DESTINATION ANALYSTS, INC. VOLUME 6, DECEMBER 2008

THE STATE OF THE AMERICAN TRAVELER

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SPECIAL EDITION

A Mixed Bag of Traveler Sentiment

Despite a recent deluge of bad economic news, American travelers are surprisingly optimistic about their future leisure travel and spending. This special edition of *The State of the American Traveler* survey conducted in mid-November shows that while the public is still hesitant to travel and spend at the levels seen just one a year ago, positive signs have emerged. In July of this year, traveler sentiment darkened precipitously, with the percent of American leisure travelers saying they were planning to travel less for leisure jumping sharply to 28.8 percent.

In this most recent survey, however, this figure retreated to 22.1 percent.

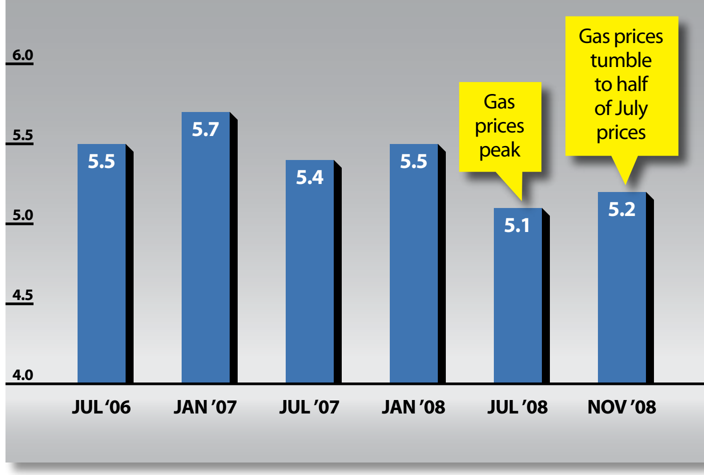
SNAPSHOT

Travelers who cancelled a trip due to the economic climate

16%

continued on page 2 ➤

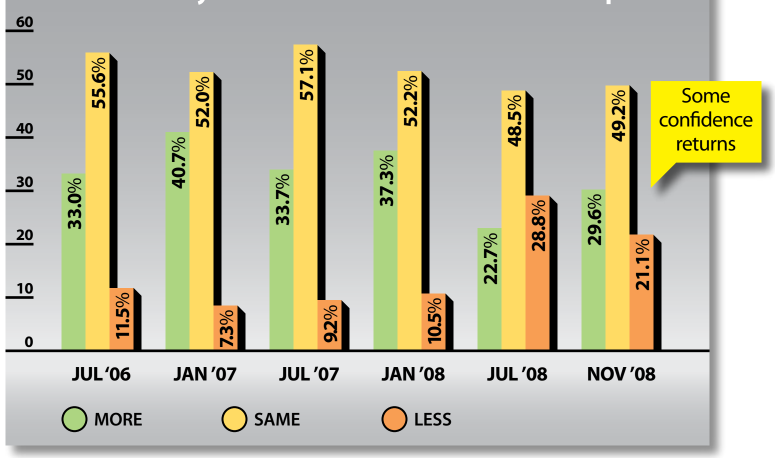
Average number of leisure trips taken (past 12 months)



Some Highlights for DMOs

- Despite bleak economic news, American travelers have regained some optimism about their future leisure travels.
- Yet due to the state of the overall economic climate, there is a heightened interest amongst American travelers in discounts, specials and bargains.
- While a good portion of leisure travelers plan to stay with friends or family while traveling, these travelers still showed a good degree of interest in special offers and discounts provided by the CVB.
- Certain offers are more attractive to these VFR travelers than others. Hotel room discounts, complimentary night-stay offers and gasoline rebates are top amongst these.

In the next 12 months, do you expect to travel more or less for leisure than you did in the most recent 12 month period?



