



AOT in Action

Welcome to AOT in Action, your weekly e-newsletter from the Arizona Office of Tourism (AOT).

A Message from Director Sherry Henry:

Good afternoon,

We are taking a moment to brag today. AOT, along with our industry marketing partners, have received some accolades for our exceptional marketing efforts! Below are the recent recognitions:

- Madden Media and AOT won a Bronze ADDY at the 2015 American Advertising Federation of Tucson Advertising Awards for "Awesome Arizona," a layout section featured in AOT's Official State Visitor's Guide. The feature promotes Arizona's amazing landscape and how visitors can enjoy the views.
- Off Madison Ave and AOT won the Silver Award through Hospitality Sales and Marketing Association International 's Adrian Award program for AOT's FY14 Target Cities Out of Home Campaign - think giant flip flops. This is a national recognition that recognizes the best of the best in travel, tourism and hospitality marketing from across the country.

Speaking of awards! There are **FOUR DAYS** left to send in your nominations for [Governor's Tourism Awards](#). Please send in your nominations and let's recognize those outstanding marketing efforts in our industry.

Have a great Arizona week!

Sherry Henry
Director, Arizona Office of Tourism

AOT News

WEBINAR: AOT's Marketing Cooperative FY16 Application Process and Media Opportunities

AOT will be hosting a webinar for the FY16 Marketing Cooperative program where we will discuss the program guidelines, including eligibility and the application process. We will also

discuss the marketing plan (target markets, list of opportunities, and AOT's supporting campaign). The campaign runs from September 1, 2015 to August 31, 2016.

AOT's Marketing Cooperative program is designed for rural Arizona communities to help promote and drive visitation to their destinations. The program features a robust media plan with a variety of options including online, print, outdoor, and AOT publications.

Rural Arizona DMOs, Tribes and statewide tourism associations are invited to apply. AOT welcomes regional partnerships between metro, rural DMOs and Tribes. Qualifying applicants will receive subsidized rates. Guidelines and application for the FY16 Marketing Cooperative program are set to be released in May.

Webinar Opportunity

Title: The Marketing Cooperative FY16 Application Process and Media Opportunities

Date: Wednesday, May 20, 2015

Time: 10:00 - 11:30 a.m.

Registration:

<https://visitarizona.webex.com/visitarizona/onstage/g.php?MTID=e0708eda73f095c36c0a633481d5ca6c8>

Look to future editions of **AOT in Action** for program application and guidelines. Please contact Glenn Schlottman at 602-364-3727 or via email at gschlottman@tourism.az.gov for more details.

DEADLINE: MAY 1 - Send in your Nominations for 2015 Governor's Tourism Awards

AOT invites you to submit nominations for the [2015 Governor's Tourism Awards](#) in celebration of the great achievements that occur throughout exciting our industry. From unique cooperative marketing projects to valuable tourism champions, astounding work is accomplished each and every day by our industry to promote the Great State of Arizona. The Governor's Tourism Awards is a wonderful way in which to recognize these efforts. We are accepting nominations until **Friday, May 1**. More information is on our website at tourism.az.gov/communications/tourism. And be sure to register for the [2015 Governor's Conference on Tourism](#)! More information is available at www.aztourismconference.com.

New Research Reports Now Available!

- [Arizona Lodging March 2015](#)
- [National, Regional, Arizona Lodging 1st Quarter 2015](#)
- [County Lodging 1st Quarter 2015](#)
- [Airport Passenger Volume January 2015*](#)
- [Airport Passenger Volume February 2015](#)
- [State Park Visitation January 2015](#)
- [State Park Visitation February 2015](#)

Analysis: Lodging data for Arizona continues to show steady growth. In March, Arizona occupancy growth of 5% dramatically outpaced the average occupancy growth in the United States as a whole (2.3%), which is not surprising given Arizona's appeal in the winter and early spring months. Airport arrivals show less dramatic but steady growth at 2.9%. International

arrival growth is more or less on pace with domestic arrivals. Overall, state park visitation is up 13.2% Year-to-Date in 2015 with large increases in January at Lake Havasu and Picacho Peak state parks in February.

* Grand Canyon Airport is no longer reporting monthly passenger data and has been removed from the monthly report. For more information, contact Colleen Floyd at 602-364-3698 or cfloyd@tourism.az.gov.

