

California Travel and Tourism Commission Research Bulletin

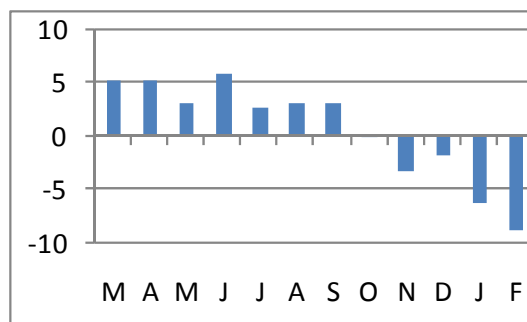
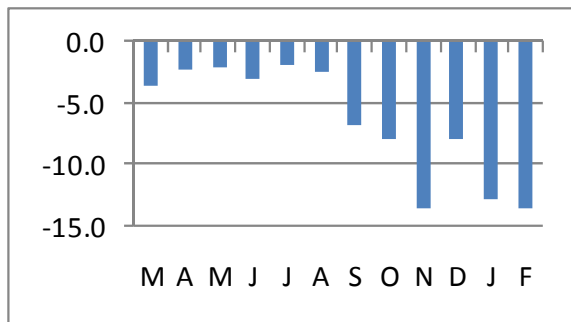


It's Not Easy Being Green, But... Gearing up your company's inner-workings to align with green practices and standards is a lot of hard work, but recent research suggests that there is considerable consumer interest in traveling in an environmentally friendly way. According to a report from travel consultant Phocuswright, 44% of U.S. travelers indicated that they consider environmental impact to be "somewhat" or "very important" to them in the travel planning process, and 1/3 claim that they would pay a small premium if it would help them comply to green standards. Even among the other "non-green" travelers, 2/3 say that they may choose travel options with a diminished environmental impact if there were no associated cost premium. The study suggests that the travel industry needs to go beyond simple measures to reduce consumption. They say that consumers have come to expect practices such as hotel linen programs and energy reduction, and are savvy enough to know that these programs result in reduced costs for the company. For consumers to pay a premium, they would need to perceive a value for their dollars, such as those that come from the use of alternative fuel and organic products. CTTC will be holding a sustainability summit in the fall to stimulate discussion and sharing of best practices among California tourism industry constituents.

The Lodging Report (click for full report)– February, March and April to-date have brought a further worsening of conditions for California hotels. While occupancy declines have leveled at bad-enough declines of 13-15%, room rates have steepened their decline since fall. Occupancy in February was 57.5%, down 13.5% from 2008, and ADR measured \$113.13 in February, off from last year by 9%. Year to date occupancy was 54.5% at the end of February, down 13.1% year over year, while year to date ADR was \$112.47, down 7.8%. Year to date revenue per available room, a good indicator of hotel profitability, was down 19.9% at the end of February.

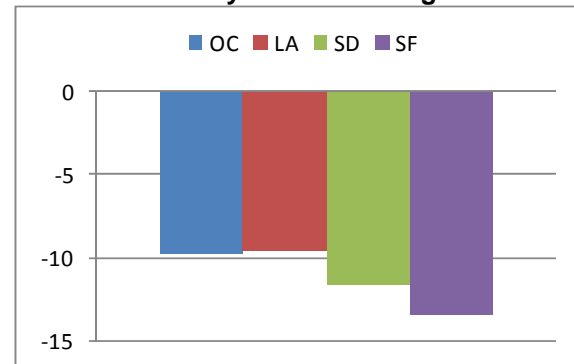
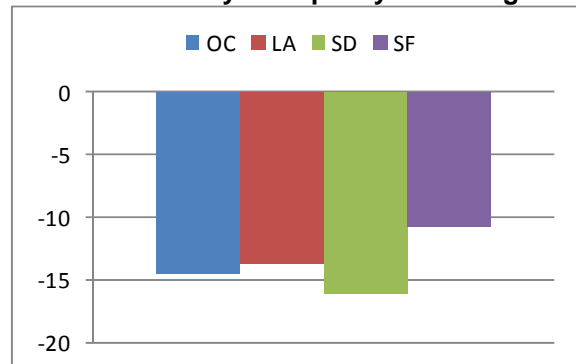
California Occupancy, Yr/Yr Chg.

California Average Room Rates, Yr/Yr Chg.



