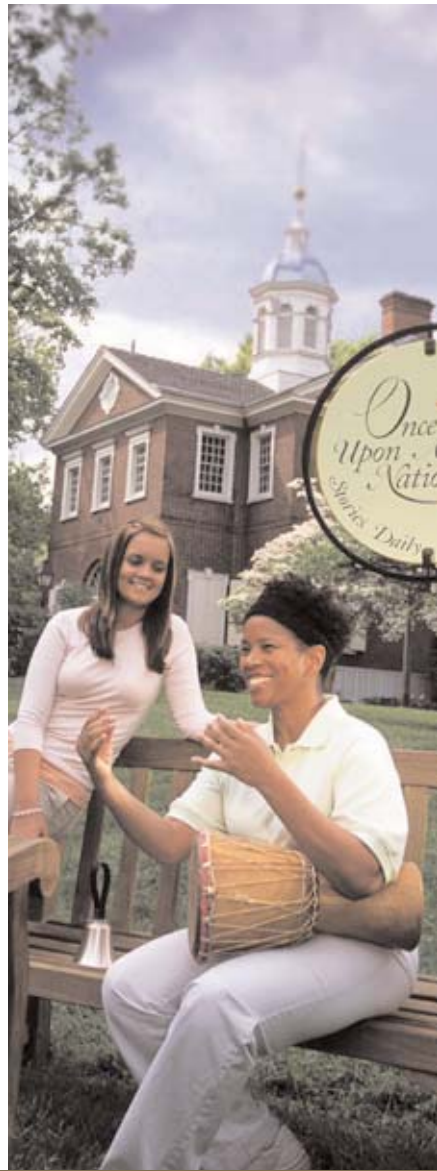
GLOSSARY OF TERMS	
Term	Definition
ADR	Average daily room rate achieved by a hotel or group of hotels
Airline Crews	Airline crews staying overnight in the area
Airport Passengers	Total passenger movements through the Philadelphia International Airport, both scheduled and unscheduled
Center City	Hotels located in the CBD, Old City, Society Hill and University City
Commercial Travelers	Individuals or groups occupying fewer than 10 rooms visiting the area primarily to conduct business
Consumed	Occupied
Conventions & Group Meetings	Groups of 10 or more attending conventions, group meetings, events and gatherings whether utilizing the Convention Center or not
Convention Center Total Attendance	Attendance reported at conventions, meetings and trade shows held at the Pennsylvania Convention Center
Delegate Spending	Total expenditures by convention and group meeting delegates on lodging, food and beverage, retail outlets, recreational and sporting events, tours and sightseeing and auto rentals utilizing the industry formula of the IACVB for large markets and as reported by the PCVB
Economic Impact	The measurement of the impact of delegate spending on the area economy, applying a 1.9 factor to delegate spending as provided by the Pennsylvania Economy League
Five-County Area	Philadelphia, Bucks, Chester, Delaware and Montgomery Counties
Government Travelers	Those commercial travelers paying government per-diem rates
GPTMC Hotel Packages	“Philly Overnight” multi-night hotel packages
GPTMC Other Online Room-Nights Consumed	Number of non-Hotel Package hotel room-nights occupied/consumed that were booked on Gophila.com
Hotel-Generated (Group) Room-Nights Consumed	Convention & group meeting occupied/consumed room-nights sold by the sales staffs of the area’s hotels
Leisure Travelers	Individuals visiting the area primarily for pleasure, including those attending social and family events
Motor Coach Groups/Room-Nights Consumed	Groups of, and room-nights occupied/consumed by, visitors arriving by motor coach
Occupancy	Rooms occupied/consumed divided by rooms available
Overseas Visitor Room-Nights Consumed	Total room-nights occupied/consumed by visitors from overseas as estimated by some of the area’s hotels (not all hotels provide this data)
Page Views	Number of separate website pages viewed/visited
PCVB Convention Center-Related	Room-nights occupied/consumed by groups booked by the PCVB and utilizing the Convention Center
PCVB Non-Convention Center-Related	Room-nights occupied/consumed by groups booked by the PCVB but not utilizing the Convention Center
User Sessions	Number of visits to the website
Weekday	Monday through Thursday nights
Weekend	Friday through Sunday nights

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