



## Governor's Tourism Advisory Council Meeting (TAC)

Thursday, October 16, 2008 9:30 A.M. – 2:00 P.M.  
 Arizona Office of Tourism, 1110 W. Washington, Ste 111, Phoenix, AZ

### Meeting Minutes

#### I. Call to Order and Opening Comments

Following the call to order, Colleen acknowledged the three new members to the Tourism Advisory Council and asked each of them to introduce themselves. The new members are:

Teresa Propeck, Director of Marketing, Verde Canyon Railway & Blazin' M Ranch  
 Stacey Button, Director of Economic Vitality for Flagstaff  
 Raphael Bear, Cultural Tourism & Assistant Operations Manager at Ft McDowell Adventures

Colleen asked for a motion to approve the minutes of the July meeting. Kay Daggett made a motion to approve and it was seconded by Bruce Lange. Minutes were approved.

#### II. Research Trends

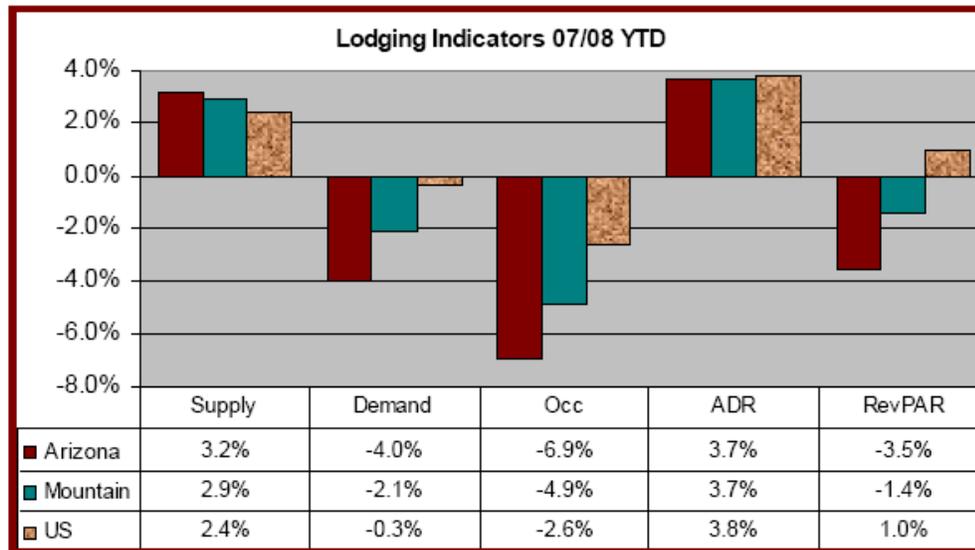
AnnDee Johnson presented research trends with updated data from the July meeting. Her slides on Arizona Indicators follow:

Arizona Indicators			
Indicator		Month % Change	07/08 YTD % Change
Tourism Related Tax	July	▼ -6.5%	▼ -5.4%
Airport Passenger Traffic	August	▼ -6.8%	▼ -2.5%
State Park Visitation	August	▲ 12.1%	▲ 2.3%
National Park Visitation	June	▼ -3.1%	▼ -1.5%
State-wide Lodging			
Occupancy	August	▼ -8.5%	▼ -6.9%
ADR	August	▲ 2.8%	▲ 3.7%
RevPAR	August	▼ -6.0%	▼ -3.5%
Demand	August	▼ -4.6%	▼ -4.0%
Supply	August	▲ 4.2%	▲ 3.2%

Source: Arizona State Parks, National Park Service, Individual Airports  
 AZ Dept of Revenue, AHRRC/NAU, Smith Travel Research

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Source: *Smith Travel Research*

