



Spring
2003

Arizona Tourism Indicators

A quarterly newsletter of research and strategic planning

2003 Summer Leisure Travel

According to the Travel Industry Association of America (TIA), Americans will take 275.4 million leisure trips during June, July, and August 2003, an increase of 2.5 percent over last summer. Auto travel will continue to be the favorite mode of transportation, with more Americans staying closer to home and planning more frequent but shorter trips, primarily with friends and family.

Air travel will be up about 1 percent this summer, and auto travel will continue to be strong, up more than 2 percent. RV travel also is likely to remain very strong this summer. The Recreational Vehicle Industry Association reports that 71 percent of RV owners expect to travel more this summer than they did last year.

Summer 2003 might also be termed the "family summer". Trips with children will be more popular this year, with 43 percent of travelers taking their kids on their longest trip (6+ days), compared to 31 percent in 2002. Six percent will take grandchildren with them, compared to 4 percent last summer. When asked whom they would be traveling with this summer, 65 percent of survey respondents said they will take their spouse, 43 percent are taking their children, 25 percent are traveling with friends, and 22 percent are traveling with other family members.

Scenic drives, the beach and visiting friends and relatives will be the most popular summer activities. Consumers still favor the all-American road trip, with 70 percent of travelers says they plan to take a drive along a scenic road. Going to a beach or lake

Continued on Page 2



Arizona Tourism Indicators

Summer Leisure Travel	1
Family Travel Study	1
Statewide Lodging Performance	3
County Lodging Performance	4
Tourism Revenues	5
Airport Passenger Traffic	5
State Park Visitation	6
National Park Visitation	7
Research Notes	8

Family Vacation Travel 2002

Family vacations continue to be a strong segment in the leisure travel industry. According to the *Meredith Family Vacation Study 2002*, an estimated 86.3 million American adults took a family vacation in 2002, a slight increase from 2001. The number of trips that included vacation travel with children under 18 remained relatively stable (56%) compared to 2001. Indeed, most families (74%) with children under 18 in their household traveled with them on at least one trip in 2002, similar to 2001. Baby

Boomers (aged 38 to 56 years) comprised the largest share of family vacationers, and, along with Generation X (aged 25 to 37), were among the most likely to take a family vacation in 2002.

Female heads of household tended to come up with the idea to take a family vacation and carry the responsibility for collecting travel information, but male and female heads of household both tended to make the final destination decision. In a major change from previous studies,

Continued on Page 2



Research News Update

Continued from Page 1

is the second most popular activity (67%), tied with visiting friends and relatives (67%). Other popular activities planned are visiting cities/urban areas (60%), visiting a small town or rural area (59%), visiting national parks or forests (49%), and going to historic sites (45%). Traveling close to home (37%); camping, hiking, or climbing (36%); visiting museums (35%); fishing (34%); and visiting theme parks (33%) are all on summer travelers' agendas.



Biosphere 2, Oracle, Arizona

"Other popular activities planned are visiting cities/urban areas (60%), visiting a small town or rural area (59%), visiting national parks or forests (49%), and going to historic sites (45%)."

Source: Travel Industry Association of America, May 2003. Recreational Vehicle Association of America, May 2003.

Family Travel

Continued from Page 1

more than half (58%) of family vacationers indicated that they decided within a month or less on where they would travel. "That means it is imperative for you to get information to them as fast as you can, ideally through the Internet," says Jaye O'Donnell, Integrated Marketing Director at the Arizona Office of Tourism. According to the Meredith Study, the Internet is the top source of travel information for a vacation planner, with six of 10 families citing the World Wide Web as their primary source of information. Nearly half (49%) booked a trip on the Internet.

Nine in ten family travelers rate "value for the money" and "offering a variety of things to do," as important factors in choosing their travel destination. Nearly all travelers (90%) with kids at home rate "activities designed for children" as important.

Most families (70%) took their recent vacation using their own auto/truck; one in five (19%) traveled by air. Not surprisingly, short trips were much more likely to be taken by auto/truck (80% vs. 58%) than long trips (6+ nights), and long trips were more likely than short trips to include air travel (27% vs. 11%).

In 2002, family vacationers took 2.6 vacations per year, on average, and spent 6.5 overnights per trip. Nearly half (46%) stayed in hotels, motels, and B&Bs on a recent trip; 43 percent stayed with friends and family. The average spending per trip was \$1,131, up slightly from 2001 (\$1,115).

