



# International Visitor Volumes for Arizona:

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## 2014 Analysis



TOURISM  
ECONOMICS

AN OXFORD ECONOMICS COMPANY

# Overview

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- An understanding of the volumes and trends of key international markets is critical to sound destination marketing.
- However, government data does not provide adequate sample sizes to produce reliable estimates of international markets for Arizona.
- Tourism Economics has developed an international visitor tracking model for Arizona that incorporates multiple data sources to produce reliable volumes and trends for 11 international markets plus total overseas.
- The model weights government data (first intended address by state from the I94 program), along with aviation (OAG bookings by origin and destination), and credit card statistics (Visa cardholders by country of origin) to stabilize results over time based on strong indicators of demand.
- Weights are based on historic correlations with government data over time.

# Overseas modeling

- The Arizona tracking model, developed by Tourism Economics (TE), uses multiple data sources to track year-over-year trends in overseas visitation. This produces more credible trends than a single survey can provide. Sources include:

- FIA: “First intended address” as indicated by air passengers to the USA in Form I-94;
- VisaVue: Number of unique cards used by international visitors by market;
- OAG: Number of passengers arriving from international markets; and
- Bureau of Transportation Statistics (BTS): Number of Mexico border crossings into Arizona.

- For overseas markets, 2011 is used as benchmark, using NTTO (Nat’l Travel and Tourism Org.) volumes of visitors to AZ.
- For Canada, Statistics Canada data are used as a benchmark through 2013.

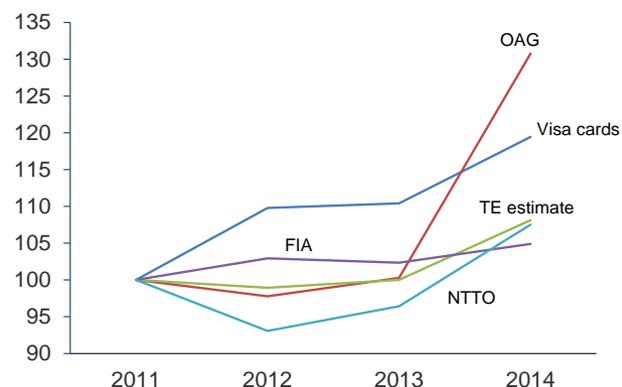
- Overseas market indicators show a strong correlation to published NTTO data through 2011. These correlations form the weighting of indicators in the Arizona tracking model.

Statistical Correlations	
VisaVue Cards	0.94
OAG	0.85
FIA	0.68

- However, NTTO data show more volatility than secondary sources would support.

## Indicators of overseas travel to Arizona

2011=100

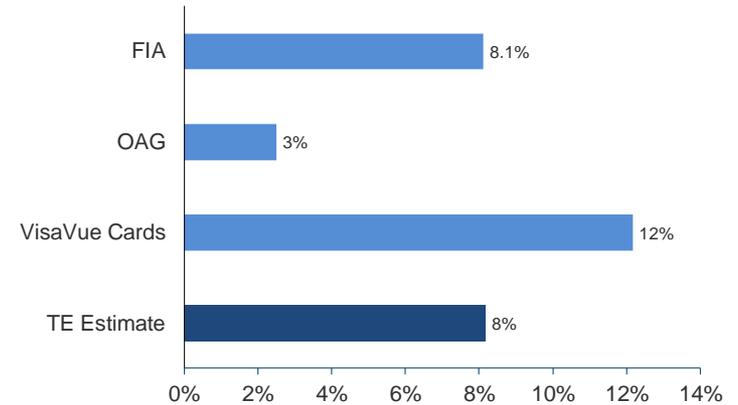


# Overseas summary

- Overseas visits to Arizona reached 952,000 in 2014.
- Growth accelerated in 2014 after two years of modest growth.
- Note, the NTTO Survey of International travelers (SIAT) data present a more volatile picture with a 7% decline in 2012, a 4% gain in 2013, and a 12% increase in 2014. However, other industry data indicate more steady performance, including 8.1% growth in 2014.