International Journalists Visit Arizona's Native American Indian Lands

AOT hosted eight journalists for a week-long visit to explore and learn about Arizona's Native American Indian tribes this month. Tony Alba, media relations manager for the U.S. and Canada, escorted journalists from Brazil, Canada, China, France, Germany, Mexico, the U.K. and the U.S. to the Apache, Hopi, Navajo and Salt River Pima-Maricopa communities to gain an insight into the culture and traditions of each respective tribe. The journalists also learned about the impact of other tribes throughout the state with visits to the Museum of Northern Arizona in Flagstaff and the Heard Museum in Phoenix. Other stops on the tour included Fort Apache, Kinishiba Ruins and Hon-Dah Resort on the Apache reservation; Hubbell Trading Post, Canyon de Chelly, Sacred Canyon Lodge and Twin Arrows Navajo Casino on the Navajo Reservation; the Hopi Cultural Center, 3rd Mesa, Dawa Park and Moenkopi Legacy Inn on the Hopi Reservation; and Talking Stick Resort on the Salt River Pima-Maricopa Indian Community. For more information, contact Tony Alba at 602-364-3715 or talba@tourism.az.gov.

Register for 2015 Governor's Conference on Tourism

Registration is now open for the 2015 Arizona Governor's Conference on Tourism, **June 22-24**. This year's annual conference will be held at the JW Marriott Camelback Inn in Scottsdale. The Arizona Governor's Conference on Tourism provides valuable networking opportunities with industry peers, professional development sessions, nationally recognized speakers, an industry-related exhibit area and the Governor's Tourism Awards Gala. For more information and registration, visit www.aztourismconference.com.

Upcoming Events & Activities

[Media Tour: Park Yourself in Arizona](#)

Date: May 17 - 23

Locations: Phoenix, Peoria, Prescott, Jerome, Sedona, Flagstaff, Cameron, Grand Canyon, Scottsdale

[France Media Mission](#)

Date: May 19

Locations: Paris, France

[Governor's Conference on Tourism](#)

Date: June 22-24

Location: Phoenix

Industry News

The Conference Board Consumer Confidence Index® Rebounds

The Conference Board Consumer Confidence Index®, which had decreased in February, improved in March. The Index now stands at 101.3 (1985=100), up from 98.8 in February. The Expectations Index increased from 90.0 last month to 96.0 in March. The Present Situation Index, however, decreased from 112.1 in February to 109.1.

The monthly Consumer Confidence Survey®, based on a probability-design random sample, is conducted for The Conference Board by Nielsen, a leading global provider of information and analytics around what consumers buy and watch. The cutoff date for the preliminary results was March 19.

Lynn Franco, Director of Economic Indicators at The Conference Board, said: “Consumer confidence improved in March after retreating in February. This month’s increase was driven by an improved short-term outlook for both employment and income prospects; consumers were less upbeat about business conditions. Consumers’ assessment of current conditions declined for the second consecutive month, suggesting that growth may have softened in Q1, and doesn’t appear to be gaining any significant momentum heading into the spring months.”

Consumers’ assessment of present-day conditions turned moderately less favorable for a second straight month. The percentage saying business conditions are “good” was unchanged at 26.7 percent, while those claiming business conditions are “bad” increased from 16.7 percent to 19.4 percent. Consumers were mixed in their assessment of the job market. The proportion stating jobs are “plentiful” edged up from 20.3 percent to 20.6 percent, while those claiming jobs are “hard to get” also edged up from 25.1 percent to 25.4 percent.

Consumers’ optimism about the short-term outlook, which had declined last month, rebounded in March. The percentage of consumers expecting business conditions to improve over the next six months decreased slightly, from 17.6 percent to 16.7 percent; however, those expecting business conditions to worsen also fell, from 8.9 percent to 8.0 percent.

Consumers’ outlook for the labor market saw stronger gains. Those anticipating more jobs in the months ahead increased from 13.8 percent to 15.5 percent, while those anticipating fewer jobs declined from 14.8 percent to 13.5 percent. The proportion of consumers expecting growth in their incomes improved from 16.4 percent to 18.4 percent, while the proportion expecting a drop declined from 10.8 percent to 9.9 percent. (*The Conference Board, March 31*)

GBTA: U.S. Business Travel Volume to Rise Through 2016

The Global Business Travel Association's latest BTI Outlook released on Tuesday forecasts U.S. business travel volume to increase over the next two years as a result of increased demand, a recovering American economy and declining oil prices, among other key factors.

