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,

Arizona Expedition is on!

As we mentioned at the Governor's Conference on Tourism earlier this month***, Arizona Expedition: Let Yourself Go!,*** is one of our new advertising and marketing campaigns launching this fiscal year.

In collaboration with our agency of record, Off Madison Ave, we designed an integrated, multi-layered marketing program with Golf Digest, Bon Appétit Magazine and Condé Nast Traveler that will feature Arizona travel stories throughout their publications and website with videos, webisodes, advertorials, social media and print ads. This new opportunity will help us showcase the unique depth and breadth of experiences a traveler can have while visiting our state.

In addition to these great publications, the expedition also includes key partnerships with nationally and internationally recognized brands including Samsung, Lexus, Callaway, Instagram, and Go-Pro. These brands will be showcasing Arizona content through their own marketing efforts and channels.

The expedition part of the project will feature five influencers, all of whom have been carefully identified as highly recognizable and influential within their fields such as golf, cooking, travel and photography. These influencers have arrived in Arizona and are now experiencing our unique statewide travel activities.

We are thrilled for this new opportunity and will share our progress as we move along.

Have a great Arizona week,

Sherry Henry
Director, Arizona Office of Tourism

AOT News

Join AOT at World Travel Market, Nov. 2-5

AOT is pleased to invite Arizona CVBs, Chambers and DMOs to join us in an Arizona booth at World Travel Market (WTM) in London, November 2 - 5, 2015. WTM is the largest travel trade show in the UK and last year nearly 52,000 travel industry professionals and media were in attendance. For more information or to request a participation form, please contact Mary Rittmann at mrittmann@tourism.az.gov or 602-364-3730.

New Research Updates Available!

The following reports are now available at tourism.az.gov:

- Arizona Lodging May 2015
- Airport Passenger Traffic April 2015
- State Park Visitation March 2015
- State Park Visitation April 2015
- State Park Visitation May 2015
- National Park Visitation January 2015
- National Park Visitation February 2015
- National Park Visitation March 2015
- National Park Visitation April 2015

Arizona lodging indicators remain positive in May, showing more modest growth than seen during the Super Bowl and high season in the Phoenix and Tucson metro areas. Arizona's May YTD RevPAR growth at 15 percent outpaced the national average of 7.2 percent. As of May, state park visitation is up 14 percent YTD, and national park visitation is up nearly 13 percent as of April. Airport passenger traffic as of April is up 4.1%. Kingman Airport discontinued scheduled service on April 30, 2015, and Grand Canyon Airport no longer reports monthly passenger counts. For more information, please visit tourism.az.gov or contact Colleen Floyd at cfloyd@tourism.az.gov.

Upcoming Events & Activities

Arizona Showcase

Date: October 1

World Travel Market

Dates: November 2 -5

Industry News

Survey Shows Business Travelers Are 'Practical, Health-Conscious'

Employees are surprisingly practical and health-conscious when traveling on the company dime, a new survey of business travelers shows.

Certify, an online travel and expense management software provider, conducted the 2015 "What Business Travelers Prefer" survey and results are based on 495 responses from employees in a wide array of functional roles at small to large companies nationwide.

Many business travelers said they stick to the same diet (40 percent) or indulge a little (35 percent) while traveling, with very few saying they took advantage of the company expense account (3 percent).

"Our survey shows that when traveling for work, employees prefer convenience and efficiency," says Robert Neveu, CEO of Certify. "They choose vendors based on availability of service and lifestyle factors and they also make purchases based on value, as if the expense came out of their own pockets."

Some highlights of the survey:

- Frequency: Most travelers take 2-4 business trips per year (45 percent), followed by once per year or less (29 percent), 5-9 trips (15 percent), and 10 or more trips (11 percent).

- Ground transportation: Travelers prefer rental cars (41 percent), hotel shuttles (25 percent), and licensed taxis (20 percent) over ride-sharing and limousines (7 percent and 6 percent respectively).

- Hotel preferences: The most important factor when choosing a hotel for business travel is proximity to client or meeting (54 percent), followed by quality accommodations (20 percent), room rate (11 percent), and rewards program (8 percent). Less than 1 percent of travelers choose a hotel based on its proximity to the airport. The hotels business travelers feel have the nicest amenities are Marriott (33 percent), Hilton (27 percent), and Hyatt (21 percent).