Visiting cities (54%) and small towns/rural areas (50%) are the most popular for family vacations, followed by visiting historical sites (46%), ocean/beaches (46%), science center/zoo/aquarium (40%), and theme parks (36%).

Source: The Meredith Family Vacation Study 2002. Meredith Magazines and Travel Industry Association of America, 2003.



Lake Powell

Family Vacationer Profile	
2002	
Average Age	43 years
Married Couples	68%
3+ Persons in Household	56%
Average Annual Household Income	\$69,000
Average Length of Stay	6.5 nights
Total Spending Per Trip	\$1,131
Auto Travel	70%

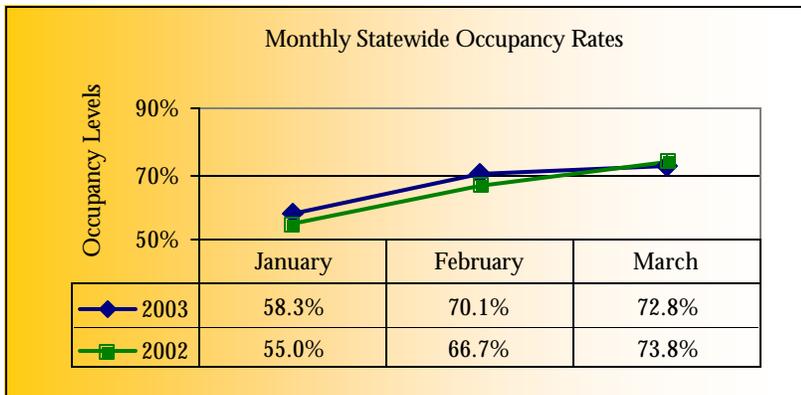


Statewide Lodging Performance

Arizona's statewide lodging performance showed signs of recovery during the first quarter of 2003, with statewide occupancy at 66.8%, up from 65.1% a year ago. The state continues to outperform the nation in occupancy. The nation's occupancy rate declined -1.1 percent, while Arizona's grew 2.6 percent. In Arizona, room rates fell slightly (-0.5%) to an average of \$100.55 per night for the nearly 100,000 rooms across the state. Statewide lodging managed to increase RevPAR, a key performance measure affected by occupancy and rates, to \$67.17, up from \$65.77 last year.

Metro Phoenix showed some resiliency in the first quarter. Occupancy rates increased to 72.4%, up from 69.6% in 2002. Area hotels average daily rates fell slightly (-1.0%) to \$116.99, down from \$118.22 last year. The increase in occupancy led to an increase in RevPAR to \$84.68, up from \$82.25 last year. The Metro Phoenix area performed well given the arrival of 2,200 resort rooms to the market.

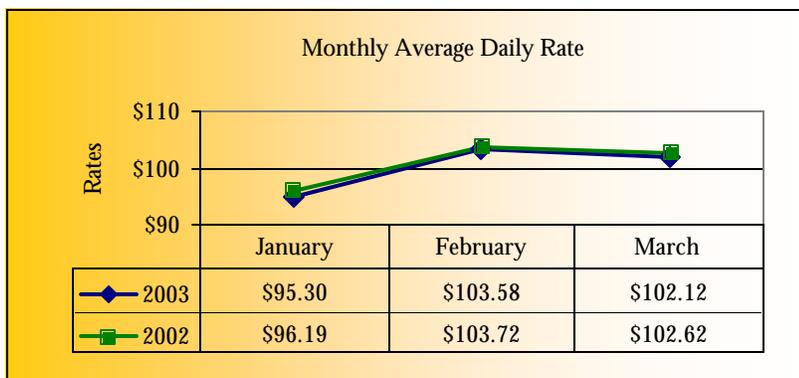
Metro Tucson also showed growth in overall demand (2.7%) and occupancy rates (2.5%) in the first quarter of 2003, but were challenged with declining daily rates. Occupancy rates were at 72.6 percent, up from 70.8 percent in 2002, but the average daily rate of Tucson area hotels fell nearly 5 percent, from \$100.65 in 2002 to \$95.75 in 2003. This drove RevPAR down to \$69.51 from \$71.25 in the same period in 2002.