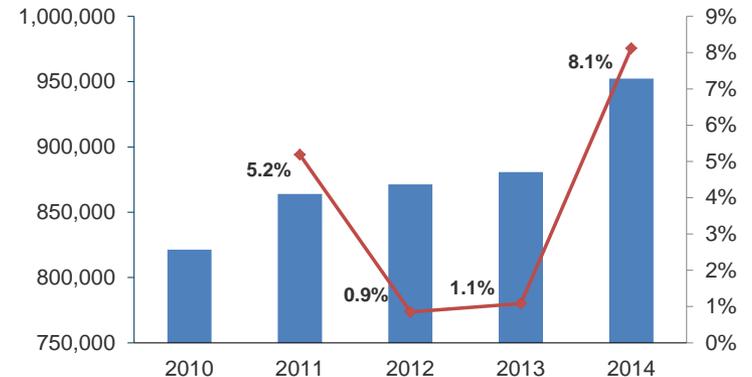
## Overseas travel to Arizona: key metrics

% Change, 2014



## Overseas travel to Arizona

Levels and % change (right)



Source: Tourism Economics

# International visits to Arizona, levels

International Overnight Visits to Arizona					
	2010	2011	2012	2013	2014
Mexico	3,310,184	3,158,622	3,373,909	3,635,939	3,854,431
Canada	650,000	703,800	728,000	850,200	896,467
Germany	116,580	120,000	120,229	119,971	127,705
United Kingdom	131,107	123,000	117,000	114,186	116,542
France	97,108	110,000	106,865	105,846	113,385
Korea Republic of	41,701	40,000	44,111	52,725	54,015
China	20,972	25,000	31,000	36,705	52,105
Japan	40,931	45,000	47,015	49,080	51,602
Australia	40,812	44,000	45,803	43,711	47,535
Switzerland	35,507	39,000	36,674	34,380	36,554
Brazil	20,349	23,000	27,001	27,978	30,992
Other Overseas	276,324	295,000	295,650	296,194	321,878
Overseas Total	821,391	864,000	871,347	880,777	952,313
Total International	4,781,575	4,726,422	4,973,256	5,366,916	5,703,210

# International visits to Arizona, % change

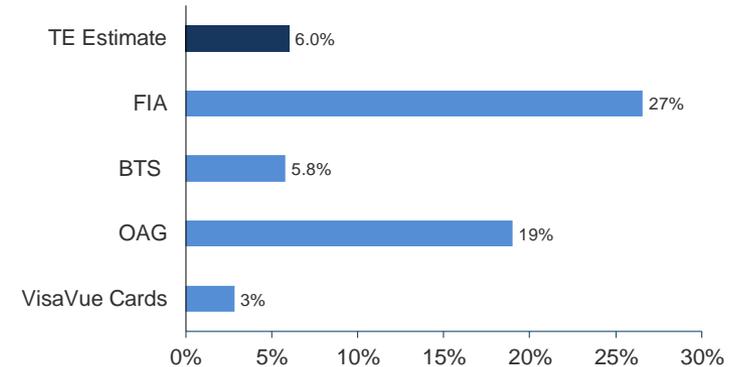
International Overnight Visits to Arizona				
	2011	2012	2013	2014
Mexico	-4.6%	6.8%	7.8%	6.0%
Canada	8.3%	3.4%	16.8%	5.4%
Germany	2.9%	0.2%	-0.2%	6.4%
United Kingdom	-6.2%	-4.9%	-2.4%	2.1%
France	13.3%	-2.9%	-1.0%	7.1%
Korea Republic of	-4.1%	10.3%	19.5%	2.4%
China	19.2%	24.0%	18.4%	42.0%
Japan	9.9%	4.5%	4.4%	5.1%
Australia	7.8%	4.1%	-4.6%	8.7%
Switzerland	9.8%	-6.0%	-6.3%	6.3%
Brazil	13.0%	17.4%	3.6%	10.8%
Other Overseas	6.8%	0.2%	0.2%	8.7%
Overseas Total	5.2%	0.9%	1.1%	8.1%
Total International	-1.2%	5.2%	7.9%	6.3%