Although the GBTA's updated projection for U.S. business travel spending in 2015 is lower than originally forecasted as a result of reduced prices on travel goods and services, spending is still expected to rise a healthy 3.1 percent to \$295.7 billion this year.

On the other hand, total person-trip volume is forecasted to increase more than previously predicted, with that figure projected to grow 1.7 percent to 492.1 million trips in 2015.

"The expected increase in U.S. business travel volume is an excellent indicator of how the overall domestic economy is faring, with every sector and consumer spending performing better than we've seen since 2009," said GBTA executive director and COO Michael McCormick in a statement.

"Thanks to a healthier domestic economy and a stronger U.S. dollar, companies are putting more travelers on the road not only because they can afford to, but because they continue to see a strong return on their business travel investment," added McCormick.

While business travelers have yet to be rewarded for plummeting oil prices, the first-quarter BTI Outlook still forecasts the cost of air and ground travel to remain relatively steady this year, rising just over one percent before normalizing in 2016.

Meanwhile, the GBTA's BTI Index of business travel activity is expected to climb from 133 to 140 by year's end before eventually rising to 145 in 2016.

"The BTI forecast continues to be a strong indicator of the state of business travel, adept at predicting trouble spots and growth signals," said GBTA Foundation vice president of research Joseph Bates. "The economic recovery continues to pick up steam but lower prices have kept spending in check."

The aforementioned U.S. business travel growth is anticipated despite an uncertain global economy. (*Travel Pulse, April 14*)

Exports from International Tourism Rise to US\$ 1.5 Trillion in 2014

International tourism receipts increased by US\$ 48 billion in 2014 to reach a record US\$ 1,245 billion. An additional US\$ 221 billion was generated from international passenger transport, bringing total exports from international tourism up to US\$ 1.5 trillion.

Receipts from international visitors spending on accommodation, food and drink, entertainment, shopping and other services and goods reached an estimated US\$ 1,245 billion (euro 937 billion) in 2014, an increase of 3.7% in real terms (taking into account exchange rate fluctuations and inflation). International tourist arrivals increased by 4.4% in 2014, reaching a total 1,135 million, up from 1,087 million in 2013.

Aside from international tourism receipts (the travel item of the Balance of Payment), tourism also generates export earnings through international passenger transport services (rendered to non-residents). The latter amounted to an estimated US\$ 221 billion in 2014, bringing total exports from international tourism up to US\$ 1.5 trillion, or US\$ 4 billion a day on average.

“International tourism is an increasingly significant component of international trade as seen in export earnings from international tourism and passenger transport, which reached US\$ 1.5 trillion in 2014” said UNWTO Secretary-General, Taleb Rifai. “In a scenario with decreasing commodity prices, spending on international tourism grew significantly in 2014, proving the sector’s capacity to stimulate economic growth, boost exports and create jobs”, he added.

International tourism (travel and passenger transport) represents 30% of the world’s exports of services and 6% of overall exports of goods and services. As a worldwide export category, tourism ranks fourth after fuels, chemicals and food, ranking first in many developing countries.

International tourism receipts grew in all regions

Europe, which accounts for 41% of worldwide international tourism receipts, saw an increase in tourism earnings in absolute terms of US\$ 17 billion to US\$ 509 billion (euro 383 billion). Asia and the Pacific (30% share) saw an increase of US\$ 16 billion, reaching US\$ 377 billion (euro 284 bn). In the Americas, (22% share), receipts increased by US\$ 10 billion to a total of US\$ 274 billion (euro 206 bn). In the Middle East (4% share), tourism receipts increased by an estimated US\$ 4 billion to US\$ 49 billion (euro 37 bn) and in Africa (3% share) by US\$ 1 billion to US\$ 36 billion (euro 27 bn).

By subregion, Northern Europe, Southern and Mediterranean Europe, North-East Asia, Oceania, South Asia, Caribbean, Central America, South America and the Middle East showed fastest growth in relative terms, all recording +5% or over in receipts.

