

Travel & Tourism Marketing Association National & LA Travel 2013 Outlook

LAUREN SCHLAU, SVP



Appreciation and Credit To:
SUZANNE D. COOK, PH.D., President
Suzanne Cook Consulting
WENDY KHEEL, VP Strategic Insights
Los Angeles Tourism & Convention Board

What is “The Story” for 2012?

“High Demand, Strong Growth, New records!”

Travel & Tourism Industry

2012 year of (surprisingly) strong growth; some new or close to 2007/08 record volume & spending levels...exceeded expectations

- altho spending growth still lags volume growth
- Consumers loosening spending for travel due to pent-up demand
- 1 BILLION!! travelers expected worldwide for 2012
- U.S. volume largely fueled by **in-bound int’l. travel**, esp. Asian
 - Chinese a small but growing share with high growth rate
- **Leisure demand continues to lead** business volume and spending growth; meetings stable but at reduced levels
- **Hotels** very strong year – record occupancy, near or record rates
- **Airlines** started strong weakening a bit in 4th Qtr.
- **Theme parks** slower growth; better for those adding new rides

Story for 2012 – Economy

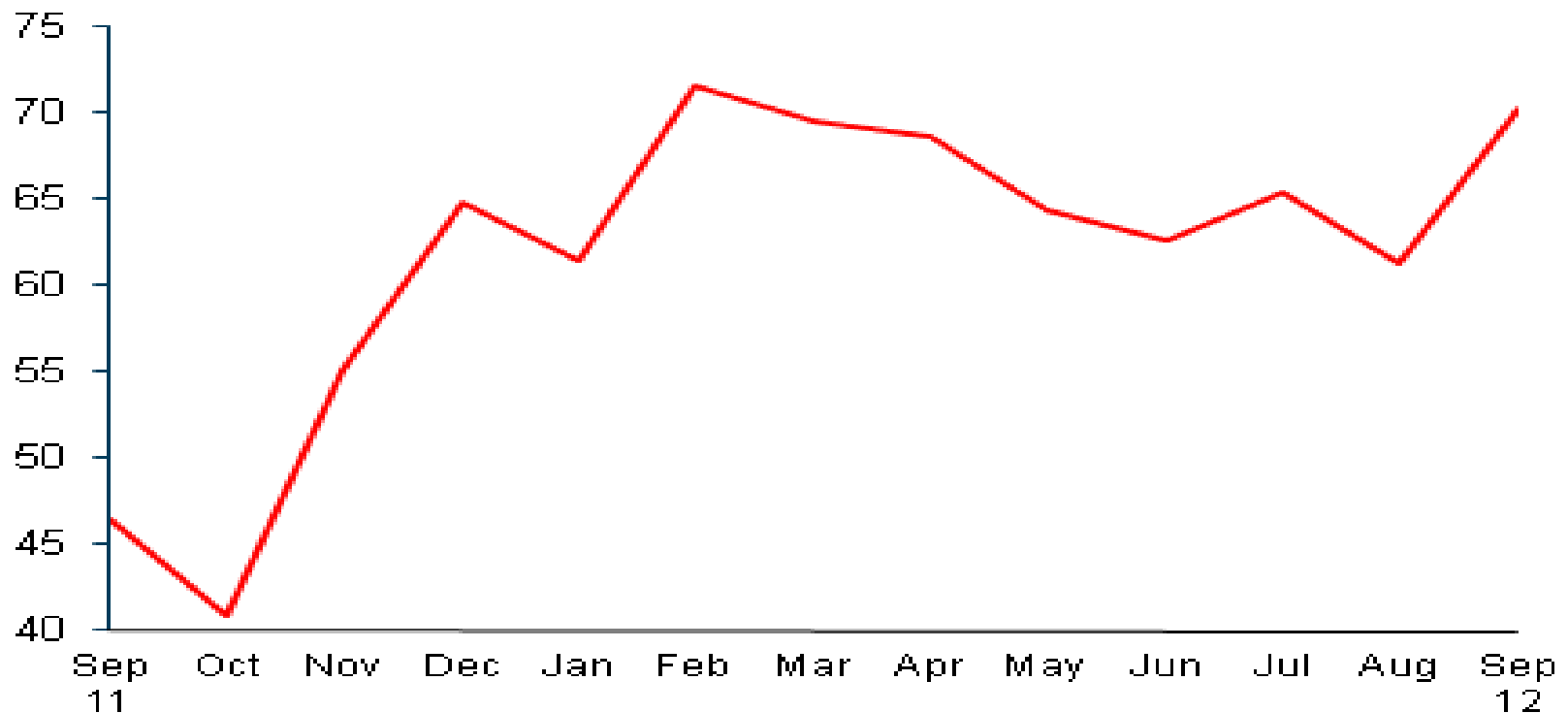
Recovering but with Inconsistency and Uncertainty

- Rebounding but uneven by region & sector & segment; hard to gain “traction” overall
- Jobs/unemployment still an issue
- Consumer Confidence up, but still below “healthy 100”
- Middle class still squeezed but debt is lower and housing markets stabilizing
- Uncertainty remains; consumers still holding back for some items, but gradually increasing spending, especially by higher income groups.

Consumer Confidence improving but still under the “healthy” range (target 100+)

Consumer Confidence

Index, 1985=100



Source : Conference Board

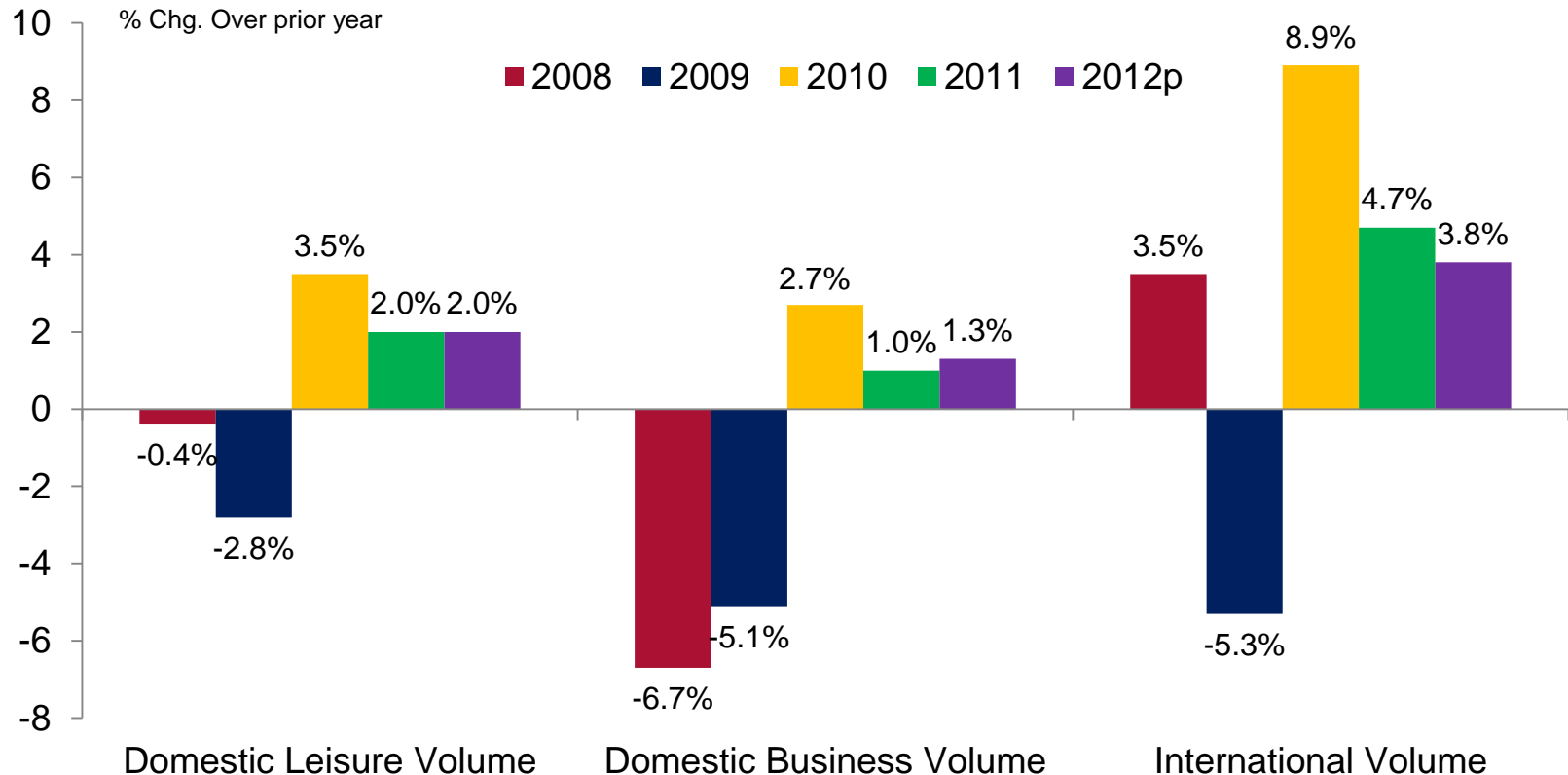
1985 = 100

Source: The Conference Board

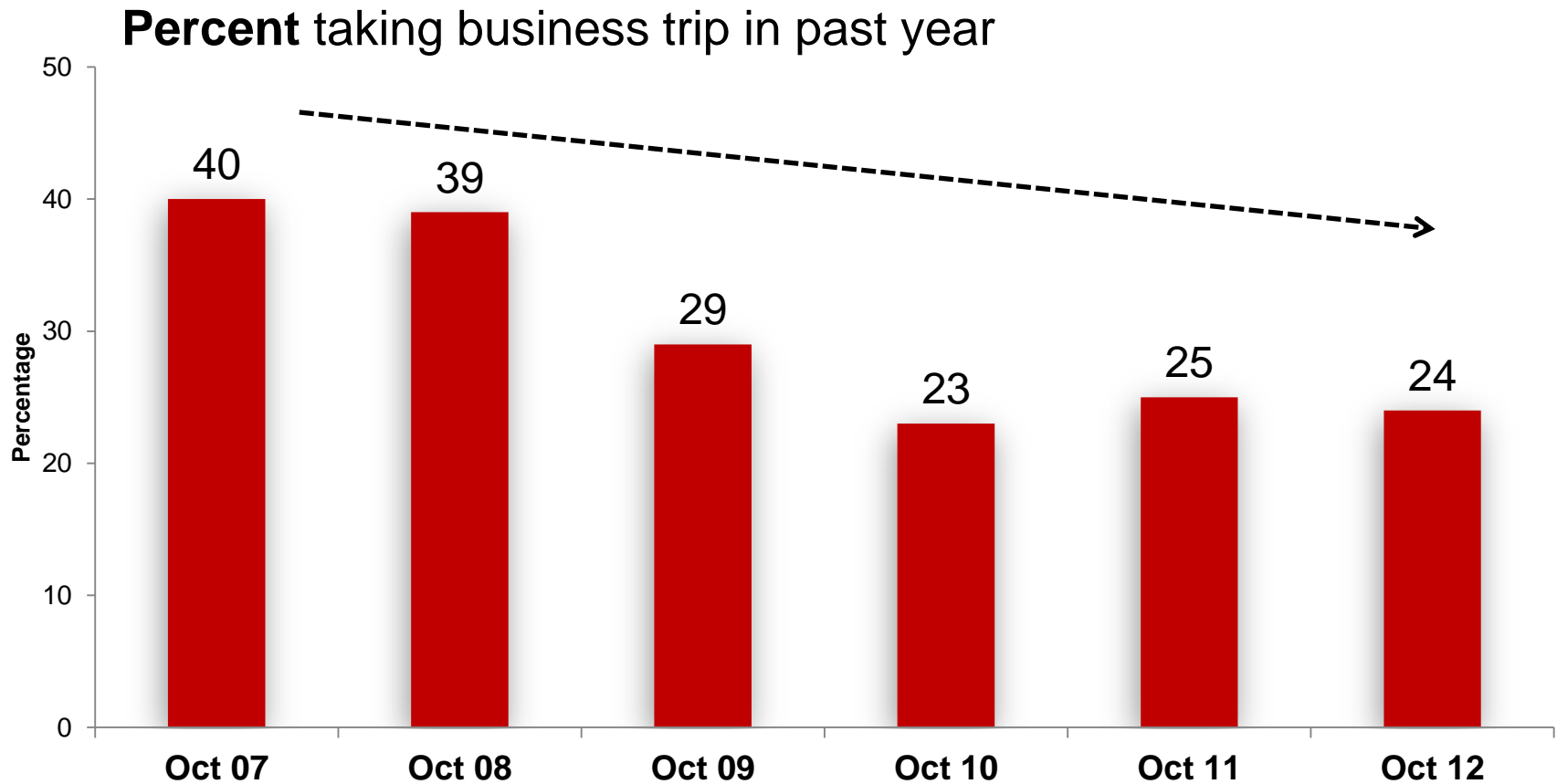
“Fiscal cliff,” U.S. election, European Economy, China Slowdown Causing **Uncertainty & Drag**