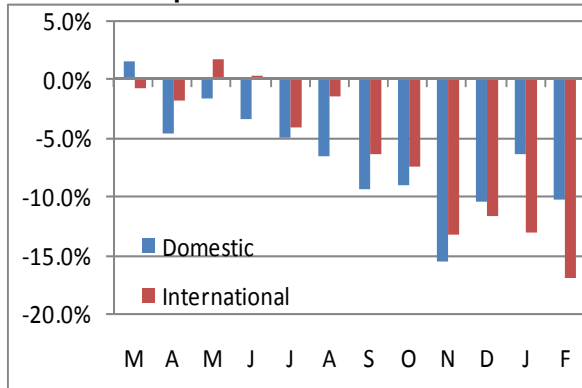
March Preliminary Occupancy Yr/Yr Chg.

March Preliminary ADR Yr/Yr Chg.



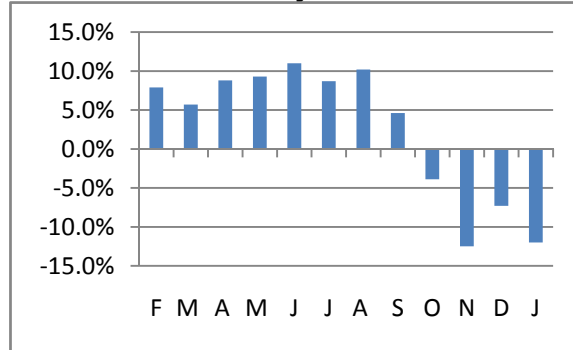
Airport passenger traffic (click for full report) at California airports declined 11.5% in February 2009 vs. 2008. The decline was led by reduced traffic on international flights (-17%) for the third consecutive month, though domestic traffic was also off considerably from a year ago (-10.3%). Overseas point-of-entry arrivals, a measure of foreign resident customs processing at California airports, were down 12% in January.

California Airport Traffic



Source: Individual airports, CTTC

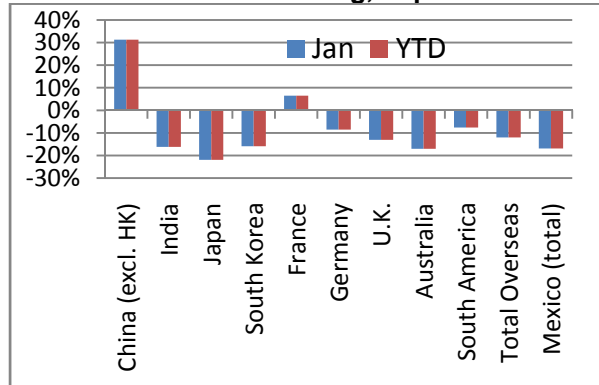
Overseas Point-of Entry Arrivals



Source: US Dept. of Commerce

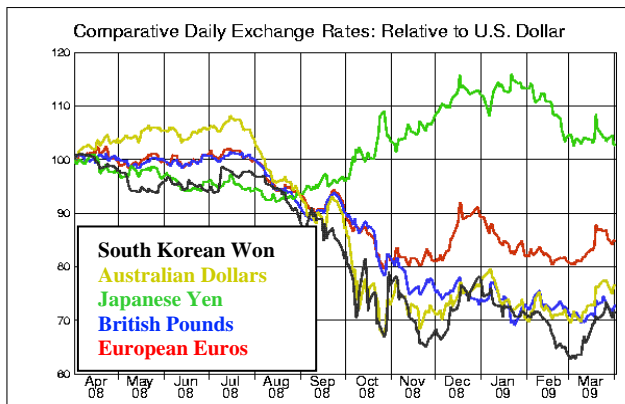
Overseas Markets (click for full report)– In January, point-of-entry arrivals from nearly all of California’s top markets declined year over year. China still posted great gains (+31%) and a few European countries- France, Austria and Switzerland- had increases in arrivals that may be reflective of advanced bookings made before the economic crisis took hold in Europe.

2009 POE Arrivals Yr/Yr Chg, Top CA Markets



Source: US Dept. of Commerce

Currency Values, 12 Month Trend



Source: University of British Columbia

Outlook – There was actually some good news that came from our March domestic traveler survey. Intentions to travel to California have increased steadily since fall, and the 29% of travelers from origins beyond the West who say they will travel to California are up from 18% as measured in spring 2008. While travel volume may hold though, still nearly a third of travelers plan to spend less money on leisure travel in the next year than in the past 12 months.

Detailed data reports are available at tourism.visitcalifornia.com/research.

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