- Airline preferences: Travelers choose their airline carrier based on scheduling needs (41 percent), followed by price (27 percent), company policy (17 percent), mileage rewards (10 percent), and connecting flights (6 percent). Delta and Southwest were tied (24 percent) for carriers based on respondents' answer to the previous question. American (16 percent) and US Airways (12 percent) are the next two airlines preferred by travelers. The airline carrier with the friendliest service is Southwest (40 percent), followed by a not-close second of Delta (21 percent), and American (10 percent).

- Meals on the road: Employees say they frequently stick to the same diet (40 percent) or indulge a little (35 percent), while 14 percent rely on convenience and fast foods. Restaurant with the healthiest options according to travelers are Panera (47 percent) and Chipotle (27 percent) with 20 percent citing other choices. Only 3 percent of

travelers chose Starbucks as a healthy option, even though the coffee chain is the most frequently-expensed restaurant two years running, according to Certify.

- Purchases on the road: Business travelers primarily make purchases based on value, as if the money were their own (46 percent) followed by convenience (31 percent), and price (20 percent) with a small percentage citing they make a purchase as a reward for traveling (3 percent).

- Top post-travel concerns: Upon returning home from a trip, employees are most concerned about: catching up on email (27 percent), followed by catching up with family (24 percent), and tracking down receipts and submitting expenses (17 percent). *(Travel Pulse, June 30)*

U.S. Business Travel Spending to Rise Nearly 5 Percent in 2015

U.S. business travel spending will increase by 4.9 percent in 2015 to $302.7 billion, yet ongoing concerns about the U.S. economy will rein-in what could be even sharper growth, according to new research from the GBTA Foundation and Visa.

The 2016 outlook anticipates a surge in economic activity and confidence, with travel spending projected to increase by 5.4 percent to $318.9 billion.

Total trip volume follows a similar trend for 2015 and 2016. In 2015, U.S. travel volume is expected to increase by 1 percent to 488.1 million person-trips – an average of 1.3 million trips for every day of the year. Growth will substantially increase in 2016 with business travel volume accelerating by 3 percent to 502.8 million person-trips. That amounts to an average of more than 38,000 additional business trips every day.

These findings are part of the "GBTA BTI™ Outlook – United States 2015 Q2," a report by the GBTA Foundation, the education and research arm of the Global Business Travel Association (GBTA), and sponsored by Visa, Inc.

"U.S. business travel was poised for significant growth in 2015, but the erratic performance of key economic drivers caused some to tap the brakes on additional travel spending," said Michael W. McCormick, Executive Director and COO of the Global Business Travel Association. "Yet, economic fundamentals remain strong. Business travel will continue to have positive momentum as we move toward 2016, a leading indicator that the overall economy will continue to grow as well."

Recovery Since the Great Recession

Since the Great Recession, U.S. business travel has increased significantly, reflecting and driving improvement in the overall economy.

- After hitting its nadir at the end of 2009, global business travel spending has increased 38 percent on a nominal level, according to GBTA's Business Travel Index.

- THE GBTA BTI Outlook forecasts an additional 11 percent nominal level increase over the two-year span between 2015 and 2016.

- The GBTA BTI Outlook projects that real GDP will advance 2.5 percent in 2015, down from our original estimate of 3 percent, due mainly to the unexpected extent of Q1 weakness. In 2016, GDP will grow by 3.1 percent, unchanged from our Q1 outlook.

Economic Outlook
The long-term outlook for U.S. business travel growth remains bright, but in the near-term the picture is mixed. Global business travel both drives, and is driven, by economic activity.

- The U.S. economy continues to forge ahead but growth has been volatile. GDP growth for 2015Q1 is case in point having declined by -0.7 percent (Q/Q at annualized rate), down from +5 percent just two quarters before. Real GDP also declined in the first quarter of 2014 (-2.1 percent) due to severe winter weather. It then proceeded to quickly snap back. Many analysts are expecting the same this year.

- Despite the recent challenges, the GBTA BTI Outlook's expectations for the U.S. economy are largely unchanged from last quarter. The underlying momentum of job growth, wage gains and rising confidence will continue to compensate for weak global growth and postponed oil & gas investment. Consumer spending and housing are already showing positive reactions to rising disposable income. Moreover, gradually rising oil prices should help to re-start postponed energy investment projects.