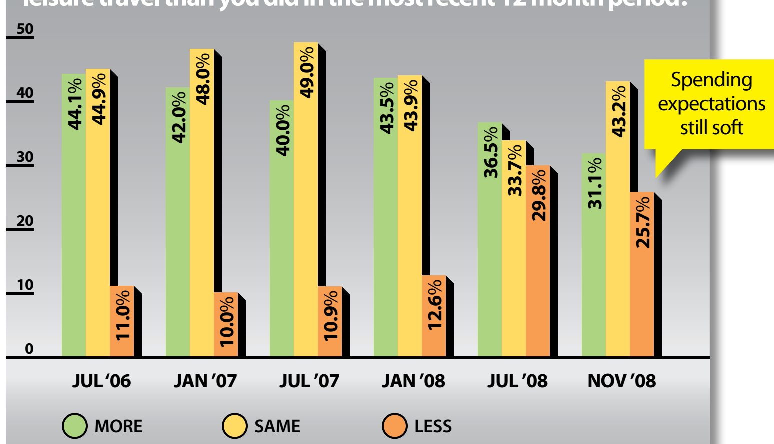
Q **In the past twelve (12) months, how many trips have you taken of more than 50 miles one-way for purely leisure or personal reasons?**

One	16.3%
Two	20.8%
Three	15.4%
Four to five	20.0%
Six to ten	17.2%
Ten to twenty	8.1%
More than twenty	2.2%
Mean trips	5.2

Q **How many of these leisure trips were day trips (no overnight stay)?**

Zero	40.0%
One	16.6%
Two	16.2%
Three	7.1%
Four	5.9%
Five	4.2%
Six or more	10.0%
Mean trips	2.3

In the next 12 months, do you expect to spend more or less for leisure travel than you did in the most recent 12 month period?



Reasons for cutting back on leisure travel

	Gasoline was too expensive	Personal financial reasons	Airfare was too expensive	Safety concerns
July 2006	47.3%	42.0%	28.6%	10.1%
January 2007	40.1%	45.2%	27.9%	9.8%
July 2007	46.1%	48.5%	24.4%	7.2%
January 2008	54.2%	51.8%	31.8%	7.6%
July 2008	57.8%	49.5%	35.2%	4.0%
November 2008	68.5%	58.5%	48.1%	7.8%

In the past 12 months, which (if any) of the following kept you from traveling more for leisure than you would have otherwise preferred?

Q In the past 12 months, which (if any) of the following kept you from traveling more for leisure than you would have otherwise preferred?

Gasoline was too expensive	**68.5%**
Personal financial reasons	**58.5%**
Airfare was too expensive	**48.1%**
Too busy at work	**27.3%**
Didn't have enough vacation time	**19.9%**
Other personal responsibilities	**19.6%**
Health or illness	**10.8%**
Child care responsibilities	**9.6%**
Safety concerns	**7.8%**
Did not have a travel companion	**7.3%**
Weather	**6.3%**
Travel frequently for business and prefer to stay home	**2.8%**
Lack of availability (at hotels, spas, etc.)	**1.6%**

Q In the past 12 months, which of the following (if any) describe how you've changed your leisure travel in response to the overall economic climate (including gasoline prices, travel costs and your personal financial situation)?

Taken fewer leisure trips than I wanted to take	**53.0%**
I've actively looked for travel discounts or bargains	**47.1%**
I've reduced my travel spending on items such as hotel, food or entertainment	**43.7%**
I've shortened the number of days I spent on a trip (or trips) to save money	**28.4%**
I've shortened the distance traveled on a trip (or trips) to save money	**25.6%**
I've taken a "staycation" (a vacation spent at home) rather than traveling	**23.2%**
I've compensated by visiting generally less expensive destinations	**16.7%**
I've cancelled a trip that I had already begun to plan	**15.8%**
I chose a less expensive mode(s) of transportation	**15.8%**
None of these	**13.7%**

Q You said that you chose a less expensive mode(s) of transportation for your leisure travel in response to the overall economic climate in the past 12 months. Please specify which mode (or modes) of transportation this was.

Personal automobile	**67.2%**
Carpool/rideshare in automobile (yours or someone else's)	**26.4%**
Train	**22.4%**
Bus	**17.6%**
Airplane	**10.4%**

** Asked of those who chose a 'less expensive mode of transportation'*

Traveler Sentiment *continued from page 1*

While this encouraging outcome is certainly good news for the industry, when considered in historical context, traveler expectations for both travel volume and spending are still weak.