Source: Smith Travel Research



Miraval, Tucson



Source: Smith Travel Research

Outside the metro areas of Phoenix and Tucson, state hotels experienced a slight decline (-1.3%) in occupancy rates over the first quarter of 2003, but average daily rates held at or above last year's levels. Occupancy in non-metro Arizona hotels was at 52.9 percent, down from 53.6 percent in 2002. Average daily rates went to \$59.70, up from \$59.11 in 2002.



Statewide Lodging Performance

	Occupancy		Average Daily Rate		RevPAR		Demand		Supply	
	2003	% Change	2003	% Change	2003	% Change	2003	% Change	2003	% Change
United States	54.7%	-1.0%	\$84.72	-0.5%	\$46.35	-1.6%	215.8 mil	0.5%	394.5 mil	1.6%
Mountain Region	59.9%	-0.2%	\$94.33	-1.9%	\$56.46	-2.2%	28.2 mil	0.9%	47.2 mil	1.2%
State of Arizona	66.8%	2.6%	\$100.55	-0.5%	\$67.17	2.1%	5.9 mil	5.0%	8.5 mil	2.3%
Metro Phoenix	72.4%	4.0%	\$116.99	-1.0%	\$84.68	3.0%	3.62 mil	8.0%	5.00 mil	3.8%
Metro Tucson	72.6%	2.5%	\$95.75	-4.9%	\$69.51	-2.4%	945,701	2.7%	1.302 mil	0.1%
Non-Metro AZ	59.2%	-1.3%	\$59.70	1.0%	\$31.57	-0.3%	1.34 mil	-1.0%	2.54 mil	0.4%

County Lodging Performance					
Quarter 1 2003					
	Occupancy	Room Rate	RevPAR	Demand	Supply
Apache	n/a	n/a	n/a	n/a	n/a
% Change	n/a	n/a	n/a	n/a	n/a
Cochise	69.8%	\$50.85	\$35.48	145,399	208,390
% Change	-2.6%	-1.5%	-4.1%	-2.8%	-0.2%
Coconino	42.7%	\$50.97	\$21.76	392,103	918,313
% Change	2.9%	-2.9%	0.0%	2.1%	-0.8%
Gila	52.4%	\$51.43	\$26.94	47,801	91,260
% Change	-6.6%	-2.1%	-8.5%	-6.5%	0.1%
Graham	53.4%	\$56.82	\$30.35	18,173	34,020
% Change	-1.7%	2.9%	1.2%	-1.7%	0.0%
Greenlee	n/a	n/a	n/a	n/a	n/a
% Change	n/a	n/a	n/a	n/a	n/a
La Paz	n/a	n/a	n/a	n/a	n/a
% Change	n/a	n/a	n/a	n/a	n/a
Maricopa	72.9%	\$123.41	\$89.91	3,539,594	4,858,193
% Change	5.2%	-0.7%	4.4%	9.4%	4.1%
Mohave	68.9%	\$48.09	\$29.73	232,245	375,727
% Change	-3.8%	4.7%	-1.2%	-5.6%	0.0%
Navajo	46.5%	\$57.31	\$26.64	122,232	262,947
% Change	2.4%	4.9%	7.5%	2.8%	0.4%
Pima	72.6%	\$97.77	\$71.00	946,866	1,303,926
% Change	1.7%	-1.5%	-1.4%	1.9%	0.1%
Pinal	71.9%	\$59.95	\$43.09	100,883	140,341
% Change	-2.8%	2.1%	-0.8%	-2.9%	0.0%
Santa Cruz	n/a	n/a	n/a	n/a	n/a
% Change	n/a	n/a	n/a	n/a	n/a
Yavapai	56.8%	\$85.23	\$48.41	233,522	411,122
% Change	-0.2%	0.3%	0.1%	-0.2%	0.0%
Yuma	80.1%	\$61.41	\$49.17	169,916	212,220
% Change	-0.2%	4.5%	4.2%	-0.2%	0.0%

Source: Smith Travel Research

N/A: Not Available





Arizona Tourism Related Tax Revenues

In the first quarter 2003, tourism sectors (lodging, restaurant/bar, retail, and amusements) generated more than \$110 million in tax revenue, a 3 percent increase over the same three-month period in 2002. The increase was driven by strong hotel/motel and restaurant/bar sales, which managed 4.3 percent and 3.1 percent growth, respectively. Tourism-related retail sales also showed improvement over last year with nearly \$60 million in tax revenues, a 2.5 percent increase over last year. The smallest sector, amusements, recorded a small decline of 2.4 percent in sales relative to the first quarter 2002.