Additional Business Travel Findings
- Group meeting volume finished 2014 down by -2.0 percent. Much of this decline is the fallout from an extremely strong 2013 – a period when group volume surged 8.6 percent. Growth in 2013 was driven by the corporate meeting sector, which finally rebounded after a few down years. Despite the growth in volume, spend–per-trip declined in 2013, after growing every year since 2008. Spend per group business trip bounced back in 2014, however, eclipsing $700 per.

- The GBTA BTI Outlook projects that group trip volume will advance 0.9 percent in 2015 and surge 3.1 percent in 2016. Spending, meanwhile, is projected to rise 5.3 percent this year and another 4.3 percent in 2016.

- Individual business travel had its best year since The Great Recession in 2014, as volume grew 3.7 percent over 2013. Growth gained momentum over the latter half of the year and continues into 2015 as the domestic economy picks up steam and businesses send more workers on the road in support of top-line growth. We expect individual business travel volume will gain another 1.0 percent this year on its way to 302 million Person-Trips and spending on individual business travel will grow 4.9 percent to $134.8 billion.

- Significant challenges to global economy remain, particularly in parts of Europe, China, Russia and Brazil. These factors coupled with a significantly stronger dollar are all weighing on the prospects for international outbound business travel over the next six quarters. The GBTA BTI Outlook projects that international outbound business travel will grow 3.1 percent this year; down from last quarter's forecast of 5.1 percent.

- Travel price inflation (TPI) is comprised of a number of travel goods and services including airfare, food away from home and lodging. Travel prices should only rise 1.7 percent this year before regaining more robust growth in 2016.

“While we would like to see the overall growth numbers more consistent, signs are good for a solid end to 2015 and a robust 2016,” said Brian Triplett, SVP, Head of Commercial Product, Visa Inc. “These increases in business travel will drive the transition to electronic payments. In turn, this will help companies reduce costs and track and pay for business-related travel expenses more simply and more efficiently.” *(Travel Industry Wire, July 5)*

60 Percent of 18 to 34-Year-Old Travelers Trust Non-Traditional Travel Services Airbnb, Uber, Lyft, GetAround and Feastly

Millennials planning to spend less on summer vacations are more trusting of, and likely to use, the 'sharing economy' for travel in 2015, according to the sixth annual Allianz Travel Insurance Vacation Confidence Index released today by Allianz Global Assistance USA.

Americans will spend $85.5 billion on summer vacations in 2015, down 13.5% from $98.8 billion in 2014. The decline is being led by young Americans aged between 18 and 34, the most confident of any age group in taking a summer vacation (50.5%). Almost 40% of Millennials plan to spend less than $400 on summer travel; double all other age groups combined.

The survey shows that these value-seeking Millennial travelers are more trusting of sharing economy services like Airbnb, Home Away, Uber, Lyft, GetAround and Feastly to book travel experiences. A majority (60%) of Millennials trust the sharing economy, compared to only 37% of all other travelers.

While only 47% of Americans are aware of at least one of these sharing economy services, more than 58% of Millennials aged 18-34 are aware of the non-traditional forms of booking accommodation, transportation, and experiences. And while only 17% of Americans say they're likely to use a sharing economy service during their summer vacation this year, 28% of young adults under the age of 35 are planning to book their travel in these non-traditional ways.

This is despite all age groups of travelers agreeing that better experiences and services are provided by established methods to organize travel such as online services Orbitz.com, Hotels.com, and Expedia.com, using a travel agent, or booking directly with a hotel, restaurant or hire car service.

"While sharing economy services can potentially save time, money, and offer unique experiences, many require payment in advance," said Joe Mason, chief marketing officer at Allianz Global Assistance USA. "Travelers opting for shared economy services should protect their travel investment with travel insurance. The right policy will protect a consumer's investment regardless of whether it's made with the new sharing economy or with more established methods."

The Vacation Confidence Index has been conducted each summer since 2010 by national polling firm Ipsos Public Affairs on behalf of Allianz Global Assistance USA. A vacation is defined as a trip of at least a week to a spot that is more than 100 miles from home. *(Travel Industry Wire, July 6)*

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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