Since July, retail gasoline prices have been cut nearly in half and airfares have fallen, which may account for these nominal improvements. As past editions of this study have shown, Americans' leisure travel is profoundly automobile-centric and fluctuations in gasoline prices weigh heavily on consumers' minds when planning their leisure trips. In fact, in this most recent survey we see a continued increase in the percent of leisure travelers who say that gasoline prices have led them to cut back on their leisure travels. When asked what factors may have led them to travel less that they would have otherwise preferred in the past year, fully 68.5 percent of Americans now cite gasoline prices, up from 57.8 percent in July. Personal financial reasons and high airfares have also shown growth as impediments to leisure travel, both jumping sharply in the most recent survey.

SNAPSHOT

Travelers who will actively look for travel discounts or bargains

66%

In this climate of economic uncertainty, travelers are showing a marked interest in travel deals and offers. Fully 65.6 percent of leisure travelers say that they will be actively looking for travel deals or bargains when planning their travel in the next 12 months, up from 53.3 percent in July. In questions asked throughout this survey, travelers expressed an elevated level of interest in saving money on their travels, again highlighting the need for travel businesses and organizations to clearly show a value proposition to their customers.

Another encouraging finding in this survey relates to how Americans hope to spend their disposable income in coming months (see table on page 3). A question was added in this survey wave asking leisure travelers to rank various possible consumer spending items in terms of their personal priorities. Leisure travel spending fared very well, with 32.3 percent of respondents saying leisure travel (vacations and weekend getaways) would be a "high priority" or "extremely high priority" item for them in the next 6 months. Only gifts (holiday and other) were rated to be a higher priority item. Clearly, leisure travel is a spending type that will be taken seriously amongst the many choices available to consumers in this challenging economy.

Q Thinking about your leisure travel in the next 12 months, which of the following are you likely to do given the overall economic climate (including gasoline prices, travel costs and your personal financial situation)?

Look for travel discounts or bargains	**65.6%**
Reduce the number of leisure trips I will take	**37.5%**
Visit generally less expensive destinations	**33.2%**
Take at least one "staycation" (a vacation spent at home) rather than traveling	**28.0%**
Shorten the distance of my trip(s) or reduce side trips along the way to save money	**27.5%**
Reduce the number of total days I will spend on leisure trip(s) to save money	**27.5%**
Select less expensive mode(s) of transportation	**20.5%**
Cancel a trip that I've already begun to plan	**5.4%**
None of these	**12.5%**

Current Spending Priorities

In the next six months, how will you use your disposable income? Percent designating category "High" or "Very High" priority.

Gifts (holiday and other)	38.6%
Leisure travel (vacations and getaway weekends)	32.3%
Entertainment, activities or hobbies	30.8%
Clothing and accessories	27.2%
Home improvement (Remodeling, landscaping, exterior work, etc.)	25.1%
Restaurants and dining out	24.4%
Education or self improvement (self)	23.5%
Education or personal improvement (others in family)	21.1%
Charitable donations	18.2%
Home purchase (or savings for purchase)	18.1%
Automobiles and car accessories	16.8%
Consumer electronics	16.2%
Home furnishings (interior design, furniture, appliances, etc.)	16.1%

In the next six months, how will you use your disposable income? Percent designating item "Very High" priority.

Gifts (holiday and other)	9.2%
Education or self improvement (self)	8.6%
Education or personal improvement (others in family)	7.8%
Leisure travel (vacations and getaway weekends)	7.5%
Entertainment, activities or hobbies	6.2%
Charitable donations	6.2%
Home purchase (or savings for purchase)	6.2%
Home improvement (Remodeling, landscaping, exterior work, etc.)	6.1%
Clothing and accessories	5.6%
Restaurants and dining out	5.2%
Automobiles and car accessories	4.7%
Home furnishings (interior design, furniture, appliances, etc.)	4.6%
Consumer electronics	3.8%

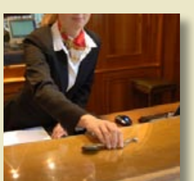
Q For planning a leisure trip, which do you think are generally the best resources for learning about things to see and do in a destination?