# Mexico

- TE estimates growth of 6.0% in 2014, which is substantiated by industry data.
- BTS border crossings and Visa data indicate steady growth in 2014.
- Air travel was particularly strong with OAG and FIA data indicating double-digit growth.
- The benchmark volumes are based on University of Arizona research for the year 2007.

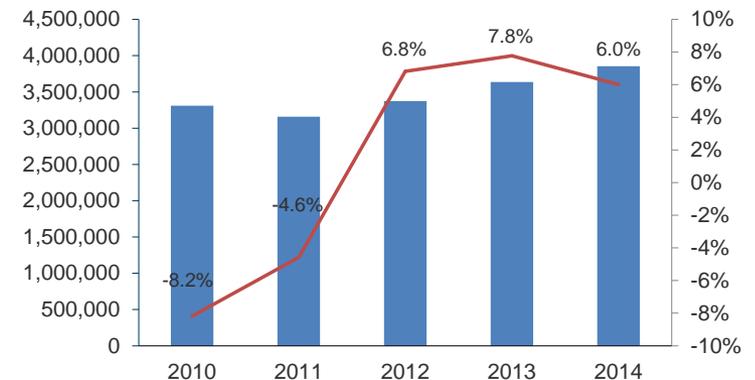
## Mexico travel to Arizona: key metrics

% Change, 2014



## Mexico travel to Arizona

Levels and % change (red line, right axis)



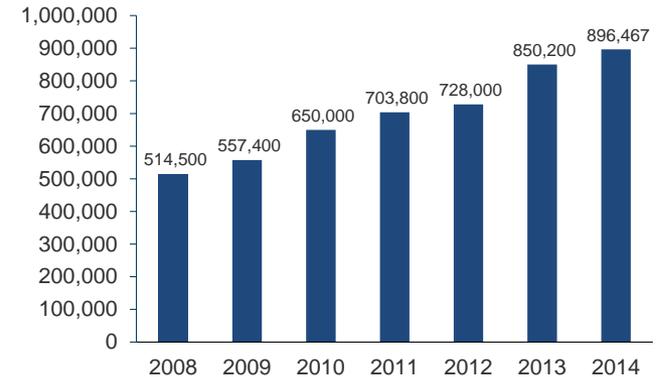
Sources: Tourism Economics

# Canada

- Canada model is based on Statistics Canada data through 2013.
- 2014 estimates are based on VisaVue and OAG data which have strong historic correlations with the Statistics Canada data.
  - VisaVue correlation (.93)
  - OAG correlation (.99)
- These correlations define the weightings assigned to these indicators.