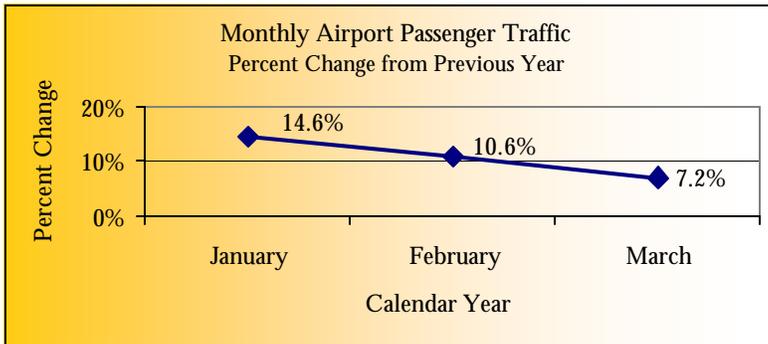
Tourism sectors as defined by the Tourism Economic Impact Model (TEIM) developed by the Travel Industry Association of America, and adapted for Arizona by Northern Arizona University, include: lodging, restaurant/bar, retail, and amusements. TEIM model produced the following percentages, which are used to figure gross sales attributable to tourism: lodging (95%), restaurant/bar (23.62%), retail (10.91%), and amusements (6.43%).

	2003	2002	% Change
January	\$34,497,064	\$33,098,911	4.2%
February	\$36,271,017	\$35,585,330	1.9%
March	\$41,529,276	\$40,355,333	2.9%
1st Quarter Total	\$112,297,357	\$109,039,574	3.0%

	2003	2002	% Change
Lodging	\$29,452,175	\$28,579,235	3.1%
Restaurant/Bar	\$23,729,914	\$22,744,593	4.3%
Retail	\$58,281,215	\$56,861,186	2.5%
Amusement	\$834,053	\$854,560	-2.4%
1st Quarter Total	\$112,297,357	\$109,039,574	3.0%

Source: Arizona Department of Revenue

Arizona Airport Passenger Traffic



More than 10 million passengers passed through Arizona's airports in the first quarter of 2003, an increase of 7.2 percent over the same period in 2002, signaling a slight recovery from the lingering effects of 9/11 and the economic slowdown that have plagued the airline industry for nearly two years.

Improving month by month, all of Arizona's airports are showing positive gains in the first three months of 2003. Sky Harbor International Airport welcomed just over 9 million of those passengers, recording a 7.5 percent increase over the 8.4 million passengers received in the first quarter of 2002. Tucson International also recorded positive growth in passenger traffic with nearly 1 million enplanements and deplanements, a 3.1 percent increase from last year. Yuma International and the Grand Canyon airports also showed positive signs with increases of 7.9 percent and 12.7 percent, respectively.

	2003	2002	% Change
Grand Canyon	100,012	88,759	12.7%
Phoenix Sky Harbor	9,052,862	8,418,409	7.5%
Tucson International	934,567	906,309	3.1%
Yuma International	32,262	29,913	7.9%
1st Quarter Total	10,119,703	9,443,390	7.2%

Source: Activity reports provided by airports



Arizona State Parks Visitation

Arizona's 28 state parks welcomed more than a half million visitors in the first quarter of 2003. The most visited parks were:

1. Kartchner Caverns State Park® (54,043)
2. Catalina State Park (50,469)
3. Lake Havasu State Park (47,717)
4. Lost Dutchman State Park (38,933)
5. Patagonia Lake State Park (36,304)

For the first three months of the year, visitation was down nearly 15 percent, with only two parks, Catalina (0.8%) and McFarland (8.0%) showing increases in total visitation compared to the same period last year. Northern Region parks experienced visitation declines of 15.1 percent, Southern Region parks were down 12.8 percent, and Western Region parks visitation was down 19.5 percent.