** Survey respondents could select up to three resources*

Recommendations from friends, relatives, colleagues, etc.	47.7%
Attraction-specific websites (i.e. museum website, park website, etc.)	27.0%
The destination's visitors bureau or chamber of commerce websites	22.5%
Online travel agencies (i.e. Travelocity.com, Expedia.com, etc.)	18.4%
In-hotel-room destination guidebooks	17.6%
State travel office websites	15.8%
Guidebook-related websites (i.e. Frommers.com, Lonelyplanet.com, etc.)	14.1%
Printed travel guidebooks (Frommer's, Lonely Planet, etc.)	13.7%
Travel magazines	13.7%
Hotel websites (i.e. Hilton.com, Hyatt.com, etc.)	11.9%
Peer review websites (TripAdvisor.com, Yelp.com, etc.)	10.9%
Travel magazine websites (i.e. TravelandLeisure.com, Concierge.com, etc.)	10.1%
Activity-specific websites (i.e. Golf.com, Camping.com, etc)	9.1%
Online travel price aggregators (i.e. Sidestep.com, Kayak.com, etc.)	8.4%
Printed newspaper travel sections	6.1%
Online newspaper travel sections	5.3%
Travel blogs	5.1%
Travel related email newsletters	4.2%

Q Which factors are generally most important to how you select the hotel, motel, or inn that you will stay in for a leisure trip?

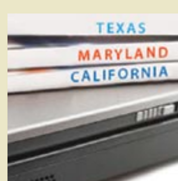
** Survey respondents could select up to three resources*



Price	77.1%
Location, neighborhood and/or proximity to specific attractions	50.3%
Hotel amenities (i.e. pool, gym, bath products, restaurant, size of room, etc.)	35.6%
Recommendation by friends, relatives, colleagues, etc.	25.4%
Official rating (i.e. AAA 3 Diamond, 4 Diamond, etc.)	15.8%
Hotel Loyalty Program (i.e. HiltonHonors, Starwood Preferred Guest, etc.)	13.5%
Reviews by other travelers	11.6%
Pictures of the hotel are appealing	11.3%
Rating by other travelers (i.e. 3 out of 5 stars)	10.0%
Recommendation by travel guidebook, travel magazine, newspaper travel section, or other travel article (either online or offline)	9.2%
Popularity with other travelers (i.e. Trip Advisor Popularity Index)	4.2%
Hotel is member of their local visitors bureau or chamber of commerce	2.9%

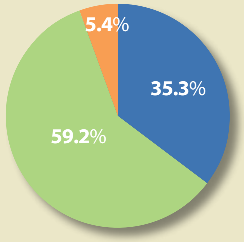
Q For planning a leisure trip, which of these do you think are generally the best resources for selecting your hotel, motel or inn?

** Survey respondents could select up to three resources*



Recommendations from friends, relatives, colleagues, etc.	50.5%
Online travel agencies (i.e. Travelocity.com, Expedia.com, etc.)	40.4%
Hotel websites (i.e. Hilton.com, Hyatt.com, etc.)	39.7%
Peer review websites (i.e. TripAdvisor.com, Yelp.com, etc.)	17.6%
Online travel price aggregators (i.e. Sidestep.com, Kayak.com, etc.)	16.8%
The destination's visitors bureau or chamber of commerce websites	13.9%
Travel magazines	11.3%
Guidebook-related websites (i.e. Frommers.com, LonelyPlanet.com, etc.)	11.0%
State travel office websites	9.9%
Travel magazine websites (i.e. TravelandLeisure.com, Concierge.com)	8.1%
Printed travel guidebooks (i.e. Frommer's, Lonely Planet)	7.8%
Online newspaper travel sections	5.6%
Printed newspaper travel sections	5.4%
Travel blogs	5.1%
Travel related email newsletters	4.8%

Q In the past 12 months, have you used the official website of a destination's local Visitors or Convention Bureau (or Chamber of Commerce), or state or national government travel office to help plan any travel?



Yes	35.3%
No	59.2%
I don't know	5.4%

Q In the past 12 months, which of these travel planning tasks have you completed or decided based on information found on such an "official" website? (Select all that apply)

**Asked only of those who used an "official" destination website*

Researched activities in a destination	55.2%
Selected attractions or things to see and do in a destination I was planning to visit	53.8%
Decided to visit a particular destination	48.7%
Read about local culture, arts, heritage or events of a destination	45.5%
Accessed destination maps	42.7%
Selected a hotel or place or stay	39.1%
Selected a restaurant or place to eat in a destination I was planning to visit	34.4%
Booked a hotel (or lodging)	32.6%
Decided how long I would stay at a destination	24.7%
Purchased tickets to attractions or activities	24.7%
Selected a car rental company	8.6%