## Canada travel to Arizona

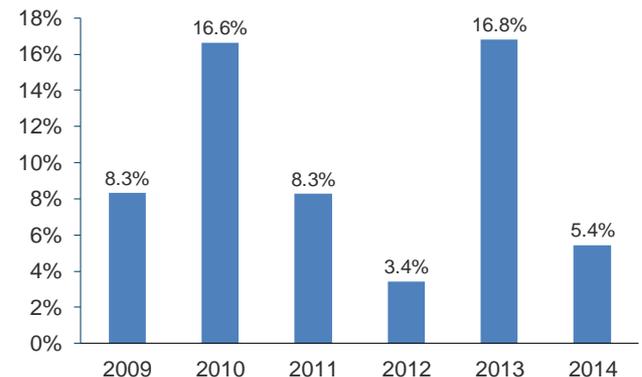
Visits



Sources: Statistics Canada through 2013, Tourism Economics in 2014

## Canada travel to Arizona

% Change



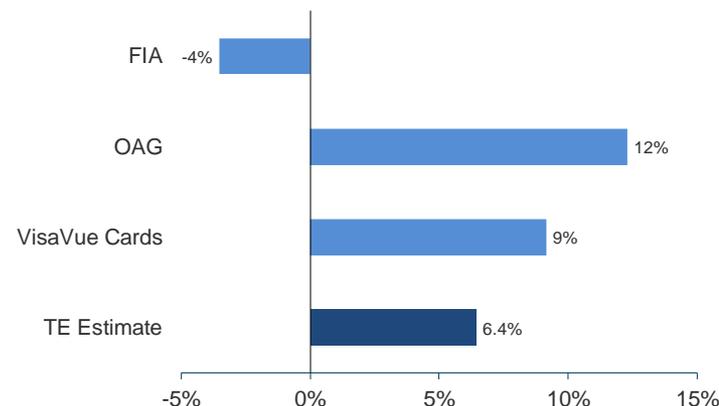
Sources: Statistics Canada through 2013, Tourism Economics in 2014

# Germany

- Germany began to recover strongly in 2014 according to OAG and Visa data.
- Visits to Arizona had plateaued in 2012 and 2013 before resuming growth in 2014.
- In contrast, SIAT presents a volatile picture of a 27% decline in 2012, a 7% increase in 2013, and a 28% increase in 2014.

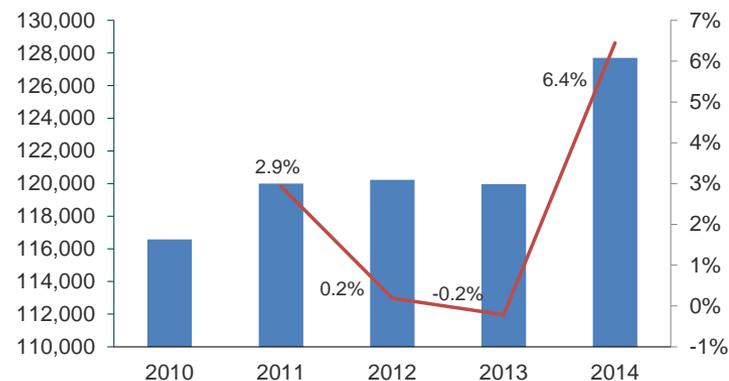
## Germany travel to Arizona: key metrics

% Change, 2014



## Germany travel to Arizona

Levels and % change (red line, right axis)



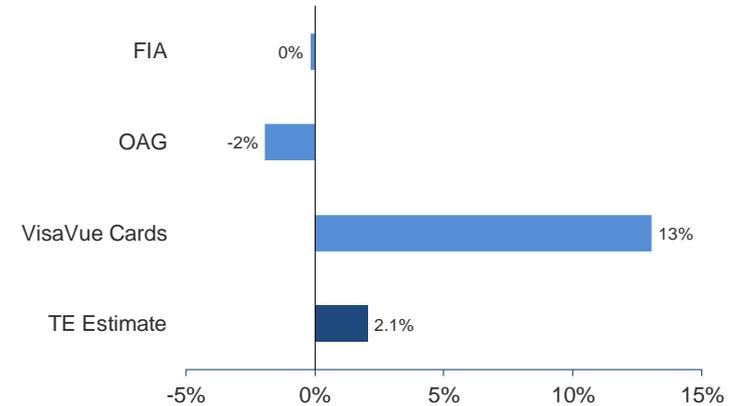
Sources: Tourism Economics

# United Kingdom

- Industry data present a picture of a modest recovery in 2014 with 2.1% growth.
- Note that previous year losses have not been as severe as indicated by SIAT (28% decline in 2013). Industry data present a more gradual decline than SIAT presents over the past few years.