When grouped by type of park, Arizona's state historic parks showed the deepest decline in visitation at 24.3 percent, while recreational/camping parks experienced a visitation decline of 14.5 percent, and the three conservation parks—Kartchner Caverns, Boyce Thompson Arboretum, and Red Rock State Park—saw visitation fall by 12.3 percent.



Slide Rock, Sedona

All Arizona State Parks Visitation — 1st Quarter			
	2003	2002	% Change
January	140,973	150,576	-6.4%
February	156,091	185,705	-15.9%
March	244,622	299,781	-18.4%
1st Quarter Total	541,686	636,062	-14.8%

Source: Arizona State Parks

Arizona State Parks Visitation — 1st Quarter			
	2003	2002	% Change
All Parks	541,686	636,062	-14.8%
Alamo Lake (R)	23,523	33,549	-29.9%
Boyce Thompson (C)	30,649	41,989	-27.0%
Buckskin Mountain (R)	24,890	28,093	-11.4%
Catalina (R)	50,469	50,060	0.8%
Cattail Cove (R)	22,801	25,957	-12.2%
Dead Horse Ranch (R)	26,231	28,288	-7.3%
Fool Hollow Lake (R)	3,009	5,317	-43.4%
Fort Verde (H)	3,434	4,080	-15.8%
Homolovi (R)	3,047	3,124	-2.5%
Jerome (H)	11,524	16,570	-30.5%
Kartchner Caverns (C)	54,043	56,785	-4.8%
Lake Havasu (R)	47,717	62,718	-23.9%
Lost Dutchman (R)	38,933	40,386	-3.6%
Lyman Lake (R)	1,368	2,064	-33.7%
McFarland (R)	1,936	1,792	8.0%
Oracle	1,908	3,208	-40.5%
Patagonia Lake (R)	36,304	43,045	-15.7%
Picacho Peak (R)	31,421	36,797	-14.6%
Red Rock (C)	16,325	16,381	-0.3%
Riordan Mansion (H)	3,396	3,926	-13.5%
Roper Lake (R)	10,733	14,322	-25.1%
Slide Rock (R)	22,184	24,908	-10.9%
Tombstone Courthouse (H)	18,210	25,057	-27.3%
Tonto Natural Bridge (R)	15,062	19,579	-23.1%
Tubac Presidio (H)	7,479	9,978	-25.0%
Yuma Crossing (H)	5,206	6,226	-16.4%
Yuma Prison (H)	29,884	31,863	-6.2%

Source: Arizona State Parks, R: Recreation, H: Historic, C: Conservation



Arizona National Parks Visitation

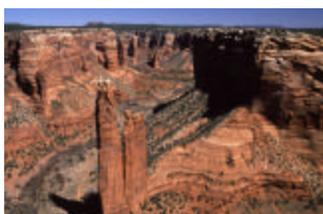
Arizona's national parks, monuments, historic sites and recreation areas welcomed more than 2 million recreational visitors in the first quarter of 2003. The most visited areas were:

1. Grand Canyon NP (578,989)
2. Lake Mead NRA (261,238)
3. Saguaro NP (254,881)
4. Canyon de Chelly NM (171,957)
5. Montezuma Castle NM (152,181)

In the first three months of 2003, visitation for all Arizona parks was down nearly 2 percent compared to the same period last year. Eight of the parks show positive gains in visitation; the greatest increases were seen at Canyon de Chelly National Monument (+16.0%), Wupatki National Monument (+8.1%), and Saguaro National Park (+6.2%). Thirteen parks experienced declines in visitation in the first quarter, with the greatest decline at Chiricahua National Monument (-34.8%).

Grand Canyon National Park, the crown jewel of the national park system, welcomed more than a half million visitors in the first quarter of 2003. Visitation to the park was up in January (10.6%) and February (0.4%), but down in March (-7.2%). Overall visitation for the quarter showed a slight decline of 1 percent.

Arizona's three national parks—Grand Canyon, Petrified Forest, and Saguaro—collectively experienced a slight decline of -0.8 percent, while visitation at the 12 national monuments fell 3.1 percent from the previous year.