Q Which of the following (if any) are reasons you used a Visitors or Convention Bureau or state government travel office website? (Select all that apply)

**Asked only of those who used an "official" destination website*

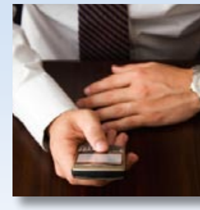
They offer the specific travel information I need	53.0%
Their content is trustworthy	46.2%
There is less commercial influence	43.0%
These websites have fewer advertisements	38.4%
They have a broader scope of content	30.1%
Generally good website design or usability	27.6%
Habit - I typically use them	26.2%
They have more authoritative content	25.1%
I located the website on a search engine	24.7%

Q Which of the following (if any) are reasons you did NOT use a Visitors or Convention Bureau or state government travel office website? (Select all that apply)

**Asked only of those who did not use an "official" destination website*

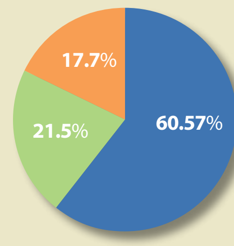
I just didn't think to use them	56.4%
I just didn't realize they exist	23.5%
Better sources of travel information are available	16.2%
They don't offer the specific travel information I need	14.5%
Opinions on these websites are biased	10.7%
They have too much commercial influence	10.0%
Their content is not all inclusive	8.3%
Their content is usually not current or up to date	7.9%
These websites contain too much advertising	7.3%
Generally poor website design or usability	5.6%
The search engine did not return website	3.8%

DMOs and the American Traveler



Destination marketing organizations are an important element in the American leisure travel landscape. One-in-three American travelers have used the website of an official destination marketing organization to help plan travel in the past year, while one-in-five name websites produced by these organizations as one of the three best resources for learning about things to do in a destination. Strategic-minded DMOs are therefore in a good position to assert themselves as a reliable resource for a growing number of American travelers.

Q In the next 12 months, will you be taking an overnight trip (50 miles or more from home) to visit friends or relatives?



Yes	60.7%
No	21.5%
I don't know	17.7%

Q On this trip (or trips) where are you likely to stay while visiting your friends or relatives?

**Asked of those who said they would be taking an overnight trip to visit friends or relatives*

A friend or relative's home	72.4%
Hotel, motel or inn	35.7%
I don't know – undecided	5.4%
I will not stay overnight	4.8%

Q If the local Convention & Visitors Bureau of the friend or family member you are staying with put together a discount or other special travel offer program, how interested would you be in such a program?

**Asked of those who said they were likely to stay at a friend or relative's home*

Very interested	35.7%
Interested	30.5%
Neither interested or disinterested	19.0%
Uninterested	8.6%
Very uninterested	0.0%
I don't know	4.0%
Not applicable	2.0%

Q Which of these discounts or special travel offers would be most attractive to you as an incentive to stay in a hotel, motel or inn as an alternative to the home of your friend or family?

**Asked of those who said they would be interested in a Convention & Visitors Bureau sponsored discount/special offer program*

Hotel room discounts	52.2%
Hotel free night offers	47.3%
Gasoline rebates	35.7%
Restaurant offers	27.7%
Other hotel offers (free parking, breakfast, etc.)	25.9%
Discount tickets to attractions and events	20.2%
Complimentary gifts or services	15.0%
NONE OF THE ABOVE	11.2%
Complimentary or discounted transportation	9.5%
VIP treatment or special access to local attractions or businesses	8.6%

Methodology The State of The American Traveler Survey is conducted every six months by Destination Analysts, Inc, a San Francisco-based tourism industry research company. This special edition was conducted to capture any important recent changes in traveler sentiment. The survey was conducted online amongst a nationally representative sample of adult Americans. From November 12th through 13th, surveys were collected from a group of respondents who were then screened by their leisure travel behavior. Only those respondents who had traveled at least once in the past 12 months for purely leisure or personal reasons were interviewed. This travel must have been of at least 50 miles one-way—the standard distance threshold used in the tourism industry to signify that a "trip" has been taken. In total, 790 leisure travelers completed the survey. With this sample size, the topline data presented here can be considered to have a reliability of +/- 3.49%.