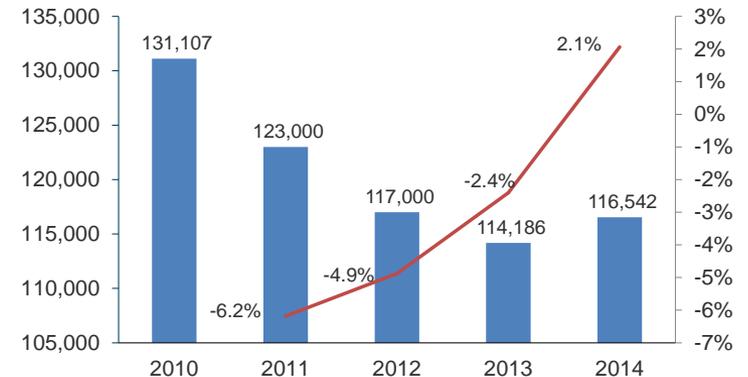
## UK travel to Arizona: key metrics

% Change, 2014



## UK travel to Arizona

Levels and % change (red line, right axis)



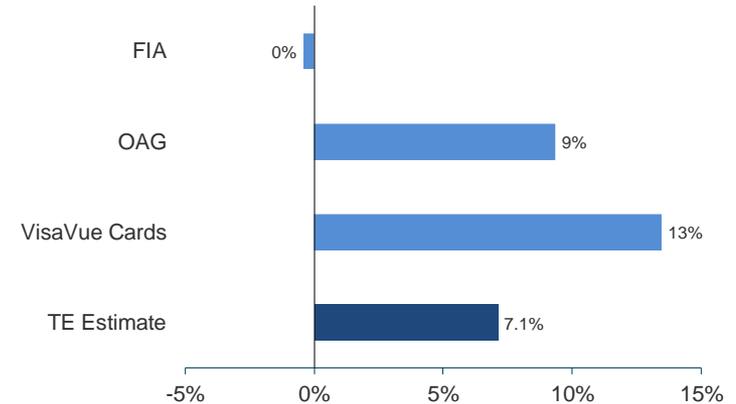
Source: Tourism Economics

# France

- After declining slightly in each of the previous two years, visits from France grew 7.1% in 2014.
- In contrast, SIAT data indicate an 8% gain in 2012, followed by a sharp loss of 8% in 2013, and 20% growth in 2014.

## France travel to Arizona: key metrics

% Change, 2014



## France travel to Arizona

Levels and % change (red line, right axis)



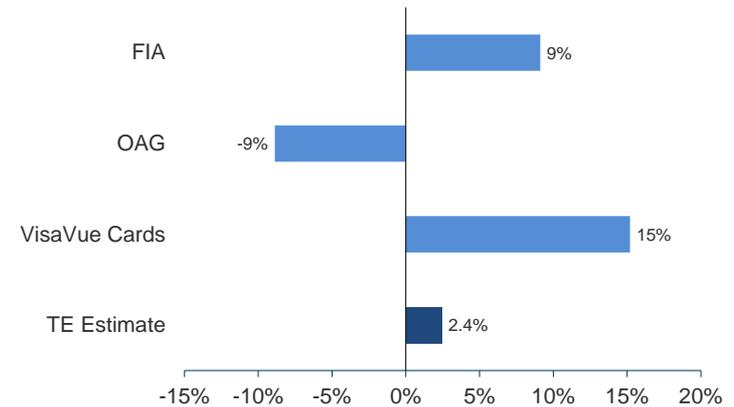
Source: Tourism Economics

# South Korea

- South Korea growth slowed in 2014 after two strong years of growth.
- Visa and FIA data stand in contrast to SIAT data, which show a decline in 2014.