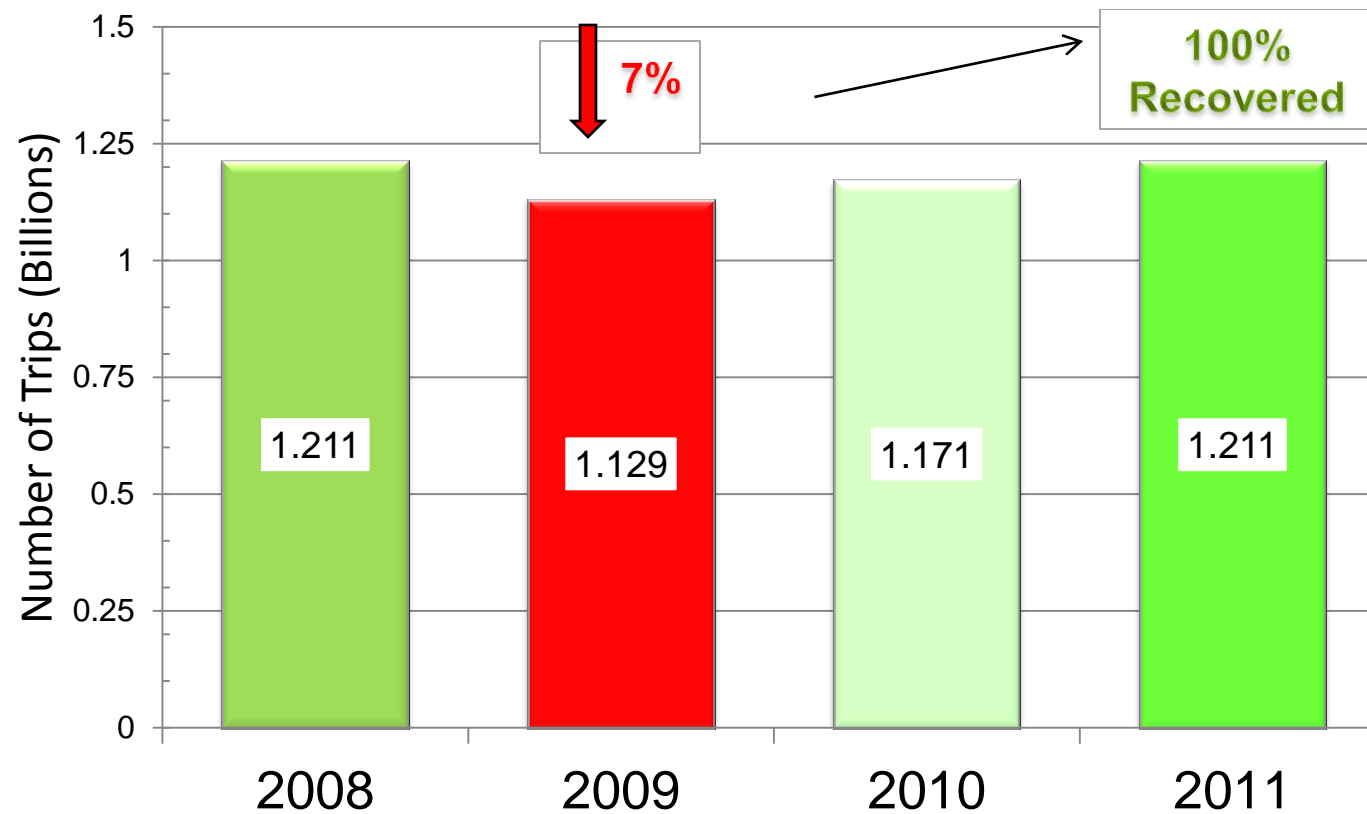
Recovery began in 2010 and continued into 2012... but Growth has Slowed...



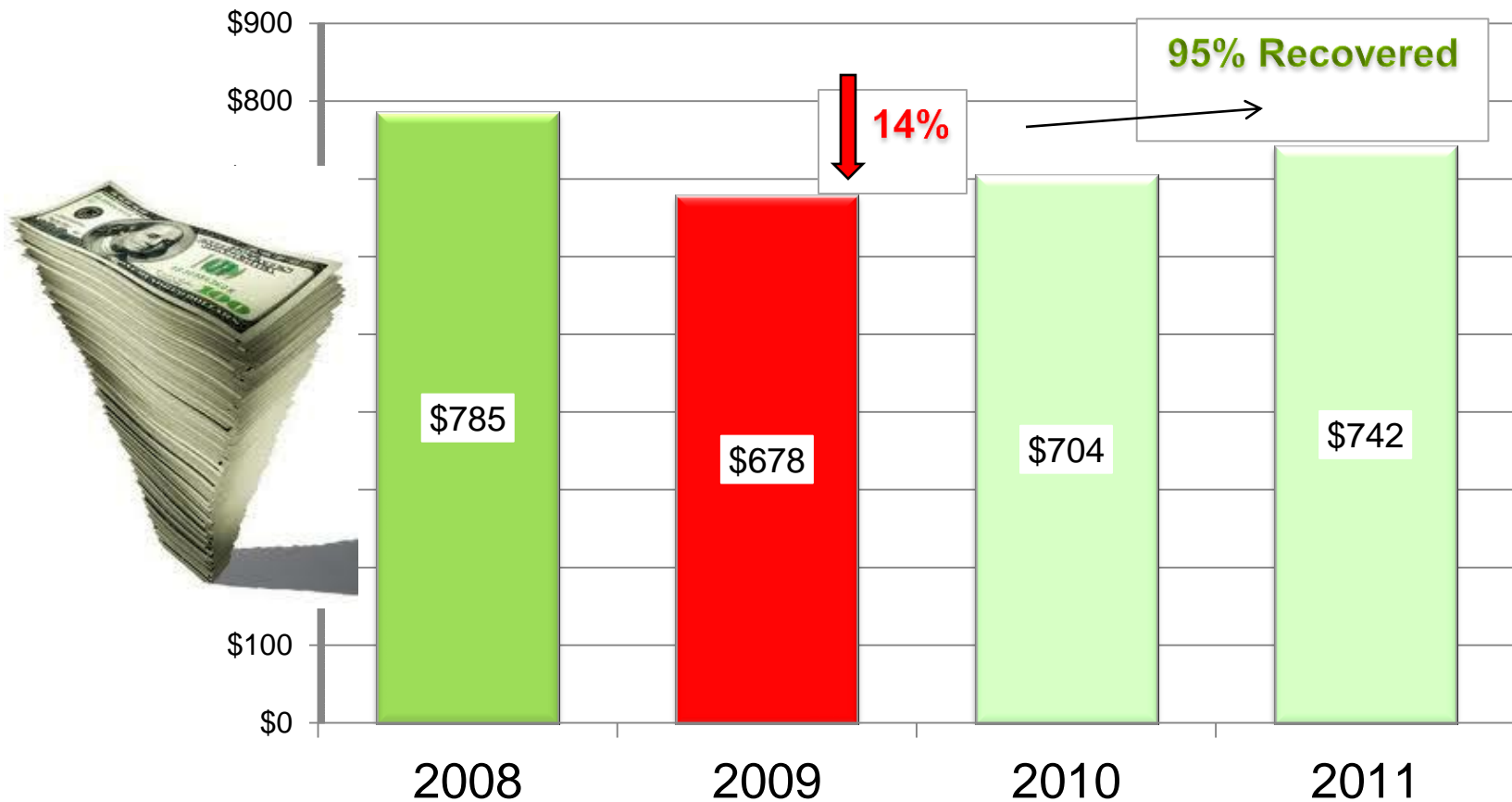
Incidence of Business Travel Down 16 Points Over Past 5 Years, but Stabilizing



Overnight *Leisure* Travel Volume

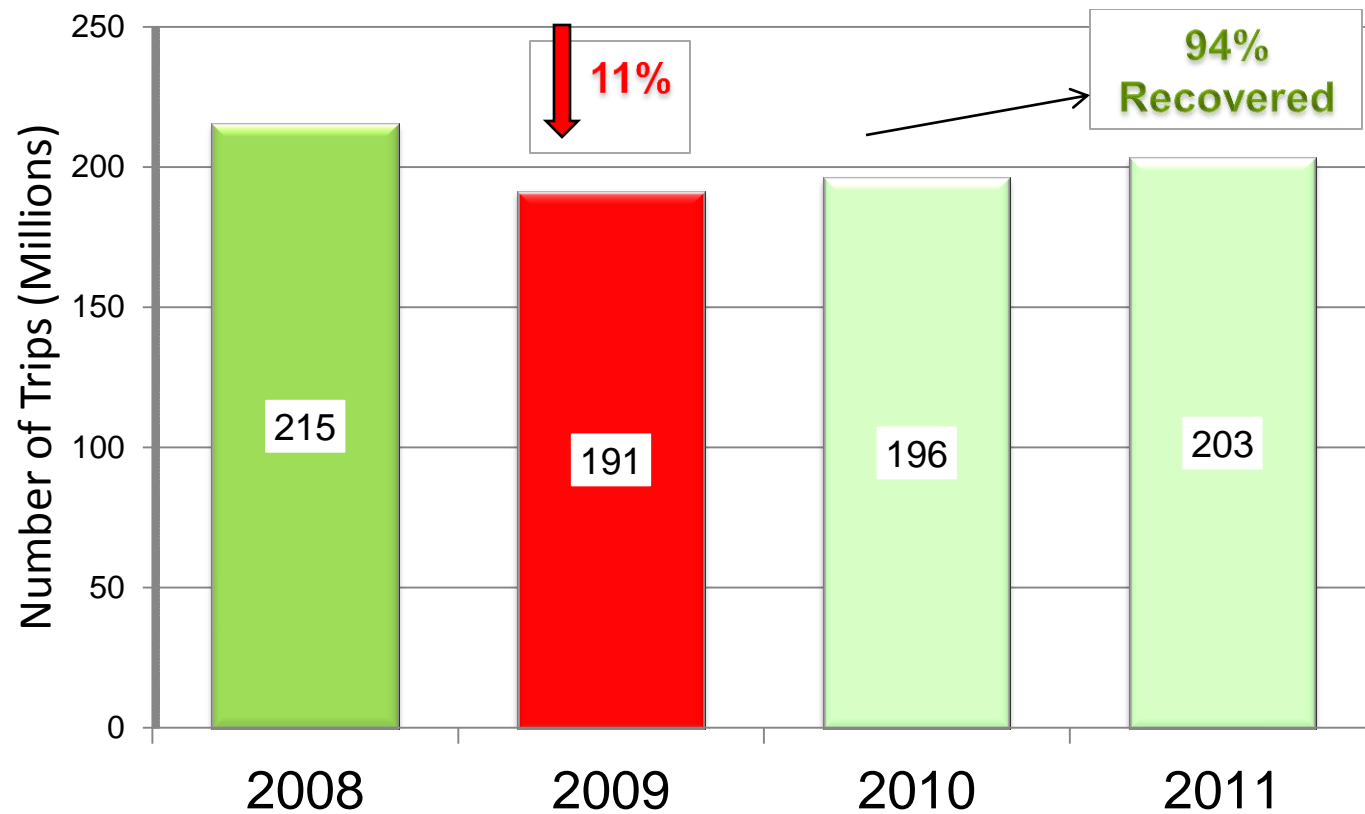


Total Expenditures per Leisure Trip (incl. inflation)