Top earners: China and the United Kingdom move up in the top ten

In the top ten ranking by tourism earnings, China climbed from 5th to 3rd place following a 10% increase in earnings to US\$ 57 billion in 2014. The United States (US\$ 177 billion) and Spain (US\$ 65 billion) maintained first and second positions in the ranking. The United Kingdom (US\$ 45 billion) moved up two positions to 7th, boosted by the lasting effects of the Olympics and the appreciation of the UK pound (increasing receipts calculated in US dollar terms). France, Macao (China) and Italy occupy the 4th to 6th positions respectively, while Germany, Thailand and Hong Kong (China) complete the top ten.

Top spenders: spending by advanced economies picks up

In terms of outbound tourism, the world’s top spender China continued its exceptional pace of growth with a 28% increase in expenditure in 2014, reaching a total of US\$ 165 billion. While the two other major emerging markets among the first 10, the Russian Federation (-6%, 5th largest) and Brazil (+2%, 10th largest) lost strength, various advanced economy source markets picked up in growth. The world’s second largest spender, the United States posted a 7% increase. The United Kingdom spent 4% more and moved from 5th to 4th in the ranking. France increased expenditure by 11%, retaining the 6th position, and Italy by 6%, climbing from 9th to 8th. Germany (3rd), Canada (7th) and Australia (9th) take the remaining places of the top ten.

Please note that the above data is preliminary and subject to revision. (*Travel Industry Wire, April 15*)

Why Hotels Can No Longer Ignore Google

There was a time when hoteliers primarily worried about the impact of online travel agencies (OTAs) to direct business.

Now, a new player is changing the hospitality industry: the metamediary.

A metamediary is a company that specializes in metasearch; that is, it acts as a third party, linking consumers to a booking site through a simple web search.

One metamediary that is making a lot of noise lately is Google. An update to flight booking engine Google Flights in February caused a lot of commotion, with Google Flights being praised as even more efficient and helpful than major OTAs such as Expedia and Priceline. Google Hotel Finder acts in a similar manner.

But while Google Flights includes a lot of direct links to airlines' official booking sites, Google Hotel Finder—at least for now—appears to be different in that it features many more accommodation booking links to OTAs than direct links. This has less to do with Google favoring OTAs and more to do with OTAs paying to be featured among the top links. Naturally, this could hurt hoteliers in a number of ways. Not only are they losing direct business to OTAs, but—given Google Hotel Finder's prominence in hotel searches—they may have to pay for ad space on the metamediary just to stay competitive.

The article "Running Shoes, Bears, and Revenue Strategy" by Cindy Estis Green notes that are three potential problems the metamediary age can have on hotels. One, if rooms are simply being sold quickly by price through web searches, it can undermine the brand name. Two, the relationships between hoteliers and guests can become watered down and diminished. And third, hoteliers won't have much leverage when negotiating for ad placement via metamediaries and metasearch engines (with like, say, Google).

Chris Nieberding, an associate with consulting and services organization HVS, recently took a look at the issue in his article, *Metamediaries Forcing Hotels to Adapt*.

Nieberding writes, "Although the new metamediaries will most likely reduce costs from OTAs due to the increased competition, distribution costs for hotels are expected to increase overall moving forward."

Hotel profitability, in effect, is indeed declining, according to Nieberding.

"The industry is recovering, but the cost to maintain a presence in a dynamic digital marketplace against new market entrants that hold a strategic position relative to technology and marketing resources is a major struggle," he writes.

So, what to do?

Well, Sloan Dean, CRME, vice president of revenue optimization for Ashford Hospitality Trust, believes hoteliers need to be more forward-thinking to keep up, for one. "Forward-thinking" in today's marketplace means being at the forefront of the analytics movement. Currently, OTAs and metasearch engines are far ahead of the hospitality industry in general when it comes to adopting and investing in the technology needed to track and target potential customers.

Simply put, metamediaries have been quicker to identify the importance of technology, data and analytics than hotels, and they have jumped on a lucrative opportunity.

If hoteliers want to avoid getting pushed into the dark ages when it comes to the booking process, they need to get out of the Stone Age and reinvent more than the wheel. (*Travel Pulse, April 17*)

Calendar of Events

Visit www.visitarizona.com to find information on all the exciting [events, festivals and activities](#) held throughout the Grand Canyon State!

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