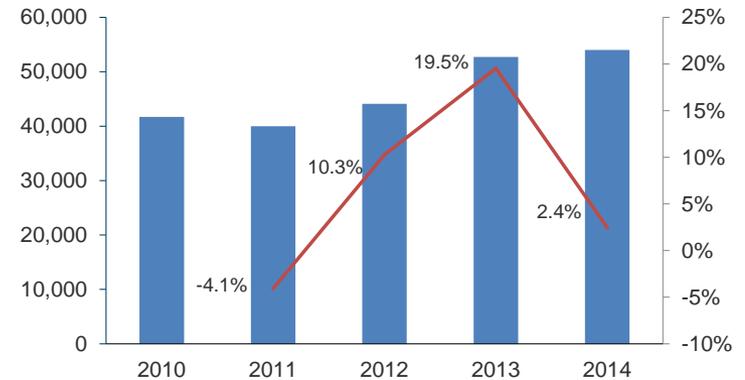
## South Korea travel to Arizona: key metrics

% Change, 2014



## South Korea travel to Arizona

Levels and % change (red line, right axis)



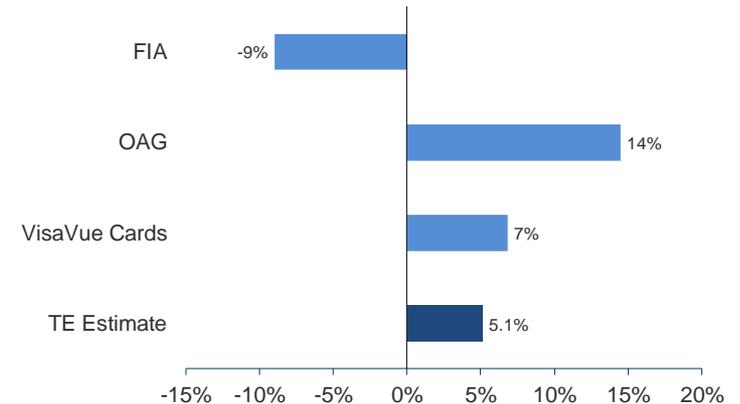
Source: Tourism Economics

# Japan

- Japan posted another growth year with a 5.1% increase in visits to Arizona.
- While First Intended Address visits declined, OAG and Visa data demonstrate growth from the market.
- In contrast, SIAT data indicate a 38% decline in 2013 followed by a 30% increase in 2014.

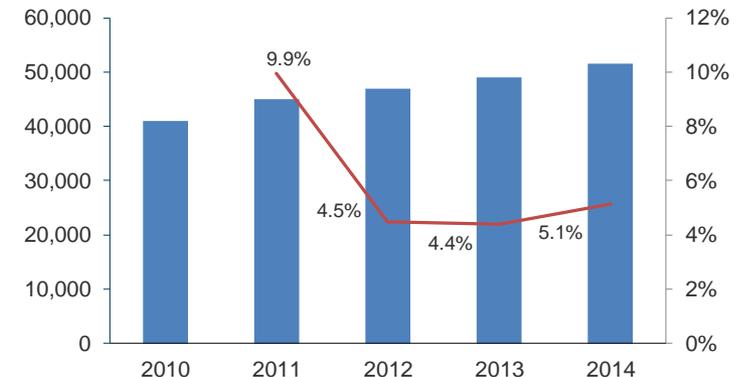
## Japan travel to Arizona: key metrics

% Change, 2014



## Japan travel to Arizona

Levels and % change (red line, right axis)



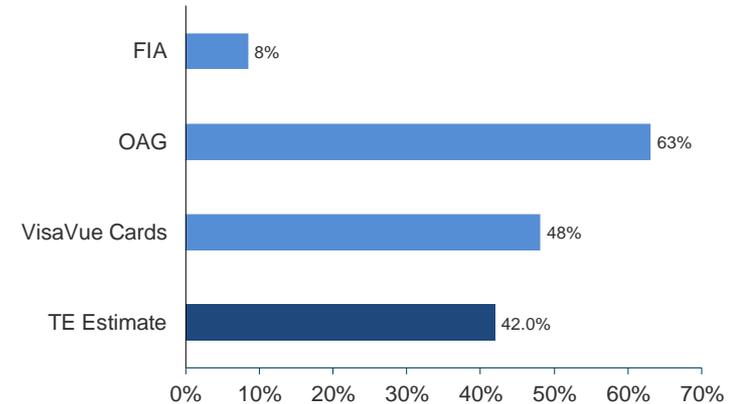
Source: Tourism Economics

# China

- China travel continues to grow strongly to Arizona.
- Note, the Arizona tracking model estimates visitor growth from China to be more modest than projected from SIAT which indicates an 80% increase in 2014.