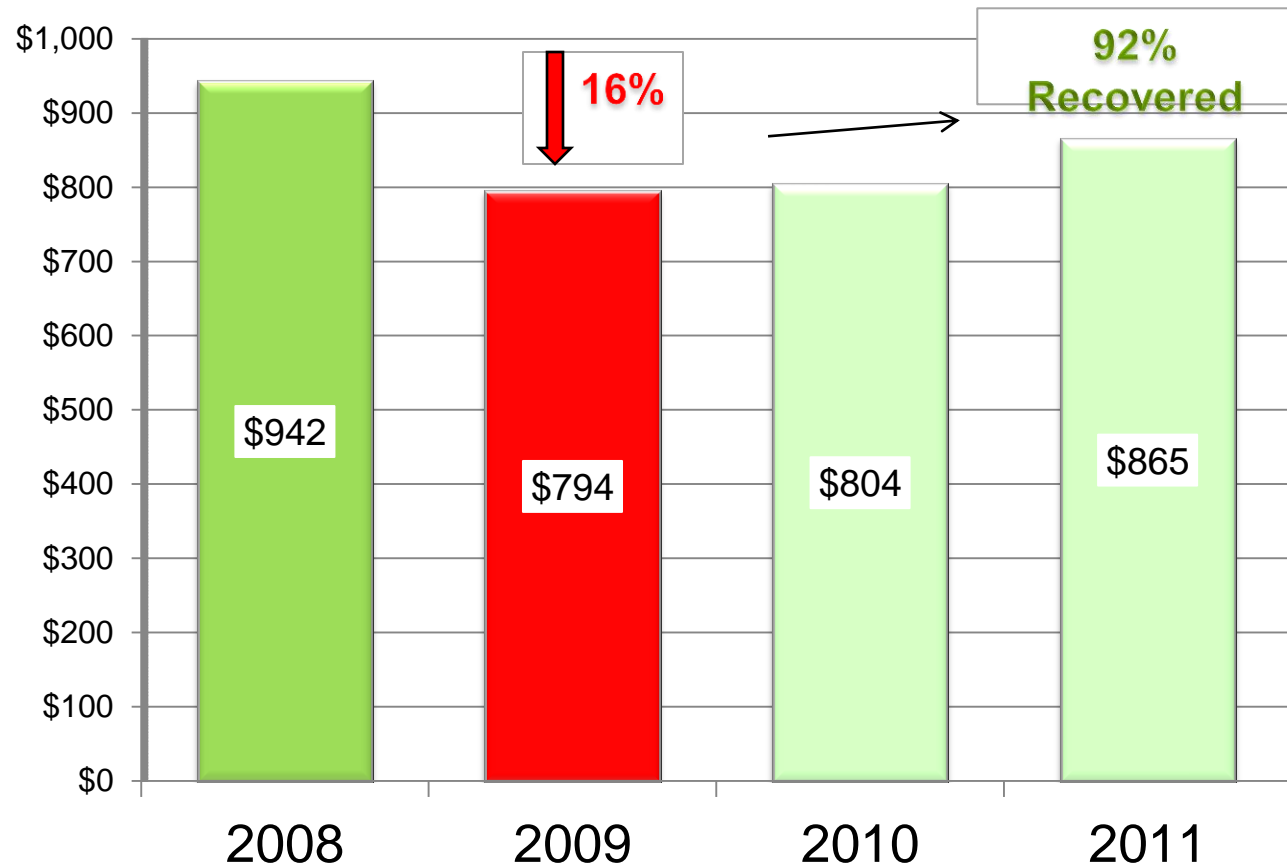
Source: Longwoods Travel USA

Overnight *Business* Travel Volume



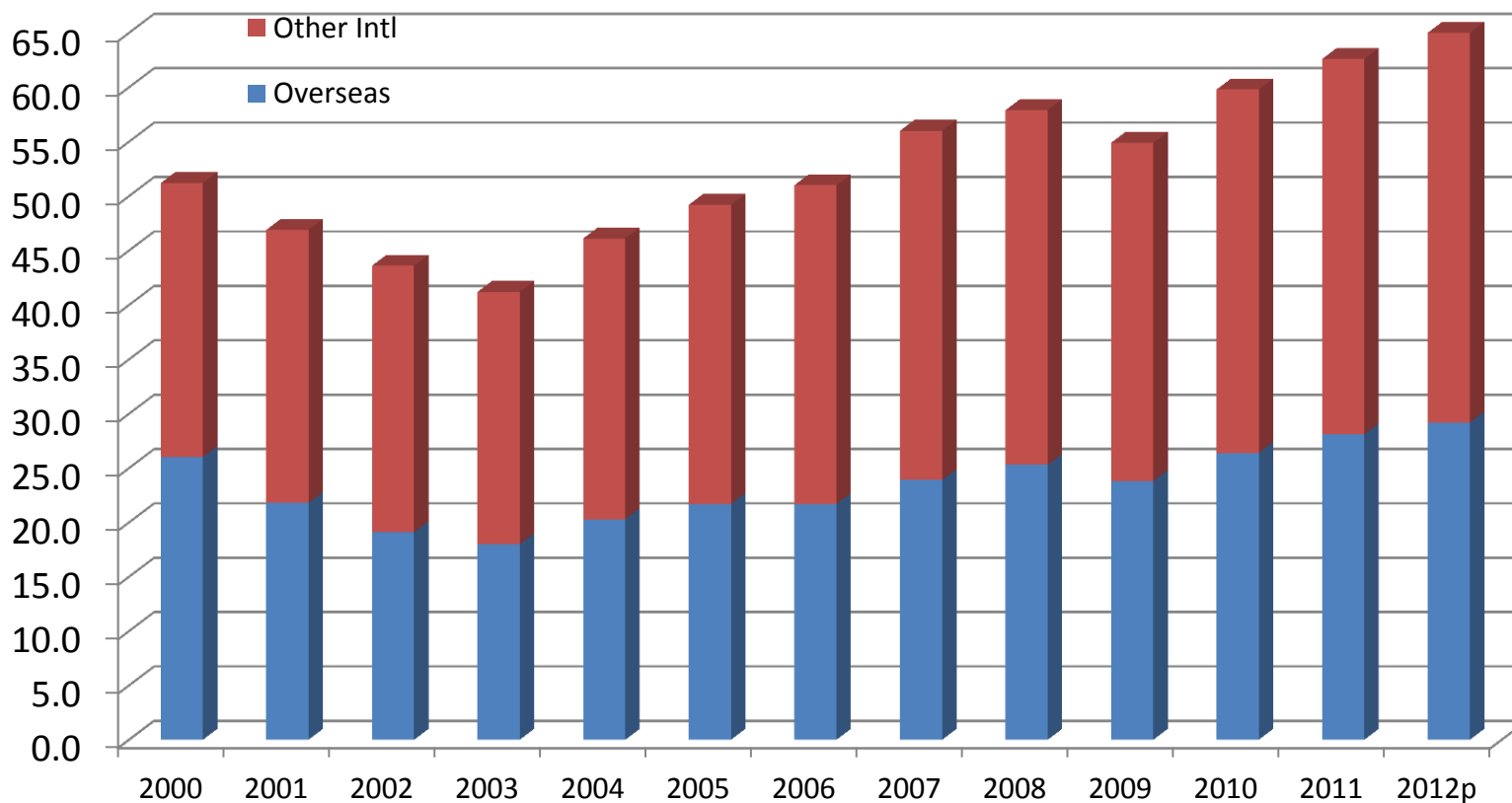
Source: Longwoods Travel USA

Total Expenditures per Business Trip (incl. inflation)



Source: Longwoods Travel USA

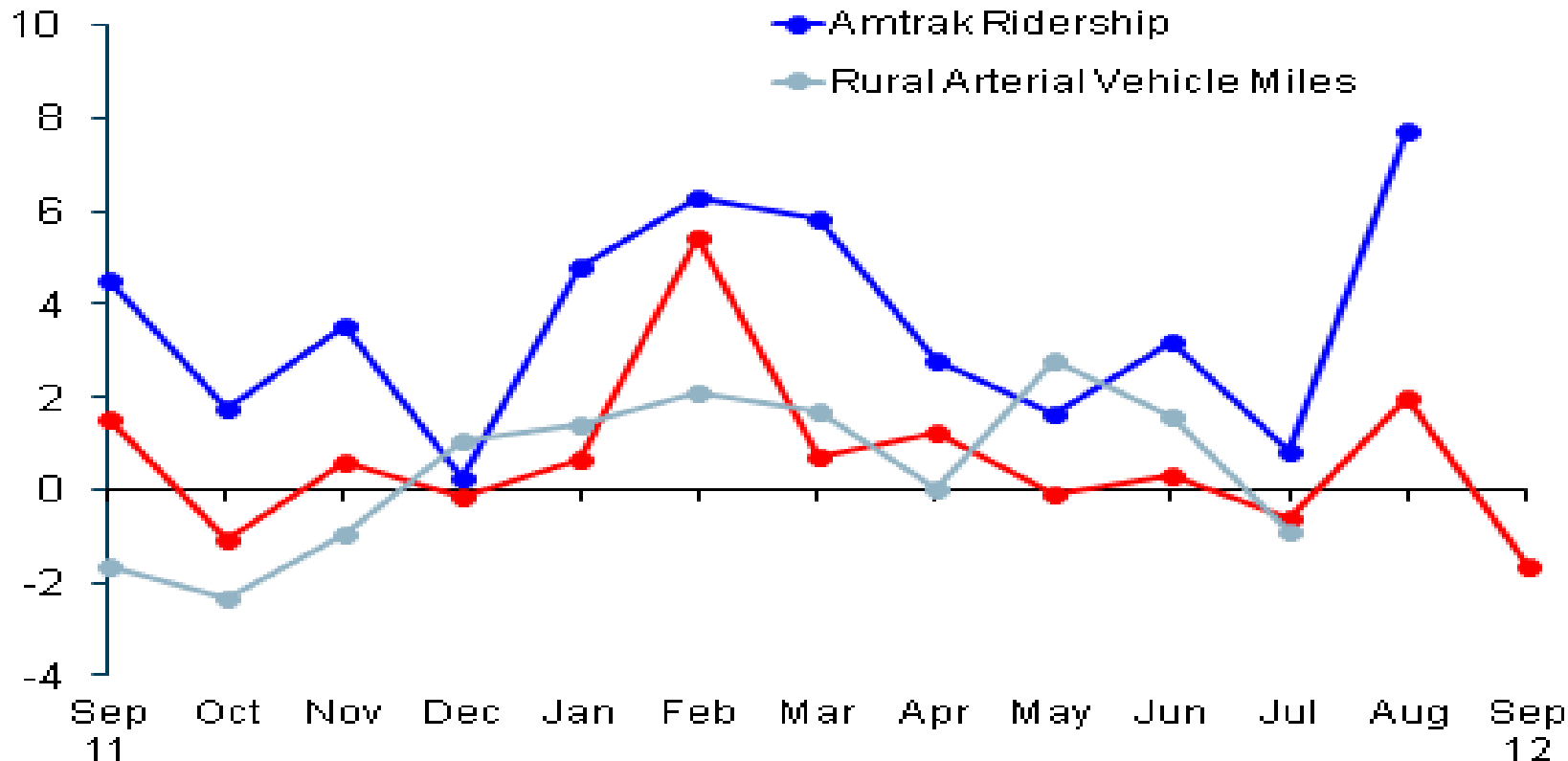
Steady International U.S inbound Volume Growth; Set Record in 2010 & Continuing