She followed with: **2007 Domestic Overnight Travel Profiles by Region.**

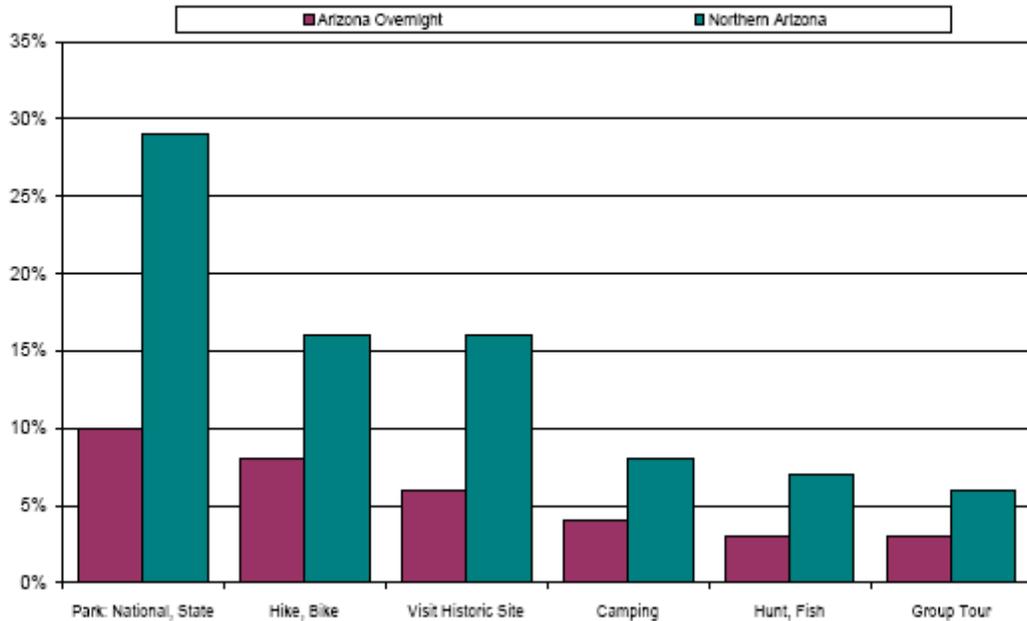
	Arizona Overnight	Northern	West Coast	North Central	Phoenix & Central	Tucson & Southern
Domestic Overnight Visitation	33.2 M	4.4 M (15.2%)	2.8 M (9.3%)	3.2 M (10.6%)	15.4 M (46.2%)	5.1 M (13.8%)
Average Age	48	47	48	49	48	49
18-34 years	24%	26%	23%	16%	24%	25%
35-54 years	39%	42%	42%	50%	41%	35%
55+ years	37%	32%	35%	34%	35%	40%
Average HH Income	\$82,500	\$76,500	\$65,500	\$80,400	\$86,200	\$77,100
Average Party Size	2.2	2.5	2.3	2.2	2.0	2.0
Travel Party	37% Couples 32% One Adult	41% Couples 26% Families	34% One Adult 29% Couples	39% Couples 34% One Adult	36% Couples 36% One Adult	38% One Adult 37% Couples
Average Length of Stay	3.5	2.2	3.7	2.7	4.0	3.5
Mode of Transportation	61% Auto 28% Air	77% Auto 8% Air	63% Auto 9% Air	72% Auto 12% Air	49% Auto 44% Air	69% Auto 22% Air
Accommodations	63% Paid	83% Paid	55% Paid	60% Paid	60% Paid	54% Paid
Purpose of Stay	27% VFR 22% Business 17% Weekend 17% Vacation	43% Vacation 17% Business 17% Weekend 10% VFR	29% VFR 23% Business 20% Weekend 14% Vacation	35% Weekend 20% Vacation 14% Business 14% VFR	37% VFR 26% Business 11% Weekend 11% Vacation	34% VFR 23% Business 13% Event 12% Other
Trip Quarter	Q2 & Q3 (tie)	Q3, Q2	Q4, Q1	Q2, Q3	Q1, Q2	Q1, Q4

Source: *DK Shifflet & Associates*

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### NORTHERN ARIZONA TOP ACTIVITIES\*



Source: DK Shifflet & Associates

AnnDee explained that the regional profiles can be seen on our website at [www.AZOT.gov](http://www.AZOT.gov).

A review of the chart below clearly presented the increases and decreases in international travel to the U.S.

International Visitation to the United States - OTTI				
Market	July % Change		07/08 YTD % Change	
International	▲	2.3%	▲	9.5%
Overseas	▲	9.7%	▲	10.1%
Canada	▲	2.2%	▲	13.6%
Mexico	▼	-17.3%	▼	-3.3%
United Kingdom	▲	7.5%	▲	7.9%
Germany	▲	13.1%	▲	19.7%
Japan	▼	-7.0%	▼	-3.9%
China & Hong Kong	▲	11.3%	▲	22.1%

Source: US Department of Commerce, Office of Travel & Tourism Industries

AnnDee pointed out that Aeromexico has suspended their only international flight between Hermosillo and Tucson. Mary Rittmann commented that British Airways has reduced their flights to Phoenix from six per week down to five per week.