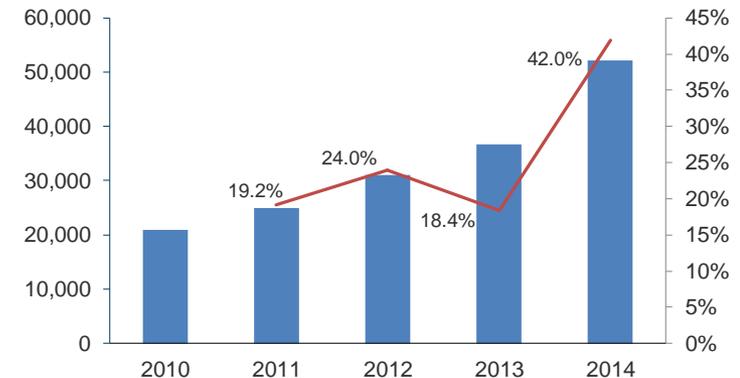
## China travel to Arizona: key metrics

% Change, 2014



## China travel to Arizona

Levels and % change (red line, right axis)



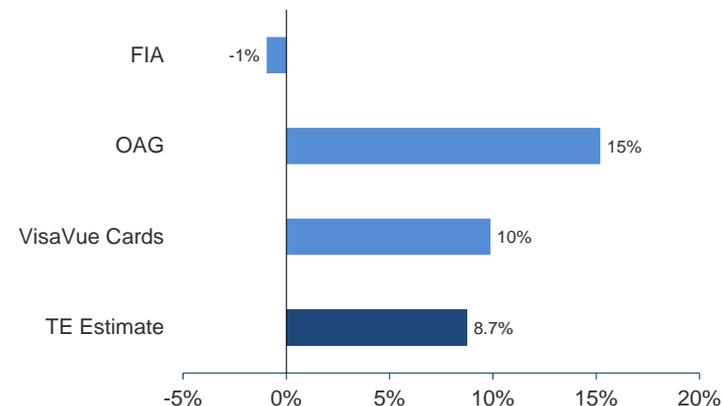
Source: Tourism Economics

# Australia

- Australia travel to Arizona expanded 8.7% in 2014 after a modest decline in 2013.
- This is in contrast to SIAT data which show a 32% decline in 2012, a 113% gain in 2013, and a 16% loss in 2014.

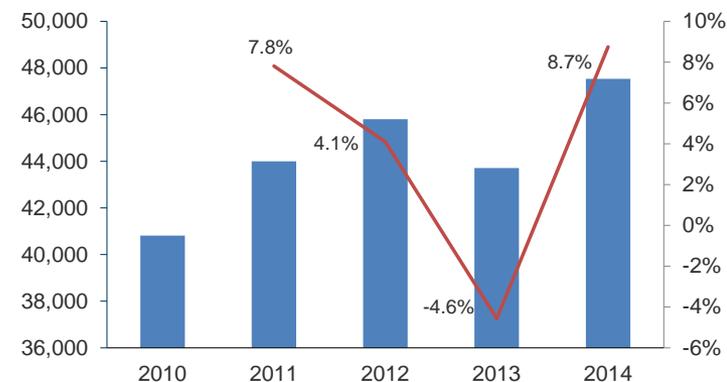
## Australia travel to Arizona: key metrics

% Change, 2014



## Australia travel to Arizona

Levels and % change (red line, right axis)