Transportation demand positive but weak so far in 2012

Transportation Demand

y-o-y % change



Source : ATA, Amtrak, FHA

Strong Results in National Lodging Demand Despite Headwinds

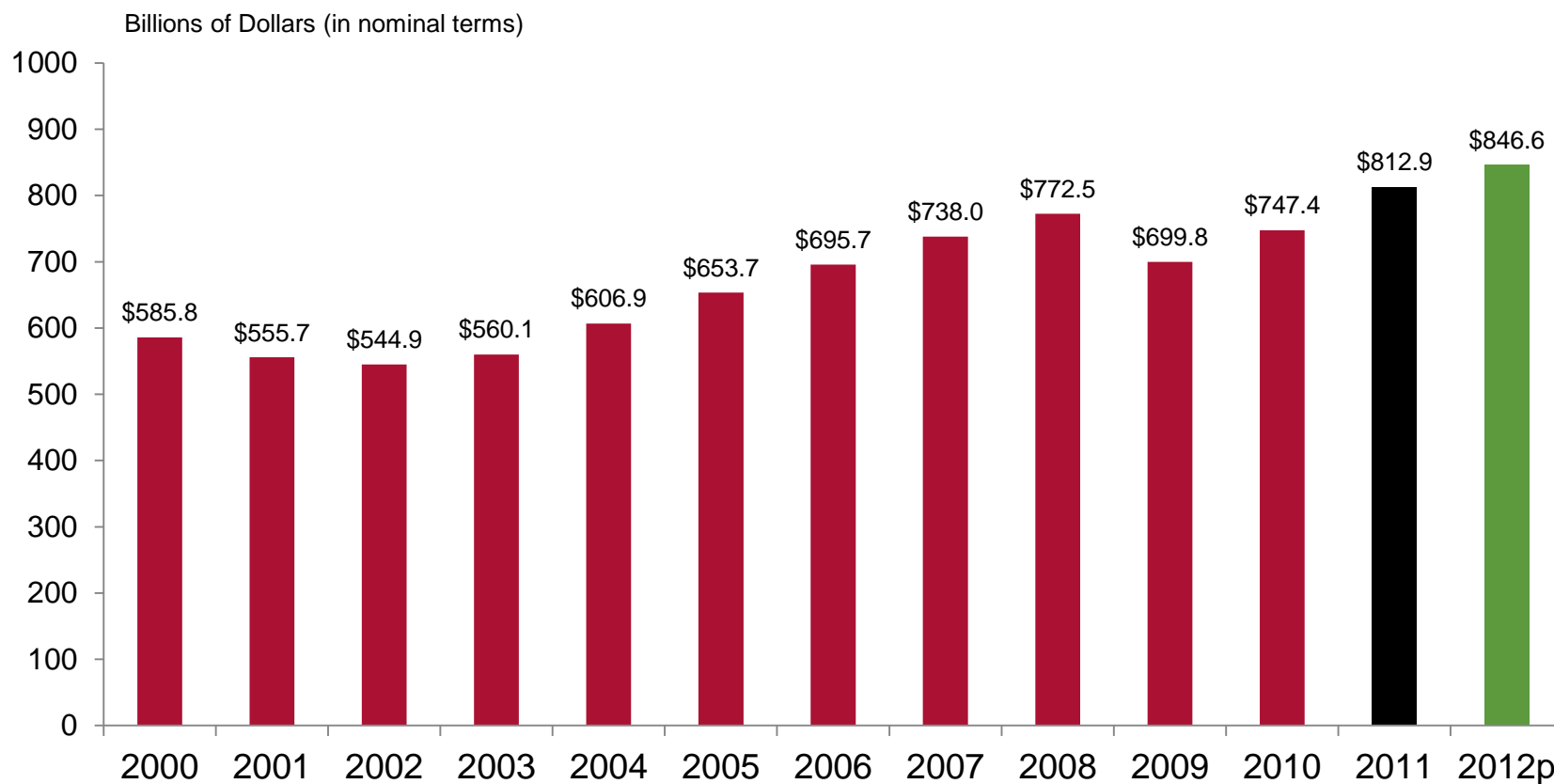
% Change

• Room Supply*	1.3 bn	0.4%
• Room Demand*	834 mm	3.0%
• Occupancy	63%	2.6%
• ADR	\$106	4.2%
• RevPAR	\$67	6.9%
• Room Revenue*	\$88 bn	7.3%

YTD September 2012, Total U.S. Results

* Record High

Travel spending at record level but growth moderating



Forecast as of October 2012

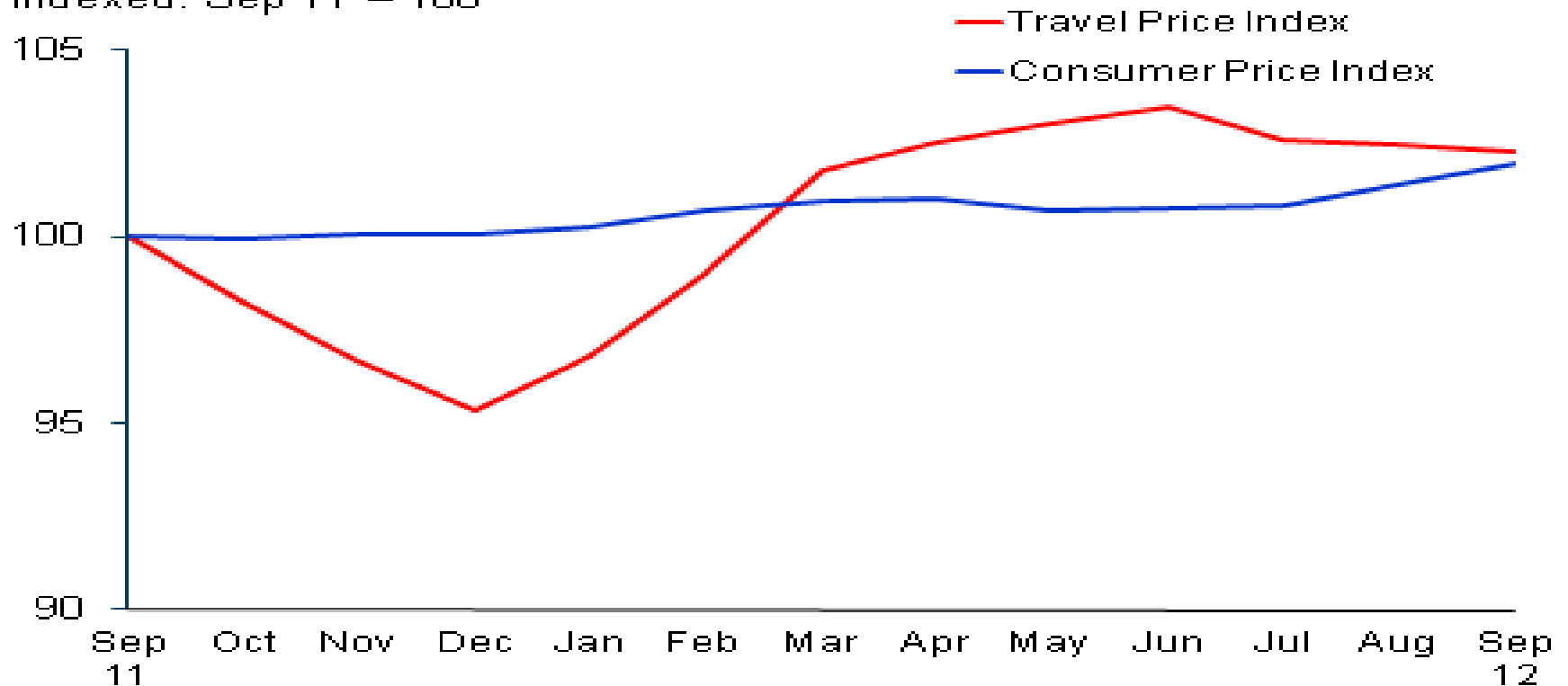
Source: U.S. Travel Association and Tourism Economics

Affordability of Travel (Index)...Remains Below Average/Attractive

Travel Price Inflation Moderating; Close to CPI

Prices: TPI and CPI relative to Sep 2011

Indexed: Sep 11 = 100



Source : Bureau of Labor Statistics, U.S. Travel Association

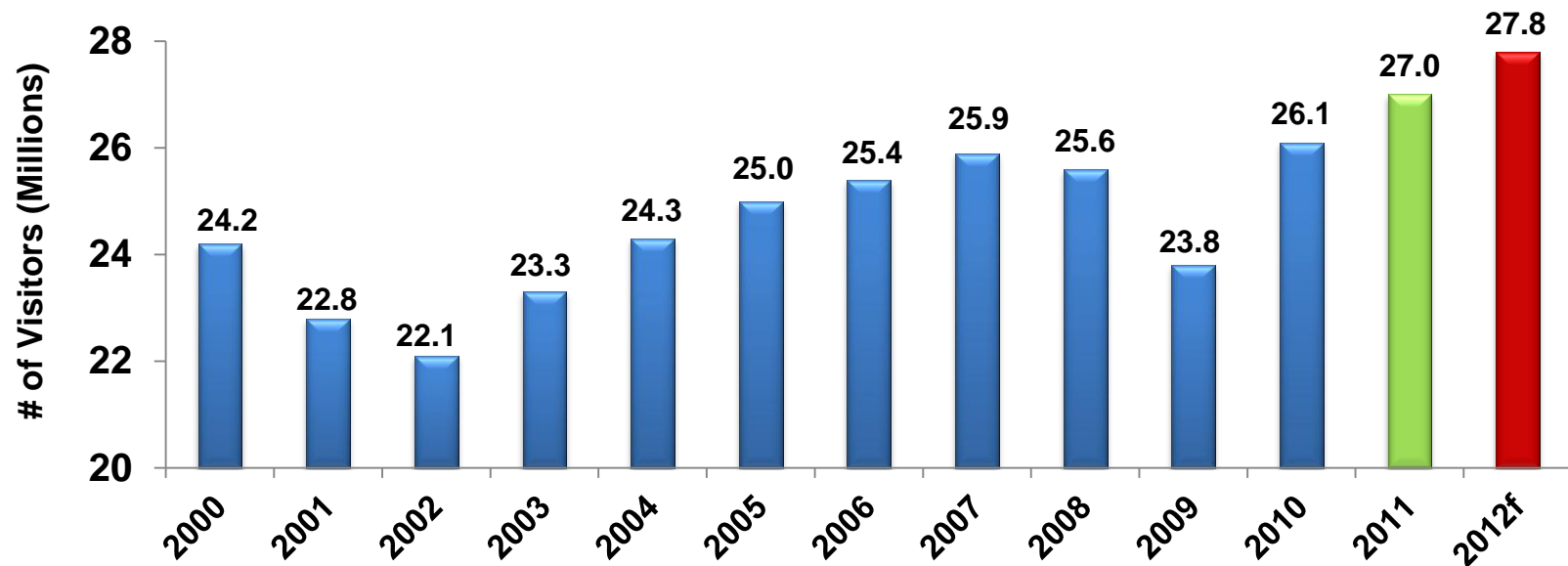
Los Angeles Area Situation and Outlook

Los Angeles
TOURISM & CONVENTION BOARD



Total Overnight Visitors to Los Angeles

In 2012, Total Overnight Visitation to Los Angeles Should Reach **27.3** Million Visitors, a Record High (from 2011)