Addressing the matter of surveys, AnnDee indicated that we are expecting good results from the Mexico Visitor Survey. The Adaptive Conjoint Analysis is in the field now and the data will help us know what products will drive travel. She mentioned Community Surveys which are year-long visitor surveys collecting data from: Verde Valley, Lake Havasu City, Flagstaff, Prescott/Prescott Valley/Chino Valley, and Globe/Miami.

AnnDee advised the group that the Research Department is looking at reports from other states to help us find new indicators to look at for “internal” tracking purposes.

Tracking AOT formula funding pointed out that our tax-based formula for FY10 is down 3.9% through August. There is a small decrease from hotel revenue with a more significant decline from restaurant industry.

AnnDee ended her presentation by introducing Kristen Keener Busby, Director of the Office of Smart Growth (Arizona Dept of Commerce) who joined us for the next presentation.

### **III. Smart Growth Presentation**

Kristen began by saying that the Arizona population is expected to double by the year 2050. There has been some legislation passed on “growing smarter” and Kristen explained that this is all just a more thoughtful way to grow—giving thought to land use, transportation and efficiency with the infrastructure. She described it as a holistic approach.

Slides were presented which depicted inefficiencies of space and use of land, and then progressively added slides revealed incremental development of the same area in a smarter, more efficient and useful manner.

Kristen discussed the Smart Growth Scorecard which has been developed for communities to complete to assess areas related to smart growth. She indicated that the scorecard itself will encourage some “best practices” in growth. The scorecard is an incentive-based program. Margie pointed out that in the future, the Smart Growth Scorecard will be considered in the process of granting TEAM and RTDG grants and will be used to help train communities (possibly through the Arizona Tourism University) in smart growth techniques.

### **IV. Moses Anshell Creative Update**

Casey Ambrose, Director of Advertising recapped the reason for not going forward with the “body art” advertising creative previously presented to the TAC. The video of the making of the Hidalgo, Mexico’s similar campaign was shown to emphasize the decision

to nor pursue the “body art” creative execution for AOT as it was so similar. For this reason, AOT and our marketing agency Moses Anshell have developed a new campaign platform.

Casey reviewed key research insights regarding the current ‘Seize the Day’ campaign and discussed opportunities for growth within the new campaign platform.

Three campaign ideas were presented. Although different, all images had a common theme of beautiful Arizona scenery with human engagement. The ads are designed for the consumer to truly experience Arizona.

Louie Moses, Executive Creative Director of Moses Anshell presented the campaign platform that focuses on three areas for consumer acquisition. The visuals showcased the process from: **attract** with advertising, **engage** with information and a strong call to action, and **convert** utilizing an integrated interactive experience to allow the consumers to find what they are looking for.

It was also pointed out that the campaign images and concept of *attract, engage, and covert*, lends itself extremely well to using a variety of media: print, online (banner advertising and rich media), TV and radio.

Although only in concept form, the ideas presented can be used with a wide variety of Arizona images and maintain the intention of the campaign. This lends itself well to refreshing the campaign by simply updating the images used. The concepts and the sample images were received well. Margie went around the room to each TAC member asking for opinions and ideas of why types of images they might like to see in the ads.

The group tended to favor the campaign utilizing powerful images of people. Minor variations and suggestions were made. Raphael Bear expressed that he would like images of Arizona’s ancient civilizations represented in the ads.

Rachel Sacco asked how our ads compared to other states. Louie said that they recently did a large-scale review of other states’ ad campaigns and they found most of them to be very busy and cluttered. Louie continued by saying this is 2008 and strictly printed ads will no longer work which further strengthened the idea of integrating the web site into this process.

## **V. Budget Update**

Margie began by telling attendees that the Governor’s Budget Management Plan presented three budget deficit scenarios ranging from optimistic to pessimistic. The pessimistic ranges from \$800 million in the Governor’s Budget Plan, to a speculation of up to \$1.5 billion from other sources.