Canyon de Chelly NM

All Arizona National Parks Visitation — 1st Quarter			
	2003	2002	% Change
January	560,431	536,593	4.4%
February	579,012	577,962	-0.2%
March	872,598	937,312	-6.9%
1st Quarter Total	2,012,041	2,051,867	-1.9%

Source: National Parks Service

Arizona National Parks Visitation — 1st Quarter			
	2003	2002	% Change
All Arizona Parks	2,012,041	2,051,867	-1.9%
Canyon de Chelly NM	171,957	148,179	16.0%
Casa Grande NM	38,970	40,090	-2.8%
Chiricahua NM	17,235	26,428	-34.8%
Coronado NM	23,466	24,290	-3.4%
Fort Bowie NHS	3,331	3,406	-2.2%
Glen Canyon NRA	134,460	148,835	-9.7%
Grand Canyon NP	578,989	584,697	-1.0%
Hubbell Trading Post NHS	31,641	40,205	-21.3%
Lake Mead NRA	261,238	250,487	4.3%
Montezuma Castle NM	152,181	167,495	-9.1%
Navajo NM	5,794	5,685	1.9%
Organ Pipe Cactus NM	104,799	113,645	-7.8%
Petrified Forest NP	82,991	99,506	-16.6%
Pipe Spring NM	9,438	8,998	4.9%
Saguaro NP	254,881	240,007	6.2%
Sunset Crater Volcano NM	22,841	28,170	-18.9%
Tonto NM	20,600	23,981	-14.1%
Tumacacori NHP	17,824	17,644	1.0%
Tuzigoot NM	29,236	28,864	1.3%
Walnut Canyon NM	13,905	17,694	-21.4%
Wupatki NM	36,264	33,561	8.1%

Source: National Parks Service, NP: National Park, NM: National Monument, NHS: National Historic Site, NRA: National Recreation Area, NHP: National Historic Park

The most dramatic change in visitation during the first quarter came at the state's two national historic sites, Fort Bowie and Hubbell Trading Post, whose visitation collectively fell nearly 20 percent. Arizona's two national

recreation areas, Glen Canyon and Lake Mead also experienced a slight decline (-0.9%), while the state's only national historic park, Tumacacori, saw a slight increase (1.3%) in visitation.

Find this and More on
www.azot.com



Arizona Office of Tourism

1110 W. Washington St., Suite 155
Phoenix, Arizona 85007

Phone: 602-364-3700

Fax: 602-364-3701

research@azot.com

www.arizonaguide.com

Arizona Tourism Indicators is a publication of the Research and Strategic Planning Division of the Arizona Office of Tourism

Margie Emmermann, **Director**

Janet Woolum, **Director, Research and Strategic Planning**

Jennifer Pound, **Research Manager**

The Arizona Office of Tourism (AOT) is an equal employment opportunity agency. If you need this publication in an alternative format, please contact the ADA Coordinator at the AOT, (602) 364-3718 for more information.

Research Notes

Yesawich, Pepperdine, Brown & Russell survey of 2,800 leisure travelers conducted March 24-26, 2003

- 27% of those polled said they planned to vacation close to home this year
- 82% said they try to negotiate the best hotel rates when making reservations
- 75% said they want to go someplace new
- 54% of their vacations last year were for four days or less, and included a Saturday
- 63% of business travelers did at least some of their travel planning online
- 57% of leisure travelers did at least some of their travel planning online

NFO Plog Research online survey of 1,000 leisure travelers conducted April 30-May 7, 2003

- 68% of those polled said they had not changed their leisure travel plans since the beginning of the year
- 40% said personal economic conditions was the reason they had changed their leisure travel plans
- 86% said they planned to take as many or more leisure trips in 2003
- 96% said they would take as many or more leisure trips by car in 2003
- 96% said they would take as many or more getaway (1-3 nights) in 2003
- 79% said they were more interested in relaxation vacations over lots of activities

AZ Tourism Research Series

AOT's Research Division has developed an annual "AZ Tourism Market Research Series" in an effort to disseminate important information to industry partners and strategic alliances. The series will allow Arizona destination marketing organizations (DMOs) to integrate the most current and reliable market research into their own tourism promotion and development efforts. Session topics will be

chosen to address a variety of current issues related to targeted tourism marketing, such as visitor profiling for target marketing, consumer travel trends and behaviors, and destination web site usage trends.

The first session is scheduled for Wednesday, July 9, 2003, 10:00am-12:00pm. For more information please contact:

Jennifer Pound
Research Manager
Arizona Office of Tourism
research@azot.com
602-364-3716