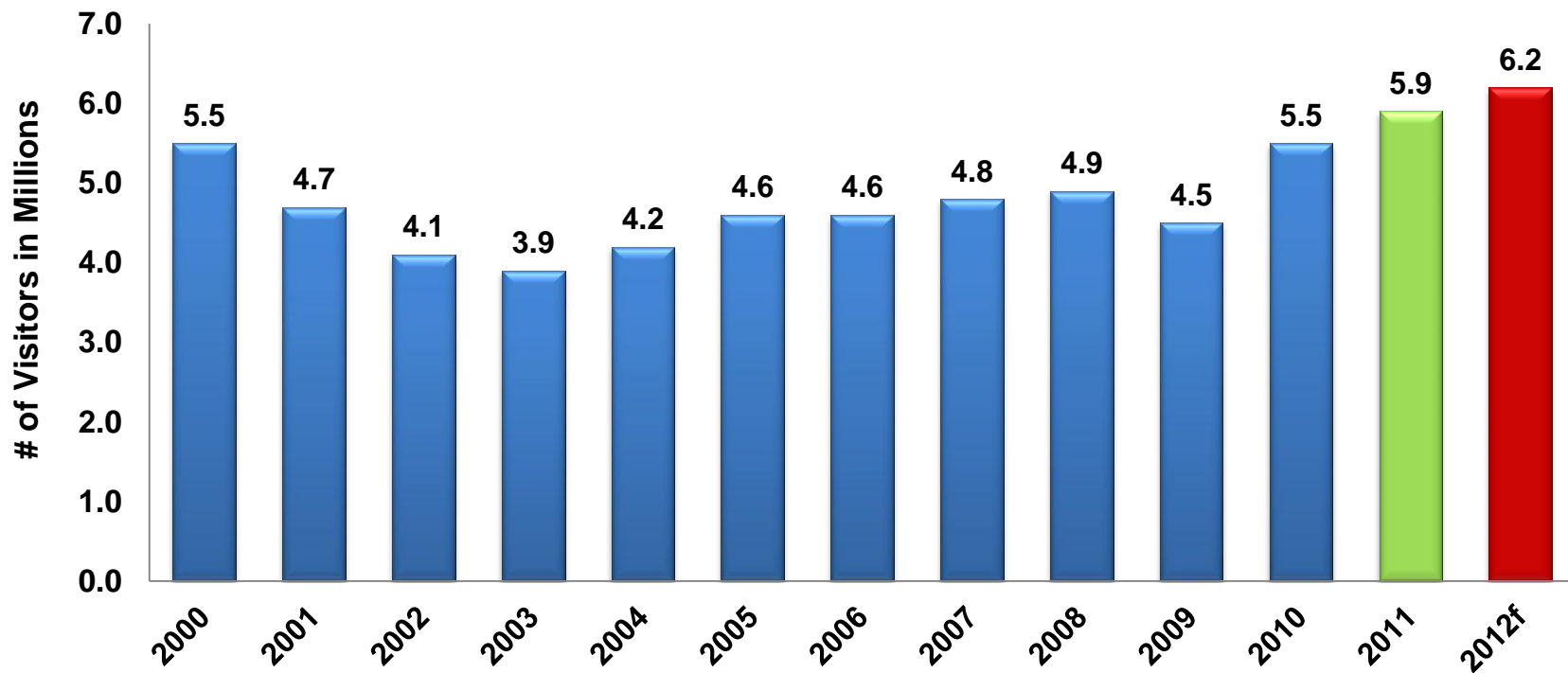
Domestic (Overnight): 21.0M International 5.9M

Source: CIC Research; Tourism Economics

International Visitors to Los Angeles 2000–2011



In 2012, Total International Visitation to Los Angeles Should Reach **6.2 million**, also a new record (after 2011 record)

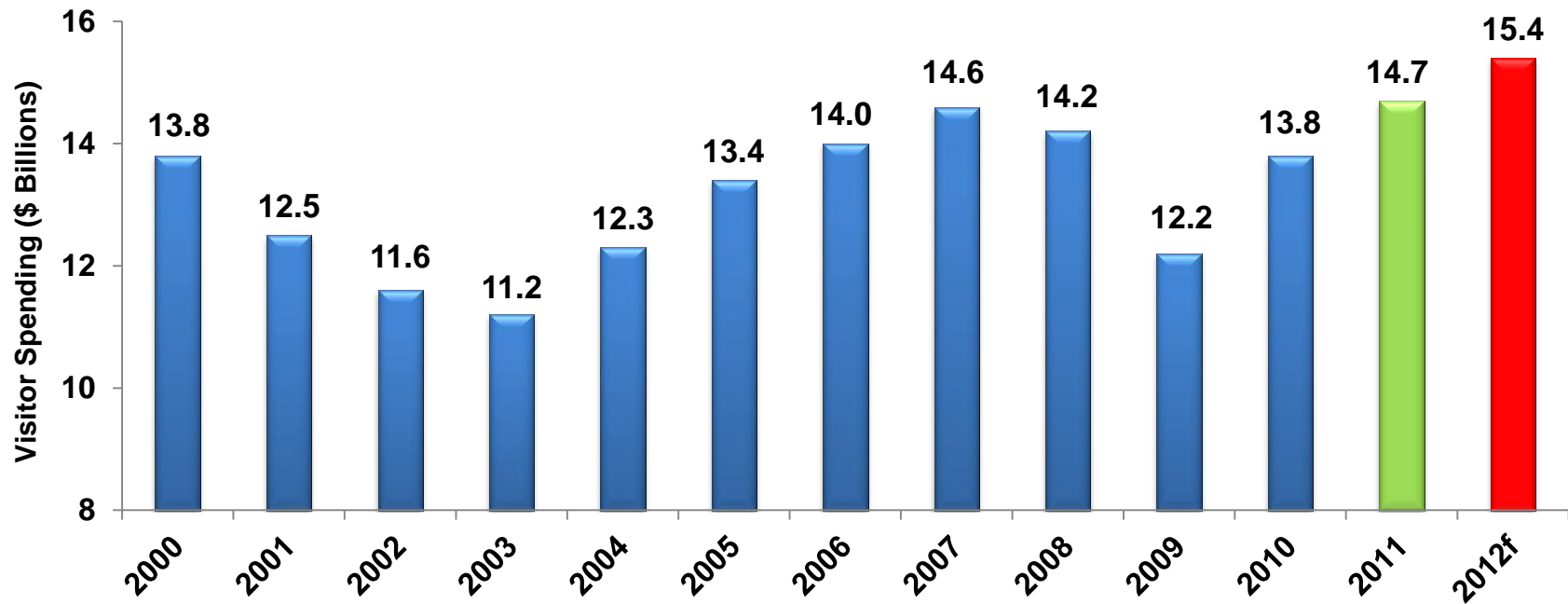


Source: U.S. Dept of Commerce, OTTI; CIC Research; Tourism Economics

Los Angeles Overnight Visitor Spending Trend



2012, Total Overnight Visitor Spending Should Reach **\$15.4 Billion** again a Record High (after 2011 record)