The Office of Tourism has already absorbed the initial budget reduction of \$1.6 million to the FY09 budget as well as a sweep of \$4.5 million.

We are in line to potentially take one of two additional budget reductions in FY09. We have been asked to prepare a response to the Governor's Office on what would be cut under each scenario if that should materialize. With those cuts defined, we are to give justification as to why the programs are mission critical. AOT's response will be framed around the fact that we are a profit center for the state of Arizona and that other states are still operating at very competitive funding levels.

Indian gaming revenue is down 7% for the first quarter of FY09 compared to the first quarter of FY08. This is significant and not expected to turn around quickly.

Sam Campana asked Margie where the hiring freeze left AOT. Margie answered that AOT is left with four positions unfilled due to the freeze. It was made clear that everyone was working very hard at making sure the functions of those vacant positions were being fulfilled, but it would be very difficult if we had to work with any shorter staff than AOT currently has.

## **VI. AOT Update**

Margie let the Council know that we are not publishing a 2009 Visitor's Guide. There will be a new RFP issued and we will publish a 2009-2010 guide. We currently have plenty of 2008 guides to meet requests.

Margie described the Travel Leadership Summit (which she attended last month in Washington, D.C.) as a great success. It was an opportunity to sit and talk with our Arizona congressional delegation and remind them of the needs of our industry and the economic importance of our industry to both our state and the nation.

Mary Rittmann was asked to inform the group about our new international representatives. Currently there are contracts for trade and PR in five international markets. Each of those contracts is a one-year contract with four renewals, for a total of five years. After five years the State mandates that each contract goes out for bid. Several contracts were up at the end of FY08 as follows:

- Mexico: PR and Trade Contracts were up. Both contracts were awarded to Jackson Marketing International and Barbara Jackson is our rep.
- Germany: Trade Contract was up. Kaus Media was awarded the trade contract. Kaus Media has had our PR contract for the past two years.
- UK: The Trade Contract was up and it was given to Hills Balfour Synergy who has had the PR Contract for 1 year. Jane Dawkins is our rep.
- Canada: Both Trade and PR were up. Radonic Rogers was awarded the Trade Contract and Fred Azouz is our rep. The PR Contract was awarded to Vision Co with Marsha Mowers as our new rep.

Margie pointed out to TAC members that the 2009 Arizona Tourism University schedule was provided in their packets.

Rural Tourism Development Grants were considered when it was time for budget reductions but Margie explained that helping communities, especially as we prepare for

the Centennial, is very important to the state. It was concluded that this was not a good year to hold back any grant money.

## **VII. Interactive Strategy**

Troy Thompson presented AOT's Interactive Strategy, including sections covering websites, email, search, banner or display advertising and social marketing. Goals include length of stay, ordering materials and subscribing to email newsletters. Arizonaguide.com is set up to automatically send "thank you" follow-ups for ordering materials.

AOT, in partnership with other state-level DMOs, is developing a simplified engagement metric to better understand the effects of visitation to the AOT websites. This will take into account the actions of the visitors such as: ordering publications, time spent on site, subscribing to electronic information and searching for specific experiences.

An important area of development is search strategy. Arizonaguide.com receives approximately 75% of its traffic from search. We plan to optimize arizonaguide.com for specific, targeted keywords that the majority of potential travelers are using. He pointed out that our search words are continually being updated which will help drive as much visitation to the site as possible.

Troy talked about our participation on Flickr, which is a photo sharing social site, where we invite people to send us their photos of Arizona to be posted on our site. So far we have 718 photos. AOT utilizes social media such as MySpace, Flickr, TripAdvisor and Twitter to engage travelers and draw them back to arizonaguide.com.

## **VIII. Advisory Council Forum**

Margie explained that we are introducing this new topic, Advisory Council Forum, to our agenda specifically to give TAC members an opportunity bring up topics of their choosing. It will be a time to bring up questions at the meeting or they can request topics in advance to be placed on the agenda.

Kay Daggett asked if we would be having any information to present on Green initiatives. Margie told her about the new Sustainability Council which had its first meeting very recently. Margie didn't think there would be significant information to report by the next TAC meeting but possibly the one after that in April.

## **IX. Call to Adjourn**

Following a call to adjourn by Colleen, Clarence Boykins made the motion to adjourn which was seconded by Stacey Button. Meeting adjourned at 1:40.