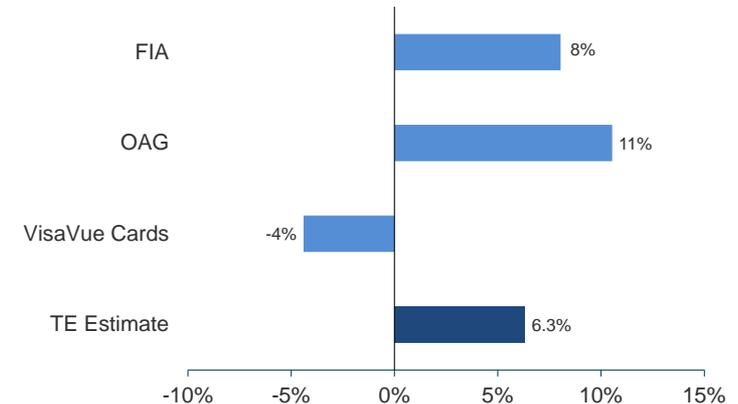
Source: Tourism Economics

# Switzerland

- After declining in each of the past two years, visits from Switzerland posted growth of 6.3% in 2014.
- While Visa data show a contraction, FIA and OAG data present a consistent picture of growth.
- In comparison, SIAT data presents a sharp 36% decline in 2012 followed by flat performance in 2013 and a decline in 2014.

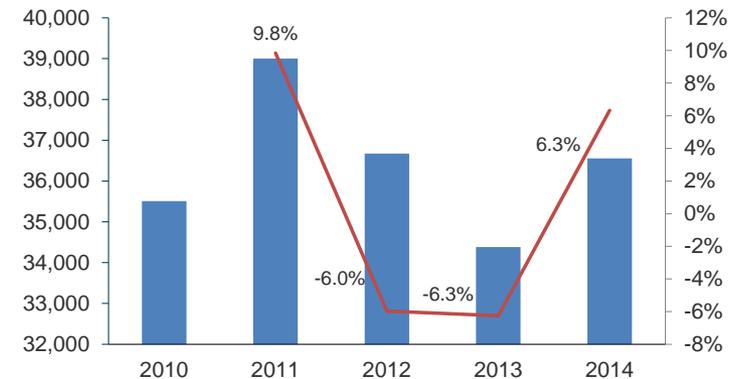
## Switzerland travel to Arizona: key metrics

% Change, 2014



## Switzerland travel to Arizona

Levels and % change (red line, right axis)



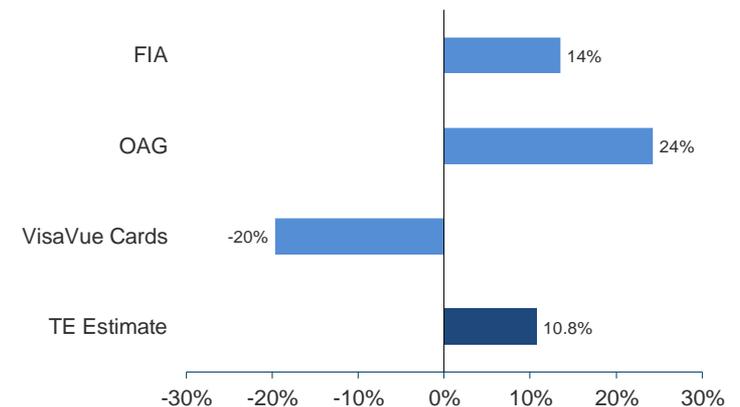
Source: Tourism Economics

# Brazil

- After slowing in 2013, visits from Brazil picked up in 2014 with 10.8% growth.
- Note, this better reflects industry data than the 69% increase in 2013 and 26% decline in 2014 registered by NTTO's SIAT data.

## Brazil travel to Arizona: key metrics

% Change, 2014



## Brazil travel to Arizona

Levels and % change (red line, right axis)



Source: Tourism Economics



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