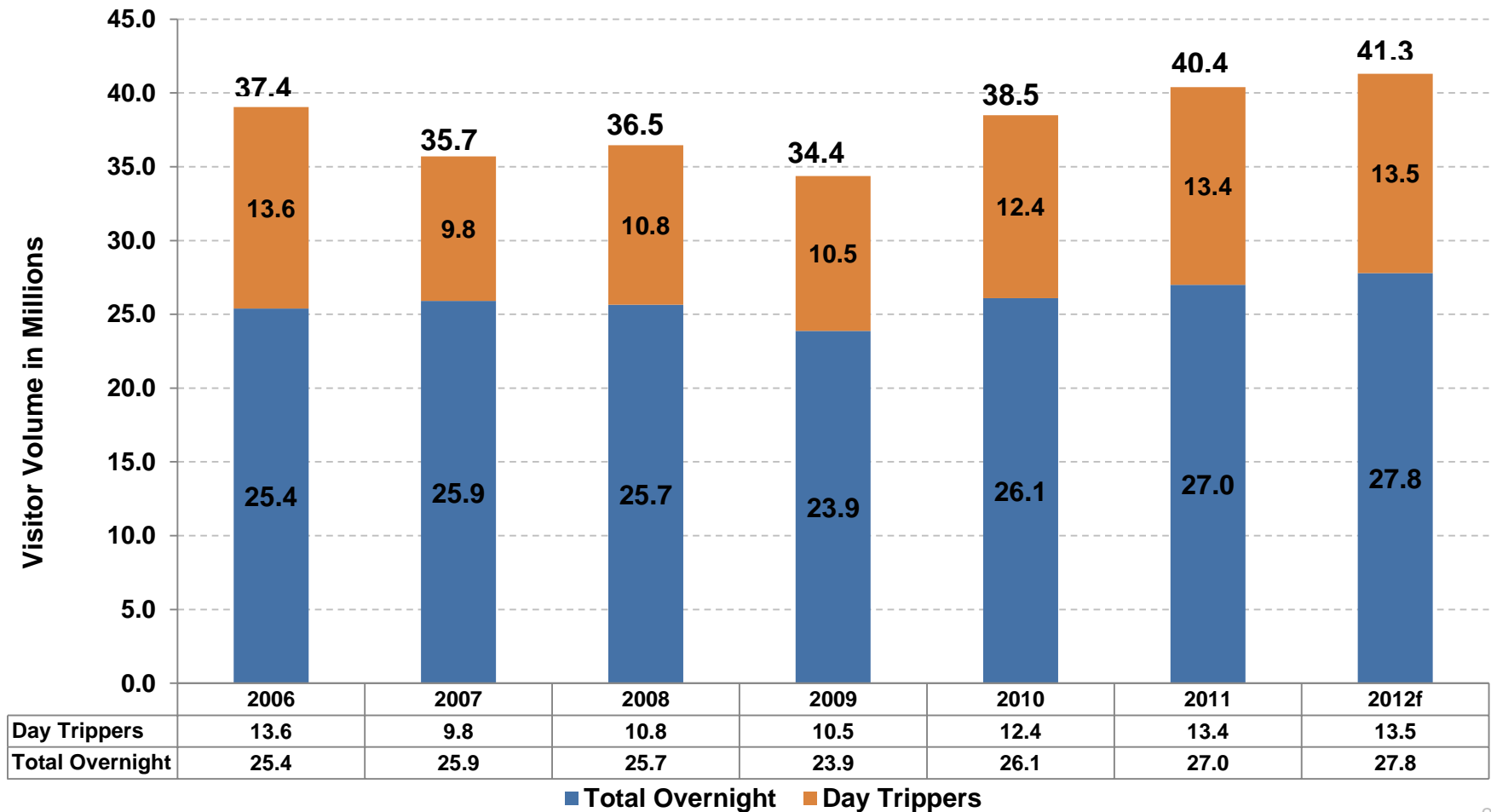


Domestic (Overnight): \$ 9.5B

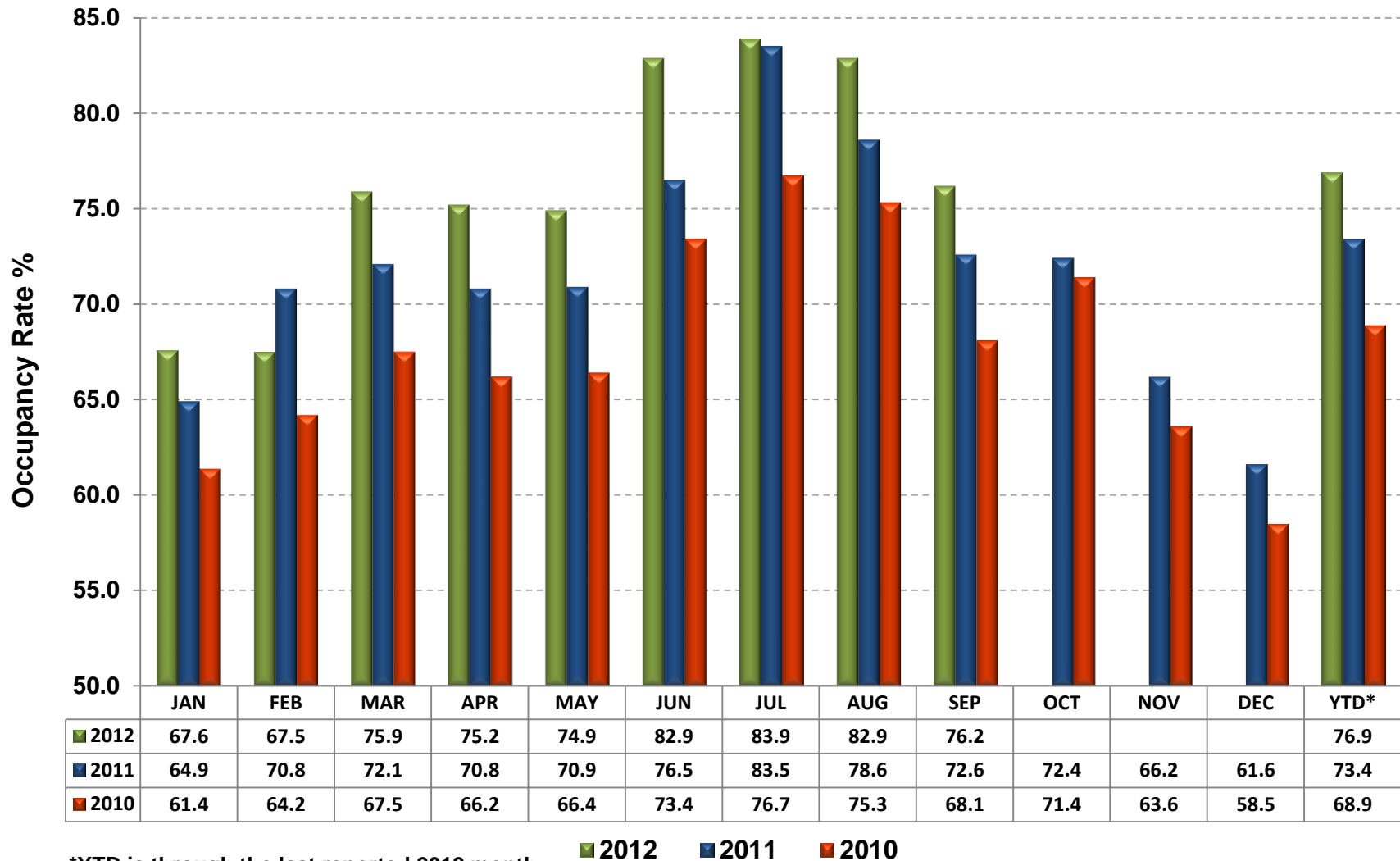
International: \$ 5.2B

Source: CIC Research, Bureau of Economic Analysis, Tourism Economics

LA Total Visitor Volume – Both Day & Overnight at Record Levels as of 2011 & for 2012



Los Angeles County Occupancy Rates 2010-2012 YTD Sept 2012

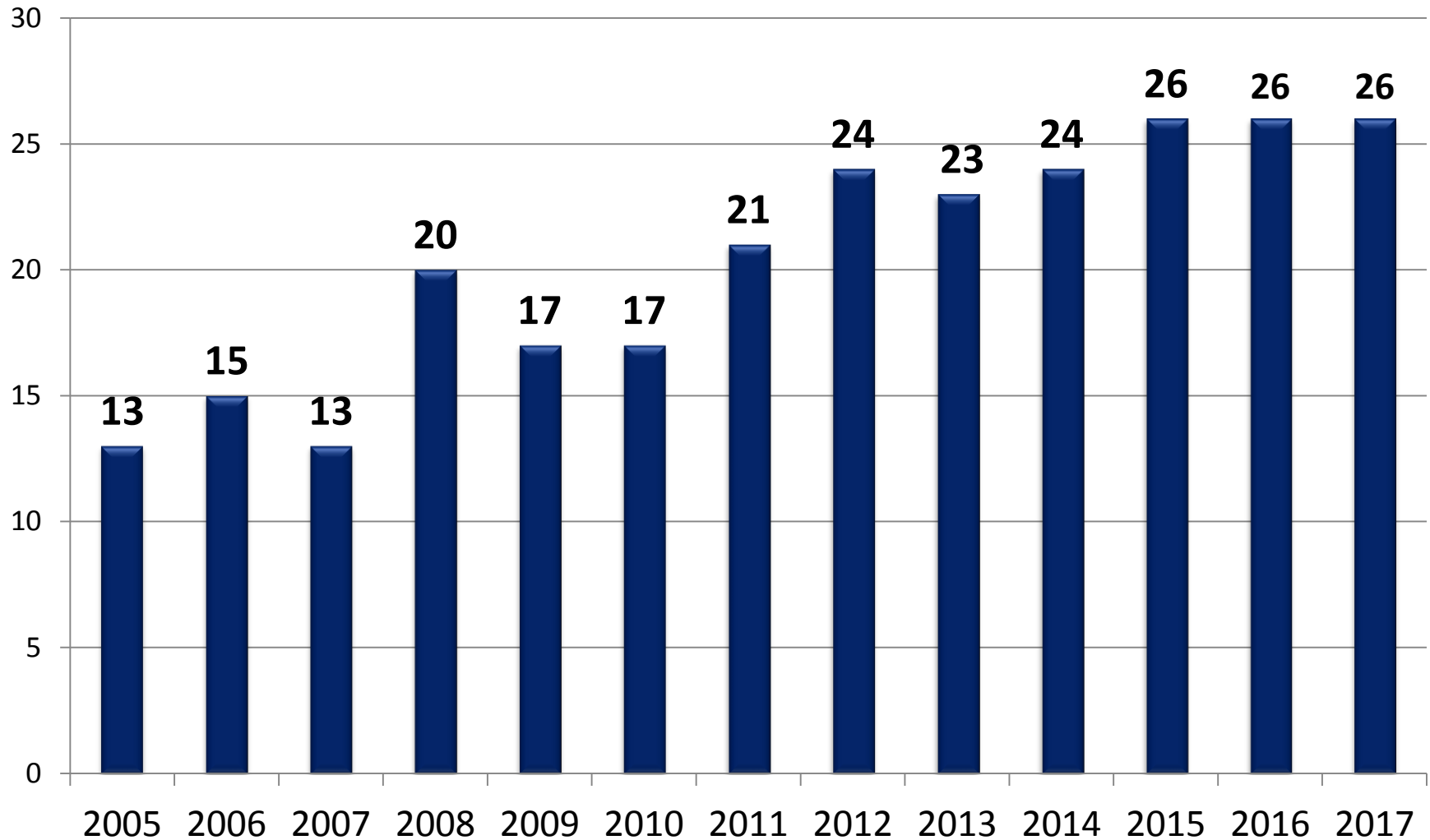


*YTD is through the last reported 2012 month

Source: Smith Travel Research

Conventions 2012 Highest Number of Citywides Since 2001. & Growing

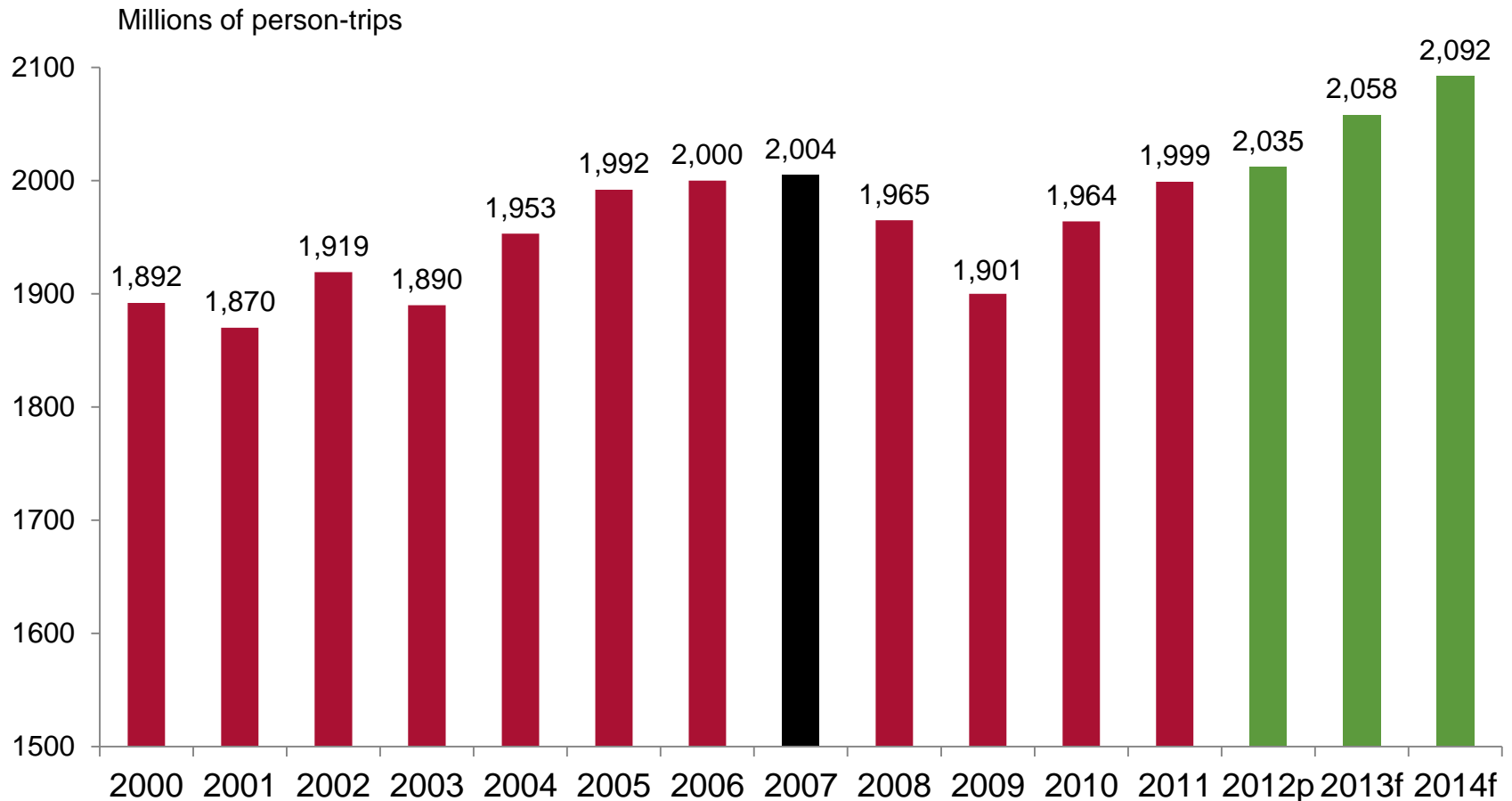
Los Angeles
TOURISM & CONVENTION BOARD



Looking Ahead, or.....



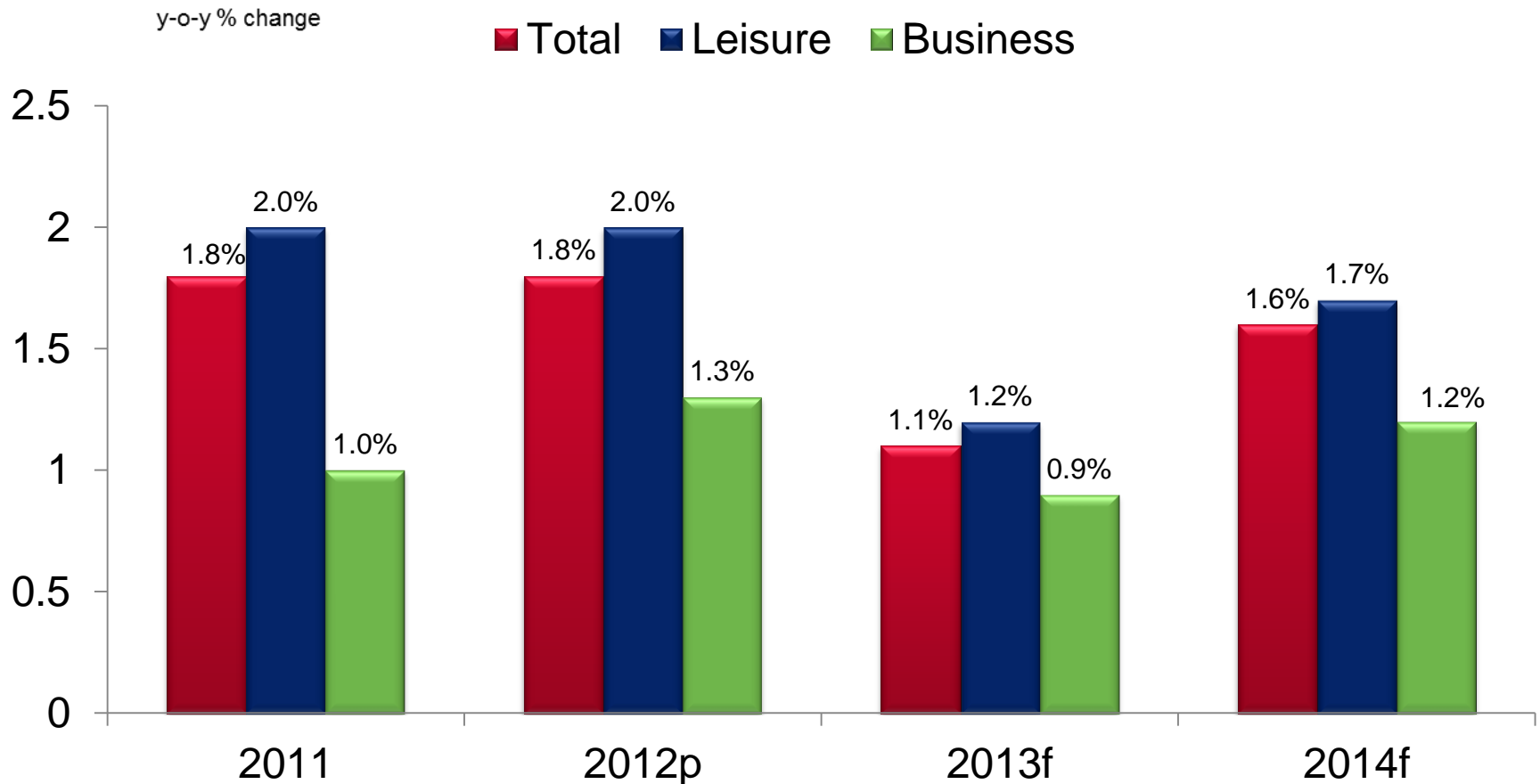
Steady but modest growth in domestic travel expected



Forecast as of October 2012

Source: U.S. Travel Association and Tourism Economics

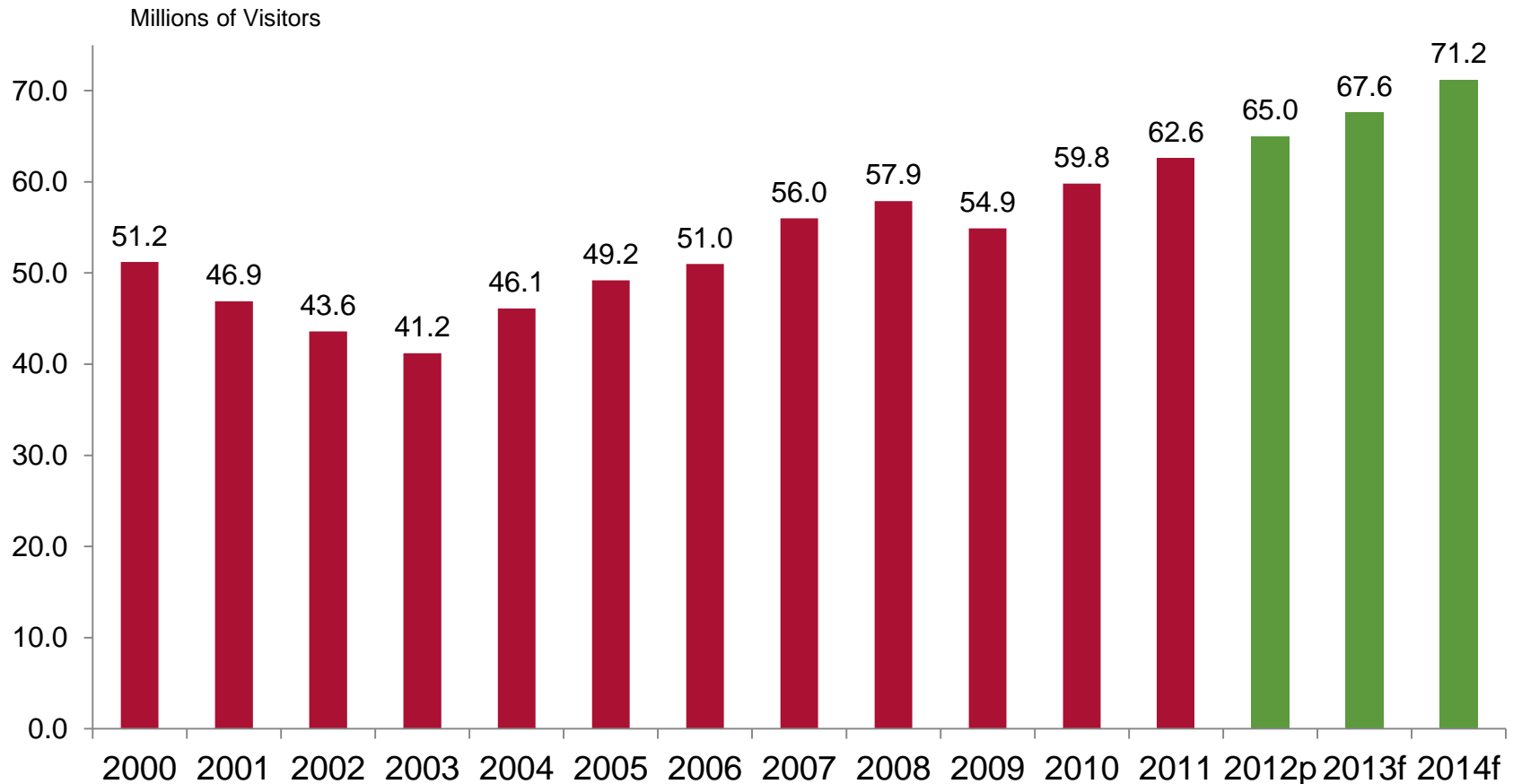
U.S. Domestic travel forecast



*Forecasts as of October 2012

Source: U.S. Travel Association; Tourism Economics

International inbound travel projected to continue to outperform domestic travel



Forecast as of October 2012

Source: U.S. Department of Commerce; U.S. Travel Association and Tourism Economics

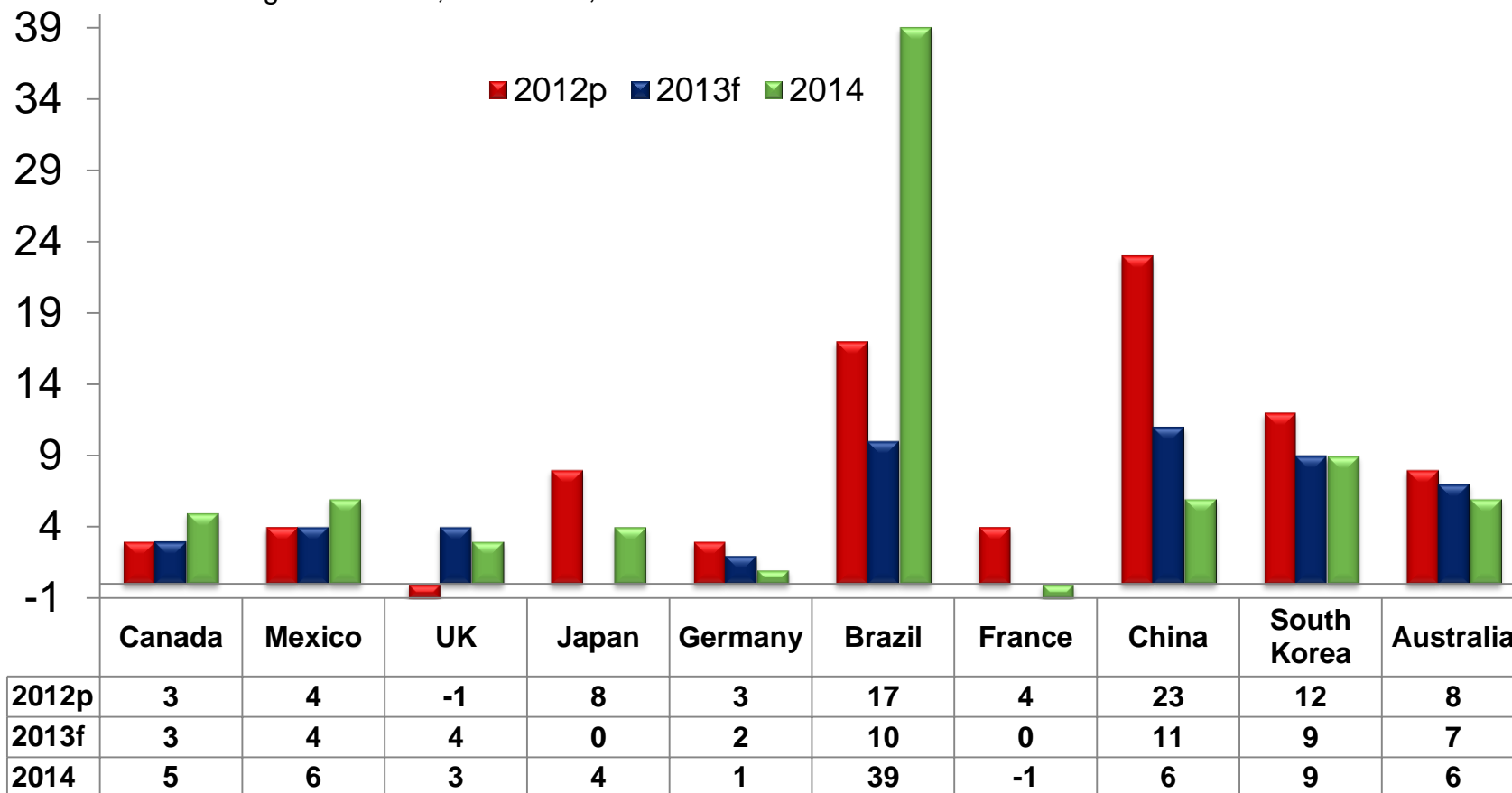
Travel Spending

Growth moderating...



Key Inbound Markets, 2012 -14, Brazil, So Korea, Mexico

% Change 2012/2011, 2013/2012, and 2014/2013



Source: U.S. Travel Association and Tourism Economics

Lodging Total United States

Key Performance Indicator Outlook (% Change vs. Prior Year) 2012 – 2013

Growth but Slower into 2013, with Rate Growth Higher than Demand

Outlook		
	2012 Forecast	2013 Forecast
Supply	0.5%	0.9%
Demand	2.6%	1.2%
Occupancy	2.1%	0.3%
ADR	4.4%	4.6%
RevPAR	6.5%	4.9%

Los Angeles Visitor Forecast (millions)

	2007	2008	2009	2010	2011	2012	2013	2014
Total Visits	35.70	36.46	34.38	38.49	40.36	41.33	41.99	42.89
Total Domestic Visits	30.85	31.51	29.81	32.99	34.42	35.09	35.44	36.00
Domestic Day Visits	9.75	10.81	10.51	12.39	13.40	13.55	13.62	13.82
Domestic Overnight Visits	21.10	20.70	19.30	20.60	21.02	21.54	21.82	22.18
Leisure	15.23	14.82	14.78	15.43	16.02	16.47	16.67	16.96
Business	5.87	5.88	4.52	5.17	5.00	5.07	5.15	5.22
Convention	1.56	1.49	0.97	0.99	0.95	0.96	0.97	0.99
Transient Business	4.30	4.39	3.55	4.18	4.06	4.11	4.17	4.24
Paid Accomodation	12.11	11.90	10.81	11.31	11.73	12.13	12.37	12.66
Private Accomodation	8.99	8.80	8.49	9.29	9.29	9.41	9.45	9.52
Drive	12.09	11.34	11.68	12.71	13.90	14.26	14.41	14.70
Fly	9.01	9.36	7.62	7.89	7.13	7.28	7.41	7.48
In-State	10.28	10.78	9.30	11.27	10.70	10.87	11.07	11.17
Out-of-State	10.82	9.92	10.00	9.33	10.32	10.67	10.75	11.01
Total International Visits	4.85	4.95	4.57	5.50	5.94	6.24	6.55	6.89
Canada	0.48	0.51	0.50	0.60	0.68	0.70	0.71	0.73
Mexico	1.72	1.65	1.56	1.55	1.61	1.67	1.75	1.82
Overseas	2.65	2.79	2.52	3.35	3.65	3.87	4.08	4.33
China	0.15	0.15	0.16	0.27	0.34	0.41	0.47	0.53
Taiwan	0.11	0.11	0.08	0.10	0.09	0.10	0.10	0.11
Japan	0.35	0.29	0.24	0.27	0.29	0.31	0.33	0.34
South Korea	0.19	0.16	0.18	0.28	0.24	0.26	0.29	0.31
Australia	0.19	0.23	0.23	0.36	0.40	0.42	0.44	0.46
UK	0.30	0.35	0.27	0.34	0.36	0.35	0.37	0.38
Germany	0.10	0.18	0.16	0.22	0.23	0.23	0.24	0.24
France	0.13	0.20	0.18	0.25	0.34	0.33	0.34	0.35
Brazil	0.03	0.02	0.06	0.06	0.11	0.12	0.13	0.15
Other Overseas	1.11	1.11	0.96	1.19	1.27	1.33	1.38	1.46
Total Overnight (Domestic & International)	25.95	25.65	23.87	26.10	26.96	27.78	28.37	29.07
Hotel Room Demand (nights)	25.33	24.33	22.28	24.10	25.58	26.46	26.98	27.62
Hotel ADR	\$123.14	\$128.72	\$114.62	\$116.65	\$123.15	\$128.64	\$133.87	\$138.06

As of 8/10/12

Forecasts are updated twice a year based on economic and market indicators

Los Angeles Visitor Forecast (annual percentage growth)

	2007	2008	2009	2010	2011	2012	2013	2014
Total Visits		2.1%	-5.7%	11.9%	4.9%	2.4%	1.6%	2.1%
Total Domestic Visits		2.1%	-5.4%	10.7%	4.3%	1.9%	1.0%	1.6%
Domestic Day Visits		10.9%	-2.7%	17.9%	8.2%	1.1%	0.5%	1.5%
Domestic Overnight Visits		-1.9%	-6.8%	6.7%	2.1%	2.5%	1.3%	1.7%
Leisure		-2.7%	-0.3%	4.4%	3.8%	2.8%	1.3%	1.7%
Business		0.2%	-23.2%	14.5%	-3.2%	1.4%	1.4%	1.5%
Convention		-4.5%	-35.3%	2.5%	-4.3%	1.7%	1.2%	1.3%
Transient Business		2.0%	-19.1%	17.8%	-3.0%	1.3%	1.5%	1.5%
Paid Accomodation		-1.7%	-9.2%	4.6%	3.7%	3.4%	2.0%	2.3%
Private Accomodation		-2.1%	-3.5%	9.4%	0.0%	1.3%	0.4%	0.8%
Drive		-6.2%	2.9%	8.9%	9.3%	2.6%	1.0%	2.0%
Fly		3.8%	-18.5%	3.5%	-9.7%	2.1%	1.8%	0.9%
In-State		5.0%	-13.7%	21.1%	-5.0%	1.6%	1.9%	0.9%
Out-of-State		-8.4%	0.8%	-6.7%	10.6%	3.4%	0.7%	2.4%
Total International Visits		2.1%	-7.7%	20.3%	8.0%	5.1%	4.9%	5.2%
Canada		6.9%	-3.7%	20.2%	13.4%	3.1%	2.1%	2.9%
Mexico		-4.0%	-5.5%	-0.3%	3.6%	4.1%	4.7%	4.1%
Overseas		5.1%	-9.7%	33.0%	9.1%	6.0%	5.5%	6.1%
China		2.0%	4.6%	72.8%	24.2%	21.1%	15.1%	11.2%
Taiwan		-1.8%	-30.9%	32.9%	-11.9%	10.0%	7.0%	6.1%
Japan		-17.3%	-16.4%	14.6%	5.5%	8.0%	4.2%	5.1%
South Korea		-14.3%	8.0%	60.0%	-15.7%	11.1%	9.4%	9.5%
Australia		17.1%	2.7%	55.6%	10.5%	5.2%	4.0%	5.4%
UK		16.6%	-22.2%	24.2%	6.5%	-1.9%	3.6%	3.3%
Germany		71.6%	-8.6%	36.3%	3.7%	2.1%	2.6%	2.9%
France		53.1%	-8.0%	35.0%	36.8%	-2.0%	2.7%	2.8%
Brazil		-8.0%	169.6%	-1.6%	75.4%	12.0%	9.2%	11.1%
Other Overseas		-0.1%	-13.1%	24.4%	6.3%	5.0%	3.9%	5.7%
Total Overnight (Domestic & International)		-1.2%	-6.9%	9.3%	3.3%	3.0%	2.1%	2.5%
Hotel Room Demand (nights)		-4.0%	-8.4%	8.2%	6.1%	3.4%	2.0%	2.4%
Hotel ADR		4.5%	-11.0%	1.8%	5.6%	4.5%	4.1%	3.1%

As of 8/10/12

Forecasts are updated twice a year based on economic and market indicators

LA Forecast – Overnight Visitation

Steady but Slowing Growth in All Sectors

	Percentage Annual Growth		
	2011	2012(p)	2013(f)
Total Domestic & Int'l Overnight	3.3%	3.0%	2.1%
Total Domestic Volume	4.3%	1.9%	1.0%
Domestic Day	8.2%	1.1%	.5%
Domestic Overnight	2.1%	2.5%	1.3%
Domestic Leisure	3.8%	2.8%	1.3%
Domestic Business	-3.2%	1.4%	1.4%
Total International	8.0%	5.1%	4.9%
Overseas	9.1%	6.0%	5.5%

Source: LA Tourism & Convention Board; as of 08-10-12

LA Visitor Volume – New Records, Slower Growth to Reach Them

	Millions of Annual Visits		
	2011	2012(p)	2013(f)
Total Domestic & Int'l Overnight	27.0	27.8	28.4
Total Domestic Volume	34.4	35.1	35.4
Domestic Day	13.4	13.6	13.6
Domestic Overnight	21.0	21.5	21.8
Domestic Leisure	16.0	16.5	16.7
Domestic Business	5.0	5.1	5.2
Total International	5.9	6.2	6.6
Overseas	3.7	3.9	4.1

Source: LA Tourism & Convention Board; as of 08-10-12



What is “The Story” for 2013?

“Slow But Steady”

Travel & Tourism Industry

- Slow growth travel environment; 2013 will continue growth at 1 -2% for most indicators, about half of 2012 rate; records continuing across most sectors
 - In-bound international travel will slow as well but bright spots due to visa waivers, visa processing fixes and BRAND USA marketing

Economy

- Challenges still in the air; questions regarding U.S. “fiscal cliff” in January, and political decisions (if any)
- European economy a big ?... Impacts unknown
- Squeezed middle class worldwide, but strong markets for new travelers esp. from BRICs expected

ttma

THANK YOU!



WWW.MARKET-RESEARCH.COM